

# EXPLORING OUR POTENTIAL

**GUARDIAN  
CAPITAL  
PARTNERS PLC**

A CARSON CUMBERBATCH COMPANY

Annual Report 2015/16

# CONTENTS

Key Highlights / 2
Chairman's Statement / 3
Management Discussion & Analysis / 4
Our Philosophy and Approach / 8
Risk Management / 9
Annual Report of the Board of Directors on the Affairs of the Company / 11
Profile of the Directors / 20
Audit Committee Report / 21
Report of the Related Party Transactions Review Committee / 23
Financial Calendar / 24
Independent Auditors' Report / 25
Statement of Profit or Loss and other Comprehensive Income / 26
Statement of Financial Position / 27
Statement of Changes In Equity / 28
Statement of Cash Flows / 29
Notes to the Financial Statements / 30
Five Year Summary / 55
Information to Shareholders and Investors / 56
Notice of Meeting / 58
Form of Proxy / 59

# EXPLORING OUR POTENTIAL

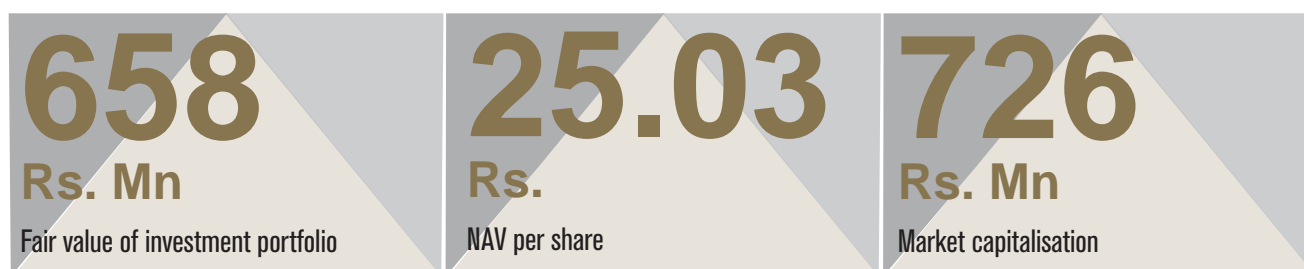
Guardian Capital Partners PLC is the private equity investment arm of the Ceylon Guardian Investment Trust Group. The Company's portfolio is managed by Guardian Fund Management Limited.

The Company looks to partner with unlisted small, 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.

# KEY HIGHLIGHTS

In Rupees Thousands

For the year ended / as at 31st March	2016	2015	Change (%)
Revenue	25,852	199,853	(87)
Profit from operations	25,051	188,039	(87)
Profit for the year	21,823	184,181	(88)
Other comprehensive expenses for the year	(6,563)	(97,685)	(93)
Total comprehensive income for the year	15,260	86,496	(82)
Net cash generated from / (used in) operating activities	(150,606)	299,944	(150)
Net increase / (decrease) in cash & cash equivalents during the year	(169,888)	287,017	(159)
Retained earnings	110,292	125,254	(12)
Total equity	646,666	656,360	(1)
Fair value of investment portfolio *	657,847	662,211	(1)
Total assets	658,647	662,832	(1)
Earnings per share (Rs.)	0.84	7.13	(88)
Dividend per share (Rs.) **	0.25	1.25	(80)
Net assets per share - Book value (Rs.)	25.03	25.41	(1)
Return on ordinary shareholders' funds (%)	3.37	28.06	(88)
<b>Stock Market data</b>			
All Share Price Index (points)	6,072	6,820	(11)
S&P SL 20 Index (points)	3,204	3,852	(17)
Market capitalisation (000)	725,930	979,101	(26)
Share price (Rs.)			
Year end	28.10	37.90	(26)
High	57.60	51.00	13
Low	25.00	25.40	(2)
* Based on the fair value of portfolio after adjusting for cash and cash equivalents.			
** Based on interim / proposed dividends			



# CHAIRMAN'S STATEMENT

<b>Key Highlights</b>	<b>2</b>
<b>Chairman's Statement</b>	<b>3</b>
Management Discussion & Analysis	4
Our philosophy and approach	8
Risk Management	9
Annual Report of the Board of Directors	
on the Affairs of the Company	11
Profile of the directors	20
Audit Committee Report	21
Report of the Related Party	
Transactions Review Committee	23

I welcome you to the 96th 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 2016.

There was an improvement in the company's deal flow during the year. However this deal flow was primarily from start-up or early stage companies operating in the IT vertical. The increase in activity in the venture capital space is encouraging and augurs well for the future as it is indicative of a new entrepreneurial and innovation driven culture that is fast growing and also signals an increase in risk appetite and emergence of a new investor class as well. The start-up and venture capital space is an important component in the alternate funding landscape of an economy, and your company would look to play a role in this development. Pursuant to this the company made an investment in a start-up during the year, and is looking to close on two to three deals in the start-up and early stage space during the first quarter of the current financial year. The company is cognisant of the higher risks of investing in this space, and has set exposure caps on this category as a whole as well as at the individual holding level.

