



**POSITIVE MOMENTUM**



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Providing growth capital, we seek to infuse fresh growth capital into promising medium scale businesses driven by visionary entrepreneurs, enabling these companies to graduate into the next stage of their development. The financial capital is backed by access to the strengths of the Guardian and Carson Cumberbatch Groups' expertise and local knowledge.

# Financial Highlights



For the year ended/As at 31st March	2014	2013	Change (%)
Revenue	28,923	23,051	25
Profit /(loss) from operations	15,777	(32,872)	(148)
Profit /(loss) before taxation	15,777	(33,968)	(146)
Profit/(loss) for the year	15,460	(33,791)	(146)
Other comprehensive income for the year	84,194	11,194	652
<b>Total comprehensive income/(expense) for the year</b>	<b>99,654</b>	<b>(22,597)</b>	<b>(541)</b>
Net cash generated from operating activities	20,050	48,804	(59)
Accumulated loss	(45,880)	(61,340)	(25)
Total equity	582,781	483,127	21
<b>Total assets</b>	<b>588,969</b>	<b>489,220</b>	<b>20</b>
Earnings/(loss) per share (Rs.)	0.60	(1.31)	(146)
Net assets per share - Book value (Rs.)	22.56	18.70	21
Return on ordinary shareholders' funds (%)	2.66	(6.99)	(138)
<b>Fair value of investment portfolio *</b>	<b>580,573</b>	<b>488,092</b>	<b>19</b>
<b>Stock Market data</b>			
All Share Price Index (points)	5,968	5,736	4
S&P SL 20 Index (points)	3,280	3,294	(0)
Market capitalization (000)	653,595	997,185	(34)
Share price (Rs.)			
Year end	25.30	38.60	(13)
High	47.30	77.00	(30)
Low	25.00	35.00	(10)

\* Based on the fair value of portfolio after adjusting for cash and cash equivalents. Unlisted investments are stated at cost.



# Chairman's Statement



## Dear shareholder,

I welcome you to the 94th Annual General Meeting of the Company and 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 2014.

There was an improvement in the private equity deal flow during the year, however none of them met our investment criteria, hence we did not make any new investments during the year. Whilst one company in the portfolio was divested, the other listed positions were held, as the trading price of these companies on the Colombo Stock Exchange continued to remain below our estimate of their intrinsic value.

During the year the company generated an accounting profit of Rs. 15.5 Mn and a comprehensive net income of Rs. 99.6 Mn. This represents a significant turnaround relative to last year. The improvement was driven by favourable conditions at the CSE resulting in fair value gains as well as revenue growth and control in costs. Growth in profits resulted in the NAV per share recording a 20.6% growth, increasing from Rs. 18.70 to reach Rs. 22.56 as at 31st March 2014.

Although we were challenged once again to make new investments, we continue to strongly believe in the important role that private equity can play in helping promising businesses achieve rapid growth. Private equity is still a relatively

new concept to Sri Lanka, as all stakeholders in the industry gain more experience and comfort in this form of investing, we could expect the level and quality of activity to improve over time. Guardian Capital Partners hopes to play a key role in the development of this asset class. Your company will continue to focus on improving various facets of the business such as deal generation, deal evaluation and structuring. We continue to pursue opportunities to tie up with foreign private equity firms and foreign funding partners to expand assets under management and build our expertise, as reported last year.

The discrepancy between the actual net worth of the company and the price at which the share trades in the market has narrowed significantly relative to last year. The net worth of the company as at 31 March 2014 stood at Rs. 22.56 relative to a market price of Rs 25.30. The payment of a dividend is not recommended for this financial year as well. Further we would like to stress once again to our shareholders the fact that private equity investments are riskier, relatively illiquid in nature, carry a longer

gestation period, and therefore carry a higher risk weight than listed equity.

In conclusion, I would like to thank the shareholders for the confidence and trust placed in the management over the years. We thank the Audit, Remuneration, Nomination Committees, the regulators and our business associates for their continued support. I also like to thank my colleagues on the Board for their inputs.

(Sgd.)  
**Israel Paulraj**  
Chairman

Colombo  
05th May 2014



# Operational Review



## Composition of the portfolio

As at 31 March 2014 our portfolio stands at Rs. 523 Mn and consists of 3 companies (Figure 1). Expolanka Holdings PLC continues to be our largest holding, followed by Access Engineering PLC.

	Rs. Mn	%
Expolanka Holdings PLC	303	58%
Access Engineering PLC	180	34%
Hsenid Business Solutions (Pvt) Ltd	40	8%
<b>Total</b>	<b>523</b>	<b>100%</b>

### Expolanka Holdings PLC

Expolanka is one of the leading freight forwarders in the South Asian region, specialized in the garments/apparel vertical. Whilst the company has also diversified into a host of other businesses such as airline GSA, travel agency, agriculture related businesses; it is in the process of reorganizing its business portfolio with the objective of improving the focus on its core freight forwarding business as well as to exit from low return businesses. The exposure to the regional apparel industry through valuable international partnerships, though sensitive to global economic forces, provides exposure to a competitive and scalable business model.

### Access Engineering PLC

Access Engineering PLC (AEP) is engaged in construction and real estate businesses. AEP is one of the leading C1 contractors in the country involved in construction of buildings, roads & highways, water & waste water management, bridges & flyovers, harbours & marine work, dredging & reclamation, telecommunication, irrigation & land drainage, and piling. Given the infrastructure development thrust in Sri Lanka, exposure to AEP would enable us to benefit from the growth trends in this sector.

### HSenid Business Solutions (Pvt) Ltd

HSenid develops and markets human resource management software, delivering solutions via on-premise and software as a service (SaaS) platforms. The company also offers HR outsourcing services. Whilst being the market leader in Sri Lanka, the company also derives over 25% of its revenue from overseas markets, mainly from the African region, India and Malaysia. The company is in the process of investing and building these overseas markets to further penetrate and improve market share, a key driver of its future growth.

## Consolidated performance of the portfolio companies

The portfolio companies generated a consolidated revenue of Rs. 54.2 Bn for the 9 months ending December 2013, growing 19.8%. Consolidated net profit grew by 43.4%, to reach Rs. 3.4 Bn (Figure 2). However this figure included a one off gain in Expolanka Holdings of Rs. 557 Mn, adjusted for this profit growth comes in at 20%.

Figure 2: Portfolio Company Performance

Rs. Mn	Annual		9 months – FY 2014	
	2012M	2013M	2012D	2013D
Revenue	42,975	64,366	45,290	54,239
Net profit	2,771	3,433	2,381	3,412
Growth				
Revenue		49.8%		19.8%
Profit		23.9%		43.3%

The revenue growth was primarily driven by Expolanka, aided by the performance of its freight and international trade segment performance. However core profit growth was driven by Access Engineering aided by improved performance in the construction business as well as improved performance at the subsidiary Sathosa Motors Ltd.

## Movement in the portfolio

The portfolio value of GCP as at 31st March 2014 stood at Rs. 523 Mn, recording a growth of 16% (Figure 3). The growth was driven by fair value gains recorded on both Expolanka and Access due to increase in prices. Expolanka share price appreciated to Rs. 8.70 from Rs. 6.80, whilst Access closed at Rs. 22.50, up from Rs. 19.70. The remaining shares of Textured Jersey Lanka PLC were disposed during the year for Rs. 20 Mn, netting a gain of Rs. 8.3 Mn.

	Rs. Mn
Portfolio value as at 31st March 2013	459
Mark to market adjustment	
Fair value and disposal gains	89
Disposals	(16)
<b>Portfolio value as at 31st March 2014</b>	<b>523</b>

## Financial performance

During the financial year the company generated a profit of Rs. 15.5 Mn and a comprehensive income of Rs. 99.6 Mn. This is a significant improvement relative to last year, and was

primarily driven by improved conditions at the CSE, coupled with revenue growth and control on costs.

Last year's performance was significantly affected by impairment losses made against Access Engineering as the market price fell



## Operational Review



below the acquired cost. The recovery seen in the CSE during the financial year was also reflected in the trading prices of Access and Expolanka, resulting in a partial reversal in the impairment charge made against Access, and a fair value gain on Expolanka. In accordance with accounting standards, the resulting gain of Rs. 88.6 Mn has been booked under other comprehensive income.

Revenue grew by 25% during the year, primarily driven by a growth in interest income and dividend income. Proceeds from sales were temporarily invested in short term deposits taking the balance up to Rs. 57 Mn from Rs. 37 Mn, and as a result interest income increased by 159% during the year. Increase in dividend distribution by Expolanka was the primary contributor to the 50% growth in dividends.

Administration and other operating expenses were tightly controlled, whilst the repayment of all borrowings resulted in the company incurring no interest cost for the period.

### Financial position

As at 31st March 2014, GCP holds 9.7% in cash whilst the balance remain invested. Hence we may be required to raise new funds if there is an increase in the number of deals that we choose to invest in. Funds from divestments is an option, however the timing of the same is not within our control.

As we have no debt in the balance sheet, we have the option of using borrowings to temporarily fund any deal that comes our way, giving us the flexibility and leeway to decide on the most suitable permanent funding source and timing of the fund raising.

