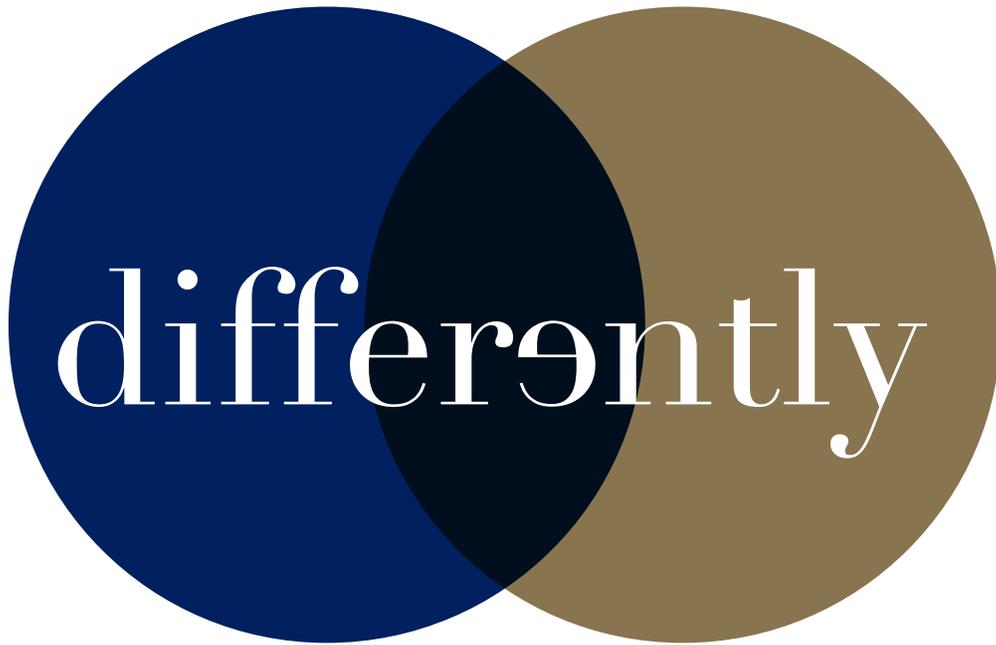


Looking at enterprise value creation



Guardian Capital Partners PLC

Annual Report 2014/15

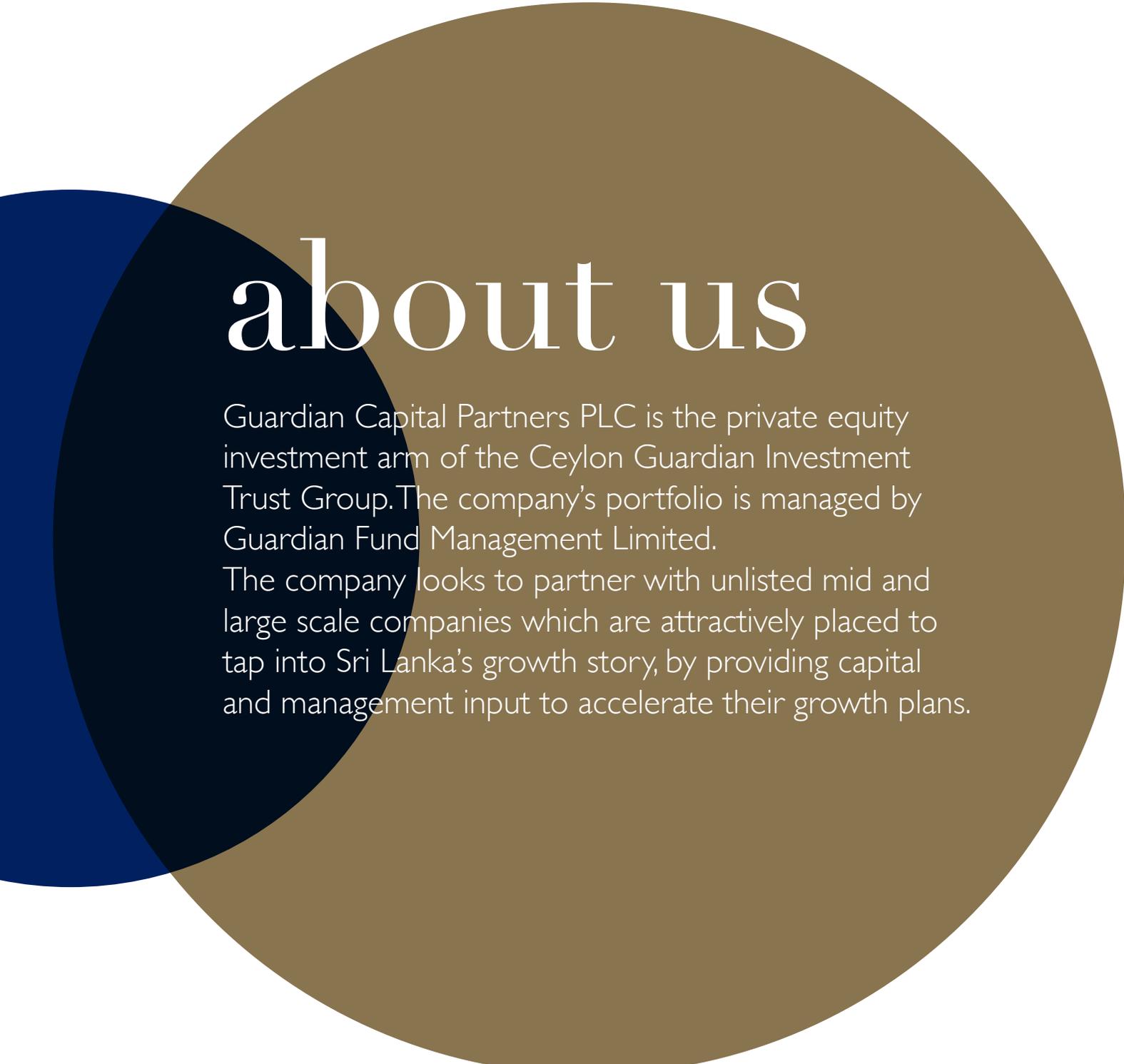
(A Carson Cumberbatch Company)



This report is available on our
website:
www.carsoncumberbatch.com

Contents

about us **01** financial highlights **02** chairman's message **03** management discussion & analysis **04** our philosophy and approach **07**
risk management **9** annual report of the board of directors on the affairs of the company **11** profiles of the directors **20**
audit committee report **21** financial calendar **23** Independent Auditors' Report **24** Statement of Profit or Loss and Other
Comprehensive Income **25** Statement of Financial Position **26** Statement of Changes in Equity **27** Statement of Cash Flows **28**
Notes to the Financial Statements **29** Five Year Summary **53** Information to Shareholders and Investors **54** Notes **56**
Notice of Meeting **58** Form of Proxy **59**



about us

Guardian Capital Partners PLC is the private equity investment arm of the Ceylon Guardian Investment Trust Group. The company's portfolio is managed by Guardian Fund Management Limited.

The company looks to partner with unlisted mid and large scale companies which are attractively placed to tap into Sri Lanka's growth story, by providing capital and management input to accelerate their growth plans.

financial highlights

For the year ended / as at 31st March	2015	2014	Change (%)
Revenue	199,853	28,923	591
Profit from operations	188,039	15,777	1,092
Profit for the year	184,181	15,460	1,091
Other comprehensive income / (expenses) for the year	(97,685)	84,194	(216)
Total comprehensive income for the year	86,496	99,654	(13)
Net cash generated from operating activities	299,944	20,050	1,396
Net increase in cash & cash equivalents during the year	287,017	20,050	1,332
Retained earnings / (accumulated loss)	125,254	(45,880)	(373)
Total equity	656,360	582,781	13
Fair value of investment portfolio *	662,211	580,573	14
Total assets	662,832	588,969	13
Earnings per share (Rs.)	7.13	0.60	1,091
Dividend per share (Rs.) **	1.25	-	100
Net assets per share - Book value (Rs.)	25.41	22.56	13
Return on ordinary shareholders' funds (%)	28.06	2.65	959
Stock Market data			
All Share Price Index (points)	6,820	5,968	14
S&P SL 20 Index (points)	3,852	3,280	17
Market capitalization (000)	979,101	653,595	50
Share price (Rs.)			
Year end	37.90	25.30	50
High	51.00	47.30	8
Low	25.40	25.00	2

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

**Based on interim/proposed dividend

chairman's message

Dear shareholder,

I welcome you to the 95th 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 2015.

