

CEYLON GUARDIAN INVESTMENT Trust PLC

Annual Report 2010/11

An innovative
growth strategy
to create
outstanding
shareholder value.

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Rs.36.28 bn
Total Portfolio

Rs.11.36 bn
Long-Term Portfolio

Rs.1.16 bn
Trading Portfolio

RS.1.50
Dividend per Share

Rs.369.50
Market Price per Share

Rs.30.33 bn
Market Capitalisation

(All figures in Sri Lankan Rupees thousands unless otherwise stated).

For the year ended / As at 31st March

In Rs. '000	2011	2010	% Change
Group revenue	4,438,943	1,960,283	126
Profit from operations	2,638,327	1,333,367	98
Share of associate companies' profits	408,060	386,732	6
Profit after taxation	3,022,642	1,714,685	76
Profit for the year	3,018,110	1,679,579	80
Profit attributable to shareholders of the parent company	2,657,022	1,320,373	101
Shareholders' funds	12,110,885	7,637,249	59
Net assets	14,265,303	9,203,278	55
Total assets	14,843,901	9,550,381	55
Return on ordinary shareholders' funds (%)	24.92	21.99	13
Earnings per Share (Rs.)	29.87	14.52	106
Dividend per Share (Rs.) *	1.50	9.00	(83)
Net assets per share - Book value (Rs.)*	162.41	444.03	(63)
Net assets per share - Market value (Rs.)*	346.72	620.33	(44)
Guardian Fund Value **	36,282,043	13,583,583	167

Stock market data as at 31st March

All share index	7,226.1	3,724.6	94
Milanka Price Index	6,874.7	4,270.7	61
Market capitalization (Company)	30,334,738	8,072,844	276
Share price (Rs.)			
Year end	369.50	501.50	
High ***	478.00	540.00	
Low *	230.10	103.25	

Five Year Growth Rates

For the year ended / As at 31st March	2011	2006	CAGR %
Revenue	4,438,943	441,854	59
Profit Before Taxation	3,022,643	316,647	57
Profit After Taxation	3,018,110	276,381	61
Shareholders' Funds	12,110,885	2,894,407	33
Value of Portfolio **	36,282,043	8,403,885	34

Stock Market Data

All Share Price Index	7,226	2,264	26
Milanka Price Index	6,875	2,877	19
Market Capitalization	30,334,748	2,646,601	63

* 2011 figures are after sub-division of shares and capitalisation of reserves

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

*** Before the sub-division of shares

Dear Shareholders,

I welcome you to the 59th Annual General Meeting of the Company on behalf of the Board of Directors, take pleasure in presenting the Annual Report and Audited Accounts of the Company for the year ended 31st March 2011.

The last two years have been eventful for Sri Lanka with a resurgence of economic activity following the end of a long drawn period of conflict in the North East. With the dawn of a new era, every citizen and corporate has benefited from the feeling of positivism and opportunity that now pervades the nation. The Colombo Stock Exchange (CSE) has reflected the sentiment attached to this economic resurgence which has shown up in the form of new listings, strong corporate earnings growth and hitherto unseen levels of investor interest. The market has once again surpassed many significant benchmarks, amongst them its continued status as the second best performing market in the world for the second successive year in 2010 and the achievement of Rs.2 trillion in market capitalisation, amounting to 40% of GDP, an important milestone that marks the CSE's gradual march towards maturity. We at Guardian believe that these are the fore runners to many years of sustained long-term growth of the market supported by strong country fundamentals.

Against this backdrop, the Company too recorded enhanced earnings in the year under review, recording a profit after tax of Rs.3bn. It is pertinent to state that our performance today is attributed to

years of building strong portfolio positions and holding them during challenging as well as good times, testimony to many years of experience in the investment business. A strong foundation has been built at Ceylon Guardian by successive boards of directors and management teams, and I would like to express my appreciation to everyone who made this Company stronger over the years.

Our portfolio, on market value grew to Rs.36bn, up from Rs.14bn a year earlier, recording a growth of 167% representing an appreciation of Rs.22bn. The benchmark All Share Index grew by 94% during the period of review. Group net profit was Rs.3bn, which represents largely the income earned and capital gains realized over the year. In the medium term, five year compounded growth was robust at 34% on market value and 63% on market capitalization, vis-a-vis an All Share Index growth of 26%.

We see the coming few years as an expansion phase for the Ceylon Guardian Group, where it will leverage its resource base and management strengths to create new lines of business to position itself as an investment house with capabilities in asset management involving multiple asset classes and distribution reach. Business growth

would encompass re-deployment of our own Group resources into profitable portfolio mixes such as listed and private equity, as well as supplementing our assets under management (AUM) through the outsourced fund management business.

Several activities were undertaken this year, to progress towards this objective. The acquisition of the controlling interest in Guardian Capital Partners PLC (formerly Watapota Investments PLC), from our parent company Carson Cumberbatch PLC, paves the way for creating our own private equity based company within the Guardian Group. The acquisition was made through the purchase of the rights entitlement of the parent company and involved a total investment of Rs.657 million.

With Guardian Capital Partners focusing on private equity, we believe that Ceylon Investment PLC, our long standing subsidiary would hereafter focus mostly on listed equity, thus offering investors the choice of investing in either entity depending on their risk appetite.

Our fund management company, Guardian Fund Management Limited was also brought under the control of Ceylon Guardian, further strengthening our new business

focus. The accompanying organization structure in the Review of Operations shows clearly that we now have specialized entities under Ceylon Guardian Investment Trust focusing on listed and private equity, as well as asset management.

The rationale for this business re-organisation is twofold – firstly, Ceylon Guardian as the main flagship parent entity would take up the risks associated with diverse activities within the investment business since it has the strength to balance varied risk profiles. The subsidiary entities would not have such diverse risks but would focus on an asset class with known risks. Secondly, we have observed that even internationally as capital markets become more complex, different funds / entities specialise in specific asset classes to clearly differentiate their risk profiles, thereby giving investors the choice of investing according to their risk tolerance. We are attempting to create a similar model in The Ceylon Guardian Group.

Thus given the growth in our capital markets and the variety of investment options increasing, Guardian Group has taken the view that segmenting its business in this manner would help investors to invest selectively based on their preferred risk appetite, as well as create avenues for us to strategically partner with global entities who are similarly specialized.

Under our outsourced fund management business, we re-launched our country fund – “The Sri Lanka Fund” where we infused promoters’ seed capital of USD2mn and actively marketed it to foreign

investors. We are in the process of enhancing our distribution reach for this product. Our client management business is also now established with over Rs. 1.2 billion under management outsourced to us by institutional clients.

Shareholders would recently have been informed about our new Joint Venture with Acuity Partners (Private) Limited, the jointly owned investment bank of the Hatton National Bank and DFCC Bank, to enter into the mutual fund business. This JV Company would engage in creating and marketing innovative mutual fund based products catering to the local and international markets, pooling together the network reach of Acuity and its parent companies and the fund management expertise of Guardian. The products would be launched during the course of the financial year and promise to bring a new innovative dimension to the local mutual fund business.

In diversifying portfolio reach, it is also noted that the local capital account has now been liberalised to the extent of permitting overseas investments by a listed corporate upto USD500,000. The Guardian Group would be seeking suitable opportunities to take up overseas investments into its portfolio within these limits, thus expanding our investment capabilities into a wider arena.

Ceylon Guardian Investment Trust and its subsidiaries achieved a consolidated profit after tax of Rs.3bn as against the Rs.1.68bn achieved in the previous year, an increase of 80% that best reflects the buoyant equity market flowing

through to our results. The mainstream investment business performance was reflected in the total portfolio appreciation of Rs.4.8bn for the year at a growth rate that outpaced the market.

The government has reiterated its commitment to taking Sri Lanka to double digit growth in the next decade. The country rating has been upgraded to Standard & Poor B+ stable outlook and Fitch B+ positive outlook due to risk premiums coming down. The depth of the equity market is also seen improving with Market Capitalisation of the Colombo Stock Exchange crossing the Rs.1 trillion mark in 2009 and crossing the Rs.2 Trillion mark in 2010, thus achieving milestones year on year.

We believe that Sri Lanka is only just beginning to see the benefits of post war economic growth trickling in to the economy. The opening up of the Northern and Eastern markets is a positive factor for local corporates due to the envisaged construction boom, opening up of new retail markets and agricultural sources. The Government’s priority to investing into infrastructure by way of highways and ports is likely to lay the foundation for inclusive growth in the long-term.

The Central Bank of Sri Lanka has indicated it will stay focused in consolidating the strong growth momentum witnessed in 2010 through committed policies of managing inflation, reduction in debt to GDP ratio and channeling investment into infrastructure. The Central Bank has set high growth expectations for 2011 against the backdrop of a pro-development

budget, a tourism boom and foreign reserves being maintained at around US\$ 7bn, with a GDP growth forecast of 8.5%. Going forward we believe the Sri Lankan economy can achieve an 8.0% sustained growth over the medium term.

During the year under review, the Company portfolios continued to be managed by Guardian Fund Management Limited, the fund management company within the Carson Cumberbatch Group. Guardian Fund Management is registered with the Securities and Exchange Commission of Sri Lanka as an Investment Manager while Ceylon Guardian Investment Trust and its subsidiary Ceylon Investments PLC are registered as underwriters. GFM manages the largest listed equity fund vested with the Guardian Group with a fund size of Rs.14bn under management. It has built an expert fund management team centered on research, compliance and systems which we propose to improve over-time to internationally benchmarked best practices in each competency. GFM will also focus on widening its outsourced portfolio management business by managing client accounts, mutual funds and the country fund. Investment policies are set with the guidance of the Board of Directors and Investment Committee who carry a wealth of experience from different spheres adding valuable insights to the management effort.

Adding many years of industry experience to our directorate, we welcome Mr. William Knight to our Board this year. He has held key positions in the global investment

industry and counts many decades of widespread experience in capital markets. We look forward to his valued contribution in guiding Guardian towards its broader strategic outlook in the coming years. We also welcome Mr. Krishna Selvanathan, a director of several Carsons Group listed companies, to the Board.

In conclusion, I would like to thank the shareholders for the confidence and trust placed in the management over the years. We thank the regulators and our business associates for their continued support. I would also like to thank the members of our staff for their contribution, the Audit Committee for their guidance and my colleagues on the Board for their input. We look forward to all our stakeholders joining us in the quest for reaching many more milestones in the years to come.

(Sgd.)

Israel Paulraj

Chairman

Colombo

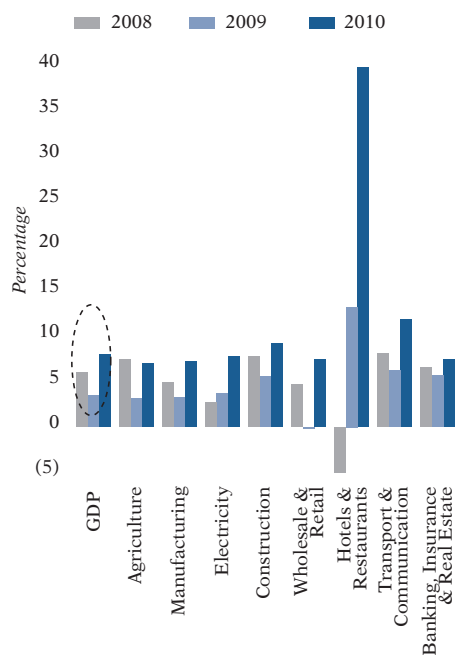
26th May 2011

Economy and the Equity Market

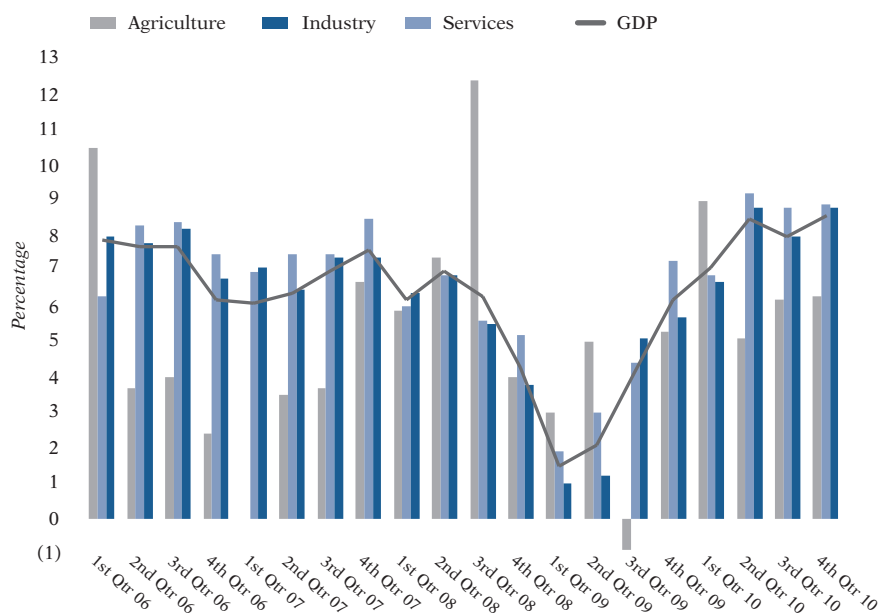
The economic turnaround was very much evident in the year under review. Sri Lanka in its first full post war year achieved an 8% GDP growth. Gross Domestic Product (GDP) at current market prices crossed the Rs. 5,602 bn mark. The country's GDP per capita at market prices improved to US\$ 2,399 in 2010 from US\$ 2,057 in 2009. The Central Bank forecasts indicate a movement towards US\$ 4,000 plus per capita GDP in 2014.

The upturn in the domestic economy has been represented by all three major sectors of the economy - Agriculture, Industry and Services which grew by 7.0%, 8.4% and 8.0% respectively in 2010. The sub sectors which registered significant growth were tea 13.1%, rubber 12.7%, minor

GDP & Sector Growth Rates



Quarterly Growth Rates



export crops 37.6%, paddy 17.5%, construction 9.3% wholesale & retail trade 7.5%, hotels & restaurant 39.8%, transport & communication 11.9%, banking, insurance & finance and real estate 7.5%.

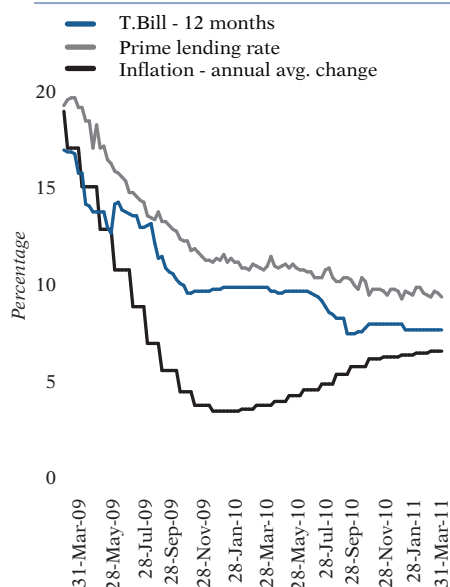
Sri Lanka posted a trade deficit of US\$ 5,205 mn but recorded a balance of payments surplus of US\$ 921 mn with remittances of US\$ 3,607 mn and net capital flows of US\$ 2,713 mn. A marked improvement in private capital flows resulted from positive economic

fundamentals, demonstrating improved confidence among expat workers and investors. Gross official reserves stood at US\$ 6.9 bn by end March 2011, which is equivalent to 5.7 months of imports.

Key economic indicators such as interest rates, inflation and exchange rates have been contained at low levels. The Central Bank during the year, reduced policy rates several times and thus reduced repurchase rates to 7% & Reverse Repurchase rate to 8.5% as at end 31st March

	Mar 10	Jun 10	Sept 10	Dec 10	Mar 11
Treasury Bill 3M (%)	8.45	8.07	7.13	7.24	6.98
12M (%)	9.47	9.29	7.10	7.55	7.30
Call Money (%)	9.17	9.10	8.18	8.12	7.60
Prime Lending (%)	10.74	10.38	9.91	9.29	9.30
CCPI point to point (%)	6.30	4.80	5.80	6.90	8.60

Economic Indicators



2011. Interbank call money rates have been stable at single digits, ranging from a low of 7.25% and a high of 7.95% during the period of review. The 3 month T-Bill rate declined to 6.98% from 8.45% (down 147 basis points) and 12 month T-Bill rate declined from 9.47% to 7.30% (217 basis points) as at end Mar 2011. On the long end of the yield curve, the government 2-3 year bonds reduced from a high of 10.00% - 11.00% to 7.65% - 8.00% during the period of review. Policy makers have committed themselves to a low interest rate regime to spur domestic investment and this should augur well for the development of the capital markets.

Inflation as measured by the point-to-point change in the Colombo Consumers' Price Index (CCPI) increased from 6.3% as at end March 2010 to 8.6% in March 11, with much of the increase happening in the second half of the year with world commodity prices and oil prices hiking to record highs. Rising inflation has been a global challenge and Sri Lanka too has felt the impact due to foreign and domestic reasons. Excess money supply in the banking system, flood impact on food prices and rising commodity prices have been the main causes of inflation locally. In the wake of escalating inflation, we need to be mindful of the impact it would have on interest rates.

The Sri Lankan Rupee closed at LKR 110.39 against the US\$ as at end March 2011 (end Mar 2010 - LKR 114.04), amounting to an appreciation of 3.3% during the financial year. The strengthening of the currency was mainly due to remittances, the inflows of foreign investor funds to US Dollar and Rupee denominated sovereign bond market and foreign investments. The demand for bonds was enhanced due to relatively attractive yields and reduction in country risk. During the same period, the Rupee depreciated against such currencies as the Euro 2.7% and Sterling Pound 4.1%. Steady currencies, though not exactly benefitting exporters, does help to curb domestic inflation

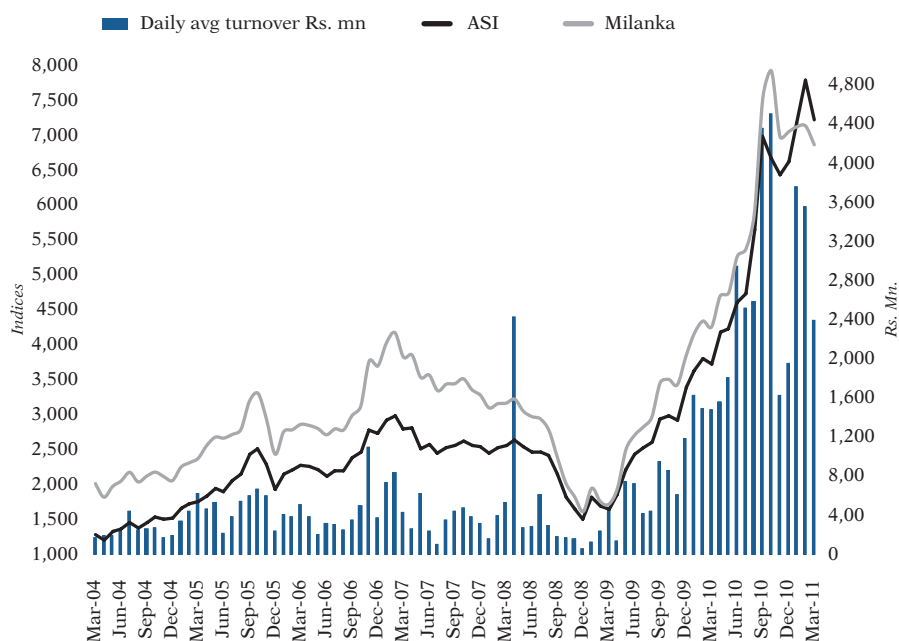
stemming from import of high priced commodities and intermediate goods.

The stock market in Sri Lanka was among the best performing in the world for the second year running, with an appreciation of 125% in 2009 and 94% for the year 2010. The Colombo Bourse reached an all time high of 7,147.7 index level in Sept 2010 and thereafter surpassed it in Feb 2011 with the All Share Index reaching 7,811.0 points during the period of review. However the indices subsequently closed lower at 7,226.1, a drop of 7.5% from the high. Divergent performance of the indices is highlighted, with the All Share Index trading at a higher level than the Milanka blue chip index for the first time in the history of the Colombo Stock Exchange. The anomaly has been attributed to the run on second tier stocks vis-a vis blue chip shares.

The depth of the equity market was also seen improving with Market Capitalisation crossing the Rs.1 trillion mark in 2009 and the Rs. 2 trillion mark in 2010 achieving a milestone year on year. The daily average turnover too has seen great improvement to Rs. 2,401 mn in comparison to Rs.1,487 mn at the beginning of the year. However the valuations of the market have gone up tremendously from 18.4 times to market P/E multiples of 25.7 times, which appears very expensive on historic earnings figures. However, it is pertinent to note that corporate earnings overall have shown the capacity to increase steadily with spectacular earnings growth of over 100% recorded in year 2010. In relation to regional markets the

	SLRs. Per unit as at	SLRs. Per unit as at	SLRs. Per unit as at	SLRs. Per unit as at	Appreciation/(Depreciation) for Financial yr
	31st Dec 09	31st Mar 10	31st Dec 10	31st Mar 11	2010/11
USD	114.38	114.04	110.95	110.39	+3.31%
GBP	181.75	169.78	171.69	177.12	-4.14%
Euro	163.72	152.10	147.78	156.38	-2.74%
Yen	1.24	1.24	1.36	1.32	-6.06%

CSE Indicators



	31st Mar 10	30th Jun 10	30th Sept 10	31st Dec 10	31st Mar 11	Movement for 2010/11
ASPI	3724.6	4612.5	6997.2	6635.8	7226.1	94.0%
Milanka	4270.7	5278.4	7552.7	7061.5	6874.7	60.9%
Avg.T/O Rs. mn	1487	2954	4358	1962	2401	61.5%
Mkt Cap Rs. bn	1210.84	1503.91	2,308.75	2,217.81	2,425.05	100.3%
Mkt P/E ratio	18.4	23.3	27.8	25.31	25.71	39.8%

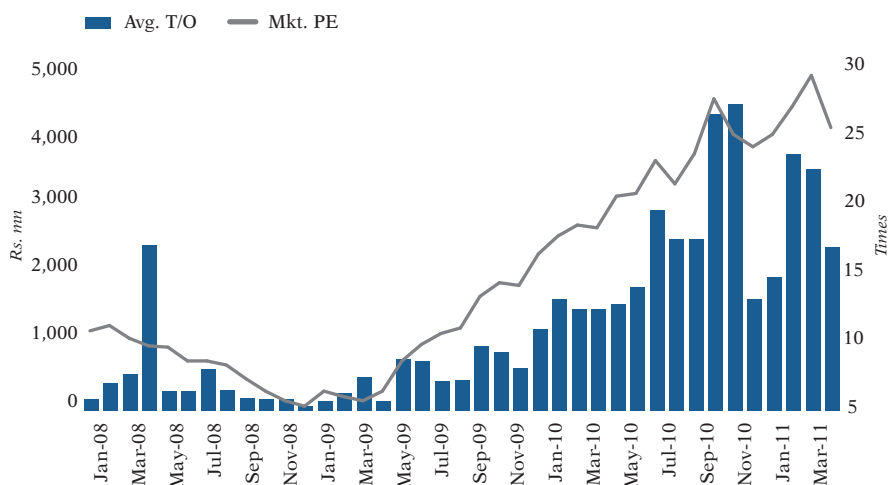
Colombo bourse is looking fairly valued at a forward multiple of 16 times, where we have seen average P/Es ranging between 13 - 14 times and the all time high has been an 18 times multiple.

The market cap to GDP ratio is at 40% in 2010 comparison to 23% in 2009 which points to a relatively immature market which is likely to see further upside given that the norm for developed countries is over 100%. Hence we believe that the true potential of the CSE is yet to be harnessed.

During the period of review a spate of IPO's hit the Colombo bourse including Pan Asia Power, Singer Finance, Laugfs, Union Bank, Free

Lanka Capital Holdings, Odel and HVA Foods. The initial public offerings in the period of review have attracted a flurry of interest among

Daily Avg. T/O vs Mkt. PE



investors being over subscribed in ever increasing multiples. It proved to be unviable for institutional investors to subscribe for some of the issues given the meagre allocation of shares and high bank guarantee costs, making the breakeven average price high. Hence some institutions stayed out from subscribing for IPO's of small offerings. We hope the regulators efforts to achieve a predetermined allocation in IPO offerings would address this issue effectively as would the limits on bank guarantees. Initial public offerings and rights issues raised Rs. 28.6 bn during the calendar year 2010. Dividend yield of the market came down to 1.3% in 2010 from 2.7% in 2009.

Much of the market activity is observed to be arising from local institutional and retail investors while foreign investors are seen on the selling side. A net foreign outflow of Rs. 32.2 bn was recorded for the calendar year 2010 and Rs. 7.1 bn recorded to date in the New Year 2011. Local investors continued their dominance at the Colombo bourse, accounting for 85% of turnover, the

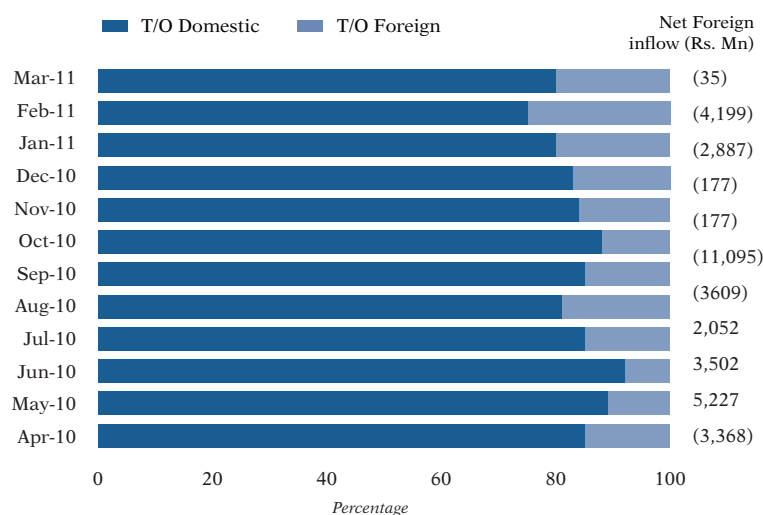
highest ever seen at the CSE. This is unlikely to be reversed due to selling across all Asian markets by foreign investors as a result of crises in the Middle East and revival of Western markets. However select buying was evident on the banking & finance sector and diversified sector by foreign investors.

The bullish sectors of the Colombo Stock Exchange

	Sector Movement for 2010/11
Stores & Supplies	323.7%
Oil Palms	247.8%
Trading	205.2%
Motors	203.1%
Information Technology	203.0%
Banks, Finance & Insurance	135.5%
Chemicals & Pharma	116.4%
All Share Index movement	94.0%

The banking & finance sector which accounts for 22% of market cap has grown by 135% above the market performance of 94%. The diversified holdings sector the second largest, which accounts for 21% of the market capitalisation of the CSE under-performed the CSE. Other sectors that over-performed the benchmark for the period of review have been the small weight sectors.