Unfortunately the positive developments in the venture capital space was not mirrored in the private equity space as the deal flow was minimal and whatever came through failed to meet the investment criteria of the company. However as mentioned last year, we will need to give more time for the sector to develop and mature, and where possible play a role to assist and drive this development. Hence your company has been looking at the facets which it has control of, namely deal generation, deal evaluation and structuring and looking to improve on them. Accordingly seeking a foreign PE player to partner in developing the business has been a key strategic priority for your company and I am pleased to inform that your company entered into a joint venture agreement with Small Enterprise Assistance Funds (SEAF) based out of the United States in April 2016. SEAF is a PE fund manager specialised in the Small and Midcap space in frontier markets, and has vast experience in investing in economies similar to Sri Lanka, as well as driving the development of the PE space in those countries.

SEAF has invested more than USD 387 Mn to date in more than 400 projects spread across 25 countries. We see significant value additions from them as partners in building the private equity business not only within GCP but also for our industry as a whole. More information on the joint venture is set out in the Management Discussion & Analysis.

During the year the company generated an accounting profit of Rs. 21.8 Mn and a total comprehensive net income of Rs. 15.3 Mn. This represents a significant decrease when compared to last year as no disposals were carried out, and hence no disposal gains were recognised. NAV per share was marginally down to Rs. 25.03.

No further dividend will be paid for the year, hence the interim dividend paid of Rs. 0.25 per share will be considered as final. Further we would like to stress once again to our shareholders the fact that private equity investments are riskier, relatively illiquid in nature, carry a longer gestation period, and therefore carry a higher risk weight than listed equity.

In conclusion, I thank the shareholders for the confidence and trust placed in the management over the years. We thank the members of the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Nomination Committee, the Regulators and our business associates for their continued support. I also thank the members of our staff for their contribution, and my colleagues on the Board for their inputs. Mr. Asoka Gunasekera will step down from the Board at the conclusion of the Annual General Meeting. Whilst thanking him for his valuable contribution to the Company, I wish him all the success in his future endeavours.

(Sgd.)

**I. Paulraj**  
Chairman

Colombo  
03rd May 2016

# MANAGEMENT DISCUSSION & ANALYSIS

## COMPOSITION OF THE PORTFOLIO

As at 31 March 2016 our portfolio stands a Rs. 221 Mn and consists of 5 companies (Figure 1). We made an investment of Rs. 10 Mn into Kashmi Singapore Pte Ltd during the year. LVL Energy Fund Limited is the largest holding followed by Expolanka Holdings and Access Engineering.

Figure 1: Portfolio Composition	Rs. Mn	%
LVL Energy Fund Limited	75	34%
Expolanka Holdings PLC	48	22%
Access Engineering PLC	48	22%
Hsenid Business Solutions (Pvt) Ltd	40	18%
Kashmi Singapore Pte Ltd	10	4%
	221	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 136.6Mw, of which 104.4Mw is accounted for by thermal plants located in Bangladesh. The balance capacity is located in Sri Lanka of which 15.6Mw 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, specialised in the garments/apparel vertical. SG Holdings Global PTE LTD, a leading logistics company in Japan, is the majority shareholder of the company with a 51.4% ownership stake. SG Holdings is working together with the founding shareholders to further the company's growth in the freight and logistics space. The restructuring process the company embarked on has achieved the desired results, and the management hopes to complete the process within the next financial year. 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.

Key Highlights	2
Chairman's Statement	3
<b>Management Discussion &amp; Analysis</b>	<b>4</b>
Our philosophy and approach	8
Risk Management	9
Annual Report of the Board of Directors	
on the Affairs of the Company	11
Profile of the directors	20
Audit Committee Report	21
Report of the Related Party	
Transactions Review Committee	23

### 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.

### Kashmi Singapore Pte Ltd

A company based in Singapore, Kashmi has developed a Peer to Peer mobile payment solution with embedded social media functionality, which enables cash transfers between individuals and vendors through a mobile app. The company was founded by a group of young Sri Lankan entrepreneurs, operating out of Singapore and Sri Lanka. The company will initially launch the product in Singapore and then it hopes to expand into other ASEAN countries like Malaysia and Indonesia. The promoters were funded by 'Turn 8', which is an incubator based in Dubai, and 'Startupbootcamp Fintech Singapore' a financial innovation focused accelerator in Singapore, during the product development stage. The funds raised at the seed round will be used to fund the market development strategy of the company.

### Consolidated performance of the portfolio companies

The portfolio companies generated consolidated revenues of Rs. 55.7 Bn for the 9 months ending December 2015, an increase of 9.5%. Consolidated net profit increased by 28.5%, to Rs. 3 Bn (Figure 2).