### Our philosophy and approach

Guardian Capital Partners and Guardian Fund Management continue to focus on improving its processes and capabilities in the private equity investment space. As mentioned in previous reports we see the success of the PE business resting on four pillars of searching for, investing in, protecting and building value, and our improvement efforts have been focused on the same.

We are on the lookout for good quality businesses backed by strong entrepreneurial and management teams who seek capital to fund their growth plans. In order to ensure that we identify and select the best possible candidates for investment, we diligently follow the investment evaluation framework (Figure 4) developed. This ensures that we follow a consistent, objective and systematic approach to evaluating a deal from all angles.

After committing capital we seek to continuously engage with the company in providing input on strategy and execution. This is done to ensure continuous guidance and support for investee company's management whilst also ensuring that the company achieves the objectives set out at the time of fund raising. Engagement is

via the participation in a shareholder advisory board or by being a board member depending on the stake taken in the investment. Further we also enter into shareholder agreements, which set out parameters relating to factors such as conduct of business, particulars relating to exit, monitoring and shareholder rights.

### Profile of the managers

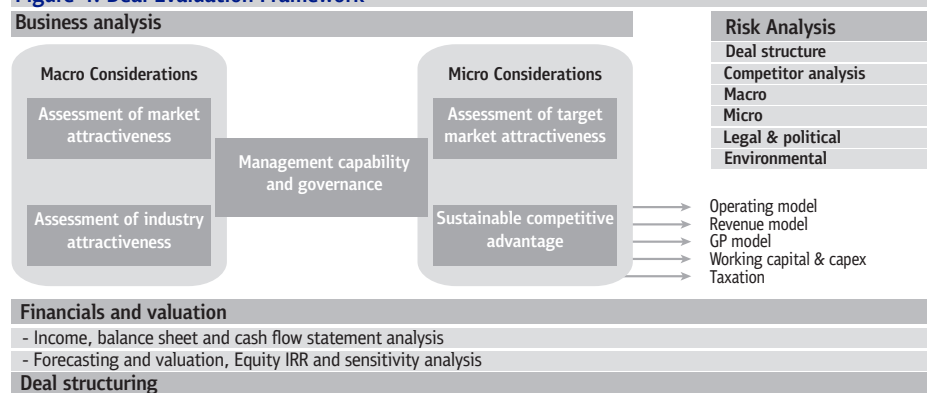
The funds are managed by Guardian Fund Management Ltd (GFM) which is a fully owned subsidiary of the Ceylon Guardian Investment Trust PLC. Guardian Fund Management is registered with the Securities and Exchange Commission of Sri Lanka as an Investment Manager, thus being compliant with all regulatory 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. GFM is in the process of investing in knowledge, talent and seeking opportunities to tie up with foreign private equity players and funding partners to facilitate the growth of the PE business, focusing on deal flow generation and research & structuring capabilities.

The management philosophy on private equity is focused on identifying, investing in, protecting and building attractively valued businesses that have the ability to grow and reach the next level. The philosophy is built around forging meaningful partnerships with our investee companies to ensure that the company pursues an optimal strategy that creates the most value to all stakeholders and close engagement to support the company and promoters in the implementation of the strategy. We also focus on introducing good governance and sound management practices.

**Guardian Fund Management Ltd**  
Investment Managers

Colombo  
05th May 2014

**Figure 4: Deal Evaluation Framework**



# Risk Management



Risk management forms an integral and important part of operational and strategic management functions of GCP. The critical risks we monitor and manage are market risk, liquidity risk, operational risk, monitoring risk, governance risk and regulatory risk.

## Market risk

Whilst it is traditionally believed that market risk, defined as exposure to adverse movements in the securities market, does not affect private equity, it does have a direct bearing on the return generated on this asset class. This is due to the fact that when it comes to exits, the value realization is directly linked to the performance of the overall market as well as price to earnings multiples of peer companies on the stock exchange. Hence towards the end of our holding period we would actively monitor market movements to ensure that exits are timed to derive the maximum benefit. Upon listing of our positions we are directly exposed to market risk in the event we do not divest at the time of listing. Movement in prices are monitored and analysed to understand the reasoning behind such movement and these are assessed against our view and understanding of the company's fundamentals (Please refer note 25, 'Financial instruments' in the financial statements for further details).

## Liquidity risk

Private equity investments by nature are highly illiquid, preventing the investor from realizing cash quickly or easily. The virtual non existence of a secondary market and restrictions imposed by way of lock in periods, further impact the ability to cut loss and liquidate positions in an eventuality. This is part and parcel of this business, which is mitigated by factoring in a liquidity risk premium when setting a minimum hurdle rate of return, at the point of filtering prospective investments. Sufficient liquidity is maintained to meet obligations entered into (Please refer the note 25, 'Financial instruments' in the financial statements for further details).

## Operational risk

Operational risk is the possibility of incurring a loss due to failure of systems, people and processes of GCP. Detailed policy manuals and checklists covering investment analysis, governance & legal aspects, covenants and shareholder agreements have been developed to manage and reduce this risk. These would cover key risks such as sell outs by promoters, retention of key staff and protection of important tangible and intangible assets.

## 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 a 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 along with relevant MIS & market data, 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.

## Credit risk

Credit risk or default risk is the risk of potential loss due to an external party we deal with failing to meet its obligations in accordance with agreed terms and conditions. The company is exposed to credit risk in dealing with counterparties such as investment banks, stock brokers, placement agents etc. and also when investing excess cash temporarily in fixed income securities. The risk arising from counterparties is managed by being selective in the counterparties we deal with. An internal rating framework has been formulated focusing on criteria such as reputation, operating history, external ratings etc. Dealings are carried out with counterparties who meet these criteria. Further an age analysis is carried out with respect to all outstanding amounts from counterparties. With respect to investment of

excess cash we limit our investments to financial instruments/institutions with credit rating of 'A' and above. (Please refer the note 25, 'Financial instruments' in the financial statements for further details).

## 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.

## Regulatory risk

Changes in regulation relating to listing rules and related lock-in periods have posed additional risks to private equity. We attempt to have a constant dialog with regulators and provide relevant feed back wherever possible on proposed regulatory changes that are relevant to this asset class.



# Annual Report of the Board of Directors on the Affairs of the Company



The Board of Directors of Guardian Capital Partners PLC have pleasure in presenting to the shareholders their Report together with the Audited Financial Statements for the year ended 31st March 2014.

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

The Annual Report was approved by the Board of Directors on 05th May 2014.

## 1. GENERAL

Guardian Capital Partners PLC (the "Company") is a public quoted Company with limited liability incorporated in Sri Lanka in 1920.

## 2. PRINCIPAL ACTIVITY OF THE COMPANY

The principal activity of the Company is to hold and manage a portfolio of private equity investments.

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

## 3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement and the Operational Review describe in detail the performance during the year together with comments on the financial results and future developments of the Company.

## 4. FINANCIAL STATEMENTS

The financial statements which comprise the Statement of comprehensive Income, Statement of financial position, Cash Flow Statement, Statement of Changes in Equity and Notes to the financial statements of the Company for the year ended 31st March 2014 are set out on pages

16 to 41. These financial statements do comply with the requirements of the Section 151 of the Companies Act, No 7 of 2007.

### 4.1 Revenue

The Company generated a revenue of Rs.28.9 mn (2013-Rs.23.1 mn) for which a detailed analysis for the year is given in note 11 to the Financial Statements.

### 4.2 Financial Results and Appropriations

An abridgement of the financial performance of the Company is presented in the table below.

For the year ended 31st March	2014	2013
Accumulated losses brought forward from previous year	<b>(61,340)</b>	(27,549)
Dividend paid	-	-
Profit /(loss) for the year	<b>15,460</b>	(33,791)
Accumulated losses carried forward	<b>(45,880)</b>	(61,340)

### 4.3 Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are given on pages 20 to 26.

### 4.4 Investment in Financial Instruments – Available for Sale Financial Assets

Investments in financial instruments of the Company represents investments in available for sale financial assets, categorized in to,

Fair value hierarchy Level 1 - quoted securities

Fair value hierarchy Level 2 and Level 3 – private equity (unlisted equity).

Investments placed at fair value hierarchy Level 1 – quoted securities, as at the reporting date, carried a fair value of Rs. 483.2 mn (2013 – Rs.410.7mn) as disclosed in note 16.1.

Investments placed at fair value hierarchy Level 2 and 3 – private equity (unlisted) investments, as at the reporting date, carried a fair value of Rs.40mn (2013 – Rs.40mn) as disclosed in note 16.2.

### 4.5 Reserves

As at 31st March 2014, the total reserves of the Company stood at Rs. 69.1 mn (2013 –negative Rs.30.5mn)

The details and movements are set out in the Statement of Changes in Equity and notes 20 to the financial statements.

### 4.6 Available for Sale Financial Assets Reserve

During the year, the net positive movement reflected in the 'Available for sale financial assets reserve' of the Company amounting to Rs.84.2 mn (2013 – Rs.11.2 mn) arising out of fair value adjustment on "available for sale financial assets".