Turnover - Domestic vs Foreign



Portfolio Review and Financial Results

Overview

Our portfolio is fully invested in equities and has been segmented to represent long-term, trading, private equity and strategic investments based on varying risk levels and anticipated returns.

A major component of the fund is invested in long-term listed equities which cover an investment horizon of 3-5 years, which account for 29% of the consolidated portfolio. A small component of the consolidated fund has been allocated for short-term trading, taking a one year investment horizon. Strategic investments which account for 66% of the portfolio is held for the long haul and currently is composed of the stake in Bukit Darah PLC, the ultimate parent company of the Carsons Group. Private equity accounts for only a minimal allocation in the portfolio based on cost, in the absence of market values.

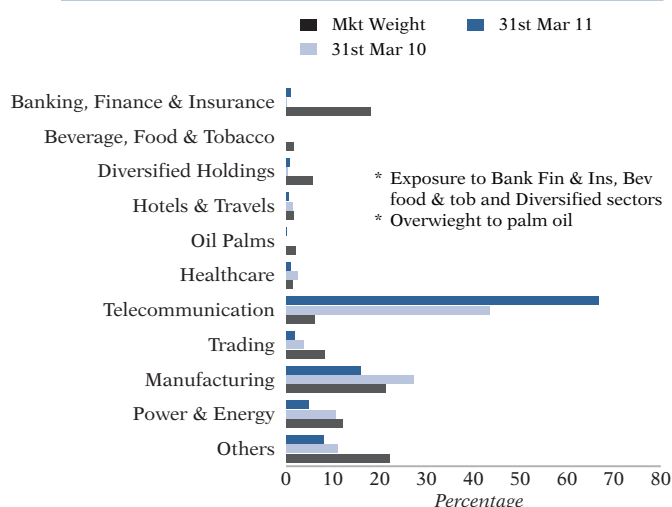
Listed equity portfolios – long-term and trading

Our investment framework encompasses the evaluation and structuring of our investments to achieve sustainable long-term returns, whereby our acquisition and divestment decisions are based on research and evaluation of market opportunities to best enhance the investment return in the long-term. We review and rebalance our existing portfolio regularly and transform investments from under performing to performing sectors and stocks,

maintaining our risk- return stance. Our portfolio is overweight on sectors where we anticipate above average economic growth and is

of different portfolio management styles are adopted when making investment decisions on the long-term portfolio and short-term

Sector Exposure



Top 5 Holdings – excluding related companies

Company name	Market value Rs.mn	% Stake held
1 John Keells Holdings	3,892	2.2%
2 Aitken Spence	1,663	2.5%
3 Cargills	1,518	3.0%
4 Commercial Bank	1,233	1.3%
5 Hatton National Bank	798	1.1%

structured to represent the economic trends faced by the country at present. A bottom up approach is applied when selecting stocks, taking into account industry presence, quality of the business model, dynamic management and a strong balance sheet. Our investment choices are based on detailed financial valuations. A combination

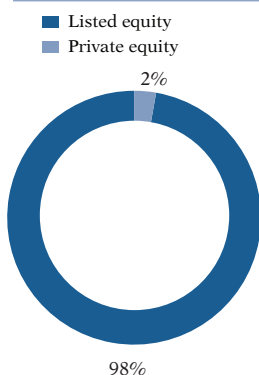
trading portfolio, the former being on fundamental analysis and latter on temporary anomaly of price.

During the year ended 31st March 2011, we made Rs.2.9bn of new investments and Rs.1.7bn of divestments. Hence Guardian was a net purchaser in the market amounting to Rs.1.2bn, reflecting

our overall positive outlook. Our focus on banking and financial services, retail, leisure and diversified holdings continued, although some stocks which appeared overvalued within these sectors were divested in favour of more promising growth stocks. The construction sector was a new sector of added focus, to which we did not previously have an exposure in the long-term portfolio, although significant positions in the tile business were held by the trading portfolio. The palm oil sector continued to be the heavy weight sector for the Guardian Group.

The Company also acquired a further 10% stake of its subsidiary Ceylon Investment PLC, in order to secure a higher holding and divested an approximate 3% holding of this, to part fund the acquisition of Guardian Capital Partners PLC.

Portfolio exposure to private equity vs listed equity



Private equity portfolio

On the private equity investment side the year under review has been a challenge, in identifying projects which are a best fit for the Ceylon Guardian Group investment approach. One significant

	31st Mar 2011 Rs.mn	31st Mar 2010 Rs.mn	Growth rate benchmarking ASPI = 94.0% MPI = 61.0%
Short term	1,164	652	78.5%
Long term	10,552	6,732	56.7%
Strategic	23,982	6,011	299%
Private Equity	802	388	Not realised
Total	36,500	13,783	133.8%

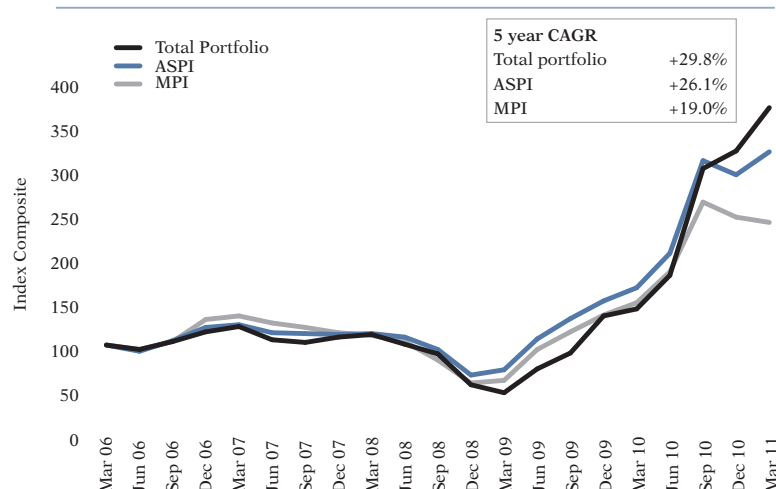
investment was committed in the year under review in Expo Lanka Holdings Ltd to the value of Rs.252mn inclusive of transaction costs, where the investee company's business is diversely spread among transportation, international trading, manufacturing and strategic investments, with significant regional exposure. Many PE deals were evaluated in the year, but given our strict investment criteria, most did not fall within our investment radar. This we see as a challenge in the future, but given our investment philosophy of investing for growth, innovation and competitiveness, financial strength and effective management of risk, it is a challenge to identify fit investments for private equity.

Portfolio performance

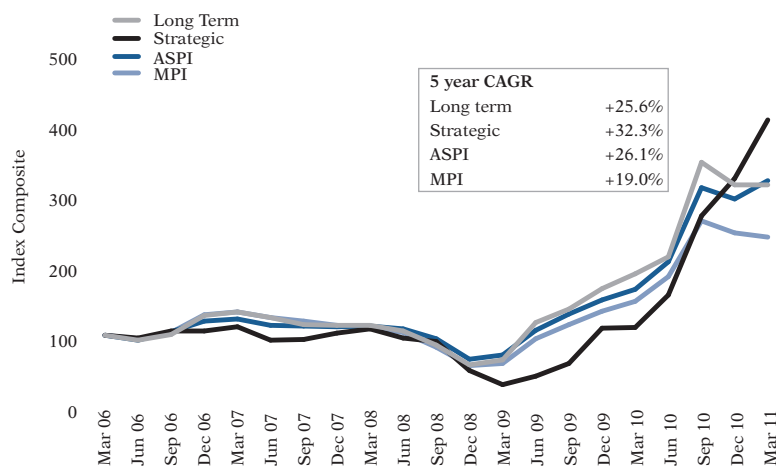
In summary the year-end valuation of the different components of our portfolio are given in the table above.

The long-term portfolio clearly under-performed during the financial year where the portfolio grew by 57%, against market appreciation of 94%. This was mainly due to the portfolio being concentrated on less than ten stocks, which outperformed the select Milanka Index. The market performance was affected by the under-performance of blue chip stocks and this is clearly evident with the over-performance of the All Share Index up 94% vis-a-vis the Milanka index which was only up 61%, a phenomenon which leads us to conclude that this year, the market mainly ran on second tier stocks.

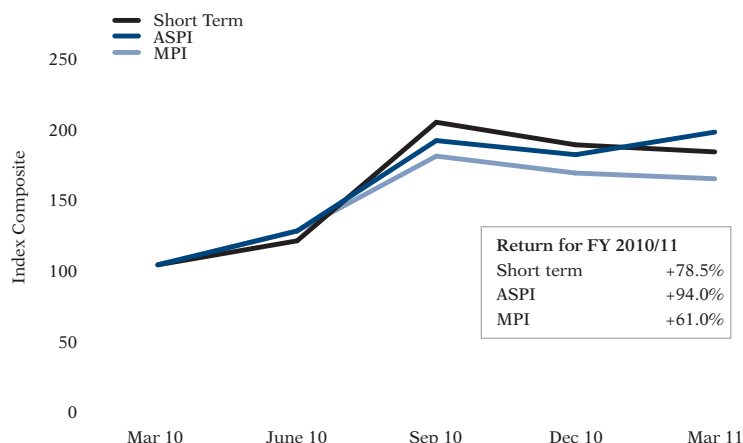
CGIT-Total Portfolio Performance



CGIT-Long term/Strategic Portfolio Performance



CGIT-Trading Portfolio



On the contrary, the short-term portfolio recorded a growth of 78% under-performing the All Share Index and over-performing the blue chip Milanka Index. However when considering the whole portfolio, it has recorded a growth of 161% against the benchmark All Share index growth of 94%.

Profile of the Managers and Client Management

The funds are managed by Guardian Fund Management Ltd (GFM) which became a fully owned subsidiary of the Company, having acquired it from the subsidiary Rubber

Investment Trust Limited for Rs.28mn this year. Guardian Fund Management is registered with the Securities and Exchange Commission of Sri Lanka, thus being compliant with all regulatory requirements. At present, GFM manages the largest listed equity fund in Sri Lanka and has built up its competencies in the field of portfolio management, research and support services. It has also set in place an efficient Compliance Process, Code of Ethics & Standards of Professional Conduct for employees to support the fund management activities and good

management processes. The process has been set in place for future expansion plans as well, making GFM one of the best structured and governed fund management outfits in Sri Lanka.

Our investment philosophy

The investment process adopted by us in driving the investments we do is based on the following guiding principles

Investing for growth

We invest into high growth industries and companies that are competitively placed to exploit that growth

Investing for innovation and competitiveness

We seek out entrepreneurially managed companies with sustainable, competitive and extendable business models

Investing in financial strength

We look for financially strong companies with healthy cashflows, that are re-invested for growth

Investing to effectively manage risk

We believe in diversifying our portfolio exposure and avoid investments that are subject to high risk and volatility

Investing for consistent above market returns

We like companies that create value for all stakeholders and take significant positions in such companies to create above average returns

Investing for shareholder value

We believe in giving steady long-term returns to our shareholders by re-investing for growth as well as maintaining a consistent distribution

GFM has branched out its activities in recent times to managing outsourced portfolios and has under its management approximately Rs.1.5bn of outsourced funds, comprising Rs.1.2bn of institutional client funds and approximately Rs.300mn in the country fund, the Sri Lanka Fund. The company envisages enhancing the fee income it earns through outsourced portfolio management contracts through the effective deployment of both human resource and technology based solutions within the fund management business. In the future, the entry to the mutual funds business would further enhance the fee income available to GFM.

During the year under review, the research team of GFM was fully staffed, while necessary recruitments were also made to the finance support staff. Further staff would be added onto both areas and new recruitments made to the portfolio management team to handle the additional client accounts coming into the company.

Our Top Holdings as at 31st March 2011	Value of the holding Rs.mn	Portfolio Weight	Price movement
Group Holdings			
Bukit Darah - An investment holding company with a 46% stake in Carson Cumberbatch PLC and exposure to oil palm plantations in Central Kalimantan, Indonesia	23,982	65.9%	299%
<i>Group Holdings total value</i>	23,982	65.9%	
Non Group Holdings			
John Keells Holdings - A diversified company with interest in ports and related activities, transportation property development, tourism, financial services and consumer products in Sri Lanka and now moving into the South Asian region	3,892	10.7%	57%
Aitken Spence - A diversified company with interest in tourism, power generation, port and related businesses. Has aggressively set up operations overseas in niche businesses	1,663	4.6%	77%
Cargills - Leading player in the retail super market trade, commanding 50% of the market share. Also has manufacturing operations in the food sector and operates the KFC franchise in Sri Lanka	1,518	4.2%	224%
Commercial Bank - One of the largest commercial banks in Sri Lanka with a wide branch network of over 100 branches spread islandwide	1,233	3.4%	101%
Hatton National Bank - One of the largest commercial banks in Sri Lanka with a wide branch network of over 100 branches spread islandwide	798	2.2%	104%
Aitken Spence Hotel Holdings - A pool of star class hotels situated in Sri Lanka, Maldives and the Middle East, accounting for over 1000 rooms.	632	1.7%	78%
Sampath Bank - A leading commercial bank with a strong branch reach with exposure to Bangladesh	602	1.6%	162%
Durdans Medical & Surgical Hospital - Unquoted investment and expansion project of the Ceylon Hospitals Group which is one of the pioneers in private health care in Sri Lanka. Has already commenced operations in the financial year 2010/11	263	0.7%	0%
Softlogic Holdings - Unquoted investment in the retail sector having exposure to top brand agencies and exposure to the largest hospital sector group	200	0.5%	0%
<i>Non Group Holdings total</i>	10,800	29.6%	
Top Holdings	34,782	95.3%	
Other Holdings	1,718	4.7%	
Total Portfolio	36,500	100.0%	
All Share index movement 31st March 10 to 31st Mar 11			94.0%

Financial Review and Shareholder Returns

Consolidated profit after tax amounted to Rs.3,018mn for the year under review against Rs.1,680mn recorded last year. The consolidated profit after tax includes an unrealised appreciation of Rs.373mn arising from the short-term portfolio and total unrealised gains of Rs.1,488mn taken to reserves on account of the long-term portfolio value appreciation, representing potential profits that could be booked in the form of cash as at the date of reporting. Group turnover comprised dividend, interest income and sales proceeds during the year. Year on year, turnover has recorded an increase of 126%. The Group also achieved an operating profit of Rs.2.6bn before finance cost a growth of 98% from Rs.1.3bn recorded in the previous year.

Finance cost increased during the year from Rs.5.4mn to Rs.23.7mn, demonstrating that the portfolio has been leveraged this year to take advantage of the lower interest rate regime.

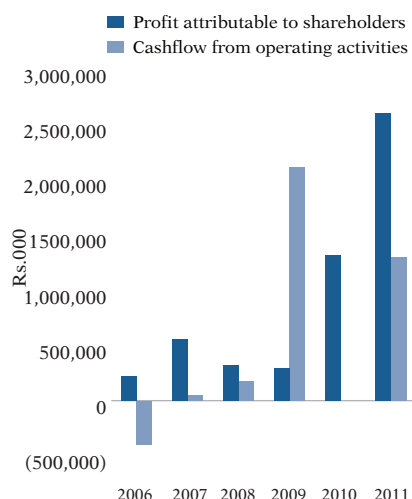
We have considered it prudent to expose the portfolio to a conservatively leveraged position in order to bridge temporary mismatches in cashflow generation, and take advantage of low interest rates. The gearing ratio of 3.8% is adequately covered by our trading portfolio value in order to ensure quick liquidation in the event of a reversal in interest rates.

Share of associate companies profits increased from Rs.387 mn to Rs.408mn during the year with the

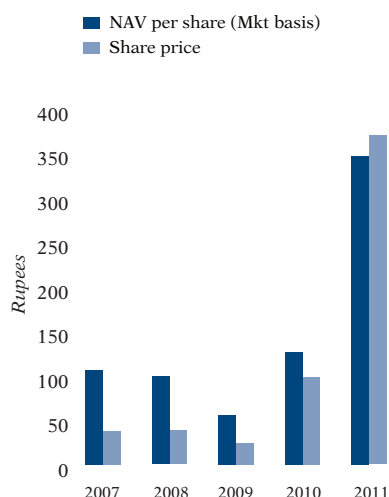
Group's holding in Bukit Darah PLC. The Guardian group portfolio (inclusive of holding in Bukit Darah PLC) stood at Rs.36.3bn as at 31st March 2011 up from Rs.13.5bn as at 31st March 2010, an appreciation of 167%

At company level, Ceylon Guardian recorded a turnover of Rs.2.6bn and a profit after tax of Rs.1.7bn, an increase in profits of 20.5% from last year. The Company's portfolio was valued at Rs.4.6bn as at 31st March 2011 up from Rs.3.1bn as at 31st March 2010. The additional 10% stake of its subsidiary, Ceylon Investment PLC, acquired by the company at a cost of Rs.1bn was partly divested at a profit later in the financial year, for Rs.273.7mn. These proceeds were utilised for the

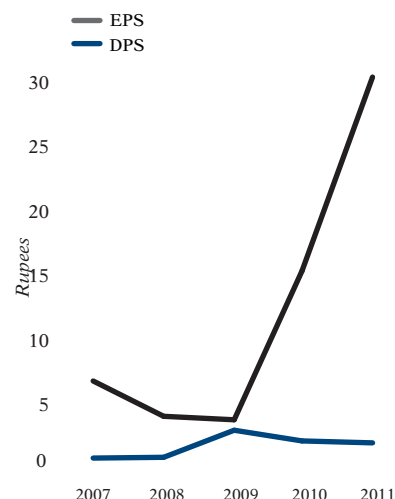
Profit to shareholders vs cashflows generated



NAV Per Share (Mkt Value) vs Share Price*

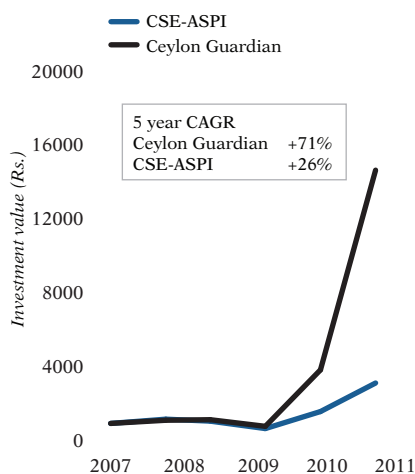


DPS and EPS - Last 5 Years*



* Figures prior to FY 2010/11 are adjusted for share subdivision and capitalisation of reserves.

Value of Rs. 1000/- Invested in CSE vs Ceylon Guardian



acquisition of Guardian Capital Partners at a consideration of Rs.657mn, inclusive of the subscription to its rights.

The Company proposes a final dividend of Rs.1.50 per share comparable with the dividend of Rs.9.00 paid in FY 2009/10. The

dividend yield has come down to 0.4% from 1.8% recorded last year, owing to changes in the Company's share price. During the year under review the company announced a sub division of 1 share in to 5 and a capitalisation of 1 for 50, which re-rated the share price and resulted in a growth in market cap from Rs.8bn to Rs.30bn. The company's EPS increased to Rs.29.87 from Rs.14.52, a growth of 106% and the current years dividend represents a payout of 5%.

The value per share of the company amounts to Rs.346.72, on a market price based net asset valuation. With the adoption of market value accounting for all our portfolios, the net worth of the balance sheet is at market value and the actual net asset value per share represented to give market valuations. Thus the market price of the share should tend to move along with the net asset value, and it is presently seen to be trading at a marginal premium of 6.5% to

the intrinsic value on 31 March 2011. Shareholder wealth gained 277% during the year with a share price appreciation and proposed dividend of Rs.1.50 per share.

(Sgd.)
**Guardian Fund Management
 Limited**
Investment Managers

Colombo
 26th May 2011

Shareholder Returns	31-3-2006	31-3-2007	31-3-2008	31-3-2009	31-3-2010	31-3-2011
ASPI	2,264	2,790	2,550	1,638	3,725	7,226
ASPI gain	29%	23%	-8.6%	-35.8%	127.4%	94.0%
Start of the year - Quantity	1,000	1,333	1,333	1,333	1,333	1,133
- MPS	180.00	140.00	162.50	165.00	104.25	501.50
- Wealth	180,000	186,620	216,613	219,945	138,965	568,200
Dividends - DPS	1.50	1.50	1.75	11.50	9.00	1.50
- Value	1,500	2,000	2,333	15,330	73,600	8,667
End of the year - Quantity	1,333	1,333	1,333	1,333	1,133	5,778
- MPS	140.00	162.50	165.00	104.25	501.50	369.50
- Wealth	188,120	218,612	222,278	154,295	641,800	2,143,749
Annual Shareholder wealth gain %	4.5%	17.1%	2.6%	-29.8%	361.8%	277.3%
Total return to shareholders - 5Y Avg.						71.1%

Israel Paulraj

Chairman of Ceylon Investment PLC, Guardian Capital Partners PLC (formerly Watapota Investments PLC) and Rubber Investment Trust Limited. He serves as a Director of Carson Cumberbatch PLC and of several of the subsidiary companies within the Carsons Group. He is the Chairman of the Incorporated Trustees of the Church of Ceylon.

He served as Past Chairman of the Federation of Exporters Associations of Sri Lanka and The Coconut Products Traders Association. He was a member of the Executive Committee of the Ceylon Chamber of Commerce and National Chamber of Commerce of Sri Lanka Shippers Council. He served on the Board of Arbitrators of the Ceylon Chamber of Commerce. He has served as Hony. General Secretary of the Central Council of Social Services, Hony. Treasurer of the Christian Conference in Asia, President, Church of Ceylon Youth Movement and Hony. Treasurer National Christian Council of Sri Lanka.

He also served on the Presidential Task Force on Non-Traditional Export and Import Competitive Agriculture set up by President R.Premadasa. He also served as Chairman of the Ecumenical Loan Fund of Sri Lanka and on its International Board in Geneva. He was a member of the Commercial Law Reform Commission and has served on the Parliamentary Consultative Committee on Internal and International Trade.

He holds a Bachelor of Law Degree and an Executive Diploma in Business Administration.

Chandima Gunawardena

Director of Carson Cumberbatch PLC. He serves as a Director in most of the Carsons Group Companies in Sri Lanka and overseas. He is a member of the Group's Strategic Planning Forum. He also serves as a member of the Audit Committees of the Group in Sri Lanka and overseas. Mr. Gunawardena has over three decades of experience in varied fields of business and commercial activities and has held senior positions in the Corporate Sector. He is a Fellow of the Chartered Institute of Management Accountants, UK.

Asoka Gunasekera

Director of Ceylon Investment PLC. Also serves as Alternate Director to Mr. I.W Senanayake (Chairman) of IWS Holdings (Pvt) Ltd and in most Group companies. Past Chairman of the National Chamber of Commerce of Sri Lanka and Past President of the Ceylon National Chamber of Industries. He is a Past International Director and a Board Appointee of Lions Clubs International and was also a member of the National Police Commission of Sri Lanka. He served as Legal Advisor and Secretary to the Ministry of Posts and Telecommunications; Co-ordinating Secretary to the Ministry of Power and Energy and Ministry of Highways and was the Acting Secretary to the Ministry of Policy Planning. Attorney – at- Law & Notary Public.

Manilal Fernando

Director of Ceylon Investment PLC and he is currently the Chairman of Holcim (Lanka) Ltd., Shipping and Cargo Logistics (Pvt) Ltd., Hyundai

Lanka (Pvt) Ltd., Stallion Plantations (Pvt) Ltd., and Dynamic AV Technologies (Pvt) Ltd. He is also a Director of Pirarus (Pvt) Ltd., Aitken Spence & Co. PLC., and Sri Lankan Airlines Ltd. He is also a Trustee of Joseph Fraser Memorial Hospital. President of the local football league and past president of the Football Federation of Sri Lanka from 1979 to 1999.

He is a Member of the FIFA and AFC Executive Committee, Asian Cup Organising Committee and Chairman Competitions Committee AFC. He is also a Member of the Players Status Committee of FIFA and the FIFA Development Officer for South and Central Asian Countries as well as the Vice President of the National Olympic Committee of Sri Lanka. Attorney-at-Law & Notary Public.

Rose Cooray

Director of Ceylon Investment PLC and Hatton National Bank PLC. Joined the Central Bank of Sri Lanka in 1974 and served the Central Bank in several capacities, covering a wide area of subjects, until retirement as a Deputy Governor in May 2009. During this period, also served the Ministry of Finance in the capacity of the Director General of Fiscal Policy and Economic Affairs department and held the post of secretary to the Monetary Board. Represented the Government on the Boards of Ceylon Electricity Board, Sri Lanka Telecom, Sri Lanka Export Development Board and DFCC Bank.

She has over 36 years experience in the financial sector formulating and implementing economic and fiscal policies.

Mrs. Cooray holds a B.A (Hons.) in Economics from the University of Peradeniya and Masters Degree from the University of Strathclyde, UK

Krishna Selvanathan

Director of Carsons Management Services (Private) Limited, the Investment Sector Group Companies and Lion Brewery (Ceylon) PLC. He is also a member of the Investment Sector Management Team.

He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K

William Knight

A co-founder of Emerisque Brands, a London-based fundless sponsor of private equity transactions in the consumer brands/ retail universe and is an alternative Asset Investment Specialist who has spent almost his entire career involved with financial development of Companies and projects in the emerging markets. He originally specialized in project finance at Lazard Brothers, following which he spent 18 years in various senior positions in the Lloyds Bank group based in London, Hong Kong and Portugal. Since 1991 he has served in a wide range of non-executive positions as an independent director or adviser based in London

Amongst his various board positions, he currently is Chairman of Abingworth Bio Ventures II, an early stage biotechnology investment Company and the China Opportunities Fund. He is a director of the JP Morgan Chinese Investment Trust, where he chairs the Audit Committee; Fidelity Asian Values Trust, where he is the senior

independent Director; and Axis Fiduciary Ltd, a Mauritius based financial services provider. He also chairs public equity investment funds for India and recently for Russia, Vietnam, and as the independent member of the board of Axis Private Equity; a Mumbai based private equity Company.

His advisory assignments have included: the Asian Development Bank, the government of Mauritius, the British Government Know-How fund, Aureos Capital, CDC and Clearwater Capital; (investors in and restructuring specialists of Asian debt). He has an on-going advisory assignment with Campbell Lutyens, the private equity fund placement specialists and Gravitas Capital Advisers, and its affiliates, which is based in Washington DC. He is a regular member of City of London missions around the globe and is a Liveryman of the Worshipful Company of World Traders, where he is involved in Commonwealth initiatives. He is on the UK Board of Relief International a World Bank funded disaster relief NGO.

Ruvini Fernando

Director of Guardian Fund Management Limited, the fund management company of the Carsons Group. Is an Associate member of the Chartered Institute of Management Accountants, UK and a Fellow of the Association of Chartered Certified Accountants, UK. Has a Masters Degree in Business Administration from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura. Counts over 20 years work experience in the fields of management accounting, finance, research analysis, strategic planning and investments, within the Hayleys Group and Carson Cumberbatch Group. Was a former visiting faculty member of the Postgraduate Institute of Management in the MBA programme. Member of the Regaining Sri Lanka Tourism Steering Committee, a key policy making forum of the government from January 2002 to January 2004.