Figure 2: Portfolio Company Performance				
Rs. Mn	Annual		9 months	
	2013/14	2014/15	Dec-14	Dec-15
Revenue	70,135	69,478	50,838	55,690
Net profit	4,262	3,232	2,373	3,049
Revenue growth		-0.9%		-6.3%
Profit growth		-24.2%		28.5%

All companies contributed to the top and bottom line growth recorded for the 9 months for FY 2016. Expolanka contributed to bulk of the performance improvement, driven by the improved performance of the freight and logistics sector. The bottom line of LVL Energy Fund(LEF) was the second largest contributor to the growth in performance, as we commenced consolidating the company's performance. Adjusted for this the 9 months consolidated profit would have come in at Rs. 2.8 Bn, recording a growth of 17.4%. Access Engineering also posted an improvement in profits. Whilst construction sector profitability was maintained at similar levels to last year despite a slowdown in construction activity, the improvement was driven by bottom line growth in subsidiaries. HSenid performance improved both on top and bottom line during the period. Performance of Kashmi is not included in the performance figures as the investment was done towards the latter part of the year.

### Joint Venture with Foreign Private Equity Manager

In April 2016, we entered into a joint venture agreement with Small Enterprise Assistance Funds (SEAF), a PE fund manager registered in the state of New York in the United States of America. SEAF commenced operations in 1989, launching its first fund in 1992 in Poland and has now expanded into 25 Emerging and Frontier markets across Asia, Africa, Central & Eastern Europe and Latin America. It has invested more than USD 387 Mn to date in more than 400 projects via 35 investment vehicles/funds. It has close to USD 700 Mn in committed capital, which has been raised from investors such as Development Financial Institutions; IFC, DEG and FMO, development focused sovereign funds; Swedfund, Finnfund, Qatar Development Bank and Norfund, and institutional

# MANAGEMENT DISCUSSION & ANALYSIS

investors such as insurance companies (New York Life, Life Insurance Corporation of India etc.).

Their vast experience and track record in Frontier Markets will directly translate to Sri Lanka, given the similarity in market maturity, deal sizes and similarities in economic and business conditions. We believe that SEAF will enable us to vastly improve our knowledge and capabilities in the PE business, whilst also contributing to the development of the industry as a whole in the country. SEAF has committed to place full time resources in the country and we look forward to a fruitful partnership going forward,

Our first initiative with SEAF would be to launch a Sri Lanka focused Private Equity fund, with a broad mandate to invest across the private equity space. SEAFs networks, experience and knowledge base would enable us to add significant value to investee companies in areas such as building market access, transfer of proven technologies to improve operations, product & services, identifying and rectifying managerial and operational deficiencies, facilitating the growth of the entrepreneurs & management teams via provision of knowledge, networks and access to regional players etc.

The joint venture will be executed via an asset management company. Guardian Capital Partners (GCP) will own 41.7% of the company. The JV Company in turn will be appointed as

the fund manager of the proposed private equity fund. The domicile of the fund will be determined based on regulatory and taxation considerations. We hope to attract funds from local and foreign institutions. GCP plans to participate in the fund as an investor. GCPs investment in the fund will send a strong signal to and build confidence in potential foreign investors we hope to tap via SEAFs networks. Further this will enable GCP and its shareholders to enhance the opportunity set available, as the increased fund size will enable the company to get exposed to larger companies and deals which were previously not available to GCP. Simultaneously increased diversification afforded via being part of a large and relatively more diverse asset pool will also help reduce risks.

The proposed venture will be however subject to GCP obtaining all necessary regulatory approvals in Sri Lanka and shareholder approvals where necessary.

## Movement in the portfolio

The portfolio value of GCP as at 31st March 2016 stood at Rs. 221 Mn. No disposals were executed during the year, as the trading prices of the listed investments did not reflect our assessment of their business growth and valuation, whilst none of the unlisted companies experienced a liquidity event. A new investment of Rs. 10 Mn was made as explained before. Further a mark to market loss of Rs. 7 Mn was recorded on account of the decline in price of the listed holdings during the FY 2016.

**SEAF's vast experience and track record in Frontier Markets will directly translate to Sri Lanka, given the similarity in market maturity, deal sizes and similarities in economic and business conditions. We believe that SEAF will enable us to vastly improve our knowledge and capabilities in the PE business, whilst also contributing to the development of the industry as a whole in the country.**

	Rs. Mn
31st March 2015	218
Loss from fair value adjustment	(7)
Additions	10
Disposals	-
Portfolio value as at 31st March 2016	221
Cash & short term investments as at 31st March 2016	437



Key Highlights	2
Chairman's Statement	3
<b>Management Discussion &amp; Analysis</b>	<b>4</b>
Our philosophy and approach	8
Risk Management	9
Annual Report of the Board of Directors	
on the Affairs of the Company	11
Profile of the directors	20
Audit Committee Report	21
Report of the Related Party	
Transactions Review Committee	23

### Financial performance

During the financial year the company generated a profit of Rs. 21.8 Mn and a total comprehensive income of Rs. 15.3 Mn. As no disposals were made, as explained before, no capital gains were realised during this financial year, hence the results reflect a significant decline over last financial years performance which included gains realised on part disposals of listed holdings.

Administrative and other expenses increased on account of a one off consulting fee paid to obtain advice on tax implications of structures utilised for the proposed foreign partnership. Income tax expenses for the period was flat, as more tax efficient methods were used to manage the cash holding.