## 5. STATEMENT OF DIRECTORS RESPONSIBILITIES

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

According to the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Directors are required to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the results 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 in order to ensure that its Financial Statements meet with the requirements of Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. 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 of appropriate systems of internal control with a view to prevent, detect and rectify frauds 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 operations 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.

## 6. INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on page 15 of this Report.

## 7. INTERESTS REGISTER

The Company maintains the Interests Register conforming to the provisions of the Companies Act No.7 of 2007.

All Directors have made declarations as provided for in Section 192(2) of the Companies Act aforesaid. The relevant details as required by the Companies Act No. 07 of 2007 have been entered in the Interests Register during the year under review.

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

### 7.1. Remuneration of Directors

Directors' remuneration, for the financial year ended 31st March 2014 is given in Note 24 to the Financial Statements, on page 34.

### 7.2 Directors' Interest in Contracts and Shares

The Related Party Transactions of the Company as required by the Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures are disclosed in Note 24 to the Financial Statements and have been declared at Meetings of the Board of 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 the ordinary shares of the Company as shown in the table below.

Directors	No. of shares as at	
	31st March 2014	01st April 2013
Mr. I. Paulraj (Chairman)	200	200
Mr. D.C.R. Gunawardena	25	25
Mr. S. Mahendrarajah	25	25

## 8. DIRECTORS

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

### 8.1 Director to Retire by Rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. S. Mahendrarajah retires by rotation and being eligible offers himself for re-election.

### 8.2 Appointment of Director who is over 70 years of age

Upon the recommendation of the Nomination Committee of Ceylon Guardian Investment Trust PLC (the parent company), which acts as the Nomination Committee of the Company and the Board, it is recommended that Mr. I. Paulraj who is over 70 years of age 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.

## 9. INDEPENDENT AUDITORS

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

A sum of Rs. 134,000/- was paid to them by the Company as audit fees for the year ended 31st March 2014 (2013 - Rs. 120,000/-). Further the auditors were paid Rs. 20,000/- (2013 - Rs. 18,000/-) as professional fees for audit related services during the year.

The retiring auditors have expressed their willingness to continue in office. A resolution to re-appoint them as Independent 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 their relationship with the Company including the level of audit and non-audit fees paid to the auditors.



# Annual Report of the Board of Directors on the Affairs of the Company



## 9.1 Auditors' Relationship or any interest with the company

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

## 10. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the year.

## 11. RELATED PARTY TRANSACTIONS EXCEEDING 10% OF THE EQUITY OR 5% OF THE TOTAL ASSETS OF THE COMPANY

There were no transactions entered into by the Company during the year under review in the ordinary course of business, the value which exceeded 10% of the Shareholders' equity or 5% of the total assets of the Company as at 31st March 2014.

The details of the related party transactions are given in Note 24 on page 34 of the Financial Statements.

## 12. CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

### 12.1 Board of Directors

The following Directors held office as at the reporting date and their brief profiles are given on page 12 of the Annual Report.

Directors	Executive/ Non-Executive/ Independent
Mr. I. Paulraj (Chairman)	Non-Executive/ Independent*
Mr. D.C.R. Gunawardena	Non - Executive
Mr. S. Mahendrarajah	Non-Executive/ Independent**

Each of the Non-Executive Directors of the Company has submitted a signed declaration on Independence/ Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were circulated to the Board, in order to enable the Board of Directors to determine the Independence/ Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

\* The Board has determined that Mr. I. Paulraj is an Independent/ Non-Executive Director in spite of being on the Board for more than nine years and being a Director of many other companies within the Carson Cumberbatch group, of which majority of the other Directors of the Company are also Directors and being a Director of Ceylon Guardian Investment Trust PLC and Carson Cumberbatch PLC which has a substantial shareholding in the Company, since he is not directly involved in the management of the Company.

\*\* The Board has determined that Mr. S. Mahendrarajah is an Independent/ Non-Executive Director in spite of being on the Board for more than nine years, since he is not directly involved in the management of the Company.

### 12.2 Directors' Meeting Attendance

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

Directors	Attended/ Eligible to Attend
<b>Non-Executive/ Independent Directors</b>	
Mr. I. Paulraj (Chairman)	4/4
Mr. S. Mahendrarajah	2/4
<b>Non-Executive Director</b>	
Mr. D.C.R. Gunawardena	3/4

### 12.3 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 ultimate parent Company functions as the Audit Committee of the Company.

Composition

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

The Audit Committee Report is given on page 13 of this Annual Report.

### 12.4 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 ultimate parent Company, functions as the Remuneration Committee of the Company.





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. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah**	Non-Executive/ Independent Director of CCPLC

\* Resigned from the CCPLC Board with effect from 31st March 2014 and accordingly from the Remuneration Committee with effect from 31st March 2014.

\*\* Appointed with effect from 1st April 2014.

#### Scope and Objective

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

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

#### Functions and Proceedings

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

The Chief Executive Officer, Director-in-charge and other members of senior management may be invited to attend meetings to discuss the performance of the Executive Directors and make proposals as necessary. Neither Executive or Non-Executive Directors are involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Directors.

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

The Remuneration Committee meets at least twice a year and during the period under review the Committee had two meetings.

Remuneration Committee Members	Attended/ Eligible to Attend
Mr. I. Paulraj (Chairman)	2/2
Mr. M. Moonesinghe*	0/2
Mr. D.C.R. Gunawardena	2/2
Mr. R. Theagarajah**	-

\* Resigned from the CCPLC Board with effect from 31st March 2014 and accordingly from the Remuneration Committee with effect from 31st March 2014

\*\* Appointed with effect from 1st April 2014

#### Reporting and Responsibilities

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

Directors are not compensated for their role on the Board.

### 13. Nomination Committee

The Nomination Committee of Ceylon Guardian Investment Trust PLC (CGIT), the parent Company functions as the Nomination Committee of the Company and comprises of the following members ;

#### Composition

Nomination Committee Members	Executive / Non-Executive/ Independent
Mr. I. Paulraj (Chairman)	Non-Executive/ Independent Director of CGIT
Mrs. M.A.R.C. Cooray	Non-Executive/ Independent Director of CGIT
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC

#### Scope and Objective

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

#### Functions and Proceedings

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



# Annual Report of the Board of Directors on the Affairs of the Company



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

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

Nomination Committee Members	Attended/ Eligible to Attend
Mr. I. Paulraj (Chairman)	2/2
Mrs. M.A.R.C. Cooray	1/2
Mr. D.C.R. Gunawardena	2/2

## 14. INTERNAL CONTROL AND RISK MANAGEMENT

The ultimate responsibility to establish, monitor and review a company-wide internal control system rests with the Board of Directors. The intensity, depth and the tolerance limits for each component of the internal control system would be based on the weight of the 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.

Effective maintenance of internal controls, 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's 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 page 5.

## 15. DIVIDEND

The Directors do not recommend a dividend for the current financial year (2013 – Nil).

## 16. SOLVENCY TEST

The Company did not make any distribution during the year which necessitated the measurement of the Solvency Test requirement under Section 56(2) of the Companies Act No.07 of 2007.

## 17. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments have been paid up to date or have been provided for in these Financial Statements.

## 18. GOING CONCERN

The Board of Directors is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, these Financial Statements are prepared based on the Going Concern basis.

## 19. DONATIONS

There were no donations made during the year ended 31st March 2014. (2013 - Nil)

## 20. 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 (Private) Limited (CMSL).

## 21. EQUITABLE TREATMENT TO SHAREHOLDERS

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

## 22. STATED CAPITAL

The stated capital of the Company as at 31st March 2014 was Rs. 513,655,750/- consisting of 25,833,808 ordinary shares.

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

## 23. EVENTS OCCURRING AFTER THE REPORTING DATE

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

## 24. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Contingent liabilities and commitments as at 31st March 2014 are given in Note 23 to the financial statements.

## 25. SHARE INFORMATION

Information relating to share trading are given on pages 44 and 45 of this Report.





## 26. TWENTY MAJOR SHAREHOLDERS WITH COMPARATIVES

The parent Company, Ceylon Guardian Investment Trust PLC holds 83.97% of the total ordinary shares in issue of the Company.