The private equity deal flow continued to be challenged during the year, and the limited deals we evaluated failed to meet our investment criteria. However towards the end of the year we made a new investment into a company focused on the power sector. Further, during the year we sold down a large part of the holding in the two listed companies we had.

Although deployment of cash held has been slow, we strongly believe that maintaining a disciplined approach to investment is of paramount importance. Chasing deals to just build portfolio value and deploy cash is a sure path to mediocre returns in private equity as has been proven many times both locally and globally. Our first emphasis is on protection of capital via deploying capital selectively and patiently, which would automatically result in generating solid returns on capital in the long run.

The Company recorded a profit of Rs. 184.2 Mn for the year, a substantial increase over the Rs. 15.5 Mn generated last year. The improvement was mainly driven by the profits realized on the divestments mentioned before. The NAV per share increased to Rs. 25.41 from Rs. 22.56.

We believe the private equity market to be gaining traction, albeit at a very slow pace. Gaining comfort & awareness of a new method of financing by entrepreneurs and the development of the eco system necessary to support the asset class takes time, especially in developing countries such as ours. The rapid rise in popularity of private equity in emerging and frontier markets over the last decade skipped Sri Lanka due to the 30 year war. But with the end of the war we have seen some of the largest and most respected global private equity players and investors committing funds into Sri Lanka. During the last financial year two pioneering Sri Lanka focused private equity funds were launched with a capital of USD 80 Mn. A bulk of the funds came from foreign investors, signalling their confidence and prospects they see in Sri Lanka. Further we see various aspects of the eco system also emerging; the increase in angel and venture capital investment activity is one such prime

example. The above coupled with increase in economic activity will invariably filter through to improved private equity activity in the medium term, as seen in other markets.

As mentioned in previous annual reports, Guardian Capital Partners hopes to play a key role in the development of this asset class. We continue to focus on improving various facets of the business. Entering into a foreign collaboration with an experienced private equity player has been one of our key focus areas, and during the year we explored a few options in depth, and hope to finalize on a course of action during the ongoing financial year.

The discrepancy between the actual net worth of the Company and the price at which the share trades in the market has increased significantly relative to last year, with the market price now reflecting a 49% premium over the book value. The net worth of the Company as at 31st March 2015 stood at Rs. 25.41 relative to a market share price of Rs 37.90.

It's my pleasure to inform you that we will be declaring a final dividend of Rs. 0.75 taking the total dividend declared for the year to Rs. 1.25. As in previous years 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. As has been our continued practice we would also ensure that our investments are done with due consideration of compliances, risk management and good governance.

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. Whilst welcoming Mr. Asoka Gunasekera who joined the board during the year, I would also like to thank my colleagues on the Board for their inputs.

(Sgd.)

Israel Paulraj
Chairman

Colombo
30th April 2015

management discussion & analysis

Composition of the portfolio

As at 31st March 2015 our portfolio stands at Rs. 218 Mn and consists of 4 companies (Figure 1). LVL Energy Fund Limited, in which we took a position during the year, is the largest holding followed by Expolanka Holdings and Access Engineering.

Figure 1: Portfolio Composition	Rs. Mn	%
LVL Energy Fund Limited	75	35%
Expolanka Holdings PLC	58	27%
Access Engineering PLC	44	20%
hSenid Business Solutions (Pvt) Ltd	40	18%
	218	100%

LVL Energy Fund Limited

LVL Energy Fund is an energy focused investment vehicle and a subsidiary of Lanka Ventures PLC. The company invests in renewable and non-renewable energy projects in partnership with industry leaders in the power generation and engineering, procurement & construction (EPC) contracting segments. At present the company has invested in a total capacity of 136.6 Mw, of which 104.4 Mw is accounted for by thermal plants located in Bangladesh. The balance capacity is located in Sri Lanka of which 15.3 Mw is in wind and the balance is in hydro power plants.

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 and 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 and 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 (AEL) is engaged in construction and real estate businesses. AEL is one of the leading C1 contractors in the country involved in construction of buildings, roads & highways, water & waste water management, bridges & flyovers, harbours & marine work, dredging & reclamation, telecommunication, irrigation & land drainage, and piling. Given the infrastructure development thrust in Sri Lanka, exposure to AEL 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 consolidated revenues of Rs. 50.8 Bn for the 9 months ending December 2014, declining by 6.3%. Consolidated net profit declined by 30.6%, to Rs. 2.4 Bn (Figure 2). The consolidated performance does not include LVL Energy Fund numbers, as the investment was done towards the latter part of the last quarter.

Figure 2: Portfolio Composition

Rs. Mn	Annual		9 months	
	2012/13	2013/14	Dec-13	Dec-14
Revenue	64,366	71,192	54,239	50,815
Net profit	3,433	4,262	3,412	2,367
Revenue growth		10.6%		-6.3%
Profit growth		24.2%		-30.6%

Expolanka and Access Engineering both contributed to decline in revenue and profits. The drop was mainly driven by the results of Expolanka, as last year's 9 months performance included a one-off gain. When adjusted for this, the drop in consolidated profit reduces to 20%. Expolanka's freight business faced some challenges due to increased competition and startup losses in the first six months, however the performance reversed sharply in the 3rd quarter. Access Engineering performance declined due to delays in certain projects underway.

Movement in the portfolio

The portfolio value of GCP as at 31st March 2015 stood at Rs. 218 Mn. During the year we disposed a significant holding in both Expolanka and Access Engineering, resulting in the invested portfolio dropping by Rs. 371 Mn. This was partly offset by the Rs. 75 Mn investment into LVL Energy Fund.

Sales proceeds of Rs. 300 Mn was realized on 28 Mn shares of Expo via the acceptance of the mandatory offer made by SG Holdings Global PTE Ltd. Rs. 153 Mn was generated via the sale of 5.9 Mn shares of Access Engineering.

Figure 3: Movement in Portfolio	Rs. Mn
31st March 2014	523
Mark to market adjustment	
Fair value & disposal gains	-9
Additions	75
Disposals	-371
Portfolio value as at 31st March 2015	218
Cash & short term investments as at 31st March 2015	444

Financial performance

During the financial year the Company generated a profit of Rs. 184.2 Mn and a total comprehensive income of Rs. 86.5 Mn. The significant improvement relative to last year was due to a sevenfold increase in revenue, which in turn was driven by gains made on the sell down of Expolanka Holdings and Access Engineering.

Revenue increased to Rs. 199.8 Mn, of which Rs. 171.3 Mn was gains made on above disposals. A total gain of Rs. 130 Mn was realized on the sale of 28 Mn shares of Expolanka, the balance 6.8 Mn shares were retained to benefit from any future improvement in value realized as a result of the company now being part of a global transportation company. The balance gain of Rs. 41.3 Mn was realized on Access Engineering; the sell down was executed in order to reduce the exposure to the company as the risk profile of the company changed significantly during the last quarter of the year. The course of action with respect to the balance 2.3 Mn shares will be taken based on the assessment of the business as well as price movement on the CSE. An impairment charge of Rs. 1.2 Mn was made against the balance holding.

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 2015, the cash holding and short term investments increased to Rs. 444 Mn, accounting for 67% of total assets. As mentioned in the Chairman's Statement, the Company is looking to partner with a foreign private equity player; this coupled with an increase in deal flow might necessitate the raising of more funds into the Company. As we have no debt in the balance sheet, we have the option of using borrowings to temporarily fund any new deal or venture, giving us the flexibility and leeway to decide on the most suitable permanent funding source and timing of the fund raising.