### Financial position

As at 31st March 2016, the cash holding and short term investments stood at Rs. 436.7 Mn, accounting for 66% of total assets. As mentioned earlier we are looking to invest into the proposed fund to be jointly managed with SEAF. Hence we will need to raise further funds into the company during the financial year. Part of these funds will go into funding the investment in the venture, whilst the balance will be utilised to fund investments that fall outside the mandate of the venture and also to meet funding needs of portfolio companies that we hold and commitments made at the time of commencing the operations of the new venture.

### 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.

### Guardian Fund Management Limited

Investment Managers

Colombo  
03rd May 2016

# 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 in the country, 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. As mentioned before 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. Via our joint venture with SEAF we hope to expand not only our financial capital commitment, but also vastly improve our value addition to companies via contributing intellectual capital to enhance and grow their businesses. This could be by way of assisting in strategising better, advising on the efficacy of the business model followed, introducing new markets and technology, identifying operational improvements, opening up new avenues of growth and introducing strategic business partners.

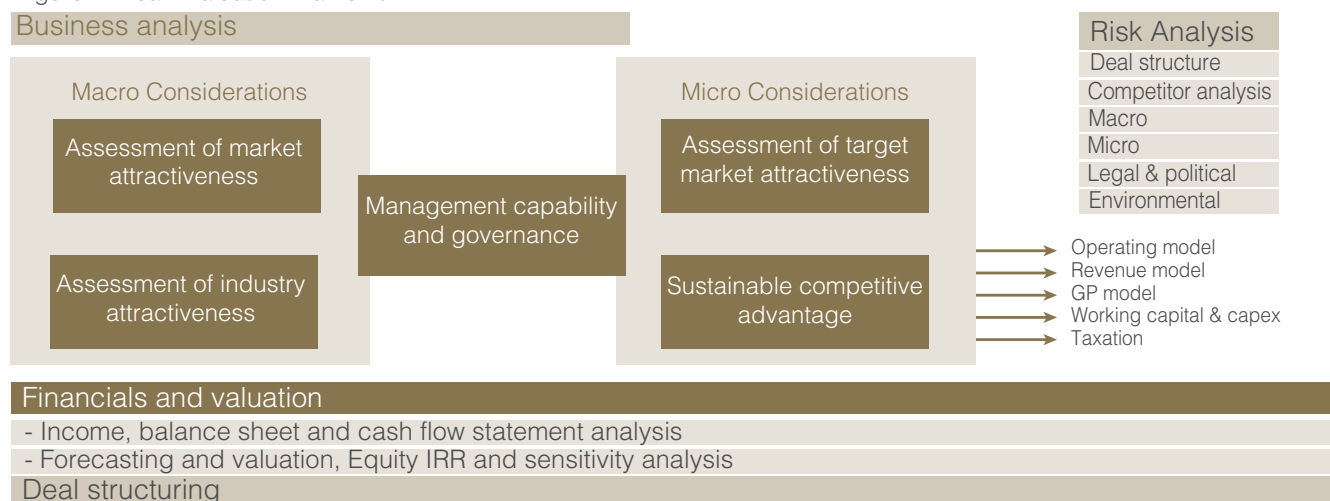
We see the prevailing macro environment to be challenging to all businesses. Funding from traditional sources could tighten

and where available may come at high costs or strict terms and conditions. We take this opportunity to invite entrepreneurs and companies who have ambitious growth plans to scale up their business but are being restricted due to limitations in funding, to come talk to us.

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 (Figure 4) developed. This ensures that we follow a consistent, objective and systematic approach to evaluating a deal from all angles.

After committing capital we seek to continuously engage with the company in providing input on strategy and execution. This is done to ensure continuous guidance and support for Investee Company's management whilst also ensuring that the company achieves the objectives set out at the time of fund raising. Engagement is via the participation in a shareholder advisory board or by being a board member depending on the stake taken in the investment. Further we also enter into shareholder agreements, which set out parameters relating to factors such as conduct of business, particulars relating to exit, monitoring and shareholder rights.

Figure 4: Deal Evaluation Framework



**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 realisation is directly linked to the performance of the overall market as well as price to earnings multiples of peer companies on the stock exchange. Hence towards the end of our holding period we would actively monitor market movements to ensure that exits are timed to derive the maximum benefit. Upon listing of our positions we are directly exposed to market risk in the event we do not divest at the time of listing. Movement in prices are monitored and analysed to understand the reasoning behind such movement and these are assessed against our view and understanding of the company's fundamentals (Please refer note 24, 'Financial instruments' in the financial statements for further details).

## Liquidity risk

Private equity investments by nature are highly illiquid, preventing the investor from realising 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. As per current rules lock-in rules, shares acquired via an allotment during a period of 12 months immediately preceding the date of an Initial Listing Application shall be dealt with by discretion of the Securities and Exchange Commission. Shares acquired via a transfer during the same period will be locked in for a minimum of 6 months from the date of listing or 12 months from the date of acquisition of those shares, which ever is longer. 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 of GCP. Detailed policy manuals and checklists covering investment analysis, governance & legal aspects, covenants and shareholder agreements have been developed to manage and reduce this risk. These would cover key risks such as sell outs by promoters, retention of key staff and protection of important tangible and intangible assets.