Twenty Major Shareholders as at 31st March	2014		2013	
	No. of shares	%	No. of shares	%
Ceylon Guardian Investment Trust PLC A/c No. 3	21,692,800	83.97	21,692,800	83.97
Lake View Investments (Private) Limited	617,825	2.39	641,790	2.48
Carson Cumberbatch PLC A/c No. 2	581,950	2.25	581,950	2.25
Merchant Bank of Sri Lanka Limited/Union Investments Limited	98,000	0.38	98,000	0.38
Dr. S.M.T.B. Samarakoon	83,708	0.32	699	-
People's Leasing & Finance PLC/ S.P. Jayakumar	60,104	0.23	-	-
First Capital Markets Limited/ Mr. M.A.U. Gnanathi	54,161	0.21	47,342	0.18
Mr. W.A.W.N. Wickremesinghe	51,256	0.20	31,000	0.12
Mr. S.N.C.W.M.B.C. Kandedgedara	50,004	0.19	43,600	0.17
Dr. C.E.G. Abayasekera	50,000	0.19	47,600	0.18
Mr. M.W. de Silva	49,291	0.19	49,291	0.19
Mrs. J.R. Kelaart	35,244	0.14	44,838	0.17
Seylan Bank PLC/Mr. S.N.C.W.M. Bandara Chandrasekera	31,179	0.12	3,500	0.01
Mr. K.K.P. Kodikara	28,342	0.11	28,342	0.11
Mr. K.S.H. Mawellage	26,729	0.10	6,422	0.02
Commercial Bank of Ceylon PLC/M.A.U. Gnanathilake	24,820	0.10	15,409	0.06
Mr. W. Dharmawardana	24,600	0.10	24,600	0.10
DPMC Assetline Holdings (Pvt) Ltd. A/c No. 02	24,500	0.09	24,500	0.09
Pan Asia Banking Corporation PLC/Mr. V.P.K.A. Palpita	24,190	0.09	-	-
Mr. M.A. Lukmanjee	21,360	0.08	21,360	0.08

## 27. ANNUAL REPORT

The Board of Directors has approved the Audited Financial Statements of the Company together with the Reviews and other Reports which form part of the Annual Report on 5th May 2014. The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies, within applicable time frames.

## 28. ANNUAL GENERAL MEETING

The 94th Annual General Meeting of the Company will be held on 06th day of June 2014 at 3.00 P.M at No. 65C, Dharmapala Mawatha, Colombo 7.

The Notice of the Annual General Meeting setting out the business which will be transacted thereat is on page 46 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)  
I. Paulraj  
Chairman

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

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

05th May 2014



# Profiles of the Directors



## ISRAEL PAULRAJ

Israel Paulraj is the Chairman of Ceylon Guardian Investment Trust PLC, Ceylon Investment 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 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 and 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 of the Church of Ceylon Youth Movement and Hony. Treasurer of the National Christian Council of Sri Lanka. He has also served as Chairman of the Incorporated Trustees of the Church of Ceylon.

He also served on the Presidential Task Force on Non-Traditional Export and Import Competitive Agriculture set up by President R.Premadasa. He 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

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

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

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

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

## SUBRAMANIAM MAHENDRARAJAH

Subramaniam Mahendrarajah is a Director of Equity One PLC and Leechman & Company (Private) Limited. He is also the Group Finance Director of Sri Krishna Group of Companies. He has wide experience in manufacturing, trading, financial services and management. He is also the Past President of the Rotary Club of Colombo Down Town and is the recipient of the prestigious "Service above Self" award from Rotary International.



# Audit Committee Report



As provided by the Colombo Stock Exchange Listing Rules, the Audit Committee of Carson Cumberbatch PLC (CCPLC)-the ultimate Parent Company is the Audit Committee of the Company.

The members of the Audit Committee are as follows:

Audit Committee Members	Executive/ Non-Executive/ Independent
Mr.Vijaya Malalasekera (Chairman)	Non-Executive, Independent (CCPLC)
Mr.Chandima Gunawardena	Non-Executive (CCPLC)
Mr.Faiz Mohideen	Non-Executive, Independent (CCPLC)

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

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

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

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

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.

To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in providing

relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

The audit aspects of Guardian Capital Partners PLC are conducted within the Agenda of CCPLC-Audit Committee.

CCPLC-Audit Committee held four (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(Chairman)	04
Mr.Chandima Gunawardena	04
Mr.Faiz Mohideen	04

The Chief Executive Officer-Investment Sector, Financial Controller-Carsons Management Services (Private) Limited-Managers, internal auditors and senior management staff members attended the Audit Committee Meetings by invitation.

The Committee 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 Audit Committee also met the external auditors, Messrs.KPMG and discussed the draft Financial Report and Accounts, without the management being present.

The Audit Committee approved the audit plan for the financial year 2013/2014 and the Group Internal Audit (GIA) carried out 06 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 Guardian Capital Partners PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings.

The draft financial statements of Guardian Capital Partners PLC for the year ended 31st March 2014 were reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by the Managers, Carsons Management Services (Private) Limited that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

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

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2015, subject to the approval of the shareholders of Guardian Capital Partners PLC at the Annual General Meeting.

(Sgd.)  
**V.P. Malalasekera**  
 Chairman – Audit Committee  
 Carson Cumberbatch PLC

05th May 2014



# Financial Information



## **FINANCIAL CALENDAR**

### **Quarterly Financial Statements**

1st Quarter ending 30th June 2013

Issued to Colombo Stock Exchange on 14th August 2013

### **2nd Quarter ending 30th September 2013**

Issued to Colombo Stock Exchange on 14th November 2013

### **3rd Quarter ending 31st December 2013**

Issued to Colombo Stock Exchange on 13th February 2014

### **Annual Report for the year ended 31st March 2014**

**94th Annual General Meeting - 06th June 2014**

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# Independent Auditors' Report



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

Tel : +94 - 11 542 6426  
Fax : +94 - 11 244 5872  
+94 - 11 244 6058  
+94 - 11 254 1249  
+94 - 11 230 7345  
Internet : www.lk.kpmg.com

## TO THE SHAREHOLDERS OF GUARDIAN CAPITAL PARTNERS PLC

### Report on the Financial Statements

We have audited the accompanying financial statements of Guardian Capital Partners PLC (the "Company"), which comprise the statement of financial position as at March 31, 2014, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 16 to 41 of the Annual Report.

### 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

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2014 and the financial statements give a true and fair view of the financial position of the Company as at March 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

Chartered Accountants  
Colombo

05th May 2014

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

M.R. Mihular FCA      P.Y.S. Perera FCA      C.P. Jayatilake FCA  
T.J.S. Rajakarier FCA      W.W.J.C. Perera FCA      Ms. S. Joseph FCA  
Ms. S.M.B. Jayasekara ACA      W.K.D.C. Abeyrathne ACA      S.T.D.L. Perera FCA  
G.A.U. Karunaratne ACA      R.M.D.B. Rajapakse ACA      Ms. B.K.D.T.N. Rodrigo ACA  
Principals - S.R.J. Perera ACMA, LL.B., Attorney-at-Law, H.S. Goonewardene ACA



# Statement of Comprehensive Income



In Rupees Thousands

For the year ended 31st March	Note	2014	2013
<b>Revenue</b>	11	28,923	23,051
Impairment loss on available for sale financial assets		-	(42,680)
<b>Profit/(loss) on investment activities</b>		28,923	(19,629)
Administrative and other operating expenses		(13,146)	(13,243)
<b>Profit /(loss) from operations</b>	12	15,777	(32,872)
Finance expense	13	-	(1,096)
<b>Profit/(loss) before taxation</b>		15,777	(33,968)
Income tax (expense)/reversal	14	(317)	177
<b>Profit /(loss) for the year</b>		15,460	(33,791)
<b>Other comprehensive income</b>			
Net change in fair value of available for sale financial assets		88,605	11,999
Transfer of realized gains on available for sale financial assets		(4,411)	(805)
<b>Other comprehensive income for the year</b>		84,194	11,194
<b>Total comprehensive income /(expense) for the year</b>		99,654	(22,597)
<b>Earnings /(loss) per share (Rs.)</b>	15	0.60	(1.31)

The notes to the financial statements from pages 20 to 41 form an integral part of these financial statements.

Figures in brackets indicate deductions.



# Statement of Financial Position



In Rupees Thousands

As at 31st March	Note	2014	2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Available for sale financial assets	16	523,158	450,727
<b>Total non-current assets</b>		<b>523,158</b>	<b>450,727</b>
<b>Current assets</b>			
Trade and other receivables	17	7,248	46
Current tax recoverable		1,148	1,082
Cash and cash equivalents	18	57,415	37,365
<b>Total current assets</b>		<b>65,811</b>	<b>38,493</b>
<b>Total assets</b>		<b>588,969</b>	<b>489,220</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	19	513,656	513,656
Revenue reserves	20	69,125	(30,529)
<b>Total equity</b>		<b>582,781</b>	<b>483,127</b>
<b>Current liabilities</b>			
Other payables	21	6,188	6,093
<b>Total current liabilities</b>		<b>6,188</b>	<b>6,093</b>
<b>Total equity &amp; liabilities</b>		<b>588,969</b>	<b>489,220</b>
Net assets per share (Rs.)		22.56	18.70

The notes to the financial statements from pages 20 to 41 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. 7 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

5th May 2014

(Sgd.)

**I. Paulraj**

Chairman

(Sgd.)