Director of the Sri Lanka Fund and Durdans Medical and Surgical Hospital Limited representing the Guardian Group which has a private equity investment in the latter.

Niloo Jayatilake

Director and Head of Portfolio Management, Guardian Fund Management Limited.

Counts over 15 years experience in the investment field. Prior to joining the Carsons group worked as Fund Manager at The Unit Trust Management Company Limited managers of Ceybank Unit Trust Funds in Sri Lanka. Is an Associate member of the Chartered Institute of Management Accountants, UK and Associate member of the Institute of

Chartered Secretaries and Administrators, UK.

Krishna Selvanathan

Director of Carsons Management Services (Private) Limited, the Investment Sector Group Companies and Lion Brewery (Ceylon) PLC. He is also a member of the Investment Sector Management Team.

He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K

Vibath Wijesinghe

Financial Controller of the Carsons Management Services (Private) Limited, the Management Company of the Carsons Group. Commenced career at M/s. KPMG Ford Rhodes, Thornton & Company and acquired over five years experience. Joined the Carsons Group in 2004 as the sector Accountant for its Real Estate, Leisure and Investment sectors. An Associate Member of the Institute of Chartered Accountants of Sri Lanka, Chartered Institute of Management Accountants, UK and of the Society of Certified Management Accountants of Sri Lanka. Holds a B.Sc. (Special) Degree in commerce from the University of Kelaniya, Sri Lanka.

Tharinda Jayawardena

Head of Research, Guardian Fund Management Ltd. Has over 5 years of experience in investment research. Before joining the Carsons group, worked as a research analyst at JB Securities (Pvt) Ltd. Is a CFA charter holder and an associate member of the Chartered Institute of Management Accountants. Also holds BSc Degree from the University of Sri Jayawardenepura specializing in Finance.

Sumith Perera

Fund Manager, Guardian Fund Management Ltd. Has over 6 years experience in the field of Asset Management working as a Fund Manager for CAAM Saudi Fransi LLC (Kingdom of Saudi Arabia) and as an Investment Analyst for Eagle NDB Fund Management (Sri Lanka). Holds a Bsc (Hons) in Economics and Business Finance from Brunel University, UK and an Associate Member of the Chartered Institute of Management Accountants.

Gayan Karunarathna

Sector Accountant for the Carsons Group's Investment, Real Estate and Leisure sectors. Commenced career at Ernst & Young, Chartered Accountants and progressed with PricewaterhouseCoopers, Chartered Accountants, prior to joining Carsons Group. Counts over five years of experience in auditing and consulting. An Associate Member of the Institute of Chartered Accountants of Sri Lanka. Holds a BBA (Finance) (Special) Degree from the University of Colombo, Sri Lanka.

At Guardian, we recognise the importance of risk management and have built a comprehensive risk management process & structure that focuses on continuous identification and management of business risks. In the light of the financial crisis faced by many financial institutions both locally and internationally in recent times, we at Ceylon Guardian have re-assessed the importance of this function to protect the interests of stakeholders.

We believe that risk management is of paramount importance in safeguarding the interest of all stakeholders and have undertaken a comprehensive review to enhance the risk mitigating processes already set in place by the Guardian Fund Management Limited, the fund managers of the Company. With this review, we plan to bring our risk management practices in line with the benchmark best practices adopted internationally in the industry.

We see risk management in portfolio management not as an effort to eliminate risk, but in identifying which risks to bear with suitable safeguards in place, and avoiding unnecessary risks. What risks are appropriate for a particular portfolio will depend on the risk preferences of the investor and the role that particular portfolio plays in the investor's overall portfolio strategy. Hence risk management is a balancing act between managing risks & returns, and having in place practices to minimize the risks taken on by a particular portfolio.

Thus, risk is an integral part of our business and we aim at delivering

shareholder value by achieving an appropriate trade-off between risk and returns. Our risk management strategy is based on a clear understanding of various risks a portfolio is exposed to and disciplined assessment, measurement and continuous monitoring of such risks. We have in place several measures to strengthen our risk management processes which are linked to our daily investment decisions. These include policies to mitigate business risks along with the upgrading of the support systems that enable easy monitoring and management of risks. The policies and procedures established for this purpose are continuously reviewed.

The risk management structure in place

Guardian Fund Management (GFM) has been set up as an independent fund management company and the management of the portfolios of the Ceylon Guardian Group has been delegated to this company. The Board of Directors have formulated and approved an investment framework and control limits for GFM's fund management operation. GFM's management team is responsible for the recommendation and execution of the investment decisions, during the course of which oversight and management of the business, financial and operational risks of the company come into play. A comprehensive risk identification and management framework is in place which is monitored consistently.

The Fund Manager (GFM) has been registered as an Investment Manager with the Securities and Exchange Commission of Sri Lanka since 2005

while Ceylon Guardian Investment Trust PLC and its subsidiary Ceylon Investment PLC have been registered as underwriters since 2009. GFM as well as the Company therefore, come under the purview of the capital market regulator and hence internal monitoring is done on a quarterly basis to ensure that the set regulations are adhered to. Audits by the Securities and Exchange Commission may also be carried out as required. Furthermore, as a listed company the Ceylon Guardian Investment Trust PLC and its listed subsidiary Ceylon Investment PLC & Guardian Capital Partners PLC conform to the listing rules and guidelines of the Colombo Stock Exchange.

The Board of Directors of the Company has ultimate responsibility for risk management. The Board is supported by an organization structure that covers the entire risk management framework through an independent Compliance Officer who functions within GFM as well as the internal audit function of the Carson Cumberbatch Group to which the Ceylon Guardian Group belongs. 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 and risk management processes. Further, an Investment Committee drawn from across the Carsons Group directorate provide advice and insights to the fund management team to further sharpen and refine their decision making process. This organization 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 has identified and categorized its risks into 4 categories, namely macro environmental risks, portfolio risks, regulatory risks and operational risks and given below is its approach in managing these key risk areas.

Macro environmental risks

Country risks

Country risk is applicable if an investment is made in a security issued by an entity subject to foreign laws or if transactions are entered into in markets in other jurisdictions, the sums invested and profits or returns accruing maybe subject to exchange control regulations, currency fluctuations, transaction costs & taxes and other actions that may be imposed by the government or policy making bodies of the said countries.

This risk is not currently applicable to the Guardian Group as our exposure at present is only to Sri Lankan investments. Hence no risk mitigating systems are required to be in place. However, since the capital account has now been liberalised to the extent of permitting approved overseas investments upto a certain value by listed companies, this is a new risk that we would have to build into our framework if a decision is made to invest in overseas markets.

Currency risk

Where investments are denominated in currencies other than our primary

reference currency which is the Sri Lanka Rupee, and where the company is required to convert funds from one currency to another upon making investments, as well as in receiving the returns from those investments, the company is exposed to the risk of the foreign exchange parities moving against one's investment.

This risk is not currently applicable to the Guardian Group as the current exposure of the Guardian group to investments denominated in foreign currencies is nil. Hence no risk mitigating processes are required; but looking ahead we need to prepare for this due to the gradual exchange control de-regulation that is now taking place. A detailed investment policy would be developed in the year ahead in gaining exposure to new markets.

The exposure however, indirectly exists when managing the Sri Lanka Fund and any customized portfolios of foreign investors. Here we take care to ensure that benchmark returns on such foreign currency dependent portfolios are met after currency conversions are executed. Our economic research would give us an understanding of the expectations on future currency movements.

Market risk - domestic

The broad definition of market risk is exposure to adverse movements in the securities markets for both equity and fixed income investments, which can result in value loss as well as 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 globalization influences which have an impact on systematic risk factors such as interest rates, currency parity, inflation, and availability of credit. Therefore, understanding market risks requires considering multiple dimensions and complexity in the macro environment.

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. Thus market 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.

This risk cannot be eliminated. All market participants such as Ceylon Guardian should ideally develop its business model taking into account exposure limits and parameters to sustain itself when faced with market risks that can affect portfolio values temporarily. The only mitigating process is to develop a sound research base to determine changing economic fundamentals of the country and determine its effect on equity vs fixed income investments and the prompt shifting of funds between asset classes. This is of vital importance in trading portfolio decisions where quick encashment of equities is carried out if macro indicators move adversely leading to a slow down in stock market activity.

Market risk – International and external macro economic risks

These risks cannot be diversified or mitigated by the company. We as investors in the equity market in Sri Lanka have to live with the risk of international happenings affecting our market adversely. There is an indirect impact of risks of other markets to our domestic market as clearly seen in the last year with the impacts of the global financial crisis arising from the US sub prime mortgage crisis spreading to other Western countries and impacting Asian countries and in turn Sri Lanka. In the global world of cross border trade and cross border investment flow, the impact of changing economic indicators and policy will be high for the domestic economy, especially in a country such as ours which is import dependent for vital commodities.

Hence in determining fund strategy we monitor key economic indicators such as interest rates, exchange rates, inflation, budget deficits of key economic super powers, as well as global commodity prices since Sri Lanka is a net importer of essential commodities. This enables the fund team to get a feel of changing international market dynamics and in turn relate that to local developments. The entry and exit of foreign investor interest on the local market is also determined by the macro economic trends prevailing in foreign markets.

We believe that building expertise in foreign markets is of paramount importance going forward with possible further liberalisation on the cards. In mitigating the risk we are looking to tie up or collaborate with foreign entities that have expertise in such markets at such times when

Guardian has the ability to invest overseas.

Market risk – Private equity

As an asset class, private equity is not closely correlated with the public equity markets and, therefore, helps diversify market risk from a traditional investment portfolio consisting of publicly traded stocks and bonds. Private equity investments in Sri Lanka also offer exposure to new avenues of businesses that listed companies do not.

Liquidity and valuation risk

Since private equity investments are unlisted, there is no official market price available for valuing the investment. However we monitor secondary market trades to monitor traded price. However this would not be an accurate guide as the volume of trades is a key factor in determining fair price. As we take fairly significant positions in PE investee companies divestment of our stakes is more difficult, bringing a further element of illiquidity to our investments.

Also liquidity risk increases given that the longer time horizon of a typical private equity investment being 2-3 years.

Exit risk

The exit from private equity investments can pose a risk whereby company cashflows are tied up due to limited exit options. Finding ready buyers at fair valuation or even at a discount might be a challenge.

However, risk mitigating strategies are adopted by way of covenants to create multiple options of exit, in the shareholder agreement. These take various forms including listing, buy back and sale to a third party.

Monitoring risk

No regular performance reporting requirements are there for unlisted companies and hence private equity investors face the risk of not getting financial statements on quarterly & yearly basis as is mandatory for listed securities. However we request the investee companies through our shareholder agreement to provide us quarterly & annual financial statements and we also schedule review meetings with management on a regular basis. A rapport with the management is built through time, along with a monitoring process.

Governance risk

Since unlisted companies don't have a large minority shareholder base, it is difficult to set in place governance practices and also to enforce them since there is no regulatory framework governing investor interests.

However, we request investee companies through the shareholder agreement to get our approval for critical decisions such as divestment of major assets, acquisitions etc. We also require appointment of audit committees and adherence to disclosure requirements of listed companies, so that they may prepare themselves for eventual listing requirements. Where our stake in a company exceeds a particular threshold, we may request board representation to safeguard our interests as investors.

Our risk mitigating strategy for private equity set in place via shareholder agreement that is signed at the onset and close relationship we build with investee companies through time of investment. The performance monitoring of the investment is done

by way of quarterly review meetings with the management of investee companies whereby financials/strategy are discussed.. Also covenants are built into the shareholder agreement to protect investor interest in terms of clauses undertaking to such as listing within certain time period, buy back options, borrowing limits, sale of major assets etc.

Portfolio Risks

General Securities risk

Any trading in securities carries inherent investment risks associated with the entity issuing those securities. In particular the price or value of any security can and does fluctuate and may even become valueless, resulting in possible loss not only of returns and profits, but even also of all or part of the principal sums invested. These risks arise as a result of the overall risks faced by the issuing entity which affects its ability to provide a return to the investors holding the securities issued by it. Particularly in the case of equities, past performance of any investment is not necessarily indicative of future performance. At Guardian our approach focuses on the fact that there is no substitute for fundamental individual security assessment. Our portfolio management and investment selection process is designed to maximize the risk/return tradeoff to our shareholders and we employ a bottom up investment selection process.

Our risk mitigating methodology is based on our internal research process that has added value over time to our choice of investments. Prospective investments are selected from

fundamental analysis and contact with corporate management of the issuing company through company visits. Once an investment is made a continuous process of monitoring the performance of that investment is adopted.

We manage the concentration risk arising from over exposure to one security by monitoring sector exposure and single company exposure as mitigation strategies. Further, private equity exposure limits at company and group level are monitored as another measure of managing risk. Loss limits are set to monitor stocks performing below their cost of acquisition to determine whether temporary capital erosion is a concern. This helps us mitigate the downside risk of any security in the portfolio.

In the case of private equity, Board representation in proportion to the investment for stakes over 10% is considered necessary while for smaller stakes, monitoring mechanisms to facilitate constant evaluation of the investment will be built into the shareholder agreement.

Liquidity risk

Under certain market conditions, an investor may find it difficult or impossible to liquidate a position. This can occur when trading is suspended by the exchange on which a security is listed or when poor market sentiment dries up investor interest in an investment. In addition, there may not be a ready market for certain investments due to low levels of publicly traded quantities. Some investments will have to be held to maturity. Proper information for determining the value of certain investments may also not be available under such

circumstances of low liquidity. However the strategy of holding big stakes might be a limiting factor when selling, if the stock is illiquid or in the case of a change in fundamentals.

At Guardian we mitigate this risk by investing in companies with a reasonable free float and where securities are heavily traded. Also by limiting the portfolio's buy list to highly traded blue chips, the risk of illiquidity can be mitigated. Good research will enable the fund team to identify changes in fundamentals and be proactive in investment decision making.

Temporary leverage as a measure to enhance liquidity when the risk/return trade off justifies it, has been adopted as a policy in order not to miss out on lucrative buy opportunities in the market. Our overdraft facilities currently cover approximately ..% of portfolio value. However close monitoring of interest rate movements and liquidation of positions to cover overdrafts after 3-6 months exposure would be the risk mitigation methods used to ensure low exposure to interest rate risks and maintenance of liquidity within Guardian.

In the case of private equity, liquidity risks are difficult to manage due to time bound exit strategies. However, our insistence on one or two fall back exit options being built into the shareholder agreement ensures that eventually private equity projects will end up in an encashable state with at least a minimum return.

Performance volatility risks

The composition of portfolio investments will determine the portfolio's ability to out perform the

market. If more volatile stocks that respond more than proportionately to market movements are selected, there is a likelihood that the portfolio will outperform the benchmark All Share Price Index in a growing market, while in a downturn it can under-perform the market. It is once again an attempt at balancing good performance with a certain risk tolerance in a volatile environment.

Measuring portfolio volatility through calculation of a portfolio beta is one method of keeping ourselves aware of the sensitivities of the portfolio. In the case of the long-term portfolio, we would not attempt to handle market volatility by encashing stocks, but would rather attempt to hold into fundamentally strong stocks and ride out low performing cycles. For this, we ensure adequate cash generation by way of dividend and other income flows to keep our daily operations running smoothly while we ride out low market periods. On the other hand, in the case of the trading portfolio, it is necessary to keep an even closer tab on market volatility, since it needs to regularly encash its profitable positions to remain a high performing portfolio.

Investment performance risk

This is the risk that portfolio will not meet the investment objectives by over-performing the benchmark indices - All Share Index. This can adversely affect the reputation of the company and have impact in the future in terms of proven track record and confidence when raising money on future capital calls etc.

At Guardian we mitigate this risk by setting a process which seeks to meet investment targets within stated risk parameters. Portfolio performance,

valuations and risks are monitored by fund managers and managed on a regular basis. We recognize that all investments will not outperform all of the time hence we diversify portfolio which reduce concentration of risk on the total performance of the fund.

Regulatory Risks

Legal compliance

The legal support services to Guardian Fund Management comes through the management services company of the Carson Cumberbatch Group, which ensures that the Guardian Group complies with all legal and regulatory provisions applicable to it. The legal function proactively identifies and advises GFM to set up appropriate systems and processes for legal and regulatory compliance in respect of all our investments. We also ensure legal and regulatory compliance in any foreign country that we operate in in respect of the Sri Lanka Fund, and in such instances through legal counsel retained in those environments.

At Guardian proactive monitoring of compliance process is followed and we see that our investments are made and trades are executed in keeping to the Companies Act, SEC regulations, tax regulations, exchange control regulations and other applicable guidelines.

Regulatory Compliance

The operations of the Guardian Group come within the rules and regulations applicable to all market participants operating in the equity and debt markets of Sri Lanka, as well as the regulatory provisions applicable to companies listed on the CSE and regulations applicable to

securities trading set by the Securities and Exchange Commission of Sri Lanka.

Our systems and processes are structured to satisfy the criteria set by these regulations, and staff is constantly kept aware of the compliance needs imposed by these regulations. An independent compliance officer undertakes responsibility for maintaining a check on the overall compliance process and he is supported by the internal audit function of the Carsons Group. GFM, as an Investment Manager registered with the SEC, management company is also subject to further regulation by the capital markets regulator.

Operational Risks

Professionalism in operational dealings

Guardian emphasizes professionalism in the manner in which the staff interacts with clients as well as market intermediaries, since it is vital for maintaining the company's standing within the investment community. Our staff has signed a Code of Ethics at the time of recruitment by the company, which lays down professional standards of conduct and dealing that is expected of staff. Structures to avoid conflicts of interest and compromising of best practices are set up. Staff education covers these areas of practice, and annual declarations by the staff members on compliance in personal equity trading are mandatory.

Compliance with SEC trading rules on insider trading, front running, market manipulation etc are checked by comparing trading statistics between portfolios and pre-approved personal

transaction of employees, by the Compliance Officer.

Compliance with the Company Code of Ethics ensures that the conduct of fund managers and other staff do not violate the code of ethics that have been brought in by the company and for which employees are signatories. Some of the areas that have been highlighted include avoiding conflict of interest between portfolios through Chinese walls being maintained.

Systems and process risks

We manage operational risks by identifying areas of risk, formulating plans for their management, promoting best practices, implementing internal controls and systems, and monitoring compliance with these internal guidelines for managing operational risks. Operational risks mainly cover the areas of system failure, continuity of decision making, dealing with contingencies and ensuring efficiency in operations and correct application of recommended management practices. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

In order to deal with unexpected contingencies, at Guardian Group we have developed and implemented a business continuity plan, which looks after aspects such as staff deployment and systems backup in case of an unexpected disruption to the business. This business continuity plan forms a part of the Carsons Group's business continuity plan.

The internal audit function of the Carsons Group, ensures the safeguarding of company assets and

Mandatory regulations	
Colombo Stock Exchange Rules and Regulations	Compliant and referred to in the Annual Report of the Board of Directors in pages 25 to 33.
Securities Exchange Commission Act	Compliant
Securities Exchange Commission Rules	Compliant
Market Intermediary Rules	Compliant
Financial Transactions Reporting Act	Staff is being made aware of requirements under the Act and an extensive procedure manual is being prepared on the same.
Mandatory Know your customer & customer due diligence : Rules for the Securities Industry in terms of the provisions of the Financial Transactions Reporting Act	The Sri Lanka Fund launched and thus profiling of investors done for new investors to the fund. Check-list of KYCs in place.
Money Laundering Act	Staff is being made aware of the requirements under the Act and an extensive procedure manual is being prepared on same.
Exchange Control Act and Regulations under the Gazette regulations made under the Act	The Exchange control Act mainly applies to the entry of foreign clients if any, and we advice the clients as and when required.
Complying with regulations for SLF marketing material	General disclaimer and any additional disclaimers applicable to different jurisdictions where fund is distributed

recommends process improvements in areas where process control failures are noted. Compliance with the investment objectives of each portfolio involves checking whether fund managers have adhered to the investment guidelines for each portfolio operating within set limits & not falling to prohibited investments; as well as monitoring portfolio performance against the benchmarks set. Further compliance with the operating process manual involves checking the application of proper internal controls such as segregation of duties, authority limits, approvals and that cash management processes are in order.

Systems support 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. At the same time the financial transaction processing and reporting system are based on an ERP system in use at Carsons Group level and as such back up support services for this system are available through the parent company's management services company.

Staff risks

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. We attempt to pass on this valuable local knowledge to our staff at all levels. Having diversity in the team, developing a strong second level, training and development opportunities, are standard practices of the industry, which we benchmark ourselves with. A performance related incentive scheme for the staff is in place and is being reviewed to fall in line with internationally accepted practices. The networking ability of key staff to source deals is important in running a successful fund management operation by being shown both important buy side and sell side deals by brokers.

The staff of GFM are all professionally qualified with a track record of experience in the industry. A strong research team has been developed in the last one year to complement the fund management operation and raise the standard of the investment decision making process.

Key risk management initiatives upto 2010/11

1. Development of a broad based research unit to research companies, industry sectors and monitoring of economic indicators
2. Implementation of Code of Ethics for all employees directly or indirectly related to the fund management operation

3. Regular monitoring of fund management operational functions by the independent Compliance Officer and Internal Audit Division of the parent company
4. Updating of staff knowledge on key issues such as insider trading and other trading rules, money laundering, KYC issues and similar regulatory priorities

Key risk management initiatives planned for 2011/12

1. Short listing and formulating guidelines to manage the risk impacts to the fund management company on the management of local and foreign individual or institutional client portfolios.
2. Refining the investment criteria for private equity investments and developing monitoring process to mitigate the risk impact of PE investments
3. Set compliance procedures across our global distributors to market SLF

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 recommended best accounting practices. The Annual Report was approved by the Board of Directors on 26th May 2011.

1 GENERAL

The Directors have pleasure in presenting to the shareholders their report together with the audited financial statements for the year ended 31st March 2011 of Ceylon Guardian Investment Trust PLC, a public limited liability company incorporated in Sri Lanka in 1951.

2 THE PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the company and its subsidiaries continue to be managing and holding of an investment portfolio.

During the year, as part of the re-organisation process within the investment sector of Carson Cumberbatch Group and working towards positioning the Group as an 'investment house', the Company acquired the controlling interest of Guardian Capital Partners PLC (formerly known as Watapota

Investments PLC). Guardian Capital Partners will operate as the private equity investments arm of the Guardian Group.

This re-organisation process was considered appropriate in order to create specialised investment vehicles within the investment business to undertake listed and private equity investments and engage in fund management activities. Investors would then have a choice of investment companies that suit their different risk appetite. Ceylon Guardian Investment Trust PLC would, as the parent entity take-up diverse risks of all sub-segments of the investment business.

During the year, the company became the direct holding entity (99.9%) of Guardian Fund Management Limited pursuant to acquiring 1,045,009 ordinary shares of the said Guardian Fund Management Limited.

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

A list of subsidiaries and associate companies are provided in Note 21.2.2 to these financial statements.

3 REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement and Manager's review on pages 2 to 14 provide an overall assessment of the business performance of the Company and its future developments.

These reports together with the audited financial statements reflect the state of affairs of the Company.

4 FINANCIAL STATEMENTS

The Consolidated Financial Statements of the company which comprise the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and Notes to the Financial Statements of the Company and the Group for the year ended 31st March 2011 are set out on pages 38 to 80. These financial statements do comply with the requirements of the Section 151, 153(2) and 153(7) of the Companies Act, No 7 of 2007.

4.1 Financial results

An abridgement of the Financial Performance of the Company and the Group is presented in the table below.

For the year ended 31st March	Group		Company	
	2011	2010	2011	2010
Profit for the year	2,657,022	1,320,373	1,710,157	1,419,296
Retained profit brought forward from previous year	2,237,038	2,541,620	673,782	762,740
Repurchase of shares	-	(1,116,991)	-	(1,116,991)
Profit available for appropriations	4,894,060	2,745,002	2,383,939	1,065,045
From which the following appropriations / distributions have been made:				
Dividend paid	(154,798)	(232,702)	(154,798)	(232,702)
Transfers – Market value adjustment reserve	140,044	(291,980)	156,429	(158,561)
Capitalization of reserves	(280,356)	-	(280,356)	-
Adjustment on increase in controlling interest of subsidiary	(546,749)	-	-	-
Adjustment on Associate Company negative goodwill	-	16,718	-	-
Retained profit carried forward	4,052,201	2,237,038	2,105,214	673,782

4.2 Significant Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given on pages 43 to 51. There have been no changes in the Accounting Policies adopted by the Company during the year under review.

4.3 Reserves

As at 31st March 2011, the total reserves stood at Rs 5,214.9 mn and Rs.11,157.7 mn (2010 – Rs.2,451.6 mn and Rs. 6,964.4 mn) for the Company and the Group respectively.

The movements are set out in the Statement of Changes in Equity and Note 26 to the Financial Statements.

5 MARKET VALUE ADJUSTMENT RESERVE

During the year amount of Rs.156.4mn and Rs.140.0mn was transferred from (2010 – Rs.158.6mn and Rs. 291.9mn was transferred to) the 'Market Value Adjustment Reserve', being the 'Mark to Market Value Adjustment' of Short-term investment portfolios for the Company and the Group respectively as shown in the Statement of Changes in Equity in pages 40 to 41.

Any gains arising from the above adjustment will be transferred from retained earnings to 'Market Value Adjustment Reserve' at Balance Sheet Date, and any losses arising will be transferred from 'Market Value Adjustment Reserve' to the extent that loss does not exceed the balance held in the said reserve as at that date.

6 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors, in relation to the financial statements are detailed in the following paragraphs, while the responsibilities of the Auditors are set out in the Independent Auditors' Report.

According to the Companies Act No. 7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, 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 as at the end of the financial year and of the performance for the said period.

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; and
- Reasonable and prudent judgments and estimates have been made.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company, and for ensuring that the financial statements have been prepared and presented in accordance with

the Sri Lanka Accounting and Auditing Standards Act. No. 15 of 1995, and meet with the requirements of the Companies Act, No. 7 of 2007.

They are also responsible for taking reasonable measures to safeguard the assets of the Company 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, for the foreseeable future from the date of signing these financial statements.

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

7 INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on page 37 of the Annual Report.

8 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. 7 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.

8.1 Remuneration of Directors

Directors' remuneration, for the financial year ended 31st March 2011 is given in Note 14 to the Financial Statements on page 53.

8.2 Directors' Interest in Contracts and Shares

Directors' interests in transactions of the company are disclosed in Note 33 to these financial statements and 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, while they had the following interests in Ordinary shares of the Company.

Directors	No of shares as at 31st March 2011	No of shares as at 01st April 2010
Mr. I. Paulraj	255	50
Mr. D.C.R. Gunawardena	255	50
Mr. A. de Z. Gunasekera	255	50
Mr. V.M. Fernando	-	-
Mrs. M.A.R.C. Cooray	-	-
Mr. K. Selvanathan (Appointed to the Board w.e.f. 16/12/2010)	-	-
Mr. C.W. Knight (Appointed to the Board w.e.f. 01/01/2011)	-	-

9 DIRECTORS

The names of the Directors who served during the year are given under Corporate information in

the inner back cover of the Annual Report.