## Monitoring risk

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

## Credit risk

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

# RISK MANAGEMENT

investment of excess cash we limit our investments to financial instruments/institutions with credit rating of 'A' and above. (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.

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 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 to ensure compliance on a continuing basis via periodical reviews.

## Taxation risk

There is lack of clarity with respect to the treatment of capital gains arising out of private equity investments. This could affect the returns earned on private equity and also is a factor that increases uncertainty for investors in private equity vehicles. Foreign jurisdictions have clearly set out regulations governing the operation as well as taxation of private equity specific structures, and the lack of a similar framework could impact the availability of funds from local and foreign sources for private equity.

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

Key Highlights	2
Chairman's Statement	3
Management Discussion & Analysis	4
Our philosophy and approach	8
<b>Risk Management</b>	<b>9</b>
<b>Annual Report of the Board of Directors on the Affairs of the Company</b>	<b>11</b>
Profile of the directors	20
Audit Committee Report	21
Report of the Related Party	
Transactions Review Committee	23

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 2016.

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 03rd May 2016.

## 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 is to act as a specialised 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 Financial Position as at March 31, 2016, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 26 to 54. These financial statements 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. 25.9 Mn. (2015 – Rs. 199.9 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.

For the year ended 31st March	2016	2015
Retained earnings / (accumulated losses) brought forward from previous year	125,254	(45,880)
Super Gain Tax for the year of Assessment 2013/14	(277)	-
Adjusted retained earnings / (accumulated losses) brought forward from previous year	124,977	(45,880)
Profit for the year	21,823	184,181
Dividend	(25,834)	(12,917)
Forfeiture of unclaimed dividend	1,157	-
Transfers	(11,831)	(130)
	110,292	125,254

## 4.3 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are given on pages 30 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 categorised in to,

Fair value hierarchy Level 1 - quoted securities/ Unit trusts

Fair value hierarchy Level 3 - private equity (unlisted equity).

The details of financial instruments categorised in to levels in the fair value hierarchy are given in note 24.5 to the financial statements.

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

## 4.5 Reserves

As at 31st March 2016, the total reserves of the Company stood at Rs.133 Mn (2015 - Rs. 142.7 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. 6.6 Mn (2015 - Rs. 97.7 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

During the year an amount of Rs.11.9 mn (2015 - Rs. 130,000/-) was transferred to "Fair value through profit or loss financial assets reserve" due to gains arising from fair value adjustment of fair value through profit or loss financial assets.

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

## 5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors in relation to the Financial Statements are detailed in the following paragraphs, whilst the responsibilities of the Auditors are set out in the 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, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

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 25 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.

Key Highlights	2
Chairman's Statement	3
Management Discussion & Analysis	4
Our philosophy and approach	8
Risk Management	9
<b>Annual Report of the Board of Directors on the Affairs of the Company</b>	<b>11</b>
Profile of the directors	20
Audit Committee Report	21
Report of the Related Party	
Transactions Review Committee	23

### 7.1 Remuneration of Directors

Directors' remuneration, for the financial year ended 31st March 2016 is given in Note 12 to the Financial Statements, on page 37.

### 7.2 Directors' interest in Contracts and Shares

Directors' interest in Contracts of the Company are disclosed in note 23 to these financial statements and have been declared at meetings of the Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interests in the ordinary shares of the Company as shown in the table.

Directors	No. of shares as at	
	31st March 2016	01st April 2015
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 *	-	-

\* Will step down from the Board at the conclusion of the AGM.

## 8. DIRECTORS

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

### 8.1 Director to retire by rotation

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

### 8.2 Change in Directorate

Mr. W.A.A. de Z. Gunasekera, Non-Executive Independent Director has informed that he will not be presenting himself for re-appointment as a Director. Accordingly, he will step down from the Board at the conclusion of the Annual General Meeting to be held on 03rd June 2016, in terms of Article 71 (e) of the Articles of Association of the Company.

### 8.3 Appointment of a Director who is over 70 years of age

Upon the recommendation of the Nomination Committee of Ceylon Guardian Investment Trust PLC (the Parent Company), which acts as the Nomination Committee of the Company and the Board, it is recommended that Mr. I. Paulraj who is over 70 years of age be re-appointed as a Director of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act No.7 of 2007 shall not be applicable.

## 9. 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 *	Non-Executive/ Independent

\* Will step down from the Board at the conclusion of the AGM.



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

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/ Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting of the Board of Directors of the Company held on 03rd May 2016, 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
Mr. W.M.R.S. Dias *	Non-Executive/ Independent Director of CCPLC
Mr. T. De Zoysa **	Non-Executive/ Independent Director of CCPLC

\* Appointed w.e.f. 18th May 2015

\*\* Appointed w.e.f. 28th July 2015

## 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 Non-Executive Directors. Based on the recommendation of the Remuneration Committee, the Board approves remuneration to the respective Directors.