**D. C. R. Gunawardena**

Director



# Statement of Changes In Equity



In Rupees Thousands

	Stated capital	Revenue reserves		Total equity	
		Available for sale financial assets reserve	General reserve		Accumulated losses
Balance as at 1st April 2012	513,656	18,998	619	(27,549)	505,724
Loss for the year	-	-	-	(33,791)	(33,791)
Other comprehensive income	-	11,194	-	-	11,194
Total comprehensive income /(expense) for the year	-	11,194	-	(33,791)	(22,597)
Balance as at 31st March 2013	513,656	30,192	619	(61,340)	483,127
<b>Balance as at 1st April 2013</b>	513,656	30,192	619	(61,340)	483,127
Profit for the year	-	-	-	15,460	15,460
Other comprehensive income for the year	-	84,194	-	-	84,194
Total comprehensive income for the year	-	84,194	-	15,460	99,654
<b>Balance as at 31st March 2014</b>	513,656	114,386	619	(45,880)	582,781

The notes to the financial statements from pages 20 to 41 form an integral part of these financial statements.

Figures in brackets indicate deductions.



# Statement of Cash Flow



In Rupees Thousands

For the year ended 31st March	Note	2014	2013
<b>Cash flows from operating activities</b>			
Profit /(loss) before taxation		15,777	(33,968)
Finance expense	13	-	1,096
Impairment loss on available for sale financial assets		-	42,680
<b>Operating profit before changes in working capital</b>		15,777	9,808
Decrease in investments		11,763	39,984
(Increase) /decrease in trade and other receivables		(7,202)	46
Increase in other payables		95	64
<b>Cash generated from operating activities</b>		20,443	49,902
Finance expense paid		-	(1,096)
Income tax paid		(383)	(2)
<b>Net cash generated from operating activities</b>		20,050	48,804
<b>Net increase in cash &amp; cash equivalents during the year</b>		20,050	48,804
Cash and cash equivalents at the beginning of the year		37,365	(11,439)
<b>Cash and cash equivalents at the end of the year</b>	18	57,415	37,365

The notes to the financial statements from pages 20 to 41 from an integral part of these financial statements.

Figures in brackets indicate deductions.



# Notes to the Financial Statements



## 1. Reporting Entity

Guardian Capital Partners PLC is a limited liability company which is incorporated in Sri Lanka. The shares of the Company are listed on the 'Diri Savi' board of the Colombo Stock Exchange of Sri Lanka.

The registered office and principal place of business of the company is located at No 61 Janadhipathi Mawatha, Colombo 1.

The principal activity of the Company was to act as a specialized investment vehicle to undertake private equity investments.

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

The Company had no employees as at the reporting date (2013 - Nil).

## 2. Basis of Preparation

### (a) Statement of compliance

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

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

The financial statements were authorised for issue by the Board of Directors on 5th May 2014.

### (b) Basis of measurement

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

- Available-for-sale financial assets are measured at fair value;

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

### (c) Functional and Presentation Currency

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

### (d) Use of estimates and judgments

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

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

estimates are revised and in any future periods affected.

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

Assumptions and estimation uncertainties:

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

The Company assesses at each reporting date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an asset 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.

### ii. Current taxation

Current tax liabilities are provided for in the financial statements applying the relevant tax statutes and regulations which the management believes reflect the actual liability. There can be instances where the stand taken by the Company on transactions is contested by revenue authorities. Any additional costs on account of these issues are accounted for as a tax expense at the point the liability is confirmed on the entity.

### iii. Measurement of fair values

Information of about assumption and estimation uncertainties that have





significant risk and resulting in a material adjustment in the year ended 31st March 2014 is included in Note 10 and relates to the determination of fair value of financial instruments with significant unobservable inputs.

#### (e) Materiality and aggregation

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

### 3. Significant Accounting Policies

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

#### (a) Financial instruments

##### (i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories; financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The Company does not hold financial assets categorized in the financial assets at fair value through profit or loss and held-to-maturity financial assets.

##### Loans and receivables

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

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

##### Available-for-sale financial assets

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

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

Available-for-sale financial assets comprise equity securities.

##### Specific instruments

###### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

###### Investments on reverse repurchase agreements

The company purchases a financial asset and simultaneously enter into an agreement to re sell the same or a substantially similar asset at a fixed price on a future date. The arrangement is accounted for as a loan and receivables.

##### (ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.



## Notes to the Financial Statements



The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise bank overdrafts and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

### (iii) Stated capital

#### Ordinary shares

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

### (b) Impairment

#### (i) Non derivative financial assets

A financial asset not classified as at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

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

#### Financial assets measured at amortised cost

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### Available-for-sale financial assets

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

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







## **(ii) Non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

## **(c) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## **(i) Contingent liabilities and contingent assets**

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

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

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

## **(d) Revenue**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, 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.

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

## **(i) Dividend Income**

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

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

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

## **(iii) Interest Income**

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

## **(iv) Other Income**

Accrual basis

## **(e) Expenditure Recognition**

### **(i) Operating Expenses**

All expenses incurred in day-to-day operations of the business has been charged to revenue in arriving at the profit or loss for the year. Provision has also been made for all known liabilities.

### **(ii) Finance costs**

Finance costs comprise interest expense on bank overdrafts.

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



## Notes to the Financial Statements



### (iii) Fee and commission expenses

Fee and commission expenses are recognized in profit or loss when the related services are performed.

### (f) Income tax expense

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

### (i) Current taxation

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

### (ii) Deferred taxation

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

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

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

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, based on the level of future taxable profit forecasts and tax planning strategies.

### (iii) Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### (iv) Economic Service Charge (ESC)

As per the provisions of Economic Service Charge Act No. 13 of 2006 and amendments thereto, is payable on "Liable Turnover" and is deductible from the income tax payments. Any

unclaimed ESC can be carried forward and settled against the income tax payable in the four subsequent years.

## 4 Earnings per share

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

## 5 Related party transactions

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

## 6 Events after the Reporting Period

All material and important events which occur after the Reporting date have been considered and disclosed in Note 22.

## 7 Dividends on ordinary Shares

Dividends on ordinary shares are recognized 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.

## 8 Segment reporting

Segment results that are reported to the Board of directors include items that are directly attributable to a segment as well as those that can be allocated on





a reasonable basis. Unallocated items comprise mainly audit, directors and legal fee and other operating expense.

## 9 Presentation

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

Where appropriate, the significant accounting policies are disclosed in the succeeding Notes.

### (i) Offsetting Income and Expenses

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

### (ii) Offsetting Assets and Liabilities

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

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

## 10 Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Company

uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows;

- Level 1- Inputs that are quoted market prices (unadjusted) in active markets for identifiable assets and liabilities
- Level 2- Inputs other than quoted prices included in Level 1 that are observable from the asset or liability either directly (as prices) or indirectly (derived prices)
- Level 3 – Inputs from the asset or liability that are not based on observable market data (unobservable inputs). This category includes all financial instruments for which the valuation techniques include inputs not based on observable data and unobservable inputs have significant effect on the instrument's valuation.

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

### (a) Equity securities

The fair values of investments in equity securities are determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

### (b) Trade and other receivables

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

### (c) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

## Directors' responsibility

The Board of Directors is responsible for the preparation and presentation of the Financial Statements. This is more fully described under the relevant clause in the Directors' Report.

## New Accounting Standards issued but not effective as at the reporting date

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after 1st January 2014/2015.

Accordingly these Standards have not been applied in preparing these Financial Statements.



## Notes to the Financial Statements



- **Sri Lanka Accounting Standards – SLFRS 10 “Consolidated financial statements”**

The objective of this SLFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

SLFRS 10 has become effective for the Company from 1 April 2014.

This Standard will require a Company to review the group structure in the context of the new Standard and its requirements. However, this Standard will not be applicable for the Company, unless there is a change to the structure.

- **Sri Lanka Accounting Standards – SLFRS 11 “Joint Arrangements”**

The objective of this SLFRS is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

SLFRS 11 has become effective for the Company from 1 April 2014. However, this standard will not be applicable for the Company, unless there is a change to the structure.

- **Sri Lanka Accounting Standards – SLFRS 12 “Disclosure of Interests in Other Entities”**

SLFRS 12 has become effective for the Company from 1 April 2014. However, this standard will not be applicable for the Company, unless there is a change to the structure.

- **Sri Lanka Accounting Standards – SLFRS 13 “Fair Value Measurement”**

This SLFRS defines fair value, sets out in a single SLFRS a framework for measuring fair value; and requires disclosures about fair value measurements.

This SLFRS has become effective for the Company from 1 April 2014.

- **Sri Lanka Accounting Standard – SLFRS 9 “Financial Instruments”**

The objective of this SLFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.

An entity shall apply this SLFRS to all items within the scope of LKAS 39 Financial Instruments: Recognition and Measurement.

The effective date of this SLFRS has been deferred.