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.

management discussion & analysis

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 within our investee companies.

Guardian Fund Management Ltd
Investment Managers

Colombo
30th April 2015

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.

Given the increased availability of funds allocated to private equity capital, as mentioned in the Chairman's Statement, we encourage entrepreneurs to engage with private equity investors, especially those functioning in the small and medium enterprise space, and take full use of this method of funding. A private equity investor does not offer an entrepreneur only capital, but comes with a real interest and deep commitment to help grow the business. This may be by

way of assisting in strategising better; advising on the efficacy of the business model, introducing new markets and technology, identifying operational improvements, opening up new avenues of growth and introducing strategic business partners.

We have seen increased interest by SMEs to list their companies on the CSE. The path to listing ideally should be an evolutionary one, and this is where private equity is accepted globally to be the most suited means of ensuring a smooth transition to listed status. If an entrepreneur's primary goal is to build and realize value for his business, then the focus should be always on growth, and choosing private equity will provide the environment necessary for that and serve as an ideal precursor to instilling the professionalism and governance required for listing.

Deal Evaluation Framework



- Financials and valuation
 - Income, balance sheet and cash flow statement analysis
 - Forecasting and valuation, Equity IRR and sensitivity analysis
- Deal structuring

our philosophy and approach

Guardian is 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 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 the 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.

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 valuations 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 24, '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 24, '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. 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 regulatory 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 with 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. 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. (Please refer the note 24, '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.

risk management

Guardian Capital conducts its business keeping in line with best governance practices, and ensures full compliance with good governance practices required of a listed entity. We may require our investee companies to enhance their corporate governance practices progressively.

Regulatory risk

We attempt to have a constant dialogue with regulators and provide relevant feedback wherever possible on proposed regulatory changes that are relevant to this asset class. All facets of our business continuously focus on compliance with all relevant laws and regulations. Compliance with relevant rules and regulations is a key requirement to be met by all companies that we invest in, and we monitor these companies to ensure compliance on a continuing basis via periodical reviews.

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 2015.

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 30th April 2015.

1. GENERAL

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

2. THE PRINCIPAL ACTIVITY OF THE COMPANY

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.

3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement and the Management Discussion & Analysis 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 profit or loss and other comprehensive Income, Statement of financial position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the financial statements of the Company for the year ended 31st March 2015 are set out on pages 25 to 52. 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. 199.9 Mn (2014 – Rs. 28.9 Mn) for which a detailed analysis 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.

annual report of the board of directors on the affairs of the company

For the year ended 31st March	2015	2014
Accumulated loss brought forward from previous year	(45,880)	(61,340)
Profit for the year	184,181	15,460
Dividend paid	(12,917)	-
Transfers	(130)	-
Retained earnings/(accumulated losses) carried forward	125,254	(45,880)

4.3 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are given on pages 29 to 36.

4.4 Investment in Financial Instruments – Available for Sale Financial Assets / Fair value through profit or loss financial assets

Investments in financial instruments of the Company represents investments in available for sale financial assets and Fair value through profit or loss financial assets categorized in to,

Fair value hierarchy Level 1 - quoted securities

Fair value hierarchy Level 2 - unit trusts

Fair value hierarchy 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. 102.6 mn (2014 - Rs.483.2 mn) as disclosed in note 24.5.

Investments placed at fair value hierarchy Level 2 - unit trust, as at the reporting date, carried a fair value of Rs. 100.1 mn (2014 - Nil) as disclosed in note 24.5.

Investments placed at fair value hierarchy Level 3 - private equity (unlisted) investments, as at the reporting date, carried a fair value of Rs.115 mn (2014 - Rs.40 mn) as disclosed in note 24.5.

4.5 Reserves

As at 31st March 2015, the total reserves of the Company stood at Rs. 142.7 mn (2014 - Rs.69.1 mn)

The details and movements of the reserves are set out in the Statement of Changes in Equity and note 21 to the financial statements.

4.6 Available for sale financial assets reserve

During the year, the net negative movement reflected in the 'Available for sale financial assets reserve' of the Company amounted to Rs. 97.7 mn (2014 - net positive movement of Rs. 84.2 mn) arising out of transfer of realised gains and fair value adjustment on "available for sale financial assets".

4.7 Fair value through profit or loss financial assets reserve

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

Accordingly, an amount of Rs. 130,000 was transferred to (2014 – Nil) "Fair value through profit or loss financial assets reserve" resulting from the movements in fair value as shown in the Statement of Changes in Equity.

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors in relation to the Financial Statements are detailed in the following paragraphs, whilst the responsibilities of the Auditors are set out in the 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 24 of this Report.

7. INTERESTS REGISTER

The Company maintains an 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 2015 is given in Note 23 to the Financial Statements, on page 44.

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 23 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.

Directors	No. of shares as at	
	31st March 2015	01st April 2014
Mr. I. Paulraj (Chairman)	200	200
Mr. D.C.R. Gunawardena	25	25
Mr. S. Mahendrarajah	25	25
Mr. W.A.A. De Z. Gunasekera (Appointed w.e.f. 19th November 2014)	-	-

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 Appointment of a Director

Mr. W.A.A. De Z. Gunasekera was appointed as a Non-Executive / Independent Director from the conclusion of the Extraordinary General Meeting of 19th November 2014 for a period of one year, where it was resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Mr. W.A.A. De Z. Gunasekera.

8.2 Director to retire by rotation

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

8.3 Retirement at the first Annual General Meeting following the appointment as a Director

In terms of Article 68 of the Articles of Association of the Company, Mr. W.A.A. De Z. Gunasekera retires from the Board and being eligible offers himself for re-election.

8.4 Appointment of Directors who are 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 Messrs. I. Paulraj and W.A.A. De Z. Gunasekera who are over 70 years of age be re-appointed as Directors 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.

annual report of the board of directors on the affairs of the company

9. 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).

9.1 Regulatory Benchmarks

The Company's activities are regulated and are governed by the relevant provisions and regulations of the;

- 1) Companies Act No.07 of 2007
- 2) Listing Rules of the Colombo Stock Exchange
- 3) Rules of the Securities and Exchange Commission of Sri Lanka
- 4) Central Bank of Sri Lanka

9.2 Board of Directors

The following Directors held office as at the reporting date and their brief profiles are given on page 20 of the Annual Report.

Directors	Executive/ Non-Executive / Independent
Mr. I. Paulraj (Chairman)	Non-Executive
Mr. D. C.R. Gunawardena	Non - Executive
Mr. S. Mahendrarajah	Non-Executive/ Independent*
Mr.W.A.A. De Z. Gunasekera (Appointed w.e.f. 19th November 2014)	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 tabled at a Board Meeting of the Board of Directors of the Company held on 30th April 2015, 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. 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.

9.3 Remuneration Committee

The Parent Company of the Company is Ceylon Guardian Investment Trust PLC (CGIT) and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of CGIT. As per the Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of CCPLC functions as the Remuneration Committee of the Company.

Remuneration Committee Members	Executive / Non-Executive/ Independent
Mr. I. Paulraj (Chairman)	Non-Executive Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. R.Theagarajah	Non-Executive/ Independent Director of CCPLC

CCPLC is in the process of re-formulating the Remuneration Committee to fall in line with the requirements set out in the Listing Rules of the Colombo Stock Exchange.

Scope and Objective

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

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

Functions and Proceedings

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

The Chief Executive Officer, Director-in-charge and other members of senior management may be invited to attend meetings to discuss the performance of the Executive Directors and make proposals as necessary. Neither Executive nor Non-Executive Directors are involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Directors.

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

The Remuneration Committee meets at least twice a year.

During the period under review the Committee had two meetings.

Remuneration Committee	Attended/ Eligible to Attend
Mr. I. Paulraj (Chairman)	2/2
Mr. D.C.R. Gunawardena	2/2
Mr. R. Theagarajah	1/2

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.

Aggregated remuneration paid to the Non- Executive Directors of the Company is disclosed under Note 12 on page 37 of the Annual Report.