The 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 Members	Attended Meetings (Out of two)
Mr. I. Paulraj (Chairman)	1/2
Mr. D.C.R. Gunawardena	2/2
Mr. R. Theagarajah	2/2
Mr. W.M.R.S. Dias *	2/2
Mr. T. De Zoysa **	2/2

\* Appointed w.e.f. 18th May 2015

\*\* Appointed w.e.f. 28th July 2015



Key Highlights	2
Chairman's Statement	3
Management Discussion & Analysis	4
Our philosophy and approach	8
Risk Management	9
<b>Annual Report of the Board of Directors on the Affairs of the Company</b>	<b>11</b>
Profile of the directors	20
Audit Committee Report	21
Report of the Related Party Transactions Review Committee	23

## 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 Related Party Transactions Review 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. CCPLC formed a 'Related Party Transactions Review Committee' with effect from 1st January 2016.

As per the Rule 9.2.3 of the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee of CCPLC functions as the Related Party Transactions Review Committee of the Company.

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

The Related Party Transactions Review Committee Report is given on page 23 of this Annual Report.

### Declaration

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

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

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

In terms of the requirements of the Listing Rules of the Colombo Stock Exchange, the transactions carried out by the Company with its Related Parties during the year ended 31st March 2016, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2016.

The details of the Related Party Transactions are given in note 23 to the Financial Statements.

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

## 1. Non-Recurrent Related Party Transactions

There were no Non-recurrent related party transactions entered into by the Company, where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the Shareholders' equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2016.

## 2. Recurrent Related Party Transactions

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

Name of the Related Party;	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the financial year;	Aggregate value of Related Party Transactions as a % of Net Revenue/ Income	Terms and Conditions of the Related Party Transactions
Guardian Fund Management Limited	Fellow Subsidiaries	Portfolio management fee	3,234,082	13%	Based on portfolio value of the Company and commensurate with arm's length industry norms.

## 9.6 Directors' Meetings Attendance

During the financial year the Board of Directors had four (04) Board Meetings and the attendance of the Directors were as follows;

Board Members	Attended Meetings (Out of four)
Mr. I. Paulraj (Chairman)	4/4
Mr. S. Mahendrarajah	4/4
Mr. D.C.R. Gunawardena	4/4
Mr. W.A.A. De Z. Gunasekera *	3/4

\* Will step down from the Board at the conclusion of the AGM.

## 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 to the Board 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 other members of senior management may be invited to attend Meetings of the Nomination Committee. The Committee may also invite appointed external consultants to aid the Committee in the discharge of its duties.

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

The Nomination Committee meets at least twice a year.

Key Highlights	2
Chairman's Statement	3
Management Discussion & Analysis	4
Our philosophy and approach	8
Risk Management	9
<b>Annual Report of the Board of Directors on the Affairs of the Company</b>	<b>11</b>
Profile of the directors	20
Audit Committee Report	21
Report of the Related Party	
Transactions Review Committee	23

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

Nomination Committee Members	Attended Meetings (Out of two)
Mr. I. Paulraj (Chairman)	2/2
Mrs. M.A.R.C. Cooray	2/2
Mr. D.C.R. Gunawardena	2/2

## 11. BOARD EVALUATION

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

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

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

## 12. INDEPENDENT AUDITORS

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

A sum of Rs. 160,000/- was paid to them by the Company as audit fees for the year ended 31st March 2016 (2015 - Rs. 147,000/-). Further the auditors were paid Rs.100,000/- (2015 - Rs. 95,000/- ) as professional fees for audit related services during the year. Also the auditors were paid Rs. 2,310,000/- (2015 - nil) as professional fees for non audit services during the year.

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

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

### 12.1 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.

## 13. 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 crystallisation of risk elements to a greater extent, employment of external support structures would also be necessary based on the risk assessments made thereon.

Effective maintenance of internal controls, 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.

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

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.

## 14. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the year.

## 15. DIVIDEND

1st Interim dividend of Rs. 0.25 per ordinary share was declared for the financial year ended 31st March 2016, amounting to Rs. 6,458,452/- and paid on 08th April 2016.

The details of the dividends paid during the year are given in note 15 to the financial statements.

## 16. SOLVENCY TEST

Taking into account the said distribution, the Directors were satisfied that the Company met 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 same.

## 17. STATED CAPITAL

The stated capital of the Company as at 31st March 2016 was Rs. 513.6 consisting of 25,833,808 ordinary shares.

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

## 18. 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.

## 19. 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.

## 20. DONATIONS

There were no donations made during the year ended 31st March 2016. (2015 - Nil)

## 21. 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).

## 22. EQUITABLE TREATMENT TO SHAREHOLDERS

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

## 23. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, other than those disclosed in Note 26 to the financial statements.

## 24. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Contingent liabilities and commitments as at 31st March 2016 are given in Note 27 to the financial statements.

## 25. SHARE INFORMATION

Information relating to share trading are given on pages 56 to 57 of this Report.