For the year ended 31st March		2014	2013
<b>11</b>	<b>Revenue</b>		
	Net gain from disposal of available for sale financial assets (note 11.1)	8,290	10,621
	Dividend income	15,934	10,617
	Interest income	4,699	1,813
		28,923	23,051
<b>11.1</b>	<b>Net gain from disposal of available for sale financial assets</b>		
	Proceeds from disposal of available for sale financial assets	20,053	50,605
	Carrying value of available for sale financial assets disposed	(16,174)	(40,789)
	Transfer from available for sale financial assets reserve	4,411	805
		8,290	10,621
<b>12</b>	<b>Profit / (loss) from operations</b>		
<b>12.1</b>	Profit / (loss) from operations is stated after charging all expenses including the following:		
	Auditors' remuneration & expenses		
	- Audit fees	134	120
	- Audit related fees	20	18
	- Non-audit fees	-	-
	Directors' fees & emoluments	-	-
	Professional services	-	93
	Personnel cost	-	-
	Support service fees (note 24.3)	2,259	2,313
<b>12.2</b>	The Company had no employees of its own during the financial year under review.		
<b>13</b>	<b>Finance expense</b>		
	Interest on bank overdrafts	-	1,096
		-	1,096



## Notes to the Financial Statements



For the year ended 31st March		2014	2013
<b>14</b>	<b>Income tax expense/(reversal)</b>		
	Provision for the year (note 14.1)	317	-
	Over provision for previous years	-	(177)
	Total tax expense/(reversal) for the year	317	(177)
<b>14.1</b>	<b>Reconciliation between accounting profit/(loss) and taxable profit/(loss)</b>		
	Accounting profit/(loss) before taxation	15,777	(33,968)
	Less: Exempt profits on share trading activities	(24,224)	(21,238)
	Add : Disallowed expenses	10,190	11,896
	Impairment loss on available for sale financial assets	-	42,680
	Taxable profit/(loss) for the year	1,743	(630)
	Tax losses utilised during the year	(610)	-
	Taxable income	1,133	-
	Taxation thereon @ 28% (2013 - 28%)	317	-
<b>14.2</b>	<b>Movement in tax losses</b>		
	Tax losses at the beginning of the year	6,451	6,282
	Adjustment on tax loss brought forward	22	(461)
	Tax loss incurred/(utilised) during the year	(610)	630
	Tax losses at the end of the year	5,863	6,451





- 14.3** In accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and amendments thereto, the Company is liable to income tax at 28% (2013 - 28%).
- 14.4** In terms of section 13 (t) of the Inland Revenue Act, No. 10 of 2006 and amendments thereto, profits derived from the sale of shares on which the Share Transaction Levy (STL) has been paid is exempt from Income tax.
- 14.5** Utilization of tax losses brought forward is restricted to 35% of the current year's Statutory Income. Any part of unutilized tax losses can be carried forward indefinitely.
- 14.6** The deferred tax asset of Rs. 1,641,792/= (2013 - Rs. 1,806,203) arising from the tax losses has not been recognised due to uncertainty of future taxable profits against which the deferred tax asset would be utilized, given the the Company's main source of income being dividend income which does not form a part of the statutory income.

## 15 Earnings /(loss) per share

The Company's basic earnings/(loss) per share is calculated on the profit/(loss) attributable to the shareholders of Guardian Capital Partners PLC over the weighted average number of ordinary shares outstanding during the year, as required by Sri Lanka Accounting Standard (LKAS 33) - "Earnings per share".

The following reflects the earning and share data used for the computation of 'Earnings/(loss) per share'.

For the year ended 31st March	2014	2013
<b>Amount used as the numerator</b>		
Profit/(loss) for the year (Rs '000)	15,460	(33,791)
<b>Amount used as the denominator</b>		
Weighted average number of ordinary shares outstanding during the year	25,833,808	25,833,808
Earnings /(loss) per share (Rs.)	0.60	(1.31)



## Notes to the Financial Statements



### 16 Available for sale financial assets

#### 16A Summary

	Note	Cost as at 31st March 2014	Fair value as at 31st March 2014	Cost as at 31st March 2013	Fair value as at 31st March 2013
<b>Investment in equity securities</b>					
Quoted	16.1	411,447	483,153	436,077	410,722
Private equity (unlisted)	16.2	40,005	40,005	40,005	40,005
<b>Total investment in equity securities</b>		<b>451,452</b>	<b>523,158</b>	<b>476,082</b>	<b>450,727</b>

Note: Investment portfolio excludes cash and cash equivalents.

#### 16B Movement in available for sale financial assets

Year 2013/14	Fair value as at 1st April 2013	Additions	Disposals	Change in fair value	Fair value as at 31st March 2014
	Investment in equity securities	450,727	-	(16,174)	88,605
	450,727	-	(16,174)	88,605	523,158

Year 2012/13	Fair value as at 1st April 2012	Additions	Disposals	Change in fair value	Fair value as at 31st March 2013
	Investment in equity securities	522,197	-	(40,789)	(30,681)
	522,197	-	(40,789)	(30,681)	450,727

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

Since there is no significant/prolonged decline in fair value of investment in equity securities below its cost, no impairment loss has been recognised in the statement of comprehensive income for the year (2013 – Rs. 42.7 mn) as required by LKAS – 39 “Financial Instruments; recognition and measurement”. LKAS – 39 also requires to recognise fair value gains and losses arising from assets classified as available for sale, other than impairment losses, in other comprehensive income. Accordingly, gains of Rs. 88.6 mn and Rs. 11.9 mn have been recognised in financial years 2014 and 2013 respectively.







## 16.1 Investment in equity securities - Quoted

	No. of shares	Cost as at 31st March 2014	Fair value as at 31st March 2014	No. of shares	Cost as at 31st March 2013	Fair value as at 31st March 2013
<b>Construction &amp; Engineering</b>						
Access Engineering PLC	8,000,000	200,280	180,000	8,000,000	200,280	157,600
		200,280	180,000		200,280	157,600
<b>Diversified</b>						
Expolanka Holdings PLC	34,845,150	211,167	303,153	34,845,150	211,167	236,947
		211,167	303,153		211,167	236,947
<b>Manufacturing</b>						
Textured Jersey Lanka PLC	-	-	-	1,633,844	24,630	16,175
		-	-		24,630	16,175
<b>Total investments in equity securities - Quoted</b>		<b>411,447</b>	<b>483,153</b>		<b>436,077</b>	<b>410,722</b>

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

## 16.2 Investment in equity securities - Private equity (unlisted)

	No. of shares	Cost as at 31st March 2014	Fair value as at 31st March 2014	No. of shares	Cost as at 31st March 2013	Fair value as at 31st March 2013
<b>Information Technology</b>						
hSenid Business Solutions (Pvt) Ltd.	163,419	40,005	40,005	163,419	40,005	40,005
<b>Total investment in equity securities - Private equity (unlisted)</b>		<b>40,005</b>	<b>40,005</b>		<b>40,005</b>	<b>40,005</b>



## Notes to the Financial Statements



### 17 Trade and other receivables

As at 31st March	2014	2013
<b>Financial</b>		
Dividend receivables	7,248	-
	7,248	-
<b>Non financial</b>		
Prepaid expenses	-	46
	-	46
	7,248	46

### 18 Cash and cash equivalents

Cash at bank	146	5,672
Securities purchased under repurchase agreements	35,303	31,693
Placements with banking institutions	21,966	-
Total cash and cash equivalents	57,415	37,365
Net cash and cash equivalents for the cash flow statement purpose	57,415	37,365

### 19 Stated capital

Ordinary shares - Issued and fully paid	513,656	513,656
	513,656	513,656

#### 19.1 Number of shares

Ordinary shares - Issued and fully paid	25,833,808	25,833,808
	25,833,808	25,833,808





## 20 Revenue reserves

As at 31st March	2014	2013
General reserve (note 20.1)	619	619
Available for sale financial assets reserve (note 20.2)	114,386	30,192
Accumulated losses	(45,880)	(61,340)
	69,125	(30,529)

The movement of the above are given in the Statement of Changes in Equity.

20.1 General reserve represents the amounts set aside by the Directors to meet any contingencies.

20.2 Available for sale financial assets reserve consists of net unrealised gains arising from fair valuation of available for sale financial assets, excluding the impact arising from impairment of assets.

## 21 Other payables

As at 31st March	2014	2013
<b>Financial</b>		
Other payables	4,835	4,835
	4,835	4,835
<b>Non Financial</b>		
Accruals and provisions	1,353	1,258
	1,353	1,258
	6,188	6,093

## 22 Events after the reporting period

No circumstances have arisen since the reporting date, which would require adjustments or disclosure in the financial statements.

## 23 Commitments and contingencies

### 23.1 Capital expenditure commitments

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

### 23.2 Contingencies

There were no contingent liabilities as at the reporting date.



## Notes to the Financial Statements



### 24 Related party transactions

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

#### 24.1 Parent and ultimate controlling entity

Ceylon Guardian Investment Trust PLC is the parent company of Guardian Capital Partners PLC.

In the opinion of the Directors, Carson Cumberbatch PLC is the ultimate parent Company of Guardian Capital Partners PLC.

#### 24.2 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard (LKAS 24) - "Related party disclosures", Key Management personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity. 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.

No compensation was paid to the Key management personnel, in the form of short-term employee benefits, post employee benefits, termination benefits and other long term benefits during the year under review.

#### 24.3 Transactions with related companies

Name of the company	Name/s of common director/s	Nature of the transactions	2014	2013
<b>Fellow Subsidiaries</b>				
Guardian Fund Management Limited	-	Portfolio management fees paid*	6,778	6,799
Carsons Management Services (Private) Limited (CMSL)	-	Support service fees paid**	2,259	2,313
		Secretarial fees paid	300	300
		Computer charges paid	30	30

\* Portfolio management fee is based on portfolio value of the Company and commensurate with arm's length industry norms.