9.4 Audit Committee

The Parent Company of the Company is Ceylon Guardian Investment Trust PLC (CGIT) and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of CGIT. As per the Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange, the Audit Committee of CCPLC functions as the Audit Committee of the Company.

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 pages 21 to 22 of this Annual Report.

9.5 Directors' Meetings Attendance

During the financial year the Board of Directors had three (03) Board Meetings and the attendance of the Directors were as follows;

Board Meetings	Attended/ Eligible to Attend
Mr. I. Paulraj (Chairman)	3/3
Mr. S. Mahendrarajah	2/3
Mr. D.C.R. Gunawardena	2/3
Mr. W.A.A. De Z. Gunasekera *	2/3

* Appointed to the Board on 19th November 2014.

10. 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 ;

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

Scope and Objective

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

Functions and Proceedings

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

Any Director of the Board and the Chief Executive Officer / Director-in-Charge and other members of senior

annual report of the board of directors on the affairs of the company

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.

The Nomination Committee meets at least twice a year.

During the period under review the Committee had two meetings with all members in attendance.

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

During the year, the Committee recommended to the Board that Mr. W.A.A. De. Z. Gunasekera be appointed to the Board as a Non-Executive Director. This recommendation was accepted by the Board.

11. BOARD EVALUATION

A 'Board Appraisal Form' was introduced for the year 2014/15 to evaluate the performance of the Board in order to ensure that the responsibilities of Directors towards the Board and the Company are met as per the Code of Best Practice on Corporate Governance.

The 'Board Evaluation Form' comprises of the following broad themes;

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

The Nomination Committee of the Company collates all the comments received from the Directors and reports the results and proposed actions to the Board of Directors.

12. 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, the value of which exceeded 10% of the Shareholders' equity or 5% of the total assets of the Company as at 31st March 2015.

The details of the related party transactions are given in Note 23 on page 44 of the Financial Statements.

12.1 Related Party Transactions Review Committee

The Company is in the process of forming a "Related Party Transactions Review Committee" to comply with the Colombo Stock Exchange Listing Rules, Section 9, which would come into effect from 01st January 2016.

13. INDEPENDENT AUDITORS

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

A sum of Rs. 147,000/- was paid to them by the Company as audit fees for the year ended 31st March 2015 (2014 - Rs. 134,000/-). Further the auditors were paid Rs. 95,000/- (2014 - Rs. 20,000/-) 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.

13.1 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.

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 fulfilment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. More detailed description of the risk management strategies of the Company is given on pages 9 to 10.

15. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the year.

16. DIVIDEND

1st Interim dividend of Rs. 0.50 per ordinary share for the financial year ended 31st March 2015, amounting to Rs. 12,916,904/- was declared and paid on 06th October 2014.

Subject to the approval of the shareholders at the Annual General Meeting, a final dividend of Rs. 0.75 per ordinary share is recommended by the Directors for the year ended 31st March 2015.

17. SOLVENCY TEST

Taking into account the said distribution, the Directors are satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act No. 07 of 2007 immediately after the distribution. The Company's Auditors, Messrs. KPMG, Chartered Accountants have issued a Certificate of Solvency confirming the same.

18. STATED CAPITAL

The stated capital of the Company as at 31st March 2015 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.

19. 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.

20. 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 concept.

21. DONATIONS

There were no donations made during the year ended 31st March 2015. (2014 - Nil)

22. 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).

23. EQUITABLE TREATMENT TO SHAREHOLDERS

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

24. 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, other than those disclosed in Note 26 to the financial statements.

annual report of the board of directors on the affairs of the company

25. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Contingent liabilities and commitments as at 31st March 2015 are given in Note 27 to the financial statements.

26. SHARE INFORMATION

Information relating to share trading are given on pages 54 to 55 of this Report.

27. TWENTY MAJOR SHAREHOLDERS

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

Twenty Major Shareholders with Comparatives

Name of Shareholders as at 31st March	2015		2014	
	No. of shares	%	No. of shares	%
Ceylon Guardian Investment Trust PLC	21,692,800	83.97	21,692,800	83.97
Lake View Investments (Private) Limited	617,825	2.39	617,825	2.39
Carson Cumberbatch PLC	581,950	2.25	581,950	2.25
Mr. H. A. Van Starrex	144,292	0.56	-	-
Mr. J. P. Paul	109,886	0.43	-	-
Merchant Bank of Sri Lanka Limited/Union Investments Limited	98,000	0.38	98,000	0.38
Seylan Bank PLC / Spice of Life (Private) Limited	75,929	0.29	5,600	0.02
People's Leasing & Finance PLC/ Mr. M.A.U. Gnanathilake	68,155	0.26	-	-
Mr. W.A.W.N. Wickremesinghe	51,256	0.20	51,256	0.20
Mr. S. P. Jayakumar	50,139	0.19	-	-
Dr. C.E.G. Abayasekera	50,000	0.19	50,000	0.19
Mr. M.W. de Silva	49,291	0.19	49,291	0.19
Mr. B. S. Goonesekera	36,216	0.14	8,879	0.03
Capital Alliance Finance PLC /Mr. K. K. P. Kodikara	28,342	0.11	-	-
Mr. K.S.H. Mawellage	26,729	0.10	26,729	0.10
Mr. K. C. Vignarajah	25,619	0.10	5,077	0.02
Mr. S.D. Divakarage	25,500	0.10	19,680	0.08
Pan Asia Banking Corporation PLC/ M.S.F. Haqqe	25,435	0.10	-	-
Mr. W. Dharmawardana	24,600	0.10	24,600	0.10
Mr. N.L.S. Fernando	22,432	0.09	17,432	0.07

28. ANNUAL REPORT

The Board of Directors on 30th April 2015 approved the Company's Financial Statements together with the reviews which forms part of the Annual Report. The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standard Monitoring Board and the Registrar of Companies within the given time frames.

29. ANNUAL GENERAL MEETING

The 95th Annual General Meeting of the Company will be held on 05th day of June 2015 at 3.00 p.m. at 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7.

The Notice of the Annual General Meeting is on page 58 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

30th April 2015

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.

ASOKA DE Z. GUNASEKERA

Asoka Gunasekera is a Director of Pegasus Hotels of Ceylon PLC. He also serves as Alternate Director to Mr. I.W. Senanayake, (Chairman) of IWS Holdings (Pvt) Ltd and in most IWS Holdings Group companies. Past Chairman of the National Chamber of Commerce of Sri Lanka and Past President of the Ceylon National Chamber of Industries.

He is a Past International Director and a Board Appointee of Lions Clubs International and was also a Member of the National Police Commission of Sri Lanka. He served as Legal Advisor and Secretary to the Ministry of Posts and Telecommunications; Co-ordinating Secretary to the Ministry of Power and Energy and Ministry of Highways and was the Acting Secretary to the Ministry of Policy Planning.

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

audit committee report

The Parent Company of Guardian Capital Partners PLC is Ceylon Guardian Investment Trust PLC (CGIT) and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of CGIT. As provided by the Colombo Stock Exchange Listing Rules, the Audit Committee of CCPLC functions as the Audit Committee of the Company.

The Audit Committee consists of the following Members :

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 of the Investment Sector also attended the Audit Committee Meetings by invitation.

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

The Audit Committee approved the audit plan for the financial year 2014/2015 and the Group Internal Audit (GIA) carried out 06 audits on the Investment Sector companies based on the plan.

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

audit committee report

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.

As approved by the Audit Committee, Messrs.KPMG, as part of their regular audit scope has commenced a comprehensive external IT security and process audit covering the entire Carsons Management Services (Private) Limited (Managers to the Company) - IT environment, which extends to the Investment Sector, as well.