## 26. TWENTY MAJOR SHAREHOLDERS

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

Key Highlights	2
Chairman's Statement	3
Management Discussion & Analysis	4
Our philosophy and approach	8
Risk Management	9
<b>Annual Report of the Board of Directors</b>	
<b>on the Affairs of the Company</b>	<b>11</b>
Profile of the directors	20
Audit Committee Report	21
Report of the Related Party	
Transactions Review Committee	23

Twenty Major Shareholders with Comparatives				
Name of Shareholders as at 31st March	2016		2015	
	No. of shares	%	No. of shares	%
Ceylon Guardian Investment Trust PLC	21,692,800	83.97	21,692,800	83.97
Carson Cumberbatch PLC	581,950	2.25	581,950	2.25
Mr. V. Nataraj	99,532	0.39	-	-
Mrs. V. Nataraj	99,532	0.39	-	-
Merchant Bank of Sri Lanka Limited/Union Investments Limited	98,000	0.38	98,000	0.38
Mr. J. P. Paul	88,299	0.34	109,886	0.43
Natwest Nominees (Pvt) Limited	84,858	0.33	-	-
Wardley Investments (Pvt) Limited	84,858	0.33	-	-
Goodhope Holdings (Pvt) Limited	76,940	0.30	-	-
Mr. M. Selvanathan	63,409	0.25	-	-
Skan Investments (Pvt) Limited	51,774	0.20	-	-
First Capital Markets Limited / Mr. S.P. Jayakumar	50,139	0.19	-	-
Mr. M.W. de Silva	49,291	0.19	49,291	0.19
Mr. B. S. Goonesekera	49,095	0.19	36,216	0.14
Mr. H.A. Van Starrex	48,569	0.19	144,292	0.56
Mr. M.S. Hiripitiya	38,696	0.15	13,096	0.05
Mr. K.S.H. Mawellage	35,889	0.14	26,729	0.10
Ms. C. Wijerathne	33,943	0.13	-	-
Sampath Bank PLC / Mr. M.A.U. Gnanathilake	31,866	0.12	-	-
Mr. D.S. Jeevaratnam	31,000	0.12	-	-

## 27. ANNUAL REPORT

The Board of Directors on 03rd May 2016 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 Standards Monitoring Board and the Registrar of Companies within the given time frames.

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

## 28. ANNUAL GENERAL MEETING

The 96th Annual General Meeting of the Company will be held on the 03rd day of June 2016 at 3.00 p.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7.

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

**Carsons Management Services (Private) Limited**  
Secretaries

03rd May 2016

# 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 several 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, 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 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, Indo-Malay PLC, Selinsing PLC, Shalimar (Malay) PLC and Leechman & Company (Private) Limited. He is also the Group Finance Director of Sri Krishna Group of Companies. He has over 40 years experience in the fields of 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** - Will step down from the Board at the conclusion of the AGM.

Asoka De Zoysa 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

Key Highlights	2
Chairman's Statement	3
Management Discussion & Analysis	4
Our philosophy and approach	8
Risk Management	9
Annual Report of the Board of Directors on the Affairs of the Company	11
<b>Profile of the directors</b>	<b>20</b>
<b>Audit Committee Report</b>	<b>21</b>
Report of the Related Party Transactions Review Committee	23

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 a 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 organisation 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 five (05) 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 Five)	
Mr.Vijaya Malalasekera (Chairman)	05
Mr.Chandima Gunawardena	05
Mr.Faiz Mohideen	05

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 2015/2016 and the Group Internal Audit (GIA) carried out 05 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 2016 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 2017, 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**

03rd May 2016



# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Key Highlights	2
Chairman's Statement	3
Management Discussion & Analysis	4
Our philosophy and approach	8
Risk Management	9
Annual Report of the Board of Directors on the Affairs of the Company	11
Profile of the directors	20
<b>Audit Committee Report</b>	<b>21</b>
<b>Report of the Related Party Transactions Review Committee</b>	<b>23</b>

The Related Party Transactions Review Committee (RPTRC) of Carson Cumberbatch PLC was constituted on 1st January 2016.

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 RPTRC of CCPLC functions as the RPTRC of the Company.

## Composition of the Committee

The Members of the RPTRC are as follows :

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

## Purpose of the Committee

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

## Policies and procedures

- The RPTRC reviews all the Related Party Transactions of the Listed Companies of the Carsons Group and where the Committee decides that the approval of the Board of Directors of the respective Companies is necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.
- When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether recurrent or non-recurrent in nature.

- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.
- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

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

The RPTRC in discharging its function has introduced processes and periodic reporting by the relevant entities with a view to ensuring that:

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

The Committee has a criteria for designating Carsons Group Key Management Personnel (KMP). Further, processes have been introduced to obtain annual disclosures from all KMPs so designated.

The Committee held its First Meeting on 9th March 2016 with all Members in attendance. The Related Party Transactions of the Company for the period 1st January 2016 to 31st March 2016 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)

**V.P. Malalasekera**

Chairman – Related Party Transactions Review Committee  
**Carson Cumberbatch PLC**

03rd May 2016

# FINANCIAL CALENDAR

## Quarterly Financial Statements

01st Quarter ended 30th June 2015

Issued to Colombo Stock Exchange on 14th August 2015

02nd Quarter ended 30th September 2015

Issued to Colombo Stock Exchange on 13th November 2015

03rd Quarter ended 31st December 2015

Issued to Colombo Stock Exchange on 12th February 2016

Annual Report for the year ended 31st March 2016

96th Annual General Meeting on 03rd June 2016

# INDEPENDENT AUDITORS' REPORT



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

Tel : +94 - 11 542 6426  
Fax : +94 - 11 244 5872  
+94 - 11 244 6058  
+94 - 11 254 1249  
+94 - 11 230 7345  
Internet : [www.lk.kpmg.com](http://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, 2016, 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 26 to 54.