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





## 25 Financial instruments

### Financial risk management - Overview

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

#### Credit risk

#### Liquidity risk

#### Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Page 5 also carry a review of risks faced by the Company and the approach of managing such risks.

### Risk management framework

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

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

The company's investment portfolio comprises listed and unlisted equity securities. The company's investment manager has been given discretionary authority to manage the asset in line with the company's investment objectives.

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 comprehensive management structure determines the objectives and policies of the Company's risk management framework and promotes a culture of risk awareness and balanced risk-taking within the Company.

### 25.1 Credit risk

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



## Notes to the Financial Statements



### 25.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

As at 31st March	Note	Carrying Amount	
		2014	2013
Trade and other receivables	17	7,248	-
Cash at bank	18	146	5,672
Securities purchased under repurchase agreements	18	35,303	31,693
Placements with Banking Institutions		21,966	-
		64,663	37,365

#### Impairment losses

The aging of trade and other receivables at the end of the reporting period that were not impaired was as follows

As at 31st March	2014	2013
Less than 30 days	7,248	-
More than 30 days	-	-
	7,248	-

The Company has neither recognised an impairment loss nor an allowance for impairment of its trade and other receivables over the past 5 financial years.

#### Cash and cash equivalents

The Company held cash and equivalents in the form of demand deposits with commercial banks, placements with banking institutions and investments under repurchase agreements, hence the Company is exposed to risk of such counter-parties failing to meet contractual obligations.

### 25.1.2 Management of credit risk

The Company minimize the credit risk by monitoring the creditworthiness of the counterparties periodically.

The analysis of banking / financial institutional counter-parties with whom the balances were held at each reporting period end is presented below.

Credit rating	2014	2013
AAA	229	268
AA	34,758	32,115
AA-	21,965	-
Unrated	463	4,982
	57,415	37,365





## 25.2 Liquidity risk

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

### 25.2.1 Exposure to liquidity risk

The following are the remaining contractual maturities at the end of the reporting period arising on its financial liabilities.

As at 31st March 2014	Carrying amount	Total	Up to 3 months	3-12 months	More than a year
<b>Non derivative financial liabilities</b>					
Other payables	4,835	4,835	4,835	-	-
	4,835	4,835	4,835	-	-

As at 31st March 2013	Carrying amount	Total	Up to 3 months	3-12 months	More than a year
<b>Non derivative financial liabilities</b>					
Other payables	4,835	4,835	4,835	-	-
	4,835	4,835	4,835	-	-

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

As at 31st March	2014	2013
Total liquid assets	19,826	17,137
Liquid assets as % of total net assets	61%	57%

### 25.2.2 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains a portion of its assets in highly liquid form – demand deposits and placements in repurchase agreements in order to capitalize on the opportunities arising in volatile market conditions and to meet its contractual obligations during the normal course of its operations.

A significant portion of the company's investment portfolio comprises of listed equity investments which provides the Company with exposure to adequate liquidity, given the ability to convert into cash and cash equivalents within a very short period of time and with a minimum loss being incurred.

In addition, the company has access to approved financing arrangements, an analysis of which as at each of the reporting dates are given below.

As at 31st March	2014	2013
Unutilised overdraft facilities	350,000	350,000
	350,000	350,000



## Notes to the Financial Statements



### 25.3 Market risk

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

#### 25.3.1 Interest rate risk

The Company is exposed to interest rate risk, arising from its Investments under repurchase agreements and overdraft facilities, in the event such have been utilized.

##### Profile

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

As at 31st March	Note	Carrying Amount	
		2014	2013
<b>Financial assets</b>			
Investments under repurchase agreements	18	35,303	31,693
Placements with Banking Institutions		21,966	-
		57,269	31,693
<b>Financial liabilities</b>			
Bank overdrafts		-	-
		-	-

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

	2014	2013
Commercial Banks Averaged Weighted Prime Lending Rate ( AWPLR) *	8.81%	13.86%
Commercial Banks Averaged Weighted Fixed Deposit Rate ( AWFDR) *	10.47%	13.94%

\* Monthly averaged rate

##### Sensitivity Analysis

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

Movement in interest rate	Increase in 1%	Decrease in 1%
<b>As at 31st March 2014</b>		
- On interest earning assets	573	(573)
- On interest bearing liabilities	-	-
	573	(573)
<b>As at 31st March 2013</b>		
- On interest earning assets	317	(317)
- On interest bearing liabilities	-	-
	317	(317)







### 25.3.2 Other market price risks

#### Equity price risk

The Company is holding an investment portfolio which includes both investments in listed equities (initially undertaken as private equity investments which were subsequently listed). Having a substantial portion of 92% (2013 - 92%) of its asset base designated as listed investments in the Colombo Stock Exchange and private equity investments, market volatilities bring in substantial variations to the Company's earnings and value of its asset base at the reporting dates.

#### Listed equity investments

Management of the Company monitors the mix of equity and debt securities in its investment portfolio based on market indices, where decisions concerned with the timing of buy / sell decisions are well supported with structured in-house research recommendations. Transactions of a major magnitude within the portfolio are subject to review and approval by the Investment Committee.

Sector wise analysis of listed equity portfolio

As at 31st March	Portfolio exposure %	
	2014	2013
Construction & Engineering	37	38
Diversified	63	58
Manufacturing	-	04
	100	100

#### Private equity investments

Due evaluations are carried out prior to investing, extending to both financial and operational feasibility of the private equity projects that the Company ventures in to, with a view to ascertain the Company's investment decision and the risks involved.

Continuous monitoring of the operations against the budgets and the industry standards ensure that the projects meet the desired outcome, and thereby the returns. Further, the Company generally carries investment agreements with the parties concerned, which carry specific 'exit clauses' to private equity projects - typically an 'Initial Public Offering' or a 'Buy-out' at a specified price agreed, which provides cover against movements in market conditions.

The total asset base which is exposed to equity price risk is tabulated below.

As at 31st March	Note	Carrying amount	
		2014	2013
Investment in equity securities - Available for sale financial assets	16	523,158	450,727
		523,158	450,727

A broad analysis of the investments made by the Company, based on the industry/sector is given in note 16.



## Notes to the Financial Statements



### 25.4 Accounting classification and fair values

The fair values of financial assets and liabilities together with the respective carrying amounts as shown in the statement of financial position are as follows.

As at 31st March 2014	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale financial assets	Other financial liabilities	Total carrying amount	Fair value
<b>Assets</b>							
Available for sale financial assets	-	-	-	523,158	-	523,158	523,158
Cash and cash equivalents	-	-	57,415	-	-	57,415	57,415
Total financial assets	-	-	57,415	523,158	-	580,573	580,573
<b>Liabilities</b>							
Other payables	-	-	-	-	4,835	4,835	4,835
Total financial liabilities	-	-	-	-	4,835	4,835	4,835

As at 31st March 2013	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale financial assets	Other financial liabilities	Total carrying amount	Fair value
<b>Assets</b>							
Available for sale financial assets	-	-	-	450,727	-	450,727	450,727
Cash and cash equivalents	-	-	37,365	-	-	37,365	37,365
Total financial assets	-	-	37,365	450,727	-	488,092	488,092
<b>Liabilities</b>							
Other payables	-	-	-	-	4,835	4,835	4,835
Total financial liabilities	-	-	-	-	4,835	4,835	4,835





## 25.5 Fair value hierarchy

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

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

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

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

	Level 1	Level 2	Level 3	Total
<b>As at 31st Mar 2014</b>				
Equity securities - available for sale	483,153	-	40,005	523,158
	483,153	-	40,005	523,158
<b>As at 31st Mar 2013</b>				
Equity securities - available for sale	410,722	-	40,005	450,727
	410,722	-	40,005	450,727

No movements have occurred in the fair value measurements in Level 3 of the fair value hierarchy, during the year.