9.1 Appointments

- Mr. K. Selvanathan was appointed as an Executive Director to the Company with effect from 16th December 2010.
- Mr. C.W. Knight was appointed as a Non Executive/Independent Director to the Company with effect from 1st January 2011.

9.2 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 retires by rotation and being eligible offers himself for re-election.

9.3 Retirement at the 1st Annual General Meeting following Appointment as Directors

- In terms of Article 95 of the Articles of Association of the Company, Mr. K. Selvanathan retires from the Board and being eligible offers himself for re-election.
- In terms of Article 95 of the Articles of Association of the Company, Mr. C.W. Knight retires from the Board and being eligible offers himself for re-election.

9.4 Appointment of Director who is over 70 years of age

Mr. A. de Z. Gunasekera who is over 70 years of age to be re-appointed as a Director of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable.

10 AUDITORS

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

A sum of Rs. 260,000/- and Rs. 1,046,000/- was paid to them by the Company and the Group respectively as audit fees for the year ended 31st March 2011 (2010 - Rs. 225,000/- and Rs. 914,000/-). In addition to the above, the auditors were paid Rs. 250,320/- and Rs. 843,720/- as professional fees for non-audit services for the Company and the Group.

The retiring Auditors have expressed their willingness to continue in office. A Resolution to re-appoint them as Auditors of the company and authorizing 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, including the level of audit and non-audit fees paid to the Auditor.

10.1 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 did not have any interest with the Company that would impair their independence.

11 SIGNIFICANT EVENTS DURING THE YEAR

11.1 Significant events during the year - Company

1. Subdivision of existing shares and issue of new shares through capitalization of reserves

After obtaining the approval from the shareholders at an Extraordinary General Meeting held on 12th November 2010, the Company made the following changes to its stated capital during the year.

- a) Sub-division of existing ordinary shares, fully paid deferred shares and partly paid deferred shares of the company in the following manner:

Description	No. of shares before the sub-division	Sub-division Ratio	No. of shares after the sub-division
Ordinary Shares	16,097,396	5:1	80,486,980
Deferred Shares – Fully paid Rs. 1,000/-	8,669	500:1	4,334,500
Deferred Shares – Partly paid (Rs.908/-)	2,593	500:1	1,296,500
	(Rs.238,556/- pending call up)		(Rs.238,556/- pending call up)

The sub-division of shares will not result in increasing the value of the stated capital of the company.

- b) Issue of new ordinary shares, deferred shares and settle uncalled amount of partly paid

deferred shares by capitalizing part of the Company's revenue reserves in the proportion of 1:50 based on the number of ordinary shares after the above sub-division. Total amount of revenue reserves capitalized amounted to Rs. 280,355,523/-.

The company issued a total of 108,770 new deferred shares and 1,609,739 ordinary shares from such Capitalization of reserves.

2. Acquisition of Guardian Capital Partners PLC

During the year, the Company acquired the controlling interest

of Guardian Capital Partners PLC (GCP) by acquiring provisionally allotted 21,692,800 rights to subscribe for shares of GCP from Carson Cumberbatch PLC and subsequently subscribing for the said right issue of GCP at Rs.20/- per share. The total consideration

paid to acquire 21,692,800 shares of GCP amounted to Rs. 657,291,840/- where Rs. 223,435,840/- was paid to acquire right entitlement from Carson Cumberbatch PLC and an amount of Rs. 433,856,000/- was paid to subscribe for the right issue of GCP. This transaction resulted in a change of the controlling interest of GCP, from Carson Cumberbatch PLC to the Company having acquired 83.97% of the voting rights of GCP.

3. Acquisition of Guardian Fund Management Limited

The Company became the direct holding entity (99.9%) of Guardian Fund Management Limited pursuant to acquiring 1,045,009 ordinary shares of the said company from the Company's subsidiary, Rubber Investment Trust Limited for a total consideration of Rs. 28,089,842/- on 30th March 2011.

11.2 Significant events during the year - Subsidiaries

1. Sub-division of shares and capitalization of reserves of Ceylon Investment PLC

After obtaining the approval from the shareholders at an Extraordinary General Meeting held on 19th October 2010, Ceylon Investment PLC made the following changes to the Stated Capital of the Company during the year.

- a) Subdivision of each ordinary share to 5 ordinary shares. This increased the existing number of ordinary shares from 19,316,642 to 96,583,210 ordinary shares. The sub-division of shares will not

Description	Ratio	No. of shares issued by capitalization of reserves	Consideration for shares issued (Rs.)
Ordinary Shares	1:50	1,609,739	Rs.163/- per share
Deferred Shares – Fully paid	1:50	86,690	Rs.163/- per share
Deferred Shares – Partly paid	1:50	Credit of the uncalled capital amount of Rs.238,556/- on the 1,296,500 partly paid deferred shares and issue of further 22,080 fully paid deferred shares.	Rs. 3,837,596/-

result in an increase in the value of the stated capital of the company.

- b) Issue of 1,931,664 new ordinary shares by capitalizing revenue reserves amounting to Rs.167,455,952/- in the proportion of 1:50, based on the number of ordinary shares after the above sub-division.

2. Voluntary offer/offers to acquire the shares of the Watapota Investments PLC (now known as Guardian Capital Partners PLC)

A series of voluntary offers were made during the year to purchase the majority shareholding of Watapota Investments PLC (Now known as Guardian Capital Partners PLC). These offers ranged in price from Rs.40/60 per share to Rs.95/- per share. The majority shareholder at the time of the offer, Carson Cumberbatch PLC, having evaluated these offers decided not to divest its shareholding and the offers received were invalidated thereby. The details of these offers and the subsequent decision by the majority shareholder have been communicated to the Colombo Stock Exchange.

Given below are the offers received by the Watapota Investments PLC;

- i). Voluntary offer received from M/s Capital Alliance Holdings Limited to purchase all the shares of the Company at Rs.40/60 per share.

- ii). Offer from client of M/s IIFL Securities Ceylon (Pvt) Ltd to purchase the entire shareholding of Carson Cumberbatch PLC in the Company at a price of Rs.81/20 per share.

- iii). Offer from Mr. K. C. Vignarajah for the purchase of 57% of shares of the Company out of the shareholding of Carson Cumberbatch PLC at a price of Rs.83/- per share. (Price and percentage was negotiable).

- iv). Offer from a Client of M/s Acuity Stock Brokers (Pvt) Ltd to purchase the entire shareholding of Carson Cumberbatch PLC in the Company, at a price of Rs.89/40 per share.

- v). Conditional Offer from a Client of M/s Taprobane Securities (Pvt) Ltd to purchase the entire shareholding of Carson Cumberbatch PLC in the Company, at a price of Rs.95/- per share.

3. Change of Corporate Name of Guardian Capital Partners PLC

During the financial year, the Company name was changed to Guardian Capital Partners PLC to give the identity of Carson Group's investment business and to reflect its move towards Private Equity investment strategy. The Watapota Investments PLC name was changed with effect from 21st January 2011 which was approved by the shareholders of

the Company at the Extraordinary General Meeting held on 18th January 2011.

4. Rights Issue of shares in Guardian Capital Partners PLC

During the year, GCP raised a sum of Rs.503,256,000/- via a rights issue of ordinary shares. This resulted in 25,162,800 new shares being issued at a ratio of 75 new shares for every 02 shares held at a price of Rs.20/- per share. The funds were raised by GCP with a view of expanding the capital base, to undertake new investment projects mainly in the area of private equity. The rights issue of shares was approved by the shareholders of GCP at its Extraordinary General Meeting held on 18th February 2011.

5. Major transaction of Guardian Capital Partners PLC (GCP)

In line with positioning itself as the private equity investments arm of Carson Cumberbatch Group, GCP participated in the private placement of shares in Expolanka Holdings Limited. The Company purchased 41.6 mn shares of the said company for a total consideration of Rs.249.6mn (Excluding the cost of acquisition). This transaction amounted to a major transaction in accordance with the Section 185 (2) of the Companies Act, No. 7 of 2007 and accordingly shareholders' approval was sought and obtained at the Extraordinary General Meeting held on 18th February 2011.

12 RELATED PARTY TRANSACTIONS EXCEEDING 10% OF THE EQUITY OR 5% OF THE TOTAL ASSETS OF THE COMPANY

The following transaction was entered in to by the Company in and its subsidiaries in their ordinary course of business, which exceeded 10% of the shareholder's equity or 5% of the total assets of the Company during the year.

(i) Company

Carson Cumberbatch PLC

Relationship

Parent Company

Transaction

On 18th August 2010 the Company acquired 2,050,834 shares of Ceylon Investments PLC representing 10.62% in the issued shares for a total consideration of Rs. 1,004,909,034/-. On 18th August 2010 the Company disposed 2,341,672 shares of Lion Brewery (Ceylon) PLC and 934,900 shares of Ceylon Brewery PLC for a consideration of Rs. 360,617,488/- and Rs. 241,858,630/- respectively.

(ii) Company

Guardian Capital Partners PLC (GCP)

Relationship

Subsidiary Company

Transaction

On 17th March 2011, the Company subscribed for 21,692,800 ordinary shares of GCP at the rights issue of shares for a total consideration of Rs.433,856,000/-. This transaction resulted in the Company acquiring the controlling interest of the GCP from Carson Cumberbatch PLC having acquired 83.97% of the voting rights of GCP.

13 CORPORATE GOVERNANCE

Given below is the status of Compliance of Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

13.1 Board of Directors

The following Directors held office as at the balance sheet date and their brief profiles are given on pages 15 to 16 of the Annual Report.

Name of the Director	Executive/Non executive/ Independent
Mr. I. Paulraj *	Non-Executive/ Independent
Mr. D.C.R.Gunawardena **	Executive
Mr. A. de Z. Gunasekera ***	Non-Executive / Independent
Mr. V.M. Fernando ****	Non-Executive / Independent
Mrs. M.A.R.C. Cooray *****	Non-Executive / Independent
Mr. K. Selvanathan (Appointed to the Board w.e.f. 16/12/2010)	Executive
Mr. C.W. Knight (Appointed to the Board w.e.f. 01/01/2011)	Non-Executive / Independent

* The Board has determined that Mr. I. Paulraj is an Independent, Non-Executive Director in spite of being on the Board for more than 9 years and being a Director of Ceylon Investment PLC, in which a majority of other Directors of the Board are also Directors, since he is not directly involved in the management of the Company.

** Mr. D. C. R. Gunawardena having assumed Non-Executive responsibilities with effect from 15th April 2011, is categorised as a Non-Executive Director.

*** The Board has determined that Mr. A. de Z. Gunasekera is an Independent, Non Executive Director in spite of being on the Board for

more than 9 years and being a director of Ceylon Investment PLC, in which majority of other Directors of the Board are also Directors, since he is not directly involved in the management of the Company.

****The Board has determined that Mr. V.M. Fernando is an Independent, Non Executive Director in spite of being on the Board for more than 9 years and being a director of Ceylon Investment PLC, in which majority of other Directors of the Board are also Directors, since he is not directly involved in the management of the Company.

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

13.2 Remuneration Committee

As per the 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 the following members;

Remuneration Committee members	Executive/Non executive/Independent
Mr. I. Paulraj – Chairman	Non Executive/ Independent Director of CCPLC
Mr. M. Moonesinghe	Non Executive/ Independent Director of CCPLC
Mr. H. Selvanathan*	Executive Director of CCPLC
Mr. M. Selvanathan*	Executive Director of CCPLC
Mr. D.C.R. Gunawardena**	Executive Director of CCPLC

* Messrs. H.Selvanathan and M. Selvanathan have stepped down from the CCPLC Remuneration Committee with effect from 15th April 2011.

** Mr. D. C. R. Gunawardena having assumed Non-Executive responsibilities with effect from 15th April 2011, is categorised as a Non – Executive Director of CCPLC.

The committee has formulated a remuneration policy based on market and industry factors and individual performance for all group Companies.

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under Note 14 on page 53 of this Annual Report.

Executive Directors are not compensated for their role on the Board.

13.3 Audit Committee

As per the 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 the following members.

Audit Committee Members	Executive/Non executive/Independent
Mr. Vijaya Malalasekera	Non Executive/Independent Director of CCPLC
Mr. Chandima Gunawardena*	Executive Director of CCPLC
Mr. Faiz Mohideen	Non Executive/Independent Director of CCPLC

* Mr. D. C. R. Gunawardena having assumed Non-Executive responsibilities with effect from 15th

April 2011, is categorised as a Non – Executive Director of CCPLC.

Additionally Mr. T. Rodrigo acts as the Expert Advisory member to the Investments Sector.

The Audit Committee Report is given on pages 34 to 35 of this Annual Report.

13.4 Directors Meeting Attendance

Four (04) Board Meetings were convened during the financial year and the attendance of the Directors was as follows:

Director	Meetings attended (out of 4)
Mr. I. Paulraj	4
Mr. D.C.R.Gunawardena	3
Mr. A. de Z. Gunasekera	4
Mr. V.M. Fernando	3
Mrs. M.A.R.C. Cooray	4
Mr. K. Selvanathan (Appointed to the Board w.e.f. 16/12/2010)	1
Mr. C.W. Knight (Appointed to the Board w.e.f. 01/01/2011)	1

14 Internal Control and Risk Management

The ultimate responsibility to establish, monitor and review a companywide 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 element of risk imposed on the sustenance of the business by the respective area of operation. Whilst a strong internal control system would mitigate the crystallization of risk elements to a greater extent, employment of external support structures

would also be necessary based on the risk assessments made thereon.

The delegation of the 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 the grading of the risk involved will be monitoring and providing the feedback to the management and the respective Audit Committees. 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 health of the company resource base and governance requirements.

This allows the Board to have total control of the fulfillment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. More detailed description of the Risk management strategies of the Company is given on pages 18 to 24.

15 HUMAN RESOURCES

The management of the company's investments is undertaken by Guardian Fund Management Limited (GFM) and management support services are provided by Carsons Management Services 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, centred around the core competencies required by an investment house.

The number of persons employed by GFM as at 31st March 2011 was 09 (31st March 2010 – 04).

16 EQUITABLE TREATMENT TO SHAREHOLDERS

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

17 DIVIDENDS

Subject to the approval of the shareholders at the Annual General Meeting, a First & Final dividend of Rs.1/50 per ordinary share and deferred share is recommended by the Directors for the year ended 31st March 2011.

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

The details of the dividends paid during the year are set out in Note 18 to the Financial Statements.

18 SOLVENCY TEST

Taking into account the said distribution, the Directors are satisfied that the Company would meet the solvency test requirement under Section 56(2)

of the Companies Act No.07 of 2007 immediately after the distribution. The Company's Auditors, Messrs. KPMG Ford, Rhodes, Thornton and Co, Chartered Accountants have issued a Certificate of Solvency confirming the same.

19 STATED CAPITAL

The Stated Capital of the Company as at 31st March 2011 was Rs. 953,166,933/- comprising of 82,096,719 Ordinary shares and 5,739,770 Deferred Shares.

The movement in stated capital of the Company is given in Note 25 to the financial statements.

20 INVESTMENTS

Investments represent investment in associate, short-term investments (trading portfolio) and other long-term investments.

Investment in associate company is explained in Note 21 B on page 57. The short-term portfolio engaged in active trading to realize the benefits of the movements in the stock market and is carried in the Balance Sheet at market value. The carrying value of the short-term portfolio as at 31st March 2011 was Rs. 1,164.0mn and Rs. 101.3 (2010 – Rs. 651.8mn and Rs. 31.7mn) for Group and the Company respectively.

Long-term investments at market value are disclosed in Note 21 C, comprises those investments which are held for a longer tenure, usually over 3-5 years. The Market value of long-term investment portfolio of the Company is Rs. 11,355.1mn and Rs. 4,456.4mn (2010 – Rs. 7,121mn and Rs. 3,048mn) for

the Group and the Company respectively.

21 CAPITAL EXPENDITURE

The details of capital expenditure of the Group is as follows.

In Rs.000's	Group	
31st March	2011	2010
Property plant & equipment	602	178

22 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.

23 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.

24 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the Balance Sheet date, no circumstances have arisen, which would require adjustments to or disclosures in the Financial Statements, other than those disclosed in Note 31 to the financial statements.

25 CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Contingent Liabilities and Commitments made on account of capital expenditure as at 31st March 2011 are given in Note 32 to the Financial Statements.

26 CORPORATE DONATIONS

There were no donations granted during the year.

27 SHARE INFORMATION

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 81 to 82 and 89 to 90 of the Annual Report.

28 TWENTY MAJOR SHAREHOLDERS

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

29 ANNUAL REPORT

The Board of Directors approved the Consolidated Financial Statements together with the reviews which forms part of the Annual Report on 26th May 2011.

The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standard Monitoring Board and the Registrar of Companies within the given time frames.

30 ANNUAL GENERAL MEETING

59th Annual General Meeting of the Company will be held on Wednesday the 29th day of June 2011 at 3.30 p.m. at Taj Samudra Hotel, "Crystal Room," Upper Floor, No. 25, Galle Face Centre Road, Colombo 3.

The Notice of the Annual General Meeting is on page 93 of the Annual Report.

The twenty major shareholders with comparatives

As at 31st March Name of Shareholders	2011		2010	
	No. of shares	%	No. of shares	%
Carson Cumberbatch PLC A/C No. 01	55,130,831	67.15	10,809,967	67.15
Thurston Investments Limited	5,520,274	6.72	1,077,199	6.69
Mr. M. Radhakrishnan	2,033,186	2.48	398,664	2.48
Pershing LLC S/A Averbach Grauson & Co.	1,750,960	2.13	381,600	2.37
The Gilpin Fund Limited	1,572,962	1.92	308,424	1.92
Mr. G.J.W. De Silva	948,600	1.16	186,000	1.16
Miss. G.I.A. De Silva	868,275	1.06	170,250	1.06
Mrs. M.L. De Silva	857,616	1.04	168,160	1.04
Mr. K.C. Vignarajah	604,778	0.74	110,935	0.69
Miss. R.H. Abdulhussein	502,983	0.61	100,585	0.62
The Ceylon Desiccated Coconut & Oil Company Limited	382,438	0.47	74,988	0.47
Miss. G.N.A. De Silva	360,493	0.44	70,685	0.44
Waldock Mackenzie Ltd/Mr. H.M.S. Abdulhussein	354,991	0.43	72,367	0.45
Waldock Mackenzie Ltd/Mr. M.A.N. Yoosufali	344,552	0.42	61,764	0.38
Mr. O.D. Liyanage	263,609	0.32	51,492	0.32
Mrs. S. Vignarajah	247,833	0.30	42,236	0.26
DFCC Bank A/C 1	246,931	0.30	48,318	0.30
Mr. G N Russel	232,396	0.28	45,568	0.28
J.B. Cocoshell (Pvt) Ltd	230,822	0.28	45,279	0.28
Mr. A. C. Rizan	190,000	0.23	37,200	0.23

Signed on behalf of the Board,

(Sgd.)
I. Paulraj
Chairman

Colombo.
26th May 2011

(Sgd.)
K. Selvanathan
Director

The Audit Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company, is the Audit Committee of the Company, as provided for by the Colombo Stock Exchange Listing Rules.

The members of the Audit Committee are as follows :

Audit Committee Members	Executive/Non executive/Independent
Mr. Vijaya Malalasekera	Non Executive/Independent Director of CCPLC
Mr. Chandima Gunawardena*	Executive Director of CCPLC
Mr. Faiz Mohideen	Non Executive/Independent Director of CCPLC

*Mr. D. C. R. Gunawardena having assumed Non-Executive responsibilities with effect from 15th April 2011, is categorised as a Non – Executive Director.

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

Mr.Chandima Gunawardena is a Director of CCPLC and in most of its' Group Companies.

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

In addition, Mr.Tennyson Rodrigo is the Expert Advisor to the Audit Committee for the Investment Sector.

The audit aspects of Ceylon Guardian Investment Trust PLC are conducted within the Agenda of CCPLC-Audit Committee and the Committee is advised by Mr.Tennyson Rodrigo as a member of the Panel of Expert Advisors to the Audit Committee of CCPLC, for the Investment Sector, Property Sector and the Leisure Sector of the Group. Mr.Rodrigo is a Director of Good Hope PLC and was the former Managing Director and Chief Executive of Capital Development and Investment Company PLC and was the former Chairman of the Audit Committee of Eagle Insurance Company Limited.

CCPLC-Audit Committee held 04 Meetings during the financial year to discuss matters relating to the Company and the attendance of the Members of the Audit Committee was as follows :

Meetings attended (out of four)	
Mr.Vijaya Malalasekera	04
Mr.Chandima Gunawardena	04
Mr.Faiz Mohideen	04

Mr.Tennyson Rodrigo, the Expert Advisor attended all 04 Audit Committee Meetings.

The Audit Committee Meetings were also attended by the internal auditors and senior management staff members.

The Committee has also met the external auditors twice during the year, i.e. to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The draft Financial Report and Accounts were discussed with the external auditors,

without the management being present.

In accordance with the audit plan formulated and approved by the Audit Committee for the financial year 2010/2011, the Group Internal Audit (GIA) carried out five detailed audits on the Investment Sector companies.

The findings and contents of the Group Internal Audit reports have been discussed with the management and subsequently the audit reports were circulated to the Audit Committee and to the 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. The draft financial statements of Ceylon Guardian Investment Trust PLC for the year ended 31st March 2011 have also been reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs. KPMG Ford Rhodes Thornton & Company, 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 Ford Rhodes Thornton & Company, Auditors are independent on the basis that they do 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 Ford Rhodes Thornton & Company as Auditors for the financial year ending 31st March 2012, subject to the approval of the shareholders of Ceylon Guardian Investment Trust PLC at the Annual General Meeting.

The purpose of the Audit Committee of CCPLC, the Audit Committee of Ceylon Guardian Investment Trust PLC 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 process for monitoring compliance with Company policies and procedures, laws and regulations and the code of conduct and the identification of and management of risks that would impact on the Company/Group's business objectives.

(Sgd.)

Vijaya Malalasekera

*Chairman – Audit Committee
Carson Cumberbatch PLC*

26th May 2011

FINANCIAL CALENDAR

Financial year end	31st March 2011
59th Annual General Meeting to be held on	29th June 2011

ANNOUNCEMENT OF RESULTS

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

• 1st Quarter	27th July 2010
• 2nd Quarter	12th November 2010
• 3rd Quarter	14th February 2011

Financial Reports

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TO THE SHAREHOLDERS OF CEYLON GUARDIAN INVESTMENT TRUST PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Ceylon Guardian Investments PLC (the "Company"), the consolidated financial statements of the Company and its subsidiaries as at 31st March 2011 which comprise the balance sheet as at 31st March 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on the pages 38 to 80.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting

policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion - Company

In our opinion, so far as appears from our examination, the Company

maintained proper accounting records for the year ended 31st March 2011 and the financial statements give a true and fair view of the Company's state of affairs as at 31st March 2011 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Opinion - Group

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31st March 2011 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 153(2) to 153(7) as appropriate of the Companies Act No. 07 of 2007.

KPMG Ford, Rhodes, Thornton & Co
Chartered Accountants

26th May 2011

For the year ended 31 March

In Rs.'000s

		Group		Company	
	Note	2011	2010	2011	2010
Revenue	11	4,438,943	1,960,283	2,557,451	1,660,742
Carrying amount of investments disposed		(3,692,350)	(1,544,300)	(1,917,126)	(573,567)
Realized gain on sale of investments	12	1,597,465	680,932	1,108,428	195,736
Mark to market value adjustment - Unrealized	13	381,212	304,339	10,640	167,066
Profit on portfolio activities		2,725,270	1,401,254	1,759,393	1,449,977
Other income		966	-	440	-
Administrative and other operating expenses		(87,909)	(67,887)	(33,959)	(18,964)
Profit from operations	14	2,638,327	1,333,367	1,725,874	1,431,013
Finance cost		(23,745)	(5,414)	(16,953)	(5,309)
Profit from operations after finance cost		2,614,582	1,327,953	1,708,921	1,425,704
Share of associate company's profit net of taxation	15	408,060	386,732	-	-
Profit before taxation		3,022,642	1,714,685	1,708,921	1,425,704
Income tax (expense) / reversal	16	(4,532)	(35,106)	1,236	(6,408)
Profit for the year		3,018,110	1,679,579	1,710,157	1,419,296
Attributable to:					
Equity holders of the parent		2,657,022	1,320,373	1,710,157	1,419,296
Minority shareholders		361,088	359,206	-	-
		3,018,110	1,679,579	1,710,157	1,419,296
Earnings per Share - Rs.	17	29.87	14.52	19.23	15.61
Dividend per Share* - Rs.	18	1.50	9.00	1.50	9.00

The Notes from pages 43 to 80 form an integral part of these financial statements.

Figures in brackets indicate deductions.

* Dividends per share is based on the proposed / interim dividends.

As at 31 March

In Rs.'000s

	Note	Group 2011	2010	Company 2011	2010
Assets					
Non-Current Assets					
Property, plant & equipment	19	6,447	8,017	-	-
Intangible assets	20	237,199	7,099	-	-
Investments in subsidiaries	21 A	-	-	1,926,422	277,217
Investments in associates	21 B	1,688,609	1,667,306	-	-
Other long-term investments	21 C	11,355,188	7,121,063	4,456,384	3,047,976
Deferred tax assets	22	-	250	-	-
		13,287,443	8,803,735	6,382,806	3,325,193
Current Assets					
Trade and other receivables	23	55,691	46,638	7,741	24,337
Income tax recoverable		14,981	-	10,728	5,356
Short-term investments	24	1,163,989	651,826	101,324	31,734
Short-term deposits		240,644	9,287	-	-
Cash at bank		80,953	38,895	10,649	19,799
		1,556,258	746,646	130,442	81,226
Total Assets		14,843,701	9,550,381	6,513,248	3,406,419
Equity and Liabilities					
Equity					
Stated capital	25	953,167	672,811	953,167	672,811
Capital reserves	26A	883,574	1,255,328	208,660	208,660
Revenue reserves	26B	10,274,145	5,709,110	5,006,203	2,242,896
Total equity attributable to equity holders of parent		12,110,886	7,637,249	6,168,030	3,124,367
Minority shareholders' equity interest		2,154,418	1,566,029	-	-
Total Equity		14,265,304	9,203,278	6,168,030	3,124,367
Liabilities					
Non-Current Liabilities					
Retirement benefit obligation	27	1,720	561	-	-
Deferred tax liabilities	22	1,896	-	-	-
		3,616	561	-	-
Current Liabilities					
Trade and other payables	28	6,522	69,398	1,174	28,350
Income tax payable		3,489	15,533	-	-
Unclaimed dividend		23,796	12,873	8,306	5,970
Bank overdraft		540,974	248,738	335,738	247,732
		574,781	346,542	345,218	282,052
Total Liabilities		578,397	347,103	345,218	282,052
Total Equity and Liabilities		14,843,701	9,550,381	6,513,248	3,406,419

Net assets per ordinary/deferred share - Book value - Rs.*

162.41 444.03 70.22 181.65

Net assets per ordinary/deferred share - Market value - Rs.*

346.72 620.33 386.15 576.18

* Comparative figures have not been adjusted for sub-division of shares and capitalization of reserves effected during the year.