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

The draft financial statements of Guardian Capital Partners PLC for the year ended 31st March 2015 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 2016, 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

30th April 2015

financial calendar

Quarterly Financial Statements

01st Quarter ended 30th June 2014

Issued to Colombo Stock Exchange on 14th August 2014

02nd Quarter ended 30th September 2014

Issued to Colombo Stock Exchange on 14th November 2014

03rd Quarter ended 31st December 2014

Issued to Colombo Stock Exchange on 13th February 2015

Annual Report for the year ended 31st March 2015

95th Annual General Meeting 05th June 2015

» Independent Auditors' Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Merkar 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, 2015, and the statements of profit or loss and other comprehensive income, changes in equity and, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 25 to 52.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

CHARTERED ACCOUNTANTS

Colombo
30th April 2015

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
R.H. Rajan ACA		

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

» Statement of Profit or Loss and Other Comprehensive Income

In Rupees Thousands

For the year ended 31st March	Note	2015	2014
Revenue	11	199,853	28,923
Impairment loss on available for sale financial assets		(1,158)	-
Net change in fair value of fair value through profit or loss financial assets		130	-
Profit on investment activities		198,825	28,923
Administrative and other operating expenses		(10,786)	(13,146)
Profit from operations	12	188,039	15,777
Income tax expense	13	(3,858)	(317)
Profit for the year		184,181	15,460
Other comprehensive income			
Items that are / or may be reclassified to profit or loss			
Net change in fair value of available for sale financial assets		(7,853)	88,605
Transfer of realized gains on disposal of available for sale financial assets		(89,832)	(4,411)
Other comprehensive income/(expense) for the year		(97,685)	84,194
Total comprehensive income for the year		86,496	99,654
Earnings per share (Rs.)	14	7.13	0.60

The notes to the financial statements from pages 29 to 52 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	2015	2014
ASSETS			
Non-current assets			
Available for sale financial assets	16	217,649	523,158
Total non-current assets		217,649	523,158
Current assets			
Trade and other receivables	17	473	7,248
Current tax recoverable		148	1,148
Fair value through profit or loss financial assets	18	100,130	-
Cash and cash equivalents	19	344,432	57,415
Total current assets		445,183	65,811
Total assets		662,832	588,969
EQUITY AND LIABILITIES			
Equity			
Stated capital	20	513,656	513,656
Revenue reserves	21	142,704	69,125
Total equity		656,360	582,781
Current liabilities			
Other payables	22	6,472	6,188
Total current liabilities		6,472	6,188
Total equity & liabilities		662,832	588,969
Net assets per share (Rs.)		25.41	22.56

The notes to the financial statements from pages 29 to 52 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

(Sgd.)

I. Paulraj
Chairman

(Sgd.)

D. C. R. Gunawardena
Director

30th April 2015

» Statement of Changes in Equity

In Rupees Thousands

	Stated capital	Revenue reserves				Total equity
		Available for sale financial assets reserve	Fair value through profit or loss financial assets reserve	General reserve	Retained earnings (Accumulated losses)	
Balance as at 1st April 2013	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
Balance as at 31st March 2014	513,656	114,386	-	619	(45,880)	582,781
Balance as at 1st April 2014	513,656	114,386	-	619	(45,880)	582,781
Profit for the year	-	-	-	-	184,181	184,181
Other comprehensive expense for the year	-	(97,685)	-	-	-	(97,685)
Total comprehensive income/(expense) for the year	-	(97,685)	-	-	184,181	86,496
Dividend for 2013/14	-	-	-	-	(12,917)	(12,917)
Transfers (Note 21.3)	-	-	130	-	(130)	-
Balance as at 31st March 2015	513,656	16,701	130	619	125,254	656,360

The notes to the financial statements from pages 29 to 52 form an integral part of these financial statements.

Figures in brackets indicate deductions.

» Statement of Cash Flows

In Rupees Thousands

For the year ended 31st March	Note	2015	2014
Cash flows from operating activities			
Profit from operations		188,039	15,777
Net change in fair value of fair value through profit or loss financial assets		(130)	-
Impairment loss on available for sale financial assets		1,158	-
Operating profit before changes in working capital		189,067	15,777
Decrease in investments		106,666	11,763
(Increase)/decrease in trade and other receivables		6,775	(7,202)
Increase in other payables		294	95
Cash generated from operating activities		302,802	20,433
Income tax paid		(2,858)	(383)
Net cash generated from operating activities		299,944	20,050
Cash flows from financing activities			
Dividend paid		(12,927)	-
Net cash used in financing activities		(12,927)	-
Net increase in cash & cash equivalents during the year		287,017	20,050
Cash & cash equivalents at the beginning of the year		57,415	37,365
Cash & cash equivalents at the end of the year	19	344,432	57,415

The notes to the financial statements from pages 29 to 52 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 investment activities of the Company are managed by Guardian Fund Management Limited (the investment manager) and Carsons Management Services (Private) Limited function as Managers and Secretaries of the Company.

The Company had no employees as at the reporting date (2014 - Nil).

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Company comprise of the statement of financial position, statements of profit or loss and other comprehensive income, 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 30th April 2015.

(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;

- Non derivative financial instruments classified fair value through profit or loss are measured at fair value;
- 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. All amounts in the Financial Statements have been rounded to the nearest thousand, unless otherwise indicated.

(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 prospectively.

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year are as follows:

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.

Notes to the Financial Statements

In Rupees Thousands

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 assumptions and estimation uncertainties that have significant risk and resulting in a material adjustment in the year ended 31st March 2015 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.

(f) Comparative figures

Where necessary, comparative figures have been rearranged to conform with the current year's presentation.

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 or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised 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, loans and receivables, and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss (FVTPL) or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss. Financial assets classified as FVTPL comprise short-term sovereign debt securities actively managed by the Company's treasury department to address short-term liquidity needs. Financial assets designated as fair values through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

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

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

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 at banks, securities purchased under resale agreements and placements with banking institutions 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.

Securities purchased under resale 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.

The Company derecognises 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. Incremental costs directly attributable to the issue of ordinary shares, are recognized as deduction from equity.

(b) Impairment

(i) Non derivative financial assets

Financial assets not classified as at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence of impairment. 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; observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets or the disappearance of an active market for a security. In addition, for an investment in an equity security,

Notes to the Financial Statements

In Rupees Thousands

objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. 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 an individual asset and collective level. All individually significant assets are individually assessed impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually 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, and make an adjustment if 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. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decrease and decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized 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 amortization) 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. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

Impairment losses are recognised in profit or loss.

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. The unwinding of the discount is recognized as finance cost.

(i) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the 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 in the statement of financial position but discloses its existence in the financial statements unless its occurrence is remote.

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 in the statement of financial position 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

On an 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.

(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

Notes to the Financial Statements

In Rupees Thousands

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

“Liabe 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 26.

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.

(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 observable market 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 identical assets or liabilities
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable from 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). 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.

Statement of cash flows

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

Cash and cash equivalents as referred to in the statement of cash flows are comprised of those items as explained in note 19 on page 43.

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

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.

Notes to the Financial Statements

In Rupees Thousands

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

A number of new standards and amendments to standards which have been issued but not yet effective as at the Reporting date have not been applied in preparing these Financial Statements. Accordingly, these Accounting Standards have not been applied in preparing these financial statements.

SLFRS 9 Financial Instruments

SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments. It also carries forward the guidance on recognition and de recognition of financial instruments from LKAS 39.

Effective date of IFRS 9 is 01st January 2018.

The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 9.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, and LKAS 11 Construction Contracts.

SLFRS 15 is effective for annual reporting periods beginning on or after 01st January 2017.

The above new standard (SLFRS 15) is not expected to have a significant impact of the Company's financial statements.

The following new or amended standards are not expected to have an impact of the Company's financial statements.