## 26 Segmental Reporting

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

## 27 Responsibility for Financial Statements

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



# Five year summary



For the year ended/As at 31st March	SLFRS/LKAS		SLAS			
	2014	2013	2012	2011	2010	
<b>Operating results</b>						
Revenue	28,923	23,051	13,834	2,991	20,191	
Impairment loss on available for sale financial assets	-	(42,680)	(18,453)	-	-	
<b>Profit/(loss) on investment activities</b>	<b>28,923</b>	<b>(19,629)</b>	<b>(4,619)</b>	<b>2,991</b>	<b>20,191</b>	
Profit/(loss) before taxation	15,777	(33,968)	(21,283)	(8,910)	18,086	
Income tax (expense)/reversal	(317)	177	(198)	(94)	(2,317)	
<b>Profit/(loss) for the year</b>	<b>15,460</b>	<b>(33,791)</b>	<b>(21,481)</b>	<b>(9,004)</b>	<b>15,769</b>	
<b>Statement of financial position</b>						
Stated capital	513,656	513,656	513,656	513,656	10,400	
Reserves	69,125	(30,529)	(7,932)	(5,449)	92,128	
<b>Total equity</b>	<b>582,781</b>	<b>483,127</b>	<b>505,724</b>	<b>508,207</b>	<b>102,528</b>	
<b>Assets Employed</b>						
Current assets	65,811	38,493	5,753	226,208	105,555	
Current liabilities	(6,188)	(6,093)	(22,226)	(5,428)	(3,027)	
Net current assets	59,623	32,400	(16,473)	220,780	102,528	
Available for sale financial assets	523,158	450,727	522,197	287,427	-	
<b>Net assets</b>	<b>582,781</b>	<b>483,127</b>	<b>505,724</b>	<b>508,207</b>	<b>102,528</b>	
<b>Cash Flow Statements</b>						
Net cash generated from/(used in) operating activities	20,050	48,804	(197,199)	(337,842)	38,441	
Net cash generated from/ (used in) financing activities	-	-	(50)	418,143	(11,418)	
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>20,050</b>	<b>48,804</b>	<b>(197,249)</b>	<b>80,301</b>	<b>27,023</b>	
<b>Ratios &amp; statistics</b>						
Earnings/(loss) per share*	(Rs.)	0.60	(1.31)	(0.83)	(0.37)	0.66
Dividend per share**	(Rs.)	-	-	-	-	132.00
Dividend growth	(%)	-	-	-	-	654.3%
Dividend yield	(%)	-	-	-	-	13.2%
Dividend payout ratio	(%)	-	-	-	-	56.17
Net assets per share	(Rs.)	22.56	18.70	19.58	19.67	152.80
Market price per share*	(Rs.)	25.30	38.60	70.20	290.60	1,000.00
Price to book value	(times)	1.12	2.06	3.59	14.77	6.54
Fair value of investment portfolio***	(Rs.'000)	580,573	488,092	510,758	473,213	105,485
Market capitalisation	(Rs.'000)	653,595	997,185	1,813,533	7,507,305	671,008
All Share Price Index (points)	(points)	5,968	5,736	5,420	7,226	3,725
S&P SL 20 (points)	(points)	3,280	3,294	2,986	3,893	2,142





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\* The earnings per share and the market price per share reflects value adjusted due to the right issue of shares, since 2011.

\*\* Dividend per share is based on proposed dividends and interim dividends for the year.

\*\*\* based on the market value of portfolio after adjusting for cash and cash equivalents.

Financial information for the periods 2010-2011 were not adjusted to reflect the transition to revised Sri Lanka Accounting Standards (LKAS/SLFRS) applicable for financial periods beginning on or after 1st January 2012.



# Information to shareholders and investors



## 1. Stock Exchange Listing

Guardian Capital Partners PLC is a Public Quoted Company, the ordinary shares of which are listed on the Diri-Savi Board of the Colombo Stock Exchange.

Stock Exchange code for Guardian Capital Partners PLC is 'WAP0'

## 2. Ordinary Shareholders

As at 31st March	2014	2013
Number of shareholders	2,678	2,916

The number of shares held by non-residents as at 31st March 2014 was 53,840 (2013- 115,350) which amounts to 0.21% (2013 - 0.45%) of the total ordinary shares in issue.

Distribution of Shares	Residents			Non-Residents			Total		
	No of share-holders	No. of Shares	%	No of share-holders	No of Shares	%	No of share-holders	No of Shares	%
1 - 1,000	2,160	609,110	2.36	29	7,877	0.03	2,189	616,987	2.39
1001 - 10,000	440	1,259,531	4.88	9	30,563	0.12	449	1,290,094	5.00
10,001 - 100,000	36	1,018,752	3.94	1	15,400	0.06	37	1,034,152	4.00
100,001 - 1,000,000	2	1,199,775	4.64	-	-	-	2	1,199,775	4.64
Above 1,000,000	1	21,692,800	83.97	-	-	-	1	21,692,800	83.97
Grand Total	2,639	25,779,968	99.79	39	53,840	0.21	2,678	25,833,808	100.00

Categories of shareholders	No of shareholders	No. of Shares	%
Individuals	2,599	2,450,399	9.49
Institutions	79	23,383,409	90.51
Total	2,678	25,833,808	100.00





### 3. Market performance – ordinary shares

For the year ended 31st March	2014	2013
Share price as at 31st March (Rs.)	25.30	38.60
Highest (Rs.)	47.30	77.00
Lowest (Rs.)	25.00	35.00
Value of shares traded (Rs. '000)	66,777	154,001
No. of shares traded	1,888,658	2,809,690
Volume of transactions (Nos.)	5,206	10,760
Market capitalization (Rs '000)	653,595	997,185

### 4. Public Holding

The percentage shares held by public as at 31st March 2014 was 13.77% (2013 – 13.77)

### 5. Dividend

The Directors do not recommend a dividend for the year ended 31st March 2014 (2013- Nil).



# Notice of Meeting



NOTICE IS HEREBY GIVEN that the Ninety Fourth Annual General Meeting of Guardian Capital Partners PLC will be held on Friday, the 6th day of June 2014 at 3.00 p.m. at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 7 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 2014 together with the report of the Auditors thereon.
2. To re-elect Mr. S. Mahendrarajah who retires by rotation in term of Articles 72, 73 & 74 of the Articles of Association of the Company.
3. To Re-appoint Mr. I. Paulraj as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution:  
  
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. I. Paulraj who is 77 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."
4. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act No. 07 of 2007 and to authorize the Directors to determine their remuneration.

## Notes :

1. A member is entitled to appoint a proxy to attend and vote instead of him/herself. 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 3.00 p.m. on 04th June 2014.
3. A person representing a Corporation is required to carry a certified copy of the resolution authorizing 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.

By Order of the Board

(Sgd.)

**K. D. De Silva (Mrs.)**

Director

**Carsons Management Services (Private) Limited**

Secretaries

Colombo,

05th May 2014





# Form of Proxy



\*I/ We.....  
of.....  
being \*a Member/Members of GUARDIAN CAPITAL PARTNERS 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,  
Subramaniam Mahendrarajah

as \*my/our proxy to attend at the 94th Annual General Meeting of the Company to be held on Friday, the 6th day of June 2014 at 3.00 p.m., at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 07 and 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 2014, together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To re-elect Mr. S. Mahendrarajah who retires in terms of Article 72, 73 & 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To re-appoint Mr. I. Paulraj who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act. No. 07 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....  
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.



## Form of Proxy



### INSTRUCTIONS AS TO COMPLETION

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 54 of the Articles of Association of the Company:
  - (1) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a Shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.
  - (2) An 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 Directors may, but shall not be bound to, require evidence of the authority of any such attorney or officer.
4. In terms of Article 50 of the Articles of Association of the Company :

Where there are joint registered holders of any Share any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy as if he were solely entitled thereto and if more than one (01) of such joint holders be so present at any meeting one (01) of such persons so present whose name stands first in the Register in respect of such Share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any Share stands shall for the purpose of this Article be deemed joint holders thereof.
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 3.00 p.m. on 04th June 2014.

Please fill in the following details

Name : .....

Address : .....

Jointly with : .....

Share folio no. : .....



# Corporate Information

## Name of the Company

Guardian Capital Partners PLC  
(A Carson Cumberbatch Company)

## Company Registration No

PQ-49

## Legal Form

A Public Quoted Company (Quoted on the Dirige Savi Board of the Colombo Stock Exchange) with Limited Liability, Incorporated in Sri Lanka in 1920

## Principal Activity and Nature of Operations

The principal activity of the company is to hold and manage a portfolio of private equity investments.

## Parent Enterprise

The Company's holding Company and Controlling Entity is Ceylon Guardian Investment Trust PLC, which is incorporated in Sri Lanka

## Ultimate Parent Company

Carson Cumberbatch PLC

## Directors

I. Paulraj (Chairman)  
D. C. R. Gunawardena  
S. Mahendrarajah

## Alternate Director

S. Mahendrarajah (for I. Paulraj)

## Bankers

Standard Chartered Bank  
Commercial Bank of Ceylon PLC  
Deutsche Bank AG Colombo

## Auditors

Messrs. KPMG  
Chartered Accountants  
No 32A, Sir Mohamed Macan Marker Mawatha,  
Colombo 03,  
Sri Lanka

## Managers & Secretaries

Carsons Management Services (Private) Limited  
No. 61, Janadhipathi Mawatha,  
Colombo 01.  
Sri Lanka  
Telephone No: +94-11-2039200  
Fax No: +94-11-2039300

## Investment Manager

Guardian Fund Management Limited  
No. 61, Janadhipathi Mawatha,  
Colombo 01.  
Sri Lanka  
Telephone No: +94-11-2039200  
Fax No: +94-11-2439777

## Registered Office & Principal Place of Business

No. 61, Janadhipathi Mawatha,  
Colombo 01.  
Sri Lanka  
Telephone No: +94-11-2039200  
Fax No: +94-11-2039300

## Corporate Website

[www.carsoncumberbatch.com](http://www.carsoncumberbatch.com)