The Notes from pages 43 to 80 form an integral part of these financial statements.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

(Sgd.)

V. R. Wijesinghe

Financial Controller

Carsons Management Services (Private) Limited

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

Approved and signed on behalf of the Investment Managers,

Approved and signed on behalf of the Board,

(Sgd.)

W. Y. R. Fernando

Director

Guardian Fund Management Limited

Colombo

26th May 2011

(Sgd.)

I. Paulraj

Chairman

(Sgd.)

K. Selvanathan

Director

Statement of Changes in Equity

Ceylon Guardian Investment Trust PLC – Annual Report 2010-2011

In Rs. '000s

Group	Stated Capital	Capital Reserves			Revenue Reserves			Attributable to equity holders of parent	Minority interest	Total Equity
		Investment Reserve	Other Capital Reserves	Associate Company's Capital Reserves	Market Value Adjustment Reserve	Long term Investments Revaluation Reserve	General Reserve	Retained earnings		
Balance as at 1st April 2009	672,811	7,805	316,741	677,216	12,359	290,686	32,668	2,541,620	4,551,906	5,605,706
Profit for the year*	-	-	-	-	-	-	-	1,320,373	1,320,373	1,679,579
Repurchase of shares (Note 25.3)	-	-	-	-	-	-	-	(1,116,991)	(399,083)	(1,516,074)
Movement in associate company's reserves	-	-	-	253,566	-	-	-	-	253,566	253,566
Effect of change in associate	-	-	-	-	-	-	-	-	-	-
Company's negative goodwill	-	-	-	-	-	-	-	16,718	16,718	16,718
Gain on revaluation of long-term investments	-	-	-	-	-	2,844,379	-	-	2,844,379	3,511,045
Transfers (Note 26.3)	-	-	-	-	291,980	-	-	(291,980)	-	-
Dividend paid for 2009	-	-	-	-	-	-	-	(232,702)	(114,560)	(347,262)
Balance as at 31st March 2010	672,811	7,805	316,741	930,782	304,339	3,135,065	32,668	2,237,038	7,637,249	9,203,278
Balance as at 1st April 2010	672,811	7,805	316,741	930,782	304,339	3,135,065	32,668	2,237,038	7,637,249	9,203,278
Profit for the year*	-	-	-	-	-	-	-	2,657,022	361,088	3,018,110
Dividend paid for 2010	-	-	-	-	-	-	-	(154,798)	(56,748)	(211,546)
Movement in associate company's reserves	-	-	-	(371,754)	-	-	-	-	(371,754)	(371,754)
Capitalization of reserves (Note 25.4)	280,356	-	-	-	-	-	-	(280,356)	-	-
Gain on revaluation of long-term investments	-	-	-	-	-	2,889,916	-	-	2,889,916	3,508,208
Adjustments on increase in controlling interest over subsidiary	-	-	-	-	-	-	-	(546,749)	(415,705)	(962,454)
Minority interest arising on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	81,462
Transfers (Note 26.3)	-	-	-	-	(140,044)	-	-	140,044	-	-
Balance as at 31st March 2011	953,167	7,805	316,741	559,028	164,295	6,024,981	32,668	4,052,201	12,110,886	14,265,304

* Profit for the year includes share of profits of the associate company, which can not be distributed.

The Notes from pages 43 to 80 form an integral part of these financial statements.
 Figures in brackets indicate deductions.

In Rs. '000s

Company	Stated Capital	Capital reserves		Revenue Reserves				Total equity
		Investment Reserve	Other Capital Reserve	Market Value Adjustment Reserve	Long-Term Investments Revaluation Reserve	General Reserve	Retained earnings	
Balance as at 1st April 2009	672,811	7,805	200,855	8,505	42,128	14,961	762,740	1,709,805
Profit for the year	-	-	-	-	-	-	1,419,296	1,419,296
Gain on revaluation of long-term investments	-	-	-	-	1,344,959	-	-	1,344,959
Re-purchase of Shares (Note 25.3)	-	-	-	-	-	-	(1,116,991)	(1,116,991)
Transfers (Note 26.3)	-	-	-	158,561	-	-	(158,561)	-
Dividend paid for 2009	-	-	-	-	-	-	(232,702)	(232,702)
Balance as at 31st March 2009	672,811	7,805	200,855	167,066	1,387,087	14,961	673,782	3,124,367
Balance as at 1st April 2010	672,811	7,805	200,855	167,066	1,387,087	14,961	673,782	3,124,367
Profit for the year	-	-	-	-	-	-	1,710,157	1,710,157
Gain on revaluation of long-term investments	-	-	-	-	1,488,304	-	-	1,488,304
Capitalization of reserves (Note 25.4)	280,356	-	-	-	-	-	(280,356)	-
Transfers (Note 26.3)	-	-	-	(156,429)	-	-	156,429	-
Dividend paid for 2010	-	-	-	-	-	-	(154,798)	(154,798)
Balance as at 31st March 2011	953,167	7,805	200,855	10,637	2,875,391	14,961	2,105,214	6,168,030

The Notes from pages 43 to 80 form an integral part of these financial statements.
Figures in brackets indicate deductions.

For the year ended 31 March

In Rs. '000s

	Note	Group		Company	
		2011	2010	2011	2010
Cash Flows from Operating Activities					
Profit before taxation		3,022,642	1,714,685	1,708,921	1,425,704
Adjustments for:					
Associate company's profit net of tax	15	(408,060)	(386,732)	-	-
Depreciation on property, plant & equipment	19	2,172	2,200	-	-
Amortisation of intangible assets	20	1,817	2,166	-	-
Provision for retiring benefit obligations - Gratuity	27	1,159	200	-	-
Finance cost		23,745	5,414	16,953	5,309
Dividend received from associate companies		15,004	11,789	-	-
Mark to Market value adjustment - Unrealized	13	(381,212)	(304,339)	(10,640)	(167,066)
Operating profit before working capital changes		2,277,267	1,045,383	1,715,234	1,263,947
(Increase)/Decrease in trade and other receivables		(8,307)	(31,697)	16,596	(21,452)
Net (Increase)/Decrease in investments		(856,868)	(1,379,896)	20,946	(465,623)
(Decrease) / Increase in creditors and accruals		(63,419)	63,993	(27,176)	27,230
Cash generated from / (used in) operations		1,348,673	(302,217)	1,725,600	804,102
Finance cost		(23,745)	(5,414)	(16,953)	(5,309)
Taxation paid		(29,412)	(13,762)	(4,136)	(7,153)
Net cash generated from / (used in) operations		1,295,516	(321,393)	1,704,511	791,640
Cash Flows from Investing Activities					
Purchase of property, plant & equipment	19	(602)	(291)	-	-
Investment in subsidiaries net of cash acquired		(1,108,227)	-	(1,649,205)	-
Net cash used in investing activities		(1,108,829)	(291)	(1,649,205)	-
Cash Flows from Financing Activities					
Dividend paid		(152,462)	(225,724)	(152,462)	(229,252)
Repurchase of Shares	25.3	-	(1,116,991)	-	(1,116,991)
Repurchase of shares held by minority shareholders		-	(399,083)	-	-
Dividend paid to minority shareholders		(53,046)	(114,560)	-	-
Net cash used in financing activities		(205,508)	(1,856,358)	(152,462)	(1,346,243)
Net decrease in cash & cash equivalents		(18,821)	(2,178,042)	(97,156)	(554,603)
Cash & cash equivalents at the beginning of the year		(200,556)	1,977,486	(227,933)	326,670
Cash & cash equivalents at the end of the year		(219,377)	(200,556)	(325,089)	(227,933)
Cash & Cash Equivalents					
Short-term deposits		240,644	9,287	-	-
Cash at bank		80,953	38,895	10,649	19,799
Bank overdrafts		(540,974)	(248,738)	(335,738)	(247,732)
		(219,377)	(200,556)	(325,089)	(227,933)

The Notes from pages 43 to 80 form an integral part of these financial statements.

Figures in brackets indicate deductions.

1 REPORTING ENTITY

Ceylon Guardian Investment Trust PLC is a limited liability company which is incorporated and domiciled 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 is located at No. 61, Janadhipathi Mawatha, Colombo 1.

The consolidated Financial Statements for the year ended 31st March, 2011 comprise the financial information of the Company and its subsidiaries (together referred to as the “Group” and individually Group entities) and the Group's interest in its associate company.

Principal activity of the Company and its subsidiaries are investment holding & portfolio management services.

During the year, the Group acquired the controlling interest of Guardian Capital Partners PLC (formerly known as Watapota Investments PLC), which is intended to represent as the Private equity investments arm of the Group.

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

A list of subsidiaries and associate companies are set out in Note 21.1.2 & page 62 to the Financial Statements.

2 STATEMENT OF COMPLIANCE

The Financial Statements of the Company and the Group comprise the Balance Sheet, Statements of Income, Changes in Equity and Cash Flows together with Notes to the Financial Statements.

These statements are prepared in accordance with the Accounting Standards 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 for the year ended 31st March 2011 were authorized for issue by the Board of Directors on 26th May 2011.

3 BASIS OF PREPARATION**3.1 Basis of Measurement**

The Consolidated Financial Statements have been prepared on the historical cost basis and applied consistently, except for the market value adjustment of investment portfolios as stated in Note 5.4.

3.2 Functional and Presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’), which is Sri Lankan Rupees.

All foreign currency transactions are converted into functional currency at the rates of exchange prevailing at the time the transactions are effected.

At each balance sheet date, foreign currency monetary items

are translated using closing rate, non – monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value are translated using the exchange rate at the date when the fair values were determined.

The consolidated financial statements are presented in Sri Lankan Rupees Thousands (Rs. ‘000) unless otherwise stated, which is the Group’s presentation currency.

Figures in brackets indicate deductions / negative changes.

3.3 Materiality and Aggregation

Each material class of similar items is presented aggregated in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

4 USES OF ESTIMATES AND JUDGMENTS

The preparation of Financial Statements 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 estimate is revised and in any future periods affected. Information about significant areas of estimation and uncertainty that have the most significant effect on the amounts

recognised in the Financial Statements are described below.

Estimates

4.1 Assessment of Impairment

The Group assesses at each Balance Sheet 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.

Fair value less cost to sell will be based on the available market information as at the date of assessment.

The carrying value of goodwill is reviewed at each Balance Sheet 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.

4.2 Current Taxation

Current tax liabilities are provided for in the Financial Statements applying the relevant tax statutes and regulations which the management believes reflect 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 liability is confirmed on any of the Group entity.

4.3 Value of Unquoted Investments

The unquoted equity investments are evaluated based on the directors' valuation. Such valuations of Directors are based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Company to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty.

However the unquoted investments are stated in the financial statements at cost or Directors valuation whichever is lower, on conservative basis.

4.4 Defined Benefit Plan - Gratuity

The cost of defined benefit plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to uncertainty.

4.5 Deferred Tax Assets

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied

consistently to all periods presented in these Financial Statements. The accounting policies of the Company have been consistently applied by Group entities where applicable, and deviations if any, have been disclosed accordingly.

5.1 Basis of Consolidation

I. Subsidiaries

Subsidiaries are entities that are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control effectively commences until the date that control ceases.

The Group uses the purchase method of accounting to account for business combinations.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In the circumstances where the Group acquires the controlling interest over a subsidiary, the excess of the cost of acquisition

over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill, and is tested for impairment annually. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the resulting negative goodwill is credited to the income statement immediately.

Intra-group transactions, balances and unrealized gains on transactions arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated.

The proportionate interest of minority shareholders in the net assets employed by the Group is presented in the Consolidated Balance Sheet within equity, separately from the equity attributable to the Equity Holders of the Company. Minority Interest in the profit or loss of the Group is disclosed separately in the Consolidated Income Statement.

The carrying amount of the investment at the date that such entity ceases to be a subsidiary would be regarded as the cost on initial measurement of a financial asset in accordance with Sri Lanka Accounting Standard 22 "Accounting for Investments".

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

The accounting policies of subsidiaries are consistent with those adopted by the Group.

A list of Subsidiaries within the Group is provided in Note 21.2.2.

II. Transaction with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Any excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at a subsequent increase in the controlling interest over a subsidiary is recognized directly in equity, against the revenue reserves.

III. Associates

Associates are those enterprises in which the Group has significant influence but not control, over the financial and operational policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associate includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post acquisition profits or losses is recognised in the income statement, and its share of post acquisition movements in reserves is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other

unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

The carrying amount of the Group's investments in such associates is reduced to the extent of the dividend received from these Associate Companies.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's financial statements, investments in associates are carried at cost less accumulated impairment loss, if any.

The accounting policies of associates are consistent with the policies adopted by the Group.

IV. Other Investments

Investments in companies where the Group's holding is less than 20% and where the Group does not exercise significant influence and/or control over the financial and operating decisions/policies, are accounted on the basis stated in Note 5.4 below.

The income from these investments is recognised only to the extent of dividend income.

V. Financial year end

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

Assets and bases of their valuation

Assets classified as current assets in the Balance Sheet are cash and those which are expected to realise in cash, during the normal operating cycle of the Company's business, or within one year from the Balance Sheet date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the Balance Sheet date.

5.2 Property, Plant & Equipment and Depreciation

I. Basis of Recognition

All items of property, plant & equipment are initially recorded at cost. Where items of property, plant & equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the balance sheet date.

The cost of property, plant & equipment is the cost of purchase or construction together with any incidental expenses incurred in bringing the assets to its intended use. Expenditure incurred for the purpose of acquiring, extending or improving assets which are of a permanent nature, enabling to carry on the business or to increase the earning capacity of the business are treated as capital expenditure.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be reliably measured.

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

II. Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant & equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

III. Depreciation

The provision for depreciation is calculated using the straight-line method on the cost or valuation of different classes of assets and over periods appropriate to the estimated useful lives of each of such different classes of assets.

Number of years	
Motor vehicles	4 - 5
Furniture & fittings	5 - 10
Office equipment	5 - 10
Computers equipments	3 - 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 and are recognized in Other Income / (expenses) in the Income Statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

5.3 Intangible Assets

I. Basis of Recognition

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

- Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

The negative goodwill is recognised immediately in the Income Statement.

- **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 is probable that they will lead to future economic benefits, are included in the Balance Sheet under the category intangible assets and carried at cost less amortisation and any accumulated impairment losses.

Computer software are amortised over their estimated useful economic lives over a period between 3 to 10 years, on straight line basis.

They are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/nature of the intangible asset.

Amortisation is commenced when an asset is available for use.

5.4 Investments

I. Classification

- Investments held for yield or capital appreciation are classified as long-term investments.
- Investments those deriving from the private placements of unlisted securities where the Group has participated in and held for yield or capital appreciation are classified as "Private equity investments". Such are initially categorized under non-current assets. Subsequently, upon obtaining the listing in the stock exchange, such investments will be classified in to long term investments or short term investments, as appropriate.
- Investments that are intended to be held for trading purposes are classified as short-term investments.

II. Cost

Cost of investments is the cost of acquisition including brokerage, commission and such other fees, including all directly attributable costs of acquisition.

III. Valuation

- Quoted Investments

The quoted investments that are acquired principally for the purpose of selling or held as part of a portfolio that is managed for short term profit are classified as short term investments. Those investments are initially recognised at cost and subsequently measured at market value. Gains and losses on market valuation are dealt with through the income statement.

The quoted investments that are acquired and held for capital growth in the medium/long term are classified as long term

investments. These are initially recognised as cost and subsequently measured at revalued amounts on quarterly basis, based on market value. Any gains are recognized in the equity as revaluation surplus. A decrease in the carrying amount of an investment over the amounts credited against such investments in to equity is recognized as an expense. A subsequent decline will be offset against a previous increase for the same investment which is credited to the revaluation surplus. An increase on revaluation that is relating to a previous decrease in carrying amount recognized as an expense, is credited to income to the extent it offsets the previously recorded decrease.

On disposal, the amount of gains applicable to that investment previously credited to the revaluation reserve is transferred from revaluation reserve to income statement.

- Unquoted Investments

All unquoted investments are carried at lower of cost and Directors' valuation. Provision is made for any permanent diminution in value.

IV. Market Value of the Investment Portfolio

The market value of the investment portfolio is based on the following:

- Marketable equity securities are stated at the values published in the Official Valuation List of the Colombo Stock Exchange. Where the Official Valuation is not available, the market value is stated at the last transacted price.

- Units purchased from Unit Trusts are valued at the net assets value published by the managers to the trust.

5.5 Trade and Other Receivables

Trade and other receivables are carried at original invoice amount less provision for impairment of trade receivables when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced and the amount of the loss is recognised, if any, in the income statement under administration and other operating expenses. When a trade receivable is uncollectible, it is written off against the provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against administration and other operating expenses in the income statement.

5.6 Cash & Cash Equivalents

Cash & cash equivalents are defined as cash in hand and bank, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, cash & cash equivalents comprise of cash in hand and bank deposits held in banks and investments in money market instruments, net of short-term loans and bank overdraft.

5.7 Impairment of assets

The Group assesses assets or groups of assets for impairment at each reporting date or whenever events or changes in circumstances indicate that the

carrying value of assets may not be recoverable. If any such indication of impairment exists, the Group makes an estimate of its recoverable amount.

Individual assets are grouped for impairment testing purposes at the lowest level at which there are identifiable cash flows that are largely independent from the cash flows of other groups of assets. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered to be impaired and is written down to its recoverable amount.

Assets with indefinite useful lives, including goodwill, are not subject to amortisation and are tested on an annual basis for impairment and additionally whenever an indication of impairment exists. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash generating unit (group of cash generating units) to which goodwill has been allocated, an impairment loss is recognised.

Previously recognised impairment losses are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An

impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount, which would have been determined, had no impairment losses were recognized previously.

An impairment loss in respect of goodwill is not reversed.

The recoverable amount of an asset is the higher of its fair value less costs to sell or its value in use. Any decrease in the carrying value is recognised as an expense in the Income Statement in the reporting period in which the impairment loss occurs.

For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs. Management judgment is applied to establish cash generating units. Each of these cash generating units is represented by an individual primary reporting segment, or a subdivision of a primary segment.

Liabilities and Provisions

5.8 Liabilities

Liabilities classified as current liabilities in the Balance Sheet are those obligations payable on demand or within one year from the Balance Sheet date. Items classified as non-current liabilities are those obligations which expire beyond a period of one year from the Balance Sheet date.

All known liabilities have been accounted for in preparing these Financial Statements. Provisions and liabilities are recognised

when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

5.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

5.10 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events the existence of which 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 recognised 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 recognised because it cannot be measured reliably. The Group does not recognise 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.

5.11 Retirement Benefit Obligations

I. Defined Benefit Plan - Gratuity

The Company is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983.

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the 'Projected Unit Credit Method' as required by SLAS 16 (Revised 2006) – "Retirement Benefit".

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long term Government Bonds or high quality corporate bonds.

Actuarial gains and losses arising from experience adjustments and

changes in actuarial assumptions are recognised immediately in the income statement.

II. Defined Contribution Plans - Employees' Provident Fund and Employee' Trust Fund

All employees who are eligible for Provident Fund contributions and Trust Fund contributions are covered by relevant contribution funds in line with the respective statutes. Employer's contributions to the defined contribution plans are recognized as an expense in the Income Statement when incurred. The employer has no further payment obligations once the contributions have been paid.

5.12 Stated Capital

The Company carries two classes of shares;

- Ordinary shares and
- Deferred shares.

Both the classes of shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Income Statement

5.13 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating sales within the Group. The following specific criteria are used for the purpose of recognition of revenue:

I. Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

II. Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

III. Dividend Income

When the shareholders' right to receive dividend is established.

IV. Proceeds on Sales of Shares

On accrual basis.

V. Other Income - on accrual basis.

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

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

5.14 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 bad and doubtful debts, all known liabilities and depreciation on property, plant & equipment.

II. Finance Expenses

Interest expenses are recognised on an accrual basis.

5.15 Current and deferred income tax

Income tax expenses comprise current and deferred tax. Income tax expenses are recognized in the Income Statement except to the extent that it relates to the items recognised directly in equity, in which case it is recognized in Statement of Changes in Equity.

I. Current Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to Revenue Authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The provision for current tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

The relevant details are disclosed in respective notes to the Financial Statements.

II. Deferred Taxation

Deferred Taxation is provided based on the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The balance in the deferred taxation account represents, the tax applicable to the difference between the written down values of the assets for tax purposes on which tax depreciation has been claimed and the net book values of such assets, offset by the provision for retirement benefit which is deductible for current tax purposes only upon payment.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

III. 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 settle against the income tax payable in the four subsequent years.

IV. Social Responsibility Levy (SRL)

As per the provisions of Finance Act No. 5 of 2005, and amendments thereto, the SRL was introduced with effect from January 1, 2005. SRL is payable at the rate of 1.5% on all taxes and levies chargeable as specified in the First Schedule of the Act.

5.16 Earnings per share

The Group presents basic and diluted 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 Company by the weighted average number of ordinary shares in issue during the period.

Cash Flow Statement

Interest paid, interest received and dividend received are classified as operating cash flows, while dividend paid is classified as financing cash flows for the purpose of presentation of Cash Flow Statement which has been prepared using the “Indirect Method”.

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.

Events after the Balance Sheet Date

All material and significant events which occur after the Balance Sheet date have been considered and disclosed in Note 31.

6 DIVIDENDS ON ORDINARY AND DEFERRED SHARES

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

7 PRESENTATION

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 Balance Sheet only where there is:

- a current enforceable legal right to offset the asset and liability; and
- an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

8 DIRECTORS' RESPONSIBILITY

The Board of Directors are responsible for the preparation and presentation of the Financial Statements.

This is more fully described under the relevant clause in the Directors' Report.

9 COMPARATIVE FIGURES

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

10 NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT BALANCE SHEET DATE

The Institute of Chartered Accountants of Sri Lanka (ICASL) has issued a new volume of Sri Lanka Accounting Standards – 2011, applicable for financial periods beginning on or after 1, January 2012. These new Accounting Standards are prefixed as both SLFRS and LKAS which correspond to the relevant International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

Accordingly, these Standards have not been applied in preparing these financial statements as they were not effective for the year ended 31st March 2011.

The Group is currently in the process of evaluating the potential effects of these Standards on its financial statements and the impact on the adoption of these Standards have not been quantified as at Balance Sheet date.

11 Revenue

	Group		Company	
	2011	2010	2011	2010
Dividend income	293,890	398,324	158,085	220,206
Interest income	15,356	135,482	284	27,833
Proceeds from disposal of investments - Strategic	1,270,094	697,413	921,918	862,650
Proceeds from disposal of investments - Non Strategic	3,016,739	2,178,762	1,477,164	550,053
Management fees	37,218	13,981	-	-
	4,633,297	3,423,962	2,557,451	1,660,742
Intra-group transactions	(194,354)	(1,463,679)	-	-
	4,438,943	1,960,283	2,557,451	1,660,742

11.1 Revenue and Profit before taxation - Group

	Revenue		Profit before Taxation	
	2011	2010	2011	2010
Ceylon Guardian Investment Trust PLC	2,557,365	1,660,742	1,708,921	1,425,704
Ceylon Investment PLC	1,456,251	1,509,468	721,070	1,086,192
Rubber Investment Trust Limited	582,166	239,498	331,755	213,202
Guardian Fund Management Limited	37,515	14,254	8,745	(2,693)
Share of Associate Company's profit after taxation	-	-	408,060	386,732
	4,633,297	3,423,962	3,178,551	3,109,137
Intra-group transactions/Consolidation adjustments	(194,354)	(1,463,679)	(155,909)	(1,394,452)
	4,438,943	1,960,283	3,022,642	1,714,685

12 Net Realised Gain on Sale of Investments

	Group		Company	
	2011	2010	2011	2010
Realized gain on sale of investments	1,597,465	680,932	1,108,428	195,736
	1,597,465	680,932	1,108,428	195,736

13 Mark to Market Value Adjustment - Unrealized

Mark to market value adjustment				
- On Long-term investments	7,485	158,654	7,485	142,609
- On Short-term investments	373,727	145,685	3,155	24,457
	381,212	304,339	10,640	167,066

14 Profit from Operations

	Group		Company	
	2011	2010	2011	2010
Profit from operations is stated after charging all expenses which include the following:				
Directors' fees	4,637	500	3,197	440
Directors' emoluments	5,216	2,846	-	-
Management fees	26,105	16,109	16,372	5,680
Audit Committee fees	200	200	200	200
Auditors' remuneration - audit fees	1,046	914	260	225
Auditors' remuneration - non audit services	843	1,659	250	749
Depreciation	2,172	2,200	-	-
Amortisation	1,817	2,166	-	-
Personnel cost (Note 14.1)	14,553	8,053	-	-

14.1 Personnel Cost

Salaries, wages and other related expenses	12,160	7,125	-	-
Defined benefit plan cost - gratuity	1,160	200	-	-
Defined contribution plan cost - EPF and ETF	1,233	728	-	-
	14,553	8,053	-	-

15 Share of Associate Company's Net of Taxation

	Revenue		Profit before Tax		Group's Share of Profit before Tax	
	2011	2010	2011	2010	2011	2010
Bukit Darah PLC	37,727,528	23,865,375	13,000,716	6,607,250	408,060	386,732
	37,727,528	23,865,375	13,000,716	6,607,250	408,060	386,732

16 Taxation

	Group		Company	
	2011	2010	2011	2010
16.1 Current tax				
Company (Note 16.2)	-	6,279	-	6,279
Subsidiaries (Note 16.2)	5,165	28,497	-	-
(Over) / under provision for previous year	(2,779)	330	(1,236)	129
	2,386	35,106	(1,236)	6,408
Deferred tax charge (Note 22)	2,146	-	-	-
Income tax expense/(reversal)	4,532	35,106	(1,236)	6,408

	Group		Company	
	2011	2010	2011	2010
16.2 Reconciliation of Accounting Profit with Taxable Profits				
Profit before taxation	3,022,642	1,714,685	1,708,921	1,425,704
Less: Profit not liable for taxation				
Exempt profits on sale of Quoted public shares	(2,175,770)	(1,873,408)	(1,553,545)	(1,034,872)
Dividend income	(293,890)	(398,324)	(158,085)	(220,206)
Allowable Claims	(3,458)	(3,476)	-	-
Add: Mark to market value adjustment	(425,858)	(443,415)	(47,479)	(167,066)
Expenses attributable to excluded profits	77,598	33,900	28,257	13,406
Disallowable expenses	15,432	23,804	5,257	10,224
	216,696	(946,234)	(16,674)	27,190
Inter-Company transactions	194,358	1,463,679	-	-
Associate Company share of profit (Note 15)	(408,060)	(386,732)	-	-
Adjustments on losses	16,674	650	-	-
Utilisation of tax losses (Note 16.3)	(5,129)	(33,472)	-	(9,516)
Taxable profit/(loss)	14,539	97,891	(16,674)	17,674
Tax liability for current year (Company and subsidiaries)				
Income Tax (Note 16.4 (a))	5,089	34,262	-	6,186
Social Responsibility Levy (Note 16.4 (d))	76	514	-	93
	5,165	34,776	-	6,279

Group tax expenses is based on the taxable profit of individual companies within the group. At present the tax laws of Sri Lanka does not provide for group taxation.