- SLFRS 14 Regulatory Deferral Accounts – effective from 01st January 2016
- Agriculture: Bearer Plants (Amendments to LKAS 16 and LKAS 41) – effective from 01st January 2016

For the year ended 31st March	2015	2014
11 Revenue		
Net gain from disposal of available for sale financial assets (note 11.1)	171,322	8,290
Dividend income	7,600	15,934
Interest income (note 11.2)	20,931	4,699
	199,853	28,923
11.1 Net gain from disposal of available for sale financial assets		
Proceeds from disposal of available for sale financial assets	452,988	20,053
Carrying value of available for sale financial assets disposed	(371,498)	(16,174)
Transfer of realised gains on disposal of available for sale financial assets	89,832	4,411
	171,322	8,290
11.2 Interest income on financial assets carried at amortized cost		
Cash at bank	42	268
Securities purchased under resale agreements	13,185	2,344
Placements with Banking Institutions	7,704	2,087
	20,931	4,699
12 Profit from operations		
12.1 Profit from operations is stated after charging all expenses including the following:		
Auditors' remuneration & expenses		
- Audit fees	147	134
- Audit related fees	95	20
- Non-audit fees	-	-
Directors' fees & emoluments (note 23.3)	440	-
Professional services	-	-
Personnel cost (note 12.2)	-	-
Support service fees (note 23.4)	1,300	2,259

12.2 The Company had no employees of its own during the financial year under review.

Notes to the Financial Statements

In Rupees Thousands

For the year ended 31st March	2015	2014
13 Income tax expense		
Provision for the year (note 13.1)	3,864	317
Over provision for previous years	(6)	-
Total tax expense for the year	3,858	317
13.1 Reconciliation between accounting profit and taxable profit		
Accounting profit before taxation	188,039	15,777
Less: Exempt profits on share trading activities	(178,922)	(24,224)
Add: Disallowed expenses	9,533	10,190
Impairment loss on available for sale financial assets	1,158	-
Net change in fair value of fair value through profit or loss financial assets	(130)	-
Taxable profit for the year	19,678	1,743
Tax losses utilised during the year	(5,876)	(610)
Taxable income	13,802	1,133
Taxation thereon @ 28% (2014 - 28%)	3,864	317
13.2 Movement in tax losses		
Tax losses at the beginning of the year	5,863	6,451
Adjustment on tax loss brought forward	13	22
Tax loss utilised during the year	(5,876)	(610)
Tax losses at the end of the year	-	5,863

13.3 In accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and amendments thereto, the Company is liable for income tax at 28% (2014 - 28%).

13.4 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.

13.5 Utilization of tax losses brought forward is restricted to 35% of the current year's Statutory Income. Any part of unutilised tax losses can be carried forward indefinitely.

14 Earnings per share

The Company's basic earnings per share is calculated on the profit 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 per share'.

For the year ended 31st March	2015	2014
Amount used as the numerator		
Profit for the year (Rs '000)	184,181	15,460
Amount used as the denominator		
Weighted average number of ordinary shares outstanding during the year	25,833,808	25,833,808
Earnings per share (Rs.)	7.13	0.60

15 Dividend per share

Dividend paid

Interim dividend	12,917	-
------------------	---------------	---

Proposed dividend *

Dividend per share	0.75	-
Total proposed dividend	19,375	-

* The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and according to the Sri Lanka Accounting Standard (LKAS 11) - "Events after the reporting period", the liability has not been provided for in these financial statements.

Notes to the Financial Statements

In Rupees Thousands

16 Available for sale financial assets

16.A Summary

	Note	Cost as at 31st March 2015	Fair value as at 31st March 2015	Cost as at 31st March 2014	Fair value as at 31st March 2014
Investment in equity securities					
Quoted	16.1	99,455	102,644	411,447	483,153
Private equity (unlisted)	16.2	115,005	115,005	40,005	40,005
Total investment in available for sale financial assets		214,460	217,649	451,452	523,158

16.B Movement in available for sale financial assets

Year 2014/15	Fair Value as at 1st April 2014	Additions	Disposals	Change in fair value	Fair value as at 31st March 2015
Investment in equity securities	523,158	75,000	(371,498)	(9,011)	217,649
	523,158	75,000	(371,498)	(9,011)	217,649
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	523,158
	450,727	-	(16,174)	88,605	523,158

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

Due to significant / prolonged decline in fair value of identified equity securities in available for sale financial assets below its cost, an impairment loss which amounted to Rs. 1.16 Mn has been recognised in the statement of profit or loss and other comprehensive income for the year (2014 – Nil) 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, a loss of Rs. 7.8 Mn and a gain of Rs.88.6 Mn have been recognised in financial years 2015 and 2014 respectively.

16.1 Investment in equity securities (Quoted)

	No. of shares	Cost as at 31st March 2015	Fair value as at 31st March 2015	No. of shares	Cost as at 31st March 2014	Fair value as at 31st March 2014
Construction & Engineering						
Access Engineering PLC	2,315,619	57,972	44,460	8,000,000	200,280	180,000
		57,972	44,460		200,280	180,000
Diversified						
Expolanka Holdings PLC	6,845,150	41,483	58,184	34,845,150	211,167	303,153
		41,483	58,184		211,167	303,153
Total investments in equity securities - Quoted		99,455	102,644		411,447	483,153

The fair value of the Company's listed 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 2015	Fair value as at 31st March 2015	No. of shares	Cost as at 31st March 2014	Fair value as at 31st March 2014
Information Technology						
hSenid Business Solutions (Pvt) Ltd.	163,419	40,005	40,005	163,419	40,005	40,005
		40,005	40,005		40,005	40,005
Power and Energy						
LVL Energy Fund Limited	9,375,000	75,000	75,000	-	-	-
		75,000	75,000		-	-
Total investments in equity securities - private equity (unlisted)		115,005	115,005		40,005	40,005

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

Notes to the Financial Statements

In Rupees Thousands

As at 31st March	2015	2014
17 Trade and other receivables		
Financial		
Dividend receivable	-	7,248
	-	7,248
Non financial		
Prepaid expenses	473	-
	473	-
	473	7,248

18 Fair value through profit or loss financial assets

18.A Summary

	Note	Cost as at 31st March 2015	Fair value as at 31st March 2015	Cost as at 31st March 2014	Fair value as at 31st March 2014
Investment in unit trusts					
Unquoted	18.1	100,000	100,130	-	-
Total investment in fair value through profit or loss financial assets		100,000	100,130	-	-

18.1 Investment in unit trusts - unquoted

	No. of units	Cost as at 31st March 2015	Fair value as at 31st March 2015	No. of units	Cost as at 31st March 2014	Fair value as at 31st March 2014
Guardian Acuity Money Market Gilt Fund	1,000,000	100,000	100,130	-	-	-
		100,000	100,130		-	-

Valuation of investment in unit trust is based on the unit price published by the Investment Managers as at 31st March.

As at 31st March	2015	2014
19 Cash and cash equivalents		
Cash at bank	1,482	146
Securities purchased under resale agreements	342,950	35,303
Placements with banking institutions	-	21,966
Total cash and cash equivalents	344,432	57,415
Net cash and cash equivalents for the cash flow statement purpose	344,432	57,415
20 Stated capital		
Ordinary shares - Issued and fully paid	513,656	513,656
	513,656	513,656
20.1 Number of shares		
Ordinary shares - Issued and fully paid	25,833,808	25,833,808
	25,833,808	25,833,808
21 Revenue reserves		
General reserve (note 21.1)	619	619
Available for sale financial assets reserve (note 21.2)	16,701	114,386
Fair value through profit or loss financial assets reserve (note 21.3)	130	-
Retained earnings / (Accumulated losses)	125,254	(45,880)
	142,704	69,125

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

- 21.1** General reserve represents the amounts set aside by the Directors to meet any contingencies.
- 21.2** 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 such assets.
- 21.3** Net gains arising from fair value adjustment of fair value through profit or loss financial assets will be transferred from retained earnings to "Fair value through profit or loss financial assets reserve" at the reporting date and any realised gains and losses arising from fair value adjustment of such assets will be transferred from "Fair value through profit or loss financial assets reserve" to retained earnings to the extent that loss does not exceed the balance held in the said reserve as at the date. During the year an amount of Rs. 130,000/- (2014-Nil) was transferred to "Fair value through profit or loss financial assets reserve" from retained earnings as shown in the Statement of Changes in Equity.

As at 31st March	2015	2014
22 Other payables		
Financial		
Other payables	4,935	4,835
	4,935	4,835
Non Financial		
Accruals and provisions	1,537	1,353
	1,537	1,353
	6,472	6,188

Notes to the Financial Statements

In Rupees Thousands

23 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.

23.1 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, Bukit Darah PLC is the ultimate parent Company of Guardian Capital Partners PLC.

23.2 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 directly or indirectly. Accordingly, the Directors of the Company and its parent company (including executive and non-executive directors) have been classified as KMP of the Company.

Compensation paid to the Key Management Personnel of the Company comprise the following:

For the year ended 31st March	2015	2014
Short-term employee benefits	440	-
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
Non cash benefits	-	-
	440	-

23.4 Transactions with related companies

Name of the company	Name/s of common director/s	Nature of transactions	Value of transaction	
			2015	2014
Parent Company				
Ceylon Guardian Investment Trust PLC	Mr. I. Paulraj Mr. D.C.R. Gunawardena	Dividend paid	10,846	-
Fellow Subsidiaries				
Guardian Fund Management Limited		- Portfolio management fees paid*	4,323	6,778
Carsons Management Services (Private) Limited (CMSL)		- Support service fees paid**	1,300	2,259
		Secretarial fees paid	360	300
		Computer charges paid	30	30
Guardian Acuity Money Market Gilt Fund		- Fair value of the investment	100,130	-

* 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.

24 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. Pages 9 to 10 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 Management of Guardian Fund Management Limited, the Fund Managers and Carsons Management Services (Private) Limited, the Managers; who are responsible for developing and monitoring the Company'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.

24.1 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.

24.1.1 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	
		2015	2014
Trade and other receivables*	17	-	7,248
Cash at bank	19	1,482	146
Securities purchased under resale agreements	19	342,950	35,303
Placements with banking institutions	19	-	21,966
		344,432	64,663

* Prepayments which are not financial assets are not included.

Notes to the Financial Statements

In Rupees Thousands

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	2015	2014
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 cash equivalents in the form of demand deposits with commercial banks, placements with banking institutions, securities purchased under resale agreements, hence the Company is exposed to risk of such counter-parties failing to meet contractual obligations.

24.1.2 Management of credit risk

The Company minimizes credit risk by monitoring 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

As at 31st March	2015	2014
Risk free	5,122	-
AAA	235	229
AA	338,717	34,758
AA-	-	21,965
Unrated	358	463
	344,432	57,415

All government securities are risk free and other ratings are obtained based on ratings published by Fitch Ratings Lanka Ltd.

24.2 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.

24.2.1 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 2015	Carrying amount	Total	Up to 3 months	3-12 months	More than a year
Non derivative financial liabilities					
Other payables	4,935	4,935	4,935	-	-
	4,935	4,935	4,935	-	-
As at 31st March 2014					
Non derivative financial liabilities					
Other payables	4,835	4,835	4,835	-	-
	4,835	4,835	4,835	-	-

Accruals and provisions which are not financial liabilities are not included

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

As at 31st March	2015	2014
Total liquid assets	344,432	57,415
Liquid assets as a % of total net assets	52%	10%

24.2.2 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 resale 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 in to cash and cash equivalents within a very short period of time and with a minimum loss being incurred.

Notes to the Financial Statements

In Rupees Thousands

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	2015	2014
Unutilised overdraft facilities	350,000	350,000
	350,000	350,000

24.3 Market risk

The market risk is exposure to adverse movements in the securities markets for both equity and fixed income investments, which can result in variations in anticipated returns from those securities. All financial institutions face market risks, due to 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.

24.3.1 Interest rate risk

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

Exposure to Interest rate risk

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	
		2015	2014
Financial assets			
Securities purchased under resale agreements	19	342,950	35,303
Placements with banking institutions	19	-	21,966
		342,950	57,269

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

	2015	2014
Commercial Banks Averaged Weighted Prime Lending Rate (AWPLR) *	6.95%	8.81%
Commercial Banks Averaged Weighted Fixed Deposit Rate (AWFDR) *	6.45%	10.47%
* 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%
As at 31st March 2015		
- On interest earning assets	3,429	(3,429)
- On interest bearing liabilities	-	-
	3,429	(3,429)
As at 31st March 2014		
- On interest earning assets	573	(573)
- On interest bearing liabilities	-	-
	573	(573)

24.3.2 Other market price risks

Equity price risk

The Company is holding an investment portfolio which includes both private equity (unlisted) investments and listed equity investments (initially undertaken as private equity investments which were subsequently listed). Having a substantial portion of 47% (2014 - 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 buy/sell timing 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.

As at 31st March	Portfolio exposure %	
	2015	2014
Construction & Engineering	43	37
Diversified	57	63
	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	
		2015	2014
Investment in equity securities - Available for sale financial assets	16	217,649	523,158
		217,649	523,158

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

In Rupees Thousands

24.4 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 2015	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
Financial assets measured at fair value							
Available for sale financial assets	-	-	-	217,649	-	217,649	217,649
Fair value through profit or loss financial assets	100,130	-	-	-	-	100,130	100,130
Financial assets not measured at fair value							
Cash and cash equivalents	-	-	344,432	-	-	344,432	344,432
Total financial assets	100,130	-	344,432	217,649	-	662,211	662,211
Financial liabilities not measured at fair value							
Other payables	-	-	-	-	4,935	4,935	4,935
Total financial liabilities	-	-	-	-	4,935	4,935	4,935
As at 31st March 2014							
Financial assets measured at fair value							
Available for sale financial assets	-	-	-	523,158	-	523,158	523,158
Trade and other receivables	-	-	7,248	-	-	7,248	7,248
Financial assets not measured at fair value							
Cash and cash equivalents	-	-	57,415	-	-	57,415	57,415
Total financial assets	-	-	64,663	523,158	-	587,821	587,821
Financial liabilities not measured at fair value							
Other payables	-	-	-	-	4,835	4,835	4,835
Total financial liabilities	-	-	-	-	4,835	4,835	4,835

24.5 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
As at 31st March 2015				
Fair value through profit or loss financial assets	-	100,130	-	100,130
Equity securities - available for sale	102,644	-	115,005	217,649
	102,644	100,130	115,005	317,779
As at 31st March 2014				
Equity securities - available for sale	483,153	-	40,005	523,158
	483,153	-	40,005	523,158

There were no transfers in between Level 1, Level 2 and Level 3 during the financial period under review (2014 - Nil).

Reconciliation of Level 3 - fair value

Equity securities - available for sale

	2015	2014
Opening balance	40,005	40,005
Purchases	75,000	-
Closing balance	115,005	40,005

Valuation techniques and significant unobservable inputs

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

Valuation method/ techniques	Unobservable inputs	Ranges	Weighted average	Inter-relationship between key unobservable Inputs and fair value measurement
---------------------------------	---------------------	--------	---------------------	---

Investment in Equity securities

The estimated fair value would increase if.

Private equity (unlisted)	Discounted cash flows : The valuation model considers the present value of the net cash flows expected to be generated by the entities operations. The expected net cash flows are discounted using a risk-adjusted discount rate.	Revenue CAGR	13% - 25%	16.0%	Increase
		Exit multiple :	5-8	7	Increase
		Discount rate	15.5% - 20%	17.1%	Decrease

Notes to the Financial Statements

In Rupees Thousands

25 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.

26 Events after the reporting period

After satisfying the solvency test in accordance with Section 57 of the Company's Act, No. 7 of 2007, the Directors have recommended a payment of final dividend of Rs. 0.75 (2014 – Nil) per ordinary share for the year ended 31st March 2015 amounting to Rs.19,375,356/- (2014 - Nil) which is to be approved at the forthcoming Annual General Meeting. In accordance with Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period" this proposed final dividend has not been recognised as a liability as at 31st March 2015.

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

27 Commitments and contingent liabilities

27.1 Capital expenditure commitments

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

27.2 Contingent liabilities

There were no contingent liabilities as at the reporting date.