16.3 Analysis of Tax Losses

	Group		Company	
	2011	2010	2011	2010
Tax losses brought forward	64,038	96,578	49,171	58,720
Adjustment on finalization of liability	2,031	282	1,745	(33)
Tax losses incurred during the year	16,674	650	16,674	-
Utilization of tax losses during the year	(5,129)	(33,472)	-	(9,516)
Tax losses carried forward	77,614	64,038	67,590	49,171

Utilization of tax losses is restricted to 35% of Statutory Income. Unabsorbed tax losses can be carried forward indefinitely.

16.4 Company & Subsidiaries

- Profits of the company, other than such referred to in note 16.4 (b) are liable to income tax at the standard rate of 35% (2010-35%).
- In terms of section 13 (t) of Inland Revenue Act No.10 of 2006 and amendments thereto, profits derived on the sale of shares on which Share Transaction Levy has been paid is exempt from income tax.
- Economic service Charge paid by the Company and it's subsidiaries is available as income tax credit. In instances where recoverability is not possible due to tax status, sums paid are written-off to the income statement.
- The Company and its Subsidiaries are liable to pay 1.5% of income tax as Social Responsibility Levy (2010 - 1.5%). This has been included in the Tax Charge.

17 Earnings per Share (EPS)

The Group's earnings per share is calculated on the profit attributable to the shareholders of Ceylon Guardian Investment Trust PLC over the weighted average number of ordinary shares in issue during the year, as required by SLAS 34 (Revised 2005) - "Earnings per Share".

The weighted average number of ordinary shares in issue during the year and the previous year were adjusted for the events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources.

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

	Group		Company	
	2011	2010	2011	2010
Amount used as the Numerator				
Profit attributable to equity holders of the parent	2,657,022	1,320,373	1,710,157	1,419,296
Amount used as Denominator				
Weighted average number of ordinary and deferred shares (In '000s) before adjustments	17,224	19,223	17,224	19,223
Addition to the number of shares in issue due to;				
Sub division of shares (Note 25.4) (In '000s)	68,802	68,802	68,802	68,802
Capitalization of reserves (Note 25.4) (In '000s)	2,926	2,926	2,926	2,926
Weighted average number of ordinary and deferred shares used for EPS calculation (In '000s)	88,952	90,951	88,952	90,951
Earning per Share	29.87	14.52	19.23	15.61

Each deferred share has been considered to be made up of equivalent ordinary shares in arriving at the weighted average number of shares.

18 Dividend

	Group		Company	
	2011	2010	2011	2010
Dividend paid				
On ordinary shares	144,876	217,788	144,876	217,788
On deferred shares	9,922	14,914	9,922	14,914
	154,798	232,702	154,798	232,702
Dividend Proposed *				
On ordinary shares	123,145	144,876	123,145	144,876
On deferred shares	8,610	9,922	8,610	9,922
	131,755	154,798	131,755	154,798

* The proposed dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and according to the Sri Lanka Accounting Standard No.12 (Revised 2005) - "Events after the Balance Sheet Date", the liability has not been provided for in these Financial Statements.

19 Property, Plant & Equipment - Group

Cost	Office Equipment	Computer Equipments	Furniture & Fittings	Motor Vehicles	Total as at 31st March 2011	Total as at 31st March 2010
Balance as at the beginning of the year	187	568	1,843	9,675	12,273	12,095
Additions	-	351	251	-	602	178
Balance as at the end of the year	187	919	2,094	9,675	12,875	12,273
Depreciation						
Balance as at the beginning of the year	149	353	368	3,386	4,256	2,056
Charge for the year	37	93	107	1,935	2,172	2,200
Balance as at the end of the year	186	446	475	5,321	6,428	4,256
Net Book Value as at 31st March 2011	1	473	1,619	4,354	6,447	
Net Book Value as at 31st March 2010	38	215	1,475	6,289		8,017

19.1 Property, plant and equipment includes fully depreciated assets having a gross carrying amounts of Rs 187,453/- (2010 - Nil).

19.2 The Group do not have any leased assets as at the balance sheet date.

19.3 No borrowing costs were capitalized during the year (2010 - Nil).

20 Intangible Assets - Group

Cost	Goodwill on business aquisitions	Computer Software	Total as at 31st March 2011	Total as at 31st March 2010
Balance as at the beginning of the year	-	10,880	10,880	10,767
Arising on business acquisitions (Note 29)	231,917	-	231,917	-
Additions	-	-	-	113
Balance as at the end of the year	231,917	10,880	242,797	10,880
Amortization				
Balance as at the beginning of the year	-	3,781	3,781	1,615
Charge for the year	-	1,817	1,817	2,166
Balance as at the end of the year	-	5,598	5,598	3,781
Net Book Value as at 31st March 2011	231,917	5,282	237,199	
Net Book Value as at 31st March 2010	-	7,099		7,099

20.1 Intangible assets do not include fully amortized assets as at the balance sheet date.

20.2 Impairment assessment on goodwill**20.2.1 Goodwill arising on the acquisition of Guardian Capital Partners PLC**

Based on the prevailing published market price at the end of the year and the forecasted growth of its current investment portfolio, the Board of Directors are confident that the recoverable amount of goodwill arising on the acquisitions is higher than its corresponding carrying amount.

21 Long-term investments

	Note	Group				Note	Company			
		Carrying value / cost as at 31st March 2011	Market value / valuation as at 31st March 2011	Carrying value / cost as at 31st March 2010	Market value / valuation as at 31st March 2010		Carrying value / cost as at 31st March 2011	Market value / valuation as at 31st March 2011	Carrying value / cost as at 31st March 2010	Market value / valuation as at 31st March 2010
21 A Investments in subsidiaries										
Quoted		-	-	-	-	21.2.2(a)	1,897,895	15,878,463	276,920	2,945,893
Unquoted		-	-	-	-	21.2.2(b)	28,527	13,797,734	297	4,117,101
Total investments in subsidiaries		-	-	-	-		1,926,422	29,676,197	277,217	7,062,994
21 B Investments in associate companies										
Quoted	21.1.1	1,688,608	23,982,243	1,667,305	6,011,250		-	-	-	-
Unquoted	21.1.1	1	1	1	1		-	-	-	-
Total investments in associates companies		1,668,609	23,982,244	1,667,306	6,011,251		-	-	-	-
21 C Other Long-Term Investments										
Investments in equity securities										
Quoted	21.1.3(a)	2,911,986	10,250,380	2,831,564	6,714,928	21.2.3(a)	1,216,034	4,060,957	1,489,417	2,869,018
Unquoted	21.1.3(b)	17,334	17,334	17,334	17,334	21.2.3(b)	16,257	16,257	16,257	16,257
Private Equity	21.1.3(c)	802,418	802,418	388,796	388,796	21.2.3(c)	236,644	236,644	162,700	162,700
Total investments in equity securities		3,731,738	11,070,132	3,237,694	7,121,058		1,468,935	4,313,858	1,668,374	3,047,975
Investments in debentures										
Unquoted	21.1.4	5	5	5	5	21.2.4	1	1	1	1
Total investments in debentures		5	5	5	5		1	1	1	1
Investments in unit trusts										
Unquoted	21.1.5	224,564	285,051	-	-	21.2.5	112,282	142,525	-	-
Total investments in units trusts		224,564	285,051	-	-		112,282	142,525	-	-
Total other long-term investments		3,956,307	11,355,188	3,237,699	7,121,063		1,581,218	4,456,384	1,668,375	3,047,976
Total long-term investments		5,624,916	35,337,432	4,905,005	13,132,314		3,507,640	34,132,581	1,945,592	10,110,970

Note: Investment portfolio excludes cash and cash equivalents.

* The market value of the quoted investments are based on the Official Valuation List published by the Colombo Stock Exchange as at 31st March 2011.

* The market value of investments in unit trusts is based on "Net Assets Values" published by the custodian bank and the management company.

* The Directors' valuation of Rubber Investment Trust Ltd. (RITL) is based on the net asset value of the RITL which is arrived at based on the market value of the investment portfolio of RITL.

* The Directors' valuation of Guardian Fund Management Limited is based on the cost.

21.1.1 Investment in Associate Companies - Group

	No. of Shares	Cost as at 31st March 2011	Directors' Valuation as at 31st March 2011	No. of Shares	Cost as at 31st March 2010	Directors' Valuation as at 31st March 2010
Quoted						
On Ordinary Shares						
Bukit Darah PLC	20,438,250	1,927	23,982,243	2,003,750	1,927	6,011,250
Unquoted						
On Preference Shares						
Bukit Darah PLC						
(8% participative cumulative preference shares)	31,875	1	1	3,125	1	1
		1,928	23,982,244		1,928	6,011,251
	% Holding	Cost as at 31st March 2011	Directors' Valuation as at 31st March 2011	% Holding	Cost as at 31st March 2010	Directors' Valuation as at 31st March 2010
Investors' share of net assets						
At the beginning of the year	16.47	1,665,378		15.66%	1,070,151	
Appreciation/(depreciation) of associate company's reserves		(371,754)			220,285	
Dividend		(15,003)			(11,790)	
Share of profit for the year (net of tax)		408,060			386,732	
At the end of the year		1,686,681			1,665,378	
Total investments in associates on equity basis		1,688,609	23,982,244		1,667,306	6,011,251

* The market value of the investment in associate is based on the Official Valuation List published by the Colombo Stock Exchange as at 31st March 2011.

21.1.2 Movements in Other Long term Investments - Group

	Note	Carrying Value as at 1st April 2010	Additions	Disposals	Mark to Market Value Adjustment	Carrying Value as at 31st March 2011
Year 2010/11						
Investments in Equity Securities	21.1.3	7,121,058	1,269,907	(775,872)	3,455,040	11,070,132
Investments in Debentures	21.1.4	5	-	-	-	5
Investments in unit trusts	21.1.5	-	224,564	-	60,487	285,051
		7,121,063	1,494,471	(775,872)	3,515,527	11,355,188
		Carrying Value as at 1st April 2009	Additions	Disposals	Mark to Market Value Adjustment	Carrying Value as at 31st March 2010
Year 2009/10						
Investments in equity securities		2,463,559	2,124,021	(1,011,417)	3,544,895	7,121,058
Investments in debentures		5	-	-	-	5
		2,463,564	2,124,021	(1,011,417)	3,544,895	7,121,063

21.1.3 Other Long term Investments in Equity Securities - Group

(a) Quoted

	No. of Shares	Cost as at 31st March 2011	Market Value as at 31st March 2011	No. of Shares	Cost as at 31st March 2010	Market Value as at 31st March 2010
Banks, Finance & Insurance						
Commercial Bank of Ceylon PLC	4,484,335	463,946	1,191,936	3,214,400	462,045	648,505
Hatton National Bank PLC	2,000,000	341,368	760,000	2,500,000	415,244	470,625
HNB Assurance PLC	1,500,000	90,735	120,000	1,500,000	90,735	83,250
Sampath Bank PLC	1,604,500	479,421	462,577	-	-	-
		1,375,470	2,534,513		968,024	1,202,380
Beverage, Food & Tobacco						
Ceylon Brewery PLC	-	-	-	1,742,900	69,270	313,722
Cargills (Ceylon) PLC	6,650,300	197,372	1,518,263	7,041,300	208,976	496,411
Distilleries Company of Sri Lanka PLC	-	-	-	2,680,300	184,461	316,275
Lion Brewery (Ceylon) PLC	-	-	-	3,256,872	124,654	281,720
Nestle Lanka PLC	100,000	32,590	64,080	100,000	32,590	49,000
		229,962	1,582,343		619,951	1,457,128
Diversified						
Aitken Spence PLC	10,245,000	299,555	1,662,764	891,800	393,392	1,225,110
John Keells Holdings PLC	12,491,159	532,790	3,567,475	12,817,159	547,443	2,358,357
		832,345	5,230,239		940,835	3,583,467
Hotels & Travel						
Aitken Spence Hotel Holdings PLC	6,447,050	252,935	631,811	1,029,250	262,812	396,261
		252,935	631,811		262,812	396,261
Healthcare						
Ceylon Hospitals PLC	756,915	39,942	75,692	630,763	39,942	75,692
		39,942	75,692		39,942	75,692
Manufacturing						
Tokyo Cement PLC (Non Voting)	4,449,600	181,332	195,782	-	-	-
		181,332	195,782		-	-
Total Equity Investments in Quoted Companies		2,911,986	10,250,380		2,831,564	6,714,928

(b) Unquoted

	No. of Shares	Cost as at 31st March 2011	Directors' Valuation as at 31st March 2011	No. of Shares	Cost as at 31st March 2010	Directors' Valuation as at 31st March 2010
DFCC Vardhana Bank	128,925	1,600	1,600	128,925	1,600	1,600
Kandy Private Hospitals Limited	1,200	20	20	1,200	20	20
Lanka Communications Limited	1,428,496	15,714	15,714	1,428,496	15,714	15,714
Total Equity Investments in unquoted Companies		17,334	17,334		17,334	17,334

(c) Private Equity

	No. of Shares	Cost as at 31st March 2011	Directors' Valuation as at 31st March 2011	No. of Shares	Cost as at 31st March 2010	Directors' Valuation as at 31st March 2010
Durdans Medical & Surgical Hospital (Private) Limited	21,000,000	262,797	262,797	21,000,000	262,796	262,796
Expolanka Holdings Limited	41,600,000	252,102	252,102		-	-
Softlogic Holdings (Private) Limited	2,777,000	199,944	199,944	1,750,000	126,000	126,000
Textured Jersey Lanka (Pvt) Limited	2,343,300	35,325	35,325		-	-
Vallibel One Limited	2,090,000	52,250	52,250		-	-
Total Equity Investments in unquoted Companies		802,418	802,418		388,796	388,796
Total carrying value of other long-term investments in Equity Securities		3,731,738	11,070,132		3,237,694	7,121,058

Note:

- (i) Guardian Capital Partners PLC, a subsidiary company, participated in the private placement of equity shares in Textured Jersey Lanka (Pvt) Limited and subscribed for 5,000,000 shares of the said company for a total consideration of Rs.75 mn. Subsequent to the Balance Sheet date, on 1 April 2011, the Company was allotted with 2,343,300 shares for a total consideration of Rs.35,325,248/-. Accordingly necessary adjustments are made to the financial statements as disclosed in Note 31 to these financial statements.

21.1.4 Other Long term Investments in Debentures - Group

	No. of debentures	Cost as at 31st March 2011	Directors' Valuation as at 31st March 2011	No. of debentures	Cost as at 31st March 2010	Directors' Valuation as at 31st March 2010
Redeemable unsecured						
Tangerine Beach Hotels Limited - Zero Coupon	56	1	1	56	1	1
Ocean View Limited - 6%	360	4	4	360	4	4
Total Investments in Debentures		5	5		5	5

21.1.5 Other Long term Investments in Unit Trusts - Group

	No. of Units	Cost as at 31st March 2011	Market Value as at 31st March 2011	No. of Units	Cost as at 31st March 2010	Market Value as at 31st March 2010
Sri Lanka Fund	2,531,646	224,564	285,051	-	-	-
Total Investments in Unit trusts		224,564	285,051		-	-

During the year, the Group invested in Sri Lanka Fund, a country fund managed by Guardian Fund Management Limited, a subsidiary of the Group. The Company has obtained the approval from the Department of Exchange Control of the Central Bank of Sri Lanka to invest promoters capital in this Fund since the Fund is registered overseas.

21.2.1 Movements in Long-Term Investments - Company

Year 2010/11	Note	Carrying Value as at 1st April 2010	Additions	Disposals	Mark to Market Value Adjustment	Carrying Value as at 31st March 2011
Investments in Subsidiaries						
Quoted	21.2.2(a)	276,920	1,669,835	(48,860)	-	1,897,895
Unquoted	21.2.2(b)	297	28,230	-	-	28,527
		277,217	1,698,064	(48,860)	-	1,926,422
Other Investments						-
Investments in Equity Securities	21.2.3	3,047,975	471,408	(670,849)	1,465,324	4,313,858
Investments in Debentures	21.2.4	1	-	-	-	1
Investments in Unit trusts	21.2.5	-	112,282	-	30,243	142,525
		3,047,976	583,690	(670,849)	1,495,567	4,456,384
		3,325,193	2,281,754	(719,709)	1,495,567	6,382,806
Year 2009/10						
Investments in Subsidiaries						
Quoted		346,151	-	(69,231)	-	276,920
Unquoted		349	-	(52)	-	297
		346,500	-	(69,283)	-	277,217
Other Investments						
Investments in Equity Securities		1,132,236	1,271,346	(573,293)	1,217,686	3,047,975
Investments in Debentures		1	-	-	-	1
		1,132,237	1,271,346	(573,293)	1,217,686	3,047,976
		1,478,737	1,271,346	(642,576)	1,217,686	3,325,193

21.2.2 Investments in Subsidiaries - Company

	No. of Shares	Cost as at 31st March 2011	Market Value/ Directors' Valuation as at 31st March 2011	No. of Shares	Cost as at 31st March 2010	Market Value/ Directors' Valuation as at 31st March 2010
(a) Quoted Investments						
Ceylon Investment PLC (Note 29)	63,407,519	1,239,234	9,574,535	10,870,453	276,920	2,945,893
Guardian Capital Partners PLC (Note 29)	21,692,800	658,661	6,303,928	-	-	-
		1,897,895	15,878,463		276,920	2,945,893
(b) Unquoted Investments						
Rubber Investment Trust Limited	3,955,579	297	13,769,504	3,955,579	297	4,117,101
Guardian Fund Management Limited (Note 29)	1,045,012	28,230	28,230	-	-	-
		28,527	13,797,734		297	4,117,101
Total investments in subsidiaries		1,926,422	29,676,197		277,217	7,062,994

21.2.3 Other Long term Investments in Equity Securities - Company

(a) Quoted

	No. of Shares	Cost as at 31st March 2011	Market Value/ Directors' Valuation as at 31st March 2011	No. of Shares	Cost as at 31st March 2010	Market Value/ Directors' Valuation as at 31st March 2010
Banks, Finance & Insurance						
Commercial Bank of Ceylon PLC	2,304,264	275,612	612,473	1,770,300	278,043	357,158
Hatton National Bank PLC	500,000	96,151	190,000	1,000,000	170,027	188,250
HNB Assurance PLC	1,500,000	90,735	120,000	1,500,000	90,735	83,250
Sampath Bank PLC	804,900	238,539	232,053	-	-	-
		701,037	1,154,526		538,805	628,658
Beverage, Food & Tobacco						
Cargills (Ceylon) PLC	6,650,300	197,372	1,518,263	7,041,300	208,976	496,412
Ceylon Brewery PLC	-	-	-	934,900	37,580	168,282
Distilleries Company of Sri Lanka PLC	-	-	-	2,549,800	178,076	300,876
Lion Brewery (Ceylon) PLC	-	-	-	2,341,672	90,065	202,554
Nestle Lanka PLC	15,400	3,891	9,868	15,400	3,890	7,546
		201,263	1,528,131		518,587	1,175,670
Diversified						
Aitken Spence PLC	6,919,500	218,045	1,123,035	626,700	295,926	860,929
		218,045	1,123,035		295,926	860,929
Hotels & Travels						
Aitken Spence Hotel Holdings PLC	2,604,750	95,689	255,265	529,250	136,099	203,761
		95,689	255,265		136,099	203,761
Total investment in Equity Securities - Quoted		1,216,034	4,060,957		1,489,417	2,869,018

(b) Unquoted

	No. of Shares	Cost as at 31st March 2011	Directors' Valuation as at 31st March 2011	No. of Shares	Cost as at 31st March 2010	Directors' Valuation as at 31st March 2010
DFCC Vardhana Bank	42,975	533	533	42,975	533	533
Kandy Private Hospitals Limited	600	10	10	600	10	10
Lanka Communications Limited	1,428,496	15,714	15,714	1,428,496	15,714	15,714
Total investment in Equity Securities - Unquoted		16,257	16,257		16,257	16,257

(c) Private Equity

	No. of Shares	Cost as at 31st March 2011	Directors' Valuation as at 31st March 2011	No. of Shares	Cost as at 31st March 2010	Directors' Valuation as at 31st March 2010
Durdans Medical & Surgical Hospital (Private) Limited	11,000,000	137,500	137,500	11,000,000	137,500	137,500
Softlogic Holdings (Private) Limited	1,377,000	99,144	99,144	350,000	25,200	25,200
Total investment in						
Equity Securities - Private Equity		236,644	236,644		162,700	162,700
Total carrying value of other						
long-term investments in Equity Securities		1,468,934	4,313,858		1,668,374	3,047,975

21.2.4 Other Long term Investments in Debentures - Company

	No. of debentures	Cost as at 31st March 2011	Directors' Valuation as at 31st March 2011	No. of debentures	Cost as at 31st March 2010	Directors' Valuation as at 31st March 2010
Redeemable unsecured						
Ocean View Limited - 6%	120	1	1	120	1	1
Total Investments in Debentures		1	1		1	1

21.2.5 Other Long term Investments in Unit Trusts - Company

	No. of Units	Cost as at 31st March 2011	Market Value as at 31st March 2011	No. of Units	Cost as at 31st March 2010	Market Value as at 31st March 2010
Sri Lanka Fund	1,265,823	112,282	142,525	-	-	-
Total Investments in Unit trusts		112,282	142,525		-	-

During the year, the Company invested in Sri Lanka Fund, a country fund managed by Guardian Fund Management Limited, a subsidiary of the Group. The Company has obtained the approval from the Department of Exchange Control of the Central Bank of Sri Lanka to invest promoters capital in this Fund since the Fund is registered overseas.

22 Deferred Tax assets /(liabilities)

	Group		Company	
	2011	2010	2011	2010
Balance as at the beginning of the year	250	-	-	-
(Charge) / reversal for the year	(2,146)	250	-	-
Balance as at the end of the year	(1,896)	250	-	-

22.1 Deferred tax assets

Tax effect on defined benefit plan	482	158	-	-
Tax effect on property, plant & equipment	-	92	-	-
Total deferred tax assets	482	250	-	-

22.2 Deferred tax liabilities

Tax effect on property, plant & equipment	(2,378)	-	-	-
Total deferred tax liabilities	(2,378)	-	-	-
Net deferred tax (liability) / asset	(1,896)	-	-	-

22.3 Impact Due to Corporate Income Tax Rate Change

As provided for in “SLAS 14 - Income Taxes” (Revised 2005), deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

As per the amendments made to the Inland Revenue Act No. 10 of 2006 by the amendment Act No. 22 of 2011 corporate income tax rate would be reduced to 28% (from the currently enacted 35%) with effect from 1 April 2011, accordingly deferred tax assets and liabilities have been computed based on the said reduced corporate tax rate.

23 Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
Trade receivables	43,137	253	237	-
Interest receivables	226	161	-	-
Dividends receivable	11,113	45,565	6,907	24,026
Pre-payments	1,215	659	597	311
	55,691	46,638	7,741	24,337

24 Short-Term Investments

	Group			Company		
	Market value / Directors Valuation as at 31st March	Market value / Directors Valuation as at 31st March		Market value / Directors Valuation as at 31st March	Market value / Directors Valuation as at 31st March	
	Note	2011	2010	Note	2011	2010
Investments in equity securities						
Quoted	24.1	1,163,989	651,826	24.2	101,324	31,734
Total investments in equity securities		1,163,989	651,826		101,324	31,734
Total Short-Term investments		1,163,989	651,826		101,324	31,734

24.1 Movements in Short-Term Investments - Group

	Note	Carrying Value as at 1st April 2010	Additions	Disposals	Mark to Market Value Adjustment	Carrying Value as at 31st March 2011
Year 2010/2011						
Investments in equity securities						
Quoted	24.1.1	651,826	1,408,333	(919,687)	23,517	1,163,989
		651,826	1,408,333	(919,687)	23,517	1,163,989
Year 2009/2010						
Investments in equity securities						
Quoted		114,044	807,909	(532,883)	262,756	651,826
		114,044	807,909	(532,883)	262,756	651,826

24.1.1 Short term Investments in Equity Securities - Group Quoted

	No. of Shares	Market Value as at 31st March 2011	No. of Shares	Market Value as at 31st March 2010
Bank, Finance and Insurance				
Central Finance PLC	40,000	50,948	-	-
Ceylinco Insurance Company PLC	-	-	60,000	13,860
Commercial Bank of Ceylon PLC	153,881	40,902	-	-
Development Finance Corporation of Ceylon PLC	-	-	637,500	115,068
Hatton National Bank PLC	100,000	38,000	-	-
HNB Assurance PLC	-	-	421,600	23,398
Lanka Orix Leasing Company PLC	100,000	11,960	-	-
LB Finance PLC	53,800	9,420	-	-
Merchant Bank of Sri Lanka PLC	664,200	63,630	-	-
National Development Bank PLC	312,200	65,901	524,100	110,061
Sampath Bank PLC	480,884	138,639	242,000	53,724
		419,400		316,111
Beverage, Food & Tobacco				
Distilleries Company of Sri Lanka PLC	852,000	153,360	-	-
		153,360		
Diversified				
Aitken Spence PLC	-	-	23,100	31,733
Ceylon Theatres PLC	298,000	59,600	-	-
John Keells Holdings PLC	1,136,600	324,613	838,800	154,302
Richard Peiris PLC	2,000,000	27,200	-	-
		411,413		186,035
Hotels & Travels				
Aitken Spence Hotel Holdings PLC	-	-	250,000	96,250
Amaya Leisure Holding PLC	-	-	100,000	7,300
Browns Beach Hotel PLC	-	-	41,200	2,987
Trans Asia Hotels PLC	187,600	36,732	-	-
		36,732		106,537
Manufacturing				
Ceylon Glass Company PLC	1,400,000	15,540	-	-
Lanka Floor Tiles PLC	431,900	56,622	-	-
Royal Ceramic Lanka PLC	200,000	31,400	381,800	43,143
		103,562		43,143
Plantations				
Kegalle Plantations PLC	107,900	22,389	-	-
Namunukula Plantations PLC	149,500	17,133	-	-
		39,522		-
Total Short-Term Investments in Equity Securities - Quoted		1,163,989		608,683
Total Short-Term Investments - Group		1,163,989		651,826

24.2 Movements in Short-Term Investments - Company

	Note	Carrying Value as at 1st April 2010	Additions	Disposals	Mark to Market Value Adjustment	Carrying Value as at 31st March 2011
Year 2010/2011						
Short-Term investments						
Quoted	24.2.1	31,734	155,176	(76,646)	(8,940)	101,324
		31,734	155,176	(76,646)	(8,940)	101,324
Year 2009/2010						
Short-Term investments						
Quoted		54,619	97,879	(154,348)	33,584	31,734
		54,619	97,879	(154,348)	33,584	31,734

24.2.1 Short term Investments in Equity Securities - Company Quoted

	No. of Shares	Market Value as at 31st March 2011	No. of Shares	Market Value as at 31st March 2010
Banks Finance & Insurance				
Merchant Bank of Sri Lanka PLC	200,000	9,240	-	-
		9,240		-
Diversified				
Aitken Spence PLC	-	-	23,100	31,734
John Keells Holdings PLC	125,000	35,700	-	-
Ceylon Theatres PLC	99,000	19,800	-	-
		55,500		31,734
Manufacturing				
Lanka Floor Tiles PLC	70,000	9,177	-	-
		9,177		-
Plantations				
Kegalle Plantations PLC	87,900	18,239		
Namunukula Plantations PLC	80,000	9,168	-	-
		27,407		-
Total Short term Investments in Equity Securities - Quoted		101,324		31,734
Total Short-Term Investments - Company		101,324		31,734

25 Stated Capital

	2011		2010	
	Number of shares	Value	Number of shares	Value
25.1 Ordinary Shares				
Issued and Fully Paid				
Balance as at the beginning of the year	16,097,396	617,220	18,938,112	617,220
Re-purchase of shares (Note 25.3)	-	-	(2,840,716)	-
Sub-division of shares (Note 25.4)	64,389,584	-	-	-
Capitalization of reserves (Note 25.4)	1,609,739	262,387	-	-
Balance as at the end of the year	82,096,719	879,607	16,097,396	617,220

25.2 Deferred Shares

		2011		2010	
		Number of shares	Value	Number of shares	Value
Balance at the beginning of the year	Fully paid shares	8,669	10,199	10,199	10,199
	Partly paid shares*	2,593	45,392	3,050	45,392
Re-purchase of shares (Note 25.3)	Fully paid shares	-	-	(1,530)	-
	Partly paid shares	-	-	(457)	-
Sub-division of shares (Note 25.4)	Fully paid shares	4,325,831	-	-	-
	Partly paid shares	1,293,907	-	-	-
Capitalization of reserves (Note 25.4)	Fully paid shares	86,690	14,131	-	-
	Partly paid shares	22,080	3,838	-	-
Balance at the end of the year	Fully paid shares	5,739,770	73,560	8,669	10,199
	Partly paid shares	-	-	2,593	45,392
Stated Capital			953,167		672,811

* The partly paid deferred shares at the beginning of the year represent a paid up capital of Rs. 908/- per share and an unpaid capital of Rs. 92/- per share.

25.3 Re-purchase of shares

The stated capital of the Company at the beginning of the year 2010 amounted to Rs. 672 mn and consisted of 18,938,112 ordinary shares, 10,199 fully paid deferred shares and 3,050 partly paid deferred shares. The Company repurchased 2,840,716 ordinary shares, 1,530 fully paid deferred shares and 457 partly paid deferred shares from its shareholders during 2010, hence at 31st March 2010, the stated capital of the Company consisted of 16,097,396 ordinary shares, 8,669 fully paid deferred shares and 2,593 partly paid deferred shares.

25.4 Sub-division of shares and Capitalization of Reserves

After obtaining the approval from the shareholders at an Extraordinary General Meeting held on 12th November 2010, the Company made the following changes to the Stated Capital of the Company during the year.

- a) Subdivision of existing ordinary shares, fully paid deferred shares and partly paid deferred shares of the company in the following manner:

Description Shares	Existing Number of	Subdivision Ratio	No. of shares after the sub-division
Ordinary Shares	16,097,396	5:1	80,486,980
Deferred Shares – Fully paid Rs.1,000/-	8,669	500:1	4,334,500
Deferred Shares – Partly paid Rs.908/-	2,593	500:1	1,296,500
	(Rs. 238,556/- pending call up)		(Rs.238,556/- pending call up)

The sub-division of shares will not result in increasing the value of the stated capital of the company.

- b) Issue new ordinary shares, deferred shares and settle un-call amount of partly paid deferred shares by capitalizing part of the Company's revenue reserves in the proportion of 1:50 based on the number of ordinary shares after the above sub-division. Total amount of revenue reserves capitalized amounted to Rs. 280,355,523/-.

Description	Ratio	No. of shares issued by capitalization of reserves	Consideration for shares issued
Ordinary Shares	1:50	1,609,739	Rs.163/- per share
Deferred Shares – Fully paid	1:50	86,690	Rs.163/- per share
Deferred Shares – Partly paid	1:50	Credit of the uncalled capital amount of Rs.238,556/- on the 1,296,500 partly paid deferred shares and issue of further 22,080 fully paid deferred shares.	Rs.3,837,596/-

The company issued total of 108,770 new deferred shares and 1,609,739 ordinary shares from the Capitalization of reserves.

- 25.5** After the subdivision and capitalization of reserves the total stated capital of the Company amounts to Rs. 953 mn which consists of 82,096,719 ordinary shares and 5,739,770 fully paid deferred shares.

- 25.6** The holders of ordinary shares and deferred shares are entitled to receive dividends as declared from time to time.

25.7 Superior voting rights attached to the deferred shares

The Company has in issue 5,739,770 shares titled Deferred Shares. The Deferred Shares are subordinated to the Ordinary Shares in respect of dividend entitlement and right to a dividend does not arise unless and until the Ordinary Shareholders have been paid a dividend. The Deferred Shares confer on the holders present in person, by proxy or by attorney 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, proxy or attorney 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 and rank pari passu for all other purposes including capitalization of reserves with the Ordinary Shares of the Company, except for voting rights and dividend rights.

26 Reserves

	Note	Group		Company	
		2011	2010	2011	2010
A Capital Reserves					
Investment reserve	26.1	7,805	7,805	7,805	7,805
Associate companies' capital reserve	26.2	559,028	930,782	-	-
Other capital reserve	26.1	316,741	316,741	200,855	200,855
		883,574	1,255,328	208,660	208,660

26.1 Investment reserve and Other capital reserve

These amounts have been reserved for use in future development of the Company.

26.2 Associate companies' capital reserve

Share of associate companies' capital reserve recognises the investor's share of the capital reserves of the associate company after the date of acquisition. It also recognises the investor's share arising due to changes that include revaluation of property, plant & equipment and Investments, foreign exchange differences and other changes in the associate companies' equity that is not included in the Income statement.

	Note	Group		Company	
		2011	2010	2011	2010
B Revenue Reserves					
Market value adjustment reserve short-term	26.3	164,295	304,339	10,637	167,066
Long-term investments revaluation reserve	26.4	6,024,981	3,135,065	2,875,391	1,387,087
General reserve	26.5	32,668	32,668	14,961	14,961
Retained earnings		4,052,201	2,237,038	2,105,214	673,782
		10,274,145	5,709,110	5,006,203	2,242,896

26.3 Market Value Adjustment Revenue

An amount of Rs.140.0mn and Rs.156.4mn was transferred from (2010 - Rs.292mn and Rs.158mn was transferred to) "Mark to Market Value adjustment reserve" resulting from the unrealized 'Mark to Market Value adjustment' of investment portfolio as shown in the Statement of Changes in Equity on pages 40 and 41.

Any gains arising from market value adjustment will be transferred from retained earnings to 'Market Value Adjustment Reserve' at Balance Sheet date and any realised gains/losses arising will be transferred from 'Market Value Adjustment Reserve' to retained earnings to the extent that loss does not exceed the balance held in the said reserve as at the date.

26.4 Revaluation of Long-Term Investments Reserve

This consists of unrealised surplus on revaluation of long-term investments.

26.5 General Reserve

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

27 Retirement Benefit Obligations

	Group		Company	
	2011	2010	2011	2010
Balance at the beginning of the year	561	361	-	-
Provision for the year	1,159	200	-	-
Payments made during the year	-	-	-	-
Balance as at the end of the year	1,720	561	-	-

27.1 The amounts recognised in the Income Statement

Interest cost	68	60	-	-
Current service cost	353	140	-	-
Actuarial losses	738	-	-	-
Balance as at the end of the year	1,159	200	-	-

The gratuity liability as at 31st March 2011 amounting to Rs. 1,720,639/- (2010 - Rs. 561,000/-) for the Group is made based on an actuarial valuation carried out by Mr. M. Poopalanathan of Messrs Actuarial Consultants (Pvt) Ltd. as recommended by the Sri Lanka Accounting Standards No. 16 (revised 2006) - "Employee Benefits", the "Projected Unit Credit (PUC) method" has been used in this valuation. The actuarial valuation of gratuity liability as at 31 March 2010 was carried out by Mr. Piyal S. Goonatilake of Messrs. Piyal Goonatilake & Associates.

The principal assumptions made are given below:

- Rate of discount 10% p.a.
- Rate of pay increase 12% p.a.
- Retirement age 55 years
- Mortality A 67/70 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.

28 Trade and other payables

	Group		Company	
	2011	2010	2011	2010
Trade payables	2,613	66,854	272	27,595
Other payables and accruals	3,909	2,544	902	755
	6,522	69,398	1,174	28,350

29 Business combinations

29.1 Acquisition of subsidiaries

During the year, the Company acquired the controlling interest of Guardian Capital Partners PLC. Further the Company increased its controlling interest of Ceylon Investment PLC and Guardian Fund Management Limited.

A summary of the transactions are provided below.

	Purchase consideration to the Group	Directly attributable costs of acquisition	Fair value of net assets acquired (Note 29.3)	Purchase consideration in excess of net asset acquired
Ceylon Investment PLC	957,402	4,912	(413,729)	548,585
Guardian Capital Partners PLC	657,292	1,369	(426,744)	231,917
Guardian Fund Management Limited	28,090	140	(1,976)	26,254
	1,642,784	6,421	(842,449)	806,756
Intra-group transaction	(28,090)	-	-	(28,090)
	1,614,694	6,421	(842,449)	778,666
Amounts recognized in the Balance sheet				
Goodwill arising on initial acquisition of subsidiaries				231,917
Amounts recognized in the Statement of Changes in Equity				
Due to increase in controlling interest of Ceylon Investment PLC				548,585
Due to increase in controlling interest of Guardian Fund Management Limited			(1,836)	
				778,666

29.2 Cash acquired on business combinations

Cash and cash equivalents attributable to the Group arising from the acquisition of Guardian Capital Partners PLC, is detailed below.

Cash and cash equivalents acquired	512,888
Less : Directly attributable costs of acquisition	(1,369)
Cash inflow to the Group arising on acquisition	511,519

* Increase in controlling interest of Ceylon Investment PLC and Guardian Fund Management Limited during the year do not result in an additional cash inflow to the Group.

29.3 Recognised amounts of identifiable assets acquired and liabilities assumed for each of the above transactions were as follows.

	Total net assets acquired through the acquisition of subsidiaries				Guardian Capital Partners PLC	Guardian Fund Management Limited
	Ceylon Investment PLC	Rubber Investment Trust Limited	Guardian Fund Management Limited	Total		
Assets						
Property, plant & equipment	-	-	7,091	7,091	-	6,446
Intangible assets	-	-	6,192	6,192	-	5,281
Investments in subsidiaries	-	10,450	-	10,450	-	-
Investments in associates	296	1,928	-	2,224	-	-
Other long term investments	2,268,300	2,159,838	-	4,428,138	-	-
Deferred taxation	-	-	250	250	-	-
Trade and other receivables	826	11,767	5,334	17,927	39	3,455
Income tax receivables	-	-	-	-	707	-
Short-term Investments	627,152	369,959	-	997,111	-	-
Short-term deposits	188,000	15,216	2,500	205,716	-	2,500
Cash at bank	19,806	1,030	1,092	21,918	512,888	3,748
Total assets	3,104,380	2,570,188	22,459	5,697,027	513,634	21,430
Liabilities						
Retirement benefit obligation	-	-	563	563	-	1,721
Deferred taxation	-	-	-	-	-	1,896
Creditors and accruals	5,578	1,316	12,338	19,232	543	3,231
Income Tax Payable	5,345	8,170	172	13,687	-	3,489
Unclaimed dividend	7,001	2	-	7,003	4,885	-
Bank overdraft	31,391	-	-	31,391	-	-
Total liabilities	49,315	9,488	13,073	71,876	5,428	10,337
Total identifiable net assets	3,055,065	2,560,700	9,386	5,625,151	508,206	11,093
Adjustments to reflect the fair values of the assets and liabilities acquired						
Revaluation of long term investments	459,093	635,151	-	1,094,244	-	-
Total identifiable net assets on fair value basis	3,514,158	3,195,851	9,386	6,719,395	508,206	11,093
Total identifiable net assets on fair value basis attributable to the Group, based on the acquired shares / increase in controlling interest	284,237	129,113	379	413,729	426,744	1,976

29.4 The respective dates of acquisition considered for the consolidation purposes are given below.

Subsidiary acquired	Effective date
Ceylon Investment PLC	31st August 2010
Guardian Capital Partners PLC	31st March 2011
Guardian Fund Management Limited	31st March 2011

30 Comparative Figures

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

31 Events after the Balance Sheet Date

31.1 Ceylon Guardian Investment Trust PLC - Company

31.1.1 First and Final Dividend for the financial year 2010/11

After satisfying the Solvency Test in accordance with Section 57 of the Company's Act No. 7 of 2007, the Directors have recommended the payment of a first and final dividend of Rs.1/50 per Ordinary share and Deferred share for the year ended 31st March 2011 amounting to Rs.131,754,733/50 (2010 - Rs.154,797,664/-) which is to be approved at the forthcoming Annual General Meeting. In accordance with Sri Lanka Accounting Standard No. 12 (Revised 2005) "Events after the Balance Sheet Date", this proposed first and final dividend has not been recognised as a liability as at 31st March 2011.

31.1.2 Joint Venture with Acuity Partners (Private) Limited and formation of Guardian Acuity Asset Management Limited

The Company entered into a Joint Venture Agreement with Acuity Partners (Private) Limited (a company incorporated in Sri Lanka) to form a company by the name of "Guardian Acuity Assets Management Limited" (under incorporation), to set up and carry on unit trust business. The Company and the Acuity Partners (Private) Limited will hold 50% each in the share capital of Guardian Acuity Asset Management Limited.

31.2 Guardian Capital Partners PLC - Subsidiary

31.2.1 Investment in Textured Jersey Lanka (Pvt) Limited

The Company participated in the private placement of equity shares in Textured Jersey Lanka (Pvt) Limited and subscribed for 5,000,000 shares at a total consideration of Rs.75,000,000/-. Subsequent to the balance sheet date on the 01st April 2011, the Company was allotted 2,343,300 shares at a total consideration of Rs.35,325,248/-

Accordingly Rs.35,325,248/- has been recognised as an investment and the resulting refund due amounting to Rs.39,674,752/- was recognised as a receivable in the financial statements.

Subsequent to the Balance Sheet date, no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements, other than the those disclosed above.

32 Commitments and Contingencies

32.1 Capital Expenditure Commitments

No material capital commitments exist as at the balance sheet date.

32.2 Contingencies

There were no material contingent liabilities as at the Balance Sheet date.

33 Related Party Transactions

The Company carries out transactions with parties who are defined as related parties in Sri Lanka Accounting Standard 30 (Revised 2005) "Related Party Disclosures", the details of which are reported below.

33.1 Parent and Ultimate Controlling Party

Carson Cumberbatch PLC is the Parent Company of Ceylon Guardian Investment Trust PLC.

33.2 Transactions with Related Companies (contd)

Name of the Related Company	Nature of the Relationship	Name of Common Directors	Nature of Transaction	2011 (Rs.'000)	2010 (Rs.'000)
Ceylon Guardian Investment Trust PLC					
Carson Cumberbatch PLC (CCPLC)	Ultimate Parent	I. Paulraj D.C.R. Gunawardena K. Selvanathan (Alternate to Mr. M Selvanathan)	Short-term advances provided Interest earned on short-term advances Settlements made on the short term advances provided Dividends paid Ceylon Guardian Investment Trust PLC purchased 21,692,800 rights to subscribe for ordinary shares of the Guardian Capital Partners PLC at the rights issue of shares for a total consideration of Rs.233,435,840/-. This transaction resulted in a change of controlling interest of the Company, from Carson Cumberbatch PLC to Ceylon Guardian Investment Trust PLC, the latter having acquired 83.97% of the voting rights of the Company through this transaction. On 18th August 2010 the Company acquired 2,050,834 shares of Ceylon Investments PLC representing 10.62% of the issued shares for a total consideration of Rs. 1,010,059,195/- from Carson Cumberbatch PLC. On 18th August 2010 the Company disposed 2,341,672 shares of Lion Brewery (Ceylon) PLC and 934,900 shares of Ceylon Brewery PLC for a consideration of Rs. 360,617,488/- and Rs. 241,858,630/- respectively to CCPLC.	- - - 107,211	300,000 5,861 300,000 160,074
Ceylon Investment PLC (CICL)	Subsidiary	I. Paulraj D.C.R. Gunawardena A. de Z.Gunasekera V. M. Fernando Mrs.M. A. R. C Cooray K. Selvanathan (appointed w.e.f. 16/12/2010)	Dividends received Amounts received on re-purchase of shares	72,832 -	94,651 513,629
Rubber Investment Trust Limited	Subsidiary	I. Paulraj D.C.R. Gunawardena	Dividends received Amounts paid on acquisition of Guardian Fund Management Limited Amounts received on re-pruchase of shares	25,239 28,090 -	95,058 - 349,022
Guardian Fund Management Limited (GFM)	Subsidiary	I. Paulraj (resigned from GFM w.e.f 19/04/2011) D.C.R. Gunawardena* K. Selvanathan (appointed to the GFM w.e.f 19/04/2011)	Portfolio Management Fees paid	7,397	-

Name of the Related Company	Nature of the Relationship	Name of Common Directors	Nature of Transaction	2011 (Rs.'000)	2010 (Rs.'000)
Carsons Management Services (Private) Limited. (CMSL)	Affiliate	D.C.R.Gunawardena K. Selvanathan	Management fees paid Computer fees paid Secretarial fees paid Secretarial expenses paid	8,894 420 60 31	5,680 420 60 1,362
Ceylon Investment PLC Carson Cumberbatch PLC (CCPLC)	Ultimate Parent	I. Paulraj D.C.R. Gunawardena K. Selvanathan (Alt. Director to Mr. M. Selvanathan)	Short-term advances provided Interest earned on short term advances Dividends paid On 18th August 2010 the Company disposed 915,200 shares of Lion Brewery (Ceylon) PLC and 808,000 shares of Ceylon Brewery PLC for a consideration of Rs. 140,940,800/- and Rs. 209,029,600/- respectively.	- - 13,741	1,505,000 39,726 12,051
Ceylon Guardian Investment Trust PLC (CGIT)	Parent	I. Paulraj D.C.R. Gunawardena Mrs.MARC Cooray A. de Z. Gunasekera V.M. Fernando K. Selvanathan (appointed w.e.f 16/12/2010)	Dividend paid Amount paid on re-purchase of shares	72,833 -	94,651 513,629
Rubber Investment Trust Limited	Associate	I. Paulraj D.C.R. Gunawardena A.P. Weeratunge	Dividends received Amount received on re-purchase of shares	25,194	92,460 348,392
Guardian Fund Management Limited (GFM)	Affiliate	I. Paulraj (resigned from GFM w.e.f. 19/04/2011) D.C.R. Gunawardena* K. Selvanathan (appointed w.e.f. 19/04/2011) A.P. Weeratunge (appointed w.e.f. 19.04.2011)	Portfolio Management Fees paid	12,023	-
Carsons Management Services (Private) Limited. (CMSL)	Affiliate	D.C.R. Gunawardena* A.P.Weeratunge K. Selvanathan	Management fees paid Computer fees paid Secretarial fees paid Secretarial expenses paid	9,229 420 60 35	6,045 420 60 101

33.2 Transactions with Related Companies (contd)

Name of the Related Company	Nature of the Relationship	Name of Common Directors	Nature of Transaction	2011 (Rs.'000)	2010 (Rs.'000)
Guardian Capital Partners PLC (GCP)	Affiliate	I. Paulraj D.C.R. Gunawardena	41,600,000 ordinary shares of Expolanka Holdings Limited, amounting to Rs.250,848,000/-, was transferred from Ceylon Investment PLC to Guardian Capital Partners PLC on 30th March 2011. The Company held the said investment on behalf of the GCP until such time as the GCP obtained requisite shareholder approval and sourced funding to acquire the investment. Guardian Capital Partners PLC paid Rs.5.72 mn as interest to Ceylon Investment PLC against the cost of funds on the above transaction. Interest was charged at 8% per annum.		
Rubber Investment Trust Limited (RIT)					
Carson Cumberbatch PLC (CCPLC)	Ultimate Parent	I. Paulraj D.C.R. Gunawardena	Short-term advances provided Interest earned on short-term advances Settlements made on the short-term advances provided	- - -	1,605,000 20,500 1,605,000
Ceylon Guardian Investment Trust PLC (CGIT)	Parent	I. Paulraj D.C.R. Gunawardena	Amounts received on disposal of Guardian Fund Management Limited Dividend paid	28,090 25,239	- 95,057
Guardian Fund Management Limited (GFM)	Subsidiary	I. Paulraj (resigned from GFM w.e.f. 19/04/2011) D.C.R. Gunawardena*	Portfolio Management Fees	8,576	-
Bukit Darah PLC	Associate	I. Paulraj D.C.R. Gunawardena	Dividend received	18,260	15,088
Ceylon Investment PLC (CICL)	Affiliate	I. Paulraj D.C.R. Gunawardena A.P. Weeratunge	Dividend paid	25,194	92,460
Carsons Management Services (Private) Limited. (CMSL)	Affiliate	D.C.R. Gunawardena* A.P. Weeratunge	Management fees paid Computer fees paid Secretarial fees paid Secretarial expenses paid	7,369 420 60 3	4,385 420 60 3

Name of the Related Company	Nature of the Relationship	Name of Common Directors	Nature of Transaction	2011 (Rs.'000)	2010 (Rs.'000)
Guardian Fund Management Limited (GFM)					
Ceylon Guardian Investment Trust PLC	Parent	I. Paulraj (resigned from GFM w.e.f. 19/04/2011) D.C.R. Gunawardena* K. Selvanathan (appointed to the GFM w.e.f. 19/04/2011)	Portfolio Management Fees received	7,397	-
Rubber Investment Trust Limited (RIP)	Immediate parent	I. Paulraj D.C.R. Gunawardena A.P. Weeratunge (appointed to the GFM 19/04/2011)	Portfolio Management Fees received	8,576	-
Ceylon Investment PLC	Affiliate	I. Paulraj (resigned from the GFM 19/04/2011) D.C.R. Gunawardena** A.P. Weeratunge** K. Selvanathan** (**appointed to the GFM 19/04/2011)	Portfolio Management Fees received	12,023	-
Carsons Management Services (Private) Limited. (CMSL)	Affiliate	D.C.R. Gunawardena* K. Selvanathan A.P. Weeratunge	Portfolio Management fees received Computer fees paid Secretarial fees paid Secretarial expenses paid	- 30 36 3	13,496 30 36 10
Equity Two PLC	Affiliate	D.C.R. Gunawardena A.P. Weeratunge	Rental charges paid	594	425
Sri Lanka Fund	Affiliate	D.C.R. Gunawardena Mrs. W.Y.R. Fernando	Management fees received	1,039	484

33.2 Transactions with Related Companies (contd)

Name of the Related Company	Nature of the Relationship	Name of Common Directors	Nature of Transaction	2011 (Rs.'000)	2010 (Rs.'000)
Guardian Capital Partners PLC					
Carson Cumberbatch PLC	Ultimate Parent	I. Paulraj D.C.R. Gunawardena	Divident paid	69,169	9,412
Ceylon Guardian Investment Trust PLC (CGIT)	Parent	I. Paulraj D.C.R. Gunawardena	Ceylon Guardian Investment Trust PLC subscribed for 21,692,800 ordinary shares of Guardian Capital Partners PLC at the rights issue of shares for a total consideration of Rs.433,856,000/-. This transaction resulted in a change of controlling interest of the Guardian Capital Partners PLC from Carson Cumberbatch PLC to Ceylon Guardian Investment Trust PLC, the latter having acquired 83.97% of the voting rights of the Company through this transaction.		
Ceylon Investment PLC (CICL)	Affiliate	I. Paulraj D.C.R. Gunawardena	41,600,000 ordinary shares of Expolanka Holdings Limited, amounting to Rs.250,848,000/-, was transferred from Ceylon Investment PLC to Guardian Capital Partners PLC on 30th March 2011. CICL held the said investment on behalf of the Company until such time as the Company obtained requisite shareholder approval and sourced funding to acquire the investment. Guardian Capital Partners PLC paid Rs.5.72 mn as interest to Ceylon Investment PLC against the cost of funds on the above transaction. Interest was charged at 8% per annum.		
Carsons Management Services (Private) Limited. (CMSL)	Affiliate	D.C.R. Gunawardena*	Management fees paid Computer fees paid Secretarial fees paid Secretarial expenses paid	308 30 15 2	1,077 30 14 5

* Mr. D.C.R. Gunawardena relinquished his duties and responsibilities as a Director with effect from 15th April 2011.

33.3 Transactions with Key Management Personnel (KMP)

"According to Sri Lanka Accounting Standard 30 (Revised 2006) "Related Party Disclosures" Key Management personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company and its parent Company (including executive and non executive directors) and their immediate family members have been classified as Key Management Personnel of the Company."

The Compensation to KMP and other short-term employment benefits has been disclosed in Note 14. No other payments such as post employment benefits, termination benefits and share based payments have been paid to KMP during the year.