28 Other Matters

The interim budget proposal presented by the Minister of Finance on 29th January 2015 and the pursuant bill presented to the Parliament on 30th March 2015, impose a one off tax of 25% on taxable profits for the year of assessment 2013/14 on any company or each company in a group of companies, if the company's / Group's profit before income tax exceeds Rs. 2,000 Mn.

The consolidated profit before tax of Carson Cumberbatch PLC, the parent Company of Guardian Capital partners, exceeds the said threshold of Rs. 2,000 Mn. Accordingly, as per the provisions of the bill presented to parliament the Company's liability is estimated at approximately Rs.277,000.

The liability will be recognized in the financial statements when the bill is enacted and the required entries will be passed in the financial statements.

29 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	
	2015	2014	2013	2012	2011	
Operating results						
Revenue	199,853	28,923	23,051	13,834	2,991	
Impairment loss on available for sale financial assets	(1,158)	-	(42,680)	(18,453)	-	
Net Change in fair value of fair value through profit or loss financial assets	130	-	-	-	-	
Profit / (loss) on investment activities	198,825	28,923	(19,629)	(4,619)	2,991	
Profit/(loss) before taxation	188,039	15,777	(33,968)	(21,283)	(8,910)	
Income tax (expense)/reversal	(3,858)	(317)	177	(198)	(94)	
Profit/(loss) for the year	184,181	15,460	(33,791)	(21,481)	(9,004)	
Statement of financial position						
Stated capital	513,656	513,656	513,656	513,656	513,656	
Reserves	142,704	69,125	(30,529)	(7,932)	(5,449)	
Total equity	656,360	582,781	483,127	505,724	508,207	
Assets Employed						
Current assets	445,183	65,811	38,493	5,753	226,208	
Current liabilities	(6,472)	(6,188)	(6,093)	(22,226)	(5,428)	
Net current assets	438,711	59,623	32,400	(16,473)	220,780	
Available for sale financial assets	217,649	523,158	450,727	522,197	287,427	
Net assets	656,360	582,781	483,127	505,724	508,207	
Cash Flow Statements						
Net cash generated from/(used in) operating activities	299,944	20,050	48,804	(197,199)	(337,842)	
Net cash generated from/ (used in) financing activities	(12,927)	-	-	(50)	418,143	
Net (decrease)/increase in cash & cash equivalents	287,017	20,050	48,804	(197,249)	80,301	
Ratios & statistics						
Earnings/(Loss) per share*	(Rs.)	7.13	0.60	(1.31)	(0.83)	(0.37)
Dividend per share**	(Rs.)	1.25	-	-	-	-
Dividend growth	(%)	100	-	-	-	-
Dividend yield	(%)	3.3	-	-	-	-
Dividend payout ratio	(%)	17.53	-	-	-	-
Net assets per share	(Rs.)	25.41	22.56	18.70	19.58	19.67
Market price per share*	(Rs.)	37.90	25.30	38.60	70.20	290.60
Price to book value	(times)	1.49	1.12	2.06	3.59	14.77
Fair value of investment portfolio***	(Rs.'000)	662,211	580,573	488,092	510,758	473,213
Market capitalisation	(Rs.'000)	979,101	653,595	997,185	1,813,533	7,507,305
All Share Price Index (points)	(points)	6,820	5,968	5,736	5,420	7,226
S&P SL 20 (points)	(points)	3,852	3,280	3,294	2,986	3,893

* 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 period 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 'WAPO'

2. Ordinary Shareholders

As at 31st March

2015 | **2014**

Number of shareholders	2,373	2,678
------------------------	--------------	-------

The number of shares held by non-residents as at 31st March 2015 was 163,024 (2014 – 53,840) which amounts to 0.64% (2014-0.21%) of the total number of ordinary shares in issue.

Distribution of shares	Resident			Non – Resident			Total		
	No. of shareholders	No. of Shares	%	No. of shareholders	No. of Shares	%	No. of shareholders	No. of Shares	%
1 - 1,000	1,916	517,455	2.00	28	7,175	0.03	1,944	524,630	2.03
1001 - 10,000	376	1,127,620	4.36	9	30,563	0.12	385	1,158,183	4.48
10,001 - 100,000	38	988,842	3.83	1	15,400	0.06	39	1,004,242	3.89
100,001 - 1,000,000	3	1,344,067	5.20	1	109,886	0.43	4	1,453,953	5.63
Above 1,000,000	1	21,692,800	83.97	-	-	-	1	21,692,800	83.97
Total	2,334	25,670,784	99.36	39	163,024	0.64	2,373	25,833,808	100.00

Categories of shareholders	No. of Shareholders	No. of Shares	%
Individuals	2,299	2,464,540	9.54
Institutions	74	23,369,268	90.46
Total	2,373	25,833,808	100.00

3. Market performance - Ordinary shares

For the year ended 31st March

2015 | **2014**

Share price as at 31st March (Rs.)	37.90	25.30
Highest (Rs.)	51.00	47.30
Lowest (Rs.)	25.40	25.00
Value of shares traded (Rs. 000)	247,630	66,777
No. of shares traded	6,130,739	1,888,658
Volume of transactions (Nos.)	10,695	5,206
Market capitalization (Rs 000)	979,101	653,595

4. Public Holding

The percentage of ordinary shares held by public as at 31st March 2015 was 13.77% (2014 – 13.77%) and the number of public shareholders were 2,368.

5. Dividend

1st Interim dividend of Rs. 0.50 per ordinary share for the financial year ended 31st March 2015, amounting to Rs. 12,916,904/- was declared and paid on 06th October 2014.

The Directors have recommended a final dividend of Rs. 0.75 per ordinary share for the year ended 31st March 2015.

» Notice of Meeting

NOTICE IS HEREBY GIVEN that the Ninety Fifth Annual General Meeting of Guardian Capital Partners PLC will be held on Friday, the 5th day of June 2015 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 2015, together with the report of the Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-elect Mr.D.C.R. Gunawardena who retires by rotation in term of Articles 72, 73 & 74 of the Articles of Association of the Company.
4. To re-elect Mr.W.A.A. De Z. Gunasekera as a Director in terms of Article 68 of the Articles of Association of the Company and to re-appoint him as a Director of the Company since he is over Seventy years of age and to consider and if deemed fit to pass the following resolution:

“IT IS HEREBY RESOLVED to re-elect Mr.W.A.A. De Z. Gunasekera in accordance with Article 68 of the Articles of Association of the Company and as per Section 210 of the Companies Act No. 7 of 2007, the age limit stipulated therein shall not be applicable to Mr: W.A.A. De Z. Gunasekera who is 74 years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”
5. To Re-appoint 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 78 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.”
6. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act No. 07 of 2007 and to authorize the Directors to determine their remuneration.

By Order of the Board

(Sgd.)

K. D. De Silva (Mrs.)

Director

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED

Secretaries

Colombo,
30th April 2015

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 03rd June 2015.
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.

» 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 or failing him,
 Wijemuni Asoka Anandalal De Zoysa Gunasekera

as *my/our proxy to attend at the 95th Annual General Meeting of the Company to be held on Friday, the 5th day of June 2015 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 2015, together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To declare 75 cents per ordinary share as a final dividend for the financial year ended 31st March 2015 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To re-elect Mr.D.C.R. Gunawardena who retires in terms of Article 72, 73 & 74 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-elect Mr.W.A.A. De Z. Gunasekera as a Director in terms of Article 68 of the Articles of Association of the Company and to re-appoint him as a Director of the Company who is over seventy years of age.	<input type="checkbox"/>	<input type="checkbox"/>
(v) 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"/>
(vi) 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 Fifteen.

.....
 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 03rd June 2015.

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 Diri 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

Bukit Darah PLC

Directors

I. Paulraj (Chairman)
D. C. R. Gunawardena
S. Mahendrarajah
W.A.A. De Z. Gunasekera
(Appointed to the Board w.e.f 19th November 2014)

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: +94-11-2039385

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

Designed & produced by

emagewise

Printed by Printel (Pvt) Ltd

www.carsoncumberbatch.com