Year ended 31st March

(All the figures are in Sri Lanka Rs.'000
unless otherwise stated)

	2011	2010	2009	2008	2007
Financial Highlights - Group					
Operating Results					
Revenue					
Dividend income	293,890	398,324	241,580	216,563	220,154
Proceeds from disposal of investments	4,286,833	2,876,175	2,151,351	321,052	840,397
Interest income	15,356	135,482	38,122	3,817	3,486
Management fee	37,218	13,981	10,807	13,648	12,401
	4,633,297	3,423,962	2,441,860	555,080	1,076,438
Less: Inter-group transactions	(194,354)	(1,463,679)	(91,707)	(38,801)	(61,204)
	4,438,943	1,960,283	2,350,153	516,279	1,015,234
Profit from ordinary activities before tax	3,022,642	1,714,685	660,632	370,470	769,983
Taxation	(4,532)	(35,106)	(7,463)	(2,119)	(56,989)
Profit from ordinary activities after tax	3,018,110	1,679,579	653,169	368,351	712,994
Minority interest	(361,088)	(359,206)	(360,442)	(51,564)	(152,597)
Profit attributable to the shareholders of Ceylon Guardian Investment Trust PLC	2,657,022	1,320,373	292,727	316,787	560,397
Dividends paid	(154,798)	(232,702)	(35,411)	(30,352)	(30,352)
Balance Sheet					
Capital Employed					
Stated Capital	953,167	672,811	672,811	672,811	672,811
Reserves	11,157,719	6,964,438	3,879,095	5,343,307	2,920,754
Attributable to equity holders of parent	12,110,886	7,637,249	4,551,906	6,016,118	3,593,565
Minority interest	2,154,418	1,566,029	1,053,800	1,210,710	603,989
Non-current liabilities	3,616	561	361	243	166
	14,268,920	9,203,839	5,606,067	7,227,071	4,197,720
Assets Employed					
Non-current assets	13,287,443	8,803,735	3,505,084	7,065,770	4,009,209
Current assets	1,556,258	746,646	2,170,024	304,860	394,278
Less	14,843,701	9,550,381	5,675,108	7,370,630	4,403,487
Current liabilities	(574,781)	(346,542)	(69,041)	(143,559)	(205,767)
Net assets	14,268,920	9,203,839	5,606,067	7,227,071	4,197,720
Cash Flow Statements					
Net cash generated from/(used in) from operating activities	1,295,516	(321,393)	1,383,420	180,299	(48,554)
Net cash generated from/(used in) investing activities	(1,108,829)	(291)	707,908	(4)	-
Net cash generated from/ (used in) financing activities	(205,508)	(1,856,358)	(63,051)	(46,719)	(56,753)
Net (decrease)/increase in cash & cash equivalents	(18,221)	(2,178,042)	2,028,277	133,576	(105,307)

Year ended 31st March

(All the figures are in Sri Lanka Rs.'000
unless otherwise stated)

	2011	2010	2009	2008	2007
Ratios & Statistics					
Operational Ratio					
Return on ordinary shareholders funds (%)	21.94	17.29	6.43	5.27	15.59
Liquidity Ratio					
Current ratio (Times)	2.71	2.15	31.43	2.12	1.92
Investor Ratio					
Earnings per share (Adjusted Rs.)	29.87	14.52	14.47	15.66	27.69
Dividend per share proposed (Rs.) **	1.50	9.00	11.50	1.75	1.50
Dividend cover (Times)	19.91	7.63	1.26	8.95	18.46
Dividend growth (%)	(83)	(22)	557	17	-
Dividend yield (%)	0.08	1.79	11.03	1.06	0.92
Dividend payout ratio (%)	5.02	13.11	79.49	11.18	5.42
Net assets per share - Historical cost (Rs.)	162.41	444.03	224.95	297.31	177.59
- Market value	346.72	620.33	252.95	457.47	492.76
Market value per share (Rs.) *	369.50	501.50	104.25	165.00	162.50
Price earning ratio (Times)	12.37	34.54	7.21	10.54	5.87
Price to book value ratio (Times)	2.28	1.13	0.46	0.55	0.92
Market capitalisation	30,334,738	8,072,844	1,974,287	3,124,770	3,077,425
Additions to investment portfolio (Rs.)	4,746,288	2,909,925	957,382	244,591	1,026,909
Market value of investments (Rs.)	36,282,043	13,784,140	6,135,154	9,815,594	10,155,461
Milanka Price Index (Points)	6,875	4,271	1,736	3,181	3,838
All Share Price Index (Points)	7,226	3,725	1,638	2,550	2,790

*Previous years ratios have not been adjusted for sub-division of shares and capitalization of reserves during the year.

US\$ Financials

PREPARATION OF US DOLLAR FINANCIAL STATEMENTS

The Financial Statements of the Company are stated in US Dollars. 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 Financial Statements. US Dollar Financials do not form part of the audited Financial Statements of the Company.

(All figures in US\$ thousands unless otherwise stated)

<i>For the year ended 31st March</i>	2011	2010	% Change
Group revenue	39,587	17,062	132
Profit from operations	23,529	11,606	103
Share of associate companies' profits	3,639	3,366	8
Profit before taxation	26,957	14,925	81
Profit for the year	26,916	14,619	84
Profit attributable to shareholders of the parent company	23,696	11,492	106
Shareholders' funds	113,221	66,946	69
Net assets	129,215	80,674	60
Total assets	134,454	83,717	61
Return on ordinary shareholders' funds (%)	23.77	21.84	9
Earnings per Share	0.27	0.13	111
Dividend proposed **	0.01	0.08	(83)
Net assets per share - Book value *	1.47	3.86	(62)
Net assets per share - Market value *	3.14	5.44	(42)
Market Capitalization	274,771	70,765	288
Market Value of the Portfolio	328,642	118,231	178

For the year ended 31st March
In US\$

	2011	2010
Revenue	39,587,470	17,062,260
Carrying amount of investments disposed	(32,929,189)	(13,441,553)
Realized gain on sale of investments	14,246,544	5,926,817
Mark to Market Value Adjustment - Unrealized	3,399,732	2,648,960
Profit on Portfolio Activities	24,304,557	12,196,484
Other income	8,615	-
Administrative expenses	(783,992)	(590,887)
Profit from operations	23,529,180	11,605,597
Finance cost	(211,763)	(47,123)
Profit from operations after finance cost	23,317,417	11,558,474
Share of associate company's profit net of tax	3,639,169	3,366,107
Profit before taxation	26,956,586	14,924,581
Income tax (expense)	(40,417)	(305,560)
Profit for the year	26,916,169	14,619,021
Attributable to:		
Equity holders of the parent	23,695,907	11,492,497
Minority shareholders	3,220,262	3,126,521
	26,916,169	14,619,018
Earnings Per Share - US\$.	0.27	0.13
Dividends Per Share - US\$.	0.01	0.08

As at 31st March	2011	2010
<i>In US\$</i>		
Assets		
Non-Current Assets		
Property, plant & equipment	58,397	70,274
Intangible assets	2,148,542	62,229
Investments in subsidiaries	-	-
Investments in associates	15,295,371	14,615,238
Other investments	102,854,964	62,421,660
Deferred tax asset	-	2,191
	120,357,274	77,171,592
Current Assets		
Trade and other receivables	504,447	408,818
Income tax recoverable	135,698	-
Short-term Investments	10,543,379	5,713,762
Short-term deposits	2,179,746	81,404
Cash at bank	733,270	340,945
	14,096,540	6,544,929
Total assets	134,453,814	83,716,521
Equity and Liabilities		
Equity		
Stated capital	8,834,775	6,334,507
Capital reserves	10,962,242	11,003,927
Revenue reserves	88,272,877	50,044,793
Foreign currency equalisation reserve	5,150,804	(436,797)
Total equity attributable to equity holders of parent	113,220,698	66,946,430
Minority shareholders' equity interest	15,994,003	13,727,465
Total equity	129,214,701	80,673,895
Non-Current Liabilities		
Retirement benefit obligation	15,589	-
Deferred tax liabilities	17,174	4,918
	32,763	4,918
Current Liabilities		
Trade and other payables	59,076	608,327
Income tax payable	31,604	136,159
Unclaimed dividend	215,543	112,842
Bank overdraft	4,900,127	2,180,380
	5,206,350	3,037,708
Total Liabilities	5,239,113	3,042,626
Total equity and liabilities	134,453,814	83,716,521
Net assets per ordinary/deferred share - Book value - US \$	1.47	3.86
Net assets per ordinary/deferred share - Market value - US \$	3.14	5.44

1 Basis of conversion

The translation of Sri Lankan Rupee amounts in to US Dollar amounts is solely for the convenience of the shareholder, investor, banker and other users of financial statements.

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

		2011	2010
Income statement	Average rate	112.13	114.89
Monetary assets and liabilities	Closing rate	110.40	114.08
Non-monetary assets and liabilities	Closing rate	110.40	114.08
Ordinary share capital	Historical rate		

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

Year ended 31st March*In US\$***2011**

2010

2009

2008

2007

Financial Highlights - Group**Operating Results****Revenue**

Dividend income	2,620,976	3,467,003	2,103,439	1,962,510	2,085,191
Proceeds from disposal of investments	38,230,919	25,034,163	18,731,833	2,909,397	7,959,811
Interest income	136,948	1,179,232	331,929	37,663	33,022
Management fee	331,918	121,682	94,097	-	117,447
	41,320,761	29,802,080	21,261,298	4,909,570	10,195,471
Less: Inter-group transactions	(1,733,291)	(12,739,829)	(798,494)	(351,618)	(579,689)
	39,587,470	17,062,251	20,462,804	4,557,952	9,615,782

Profit from ordinary activities before tax

Taxation	(40,417)	(305,558)	(64,980)	(1,102,075)	(539,766)
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Profit from ordinary activities after tax

Minority interest	(3,220,262)	(3,126,522)	(3,138,372)	(531,282)	(1,445,322)
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**Profit attributable to the shareholders of
Ceylon Guardian Investment Trust PLC**

Dividends paid	-	1,261,002	1,896,285	281,427	278,714
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Balance Sheet**Capital Employed**

Stated Capital	8,834,775	6,334,507	6,334,507	6,334,507	6,334,507
Reserves	99,235,119	61,048,720	33,527,182	31,331,547	26,778,439
Foreign currency equalization reserve	5,150,804	(436,797)	(519,373)	(96,133)	(114,206)
Shareholders' funds	113,220,698	66,946,430	38,342,316	37,569,921	32,998,740
Minority interest	15,994,003	13,727,464	9,108,038	5,988,150	5,546,271
Non-current liabilities	32,763	4,918	3,120	2,235	1,552
	129,247,464	80,678,812	48,453,474	43,560,306	38,546,563

Assets Employed

Property, plant & equipment	58,397	132,503	165,869	17,051	18,666
Intangible Assets	2,148,542	-	-	-	-
Investments	118,150,335	77,036,898	30,126,560	42,047,659	36,796,865
Current assets	14,096,540	6,547,121	18,757,770	2,826,713	3,625,934
	134,453,814	83,716,522	49,050,199	44,891,423	40,441,465
Less					
Current liabilities	(5,206,350)	(3,037,710)	(596,724)	(1,331,117)	(1,894,902)
Net assets	129,247,464	80,678,812	48,453,475	43,560,306	38,546,563

CASH FLOW STATEMENT

Net cash generated from/(used in) from operating activities	11,553,696	(2,797,398)	12,045,451	1,689,086	(445,853)
Net cash generated from/(used in) investing activities	(9,888,781)	(2,533)	6,163,761	(37)	-
Net cash generated from/ (used in) financing activities	(1,832,766)	(16,157,699)	(548,986)	(450,514)	(521,154)
Net (decrease)/increase in cash & cash equivalents	(167,850)	(18,957,630)	17,660,226	1,238,535	(967,007)

Year ended 31st March <i>In US \$</i>	2011	2010	2009	2008	2007
Operational Ratio					
Return on ordinary shareholders' funds (%)	23.79	21.84	14.46	8.57	16.08
Liquidity Ratio					
Current ratio (Times)	2.71	2.16	31.43	2.12	1.91
Investor Ratio					
Earnings per share (US\$)	0.27	0.13	0.13	0.16	0.20

1 Stock Exchange Listing

Ceylon Guardian Investment Trust PLC is a Public listed 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 2011 was Rs. 369/50 per share (2010 - Rs. 501/50).

3 Ordinary Shareholders

<i>As at 31st March</i>	2011	2010
Number of Shareholders	1,741	1,239

The number of Ordinary Shares held by non-residents as at 31st March, 2011 was 10,050,196 which amounts to 12.24% of the total number of Ordinary Shares.

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	1,144	263,553	0.32	10	3,850	-	1,154	267,403	0.32
1,001 - 10,000	377	1,189,141	1.44	21	76,061	0.10	398	1,265,202	1.54
10,001 - 100,000	126	3,994,789	4.87	20	592,259	0.72	146	4,587,048	5.59
100,001 - 1,000,000	35	9,435,023	11.50	3	533,830	0.65	38	9,968,853	12.15
Above 1,000,000	2	57,164,017	69.63	3	8,844,196	10.77	5	66,008,213	80.40
Total	1,684	72,046,523	87.76	57	10,050,196	12.24	1,741	82,096,719	100.00

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Individuals	1,578	13,259,703	16.15
Institutions	163	68,837,016	83.85
Total	1,741	82,096,719	100.00

4 Market Performance - Ordinary Shares

<i>For the year</i>	2011	2010
As at 31 March	369.50	501.50
Highest (Rs.)	478.00	540.00
Lowest (Rs.)	230.10	103.25
Value of shares traded (Rs.)	565,676,030	383,227,800
No. of shares traded	1,492,700	1,282,800
Volume of transactions (Nos.)	2,876	1,990

5 Market Capitalisation

Market capitalisation of the Company which is the number of ordinary shares in issue multiplied by the market value of an ordinary share was Rs 30,334,737,671/- as at 31st March, 2011 (2010 - Rs. 8,072,844,094/-).

6 Record of Bonus, 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 Share Capital Rs. '000
1951	-	Initial Capital	–	757,525	757,525
1990	-	Bonus	01:01	757,525	1,515,050
1992	-	Bonus	01:08	189,381	1,704,431
1999	-	Bonus	01:04	426,108	2,130,539
2000	-	Bonus	01:04	532,634	2,663,173
2002	- April	Rights	01:07	380,453	3,043,626
	- May	Bonus	01:04	760,906	3,804,532
2003	- July	Rights	01:05	760,906	4,565,438
	- August	Bonus	01:06	760,906	5,326,344
2004	- July	Rights	01:02	2,663,172	7,989,516
2004	- September	Bonus	01:03	2,663,172	10,652,688
2005	- March	Rights	01:03	3,550,896	14,203,584
	- June	Bonus	01:03	4,734,528	18,938,112
2009	- October	Repurchase	03.20	2,840,716	16,097,396
2010	- November	Subdivision	05:01	16,097,396	80,486,900
		Bonus	01:50	1,609,739	82,096,719

7 Dividend

The Directors have recommended a first & final dividend of Rs. 1.50 per Ordinary share and Deferred Share for the year ended 31st March 2011.

8 Public Holding

The percentage of ordinary shares held by the public as at 31st March 2011 was 32.84% (2010 - 32.85%)

9 Number of employees

The Company had no employees at the balance sheet date (2010 - Nil). The Group has 9 (2010 - 4) employees as at the balance sheet date.

10 Major shareholders

A list of major share holders of the Company as at the balance sheet date is provided in the Annual Report of the Board of Directors, in page 33.

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life

Accrual Basis

Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent

Associate

An entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Appropriations

Apportioning of earnings to capital reserves, revenue reserves or as dividends

Beta

A measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole

Bonus Issue (Scrip Issue)

The issue of new shares to existing shareholders in proportion to their shareholdings. It is a process for converting a company's reserves (in whole or part) into issued capital and hence does not involve an infusion of cash.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Capital Markets

A market for debt or equity, where business enterprises can raise long-term (longer than one year) funds.

Current Ratio

Current assets divided by current liabilities.

Compounded Annual Growth Rate (CAGR)

The rate at which it would have grown if it grew at an even rate compounded annually.

Compliance officer

The officer primarily responsible for overseeing and managing compliance issues within an organization. Is in charge of ensuring that a company is complying with regulatory requirements, and that the company and its employees are complying with internal policies and procedures

Contingencies

Conditions or situations at the Balance Sheet date, the financial effects of which are to be determined by future events which may or may not occur

Cost Method

This is a method of accounting for an investment whereby the investment is initially recognized at cost. The investor recognises income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

Cash Equivalents

Short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

Credit Risk

Credit risk or default risk is most simply defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions.

Country Fund

An international mutual fund with a portfolio that consists entirely of securities, generally stocks, of companies located exclusively in a given country.

Dividend per Share

Dividend paid divided by the number of ordinary shares in issue which ranked for those dividends.

Dividend Yield

Dividend per share as a percentage of market price per share

Deferred Taxation

Sum set aside for tax in the Financial Statements that may become payable/receivable in a financial year other than the current financial year.

Dividend Cover

Profit after tax divided by gross dividends. This ratio measures the number of times dividend is covered by current year's distributable profits.

Dividend Payout

The percentage of earnings paid to shareholders as dividend.

Earnings per Ordinary Share (EPS)

Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue

Economic Value Added (EVA)

A measure of productivity which takes into consideration cost of total invested equity.

Effective Tax Rate

Provision for taxation excluding deferred tax divided by the profit before taxation

Equity Method

This is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

Events occurring after the Balance Sheet date

Significant events that occur between the Balance Sheet date and the date on which the Financial Statements are authorised for issue, which would require adjustments to or disclosure in the Financial Statements

Fair Value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fundamental Investing

The strategy of selecting stocks which trade for less than their intrinsic values, after research on the company and its industry. Intrinsic value is based on the actual financial returns of the company and the current and future plans of the company.

Group

A group is a parent and all its subsidiaries and associates.

Impairment

This occurs when the recoverable amount of an asset is less than its carrying amount.

Initial Public Offer (IPO)

The first sale of stock by a private company to the public. IPOs are often issued by smaller companies seeking the capital to expand, but can also be done by large privately owned companies looking to become publicly traded.

Intangible Asset

An intangible asset is an identifiable non-monetary asset without physical substance.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

Mark to Market Value Adjustment

The accounting act of recording the price or value of a security, portfolio or account to reflect its current market value rather than its book value.

Market Risk

This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as

interest rates, exchange rates, credit spreads and other asset prices.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

Market Capitalisation

The market value of a company at a given date obtained by multiplying the share price by the number of shares in issue

Mutual Fund

An investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.

Net Assets Value per Ordinary Share

Shareholders' funds excluding preference shares, if any, divided by the number of ordinary shares in issue.

Net Current Assets

Capital required to finance the day-to-day operations (current assets less current liabilities).

Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events

Parent Company

A Parent Company is an entity that has one or more subsidiaries.

Private equity

Money invested in companies that are not publicly traded on a stock exchange.

Prudence

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

Price Earnings Ratio (P/E)

Market price of a share divided by earnings per share (EPS)

Related Parties

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Repurchase Of Shares

A program by which a company buys back its own shares from the share holders, reducing the number of outstanding shares

Return on Average Assets (ROA)

Profit after tax divided by the average assets.

Return on Average Equity (ROE)

Net profit for the year, less preference share dividends, if any, expressed as a percentage of average ordinary shareholders' equity.

Return on Shareholders' Funds

Profit attributable to shareholders divided by shareholders' funds

Revenue Reserves

Reserves considered as being available for distribution and other appropriations

Rights Issue

Issue of shares to the existing shareholders at an agreed price, generally lower than market price

Share Split

A corporate action in which a company's existing shares are divided into multiple shares

Shareholders' Funds

Shareholders' funds consist of stated capital plus capital and revenue reserves.

Stock market index

Index is a number that measures the relative value of a group of stocks. As the stocks in this group change value, the index also changes value.

Subsidiary

An entity, including an unincorporated entity such as a partnership, which is controlled by another entity (known as the Parent)

NOTICE IS HEREBY GIVEN that the FIFTY NINTH Annual General Meeting of CEYLON GUARDIAN INVESTMENT TRUST PLC will be held on Wednesday, the 29th day of June 2011 at 3.30 p.m. at Taj Samudra Hotel, "Crystal Room", Upper Floor, No. 25, Galle Face Centre Road, Colombo 3 for the following purposes :

1. To receive and adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2011, together with the Independent Auditors' Report thereon.
2. To declare a dividend as recommended by the Directors.
3. 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.
4. To re-elect Mr. K. Selvanathan, who retires in terms of Article 95 of the Articles of Association of the Company.
5. To re-elect Mr. C.W. Knight who retires in terms of Article 95 of the Articles of Association of the Company.
6. To re-appoint Mr. A de Z Gunasekera 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. 7 of 2007 shall not be applicable to Mr. A de Z. Gunasekera who is 70 years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."
7. To re-appoint Messrs. KPMG Ford, Rhodes, Thornton & Company, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act No. 7 of 2007 and to authorize the Directors to determine their remuneration.

By Order of the Board

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED

Secretaries

*Colombo,
26th May 2011*

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 3.30 p.m. on 27th June 2011.
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

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.

*I/ We.....
 of.....
 being *a Member/Members of CEYLON GUARDIAN INVESTMENT TRUST PLC
 hereby appoint
 of.....
 bearing NIC No./ Passport No. or failing him/her

Israel Paulraj	or failing him,
Don Chandima Rajakaruna Gunawardena	or failing him,
Asoka De Z. Gunasekera	or failing him,
Vernon Manilal Fernando	or failing him,
Mirihana Arachchige Rose Chandralatha Cooray	or failing her,
Krishna Selvanathan	or failing him,
Christopher William Knight	

as *my/our proxy to attend the Annual General Meeting of the Company to be held on Wednesday, the 29th day of June 2011 at 3.30 p.m. at Taj Samudra Hotel, "Crystal Room", Upper Floor, No. 25, Galle Face Centre Road, Colombo 3 and at any adjournment thereof and at every poll which may be taken in consequence thereof

	For	Against
(i) To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2011, together with the Independent Auditors' Report thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To declare Rs.1.50 per Ordinary share and Deferred Share as a First & Final dividend for the financial year ended 31st March 2011 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) 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"/>
(iv) To re-elect Mr. K. Selvanathan who retires in terms of Article 95 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(v) To re-elect Mr. C.W. Knight who retires in terms of Article 95 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(vi) To re-appoint Mr. A. de Z. Gunasekera who is Seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(vii) To re-appoint Messrs. KPMG Ford, Rhodes, Thornton & Company, 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 Eleven.

.....
 Signature /s

Note:

- (a) * Please delete the inappropriate words.
- (b) 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.
- (c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- (d) Instructions are noted on the reverse hereof.

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing 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 stand 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 3.30 p.m. on 27th June 2011.

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 and Ultimate Parent Company

The Company's parent Company and
controlling entity is Carson
Cumberbatch PLC, which is
incorporated in Sri Lanka.

Directors

Mr. I. Paulraj (Chairman)
Mr. D.C.R. Gunawardena
Mr. A. De. Z. Gunasekera
Mr. V.M. Fernando
Mrs. M.A.R.C. Cooray
Mr. K. Selvanathan
(Appointed w.e.f. 16/12/2010)
Mr. C.W. Knight
(Appointed w.e.f. 01/01/2011)

Number of Employees

The Company did not have any
employees of its own as at the end of
the year.

Bankers

Standard Chartered Bank
HSBC
Commercial Bank
Deutsche Bank A.G.

Auditors

Messrs. KPMG Ford, Rhodes, Thornton
& Company
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: +94-11-4739200
Fax: +94-11-4739385

Managers & Secretaries

Carsons Management Services
(Private) Limited
No. 61, Janadhipathi Mawatha,
Colombo 1.
Tele: +94-11-4739200
Fax: +94-11-4739300

Registered Office and Principal Place of Business

No. 61, Janadhipathi Mawatha,
Colombo 1.
Tele: +94-11-4739200
Fax: +94-11-4739300

Corporate Website

www.carsoncumberbatch.com

The Company is a member of the
Carson Cumberbatch Group of
companies

ADDITIONAL INFORMATION TO SHAREHOLDERS

We are herewith circulating the portfolio of the company's subsidiary company, Rubber Investment Trust Limited.

INVESTMENT PORTFOLIO OF RUBBER INVESTMENT TRUST LIMITED

(Amounts expressed in Sri Lankan Rs. '000)

	Note	2,011		2010	
		Cost As At 31st March	Directors Valuation/ Market Value As At 31st March	Cost As At 31st March	Directors Valuation/ Market Value As At 31st March
Non-current investments					
Investment in Subsidiary	1	-	-	10,450	10,450
Investment in Associate	2	1,927	23,982,243	1,927	6,011,250
Other long-term Investments	3	474,546	3,061,062	431,506	1,980,961
		476,473	27,043,305	443,883	8,002,661
Current investments					
Short - term Investments	4	338,600	365,027	166,996	219,482
		338,600	365,027	166,996	219,482

1. Investment in Subsidiary

	No. of shares	2011		No. of shares	2010	
		Cost As At 31st March	Directors Valuation As At 31st March		Cost As At 31st March	Directors Valuation As At 31st March
Unquoted Investments						
Guardian Fund Management Limited	6	-	-	1,045,015	10,450	10,450
total Investment in Subsidiary		-	-	1,045,015	10,450	10,450

2. Investment in Associate

	% Holding	2011		% Holding	2010	
		Cost As At 31st March	Market Value As At 31st March		Cost As At 31st March	Market Value As At 31st March
Quoted Investments						
Bukit Darah PLC	20.04%	1,927	23,982,243	20.04%	1,927	6,011,250
	-	1,927	23,982,243	-	1,927	6,011,250

3. Other long-term Investments

	No. of Shares	2011		No. of Shares	2010	
		Cost As At 31st March	Market Value As At 31st March		Cost As At 31st March	Market Value As At 31st March
(A) Quoted Diversified						
John Keells Holdings PLC	10,533,178	421,760	3,008,276	10,763,178	430,970	1,980,425
Total long-term Investments - Quoted		421,760	3,008,276		430,970	1,980,425
(B) Unquoted						
DFCC Vardhana Bank	42,975	533	533	42,975	533	533
Vallibel One Limited	2,090,000	52,250	52,250	-	-	-
Total long-term Investments - Unquoted		52,783	52,783		533	533
Total Long-term Investment in Equity Securities		474,543	3,061,059		431,503	1,980,958

2011			2010		
No. of Shares / Debentures	Cost As At 31st March	Market Value As At 31st March	No. of Shares / Debentures	Cost As At 31st March	Market Value As At 31st March

(C) Investments in Debentures - Redeemable unsecured Debentures

Riverina Hotels Limited	56	1	1	56	1	1
Ocean View Limited - 6%	120	1	1	120	1	1
Total Investment in Debentures		2	2		2	2

(D) Preference Shares in Associate

Bukit Darah PLC - 8%	31,875	1	1	3,125	1	1
Total Investment in Preference Shares		1	1		1	1

Total Other long-term Investments	474,546	3,061,062	431,506	1,980,961
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4. Short - term Investments

No. of shares	Market Value As At 31st March 2,011	No. of shares	Market Value As At 31st March 2,010
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Diversified

John Keells Holdings PLC	269,000	76,826	164,000	30,176
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Manufacturing

Royal Ceramic Lanka PLC	200,000	31,400	100,000	11,300
Lanka Tiles PLC	179,300	23,506	-	-
Ceylon Glass Company PLC	1,400,000	15,540	-	-

Banks

Development Finance Corporation of Ceylon PLC	-	-	412,500	74,456
Central Finance PLC	40,000	50,948	-	-
Commercial Bank of Ceylon PLC	118,657	31,539	-	-
Merchant Bank of Sri Lanka PLC	250,000	11,550	-	-
Sampath Bank PLC	78,400	22,603	-	-
National Development Bank PLC	75,000	25,530	-	-
Lanka Orix Leasing Company PLC	100,000	11,960	-	-

Hotels & Travels

Aitken Spence Hotel Holdings PLC	-	-	250,000	96,250
Amaya Leisure PLC	-	-	100,000	7,300

Beverage, Food and Tobacco

Distilleries Company of Sri Lanka PLC	294,200	57,240	-	-
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Plantations

Namunukula Plantations PLC	19,500	2,235	-	-
Kegalle Plantations PLC	20,000	4,150	-	-

Total Short - term Investments		365,027		219,482
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