### 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, 2016, 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:

- The basis of opinion and scope and limitations of the audit are as stated above.
- 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 No 07 of 2007.

CHARTERED ACCOUNTANTS

Colombo  
3rd May 2016

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	2016	2015
<b>Revenue</b>	11	25,852	199,853
Impairment loss on available for sale financial assets		-	(1,158)
Net change in fair value of fair value through profit or loss financial assets		11,831	130
<b>Profit on investment activities</b>		37,683	198,825
Administrative and other operating expenses		(12,632)	(10,786)
<b>Profit from operations</b>	12	25,051	188,039
Income tax expense	13	(3,228)	(3,858)
<b>Profit for the year</b>		21,823	184,181
<b>Other comprehensive income</b>			
<b>Items that are / or may be reclassified to profit or loss</b>			
Net change in fair value of available for sale financial assets		(6,563)	(7,853)
Transfer of realised gains on disposal of available for sale financial assets		-	(89,832)
<b>Other comprehensive expense for the year</b>		(6,563)	(97,685)
<b>Total comprehensive income for the year</b>		15,260	86,496
<b>Earnings per share (Rs.)</b>	14	0.84	7.13

The notes to the financial statements from pages 30 to 54 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	2016	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Available for sale financial assets	16	221,342	217,649
<b>Total non-current assets</b>		<b>221,342</b>	<b>217,649</b>
<b>Current assets</b>			
Other receivables	17	511	473
Current tax recoverable		25	148
Fair value through profit or loss financial assets	18	261,961	100,130
Cash and cash equivalents	19	174,808	344,432
<b>Total current assets</b>		<b>437,305</b>	<b>445,183</b>
<b>Total assets</b>		<b>658,647</b>	<b>662,832</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	20	513,656	513,656
Revenue reserves	21	133,010	142,704
<b>Total equity</b>		<b>646,666</b>	<b>656,360</b>
<b>Current liabilities</b>			
Other payables	22	11,717	6,472
Bank overdraft		264	-
<b>Total current liabilities</b>		<b>11,981</b>	<b>6,472</b>
<b>Total equity &amp; liabilities</b>		<b>658,647</b>	<b>662,832</b>
Net assets per share (Rs.)		25.03	25.41
The notes to the financial statements from pages 30 to 54 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.) <b>V.R. Wijesinghe</b> Financial Controller <b>Carsons Management Services (Private) Limited</b>			
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.) <b>W.Y.R. Fernando (Mrs.)</b> Director <b>Guardian Fund Management Limited</b> Colombo 03rd May 2016		(Sgd.) <b>I. Paulraj</b> Chairman	(Sgd.) <b>D.C.R. Gunawardena</b> Director

# 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)
<b>Balance as at 1st April 2014</b>	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	-	-	-	-	(12,917)	(12,917)
Transfers (note 21.3)	-	-	130	-	(130)	-
<b>Balance as at 31st March 2015</b>	513,656	16,701	130	619	125,254	656,360
<b>Balance as at 1st April 2015</b>	513,656	16,701	130	619	125,254	656,360
Super Gain Tax for the year of Assessment 2013/14*	-	-	-	-	(277)	(277)
<b>Adjusted balance as at 1st April 2015</b>	513,656	16,701	130	619	124,977	656,083
Profit for the year	-	-	-	-	21,823	21,823
Other comprehensive expense for the year	-	(6,563)	-	-	-	(6,563)
Total comprehensive income / (expense) for the year	-	(6,563)	-	-	21,823	15,260
Dividend	-	-	-	-	(25,834)	(25,834)
Forfeiture of unclaimed dividends	-	-	-	-	1,157	1,157
Transfers (Note 21.3)	-	-	11,831	-	(11,831)	-
<b>Balance as at 31st March 2016</b>	513,656	10,138	11,961	619	110,292	646,666

The notes to the financial statements from pages 30 to 54 form an integral part of these financial statements.  
Figures in brackets indicate deductions

\* As per the provisions of Part III of the Finance Act, No. 10 of 2015, although the Company did not become liable to pay super gains tax as a stand-alone entity, Rs. 277,000/- has been paid as super gain tax on the basis that the Company is part of the Bukit Darah PLC group, of which the consolidated profit before tax exceeded the threshold as stipulated in the aforesaid Act. According to the Act, the super gain tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards and hence the expense of Super Gain Tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24 November 2015.

# STATEMENT OF CASH FLOWS

In Rupees Thousands

For the year ended 31st March	Note	2016	2015
<b>Cash flows from operating activities</b>			
Profit from operations		25,051	188,039
Impairment loss on available for sale financial assets		-	1,158
Net change in fair value of fair value through profit or loss financial assets		(11,831)	(130)
<b>Operating profit before changes in working capital</b>		<b>13,220</b>	<b>189,067</b>
(Increase) / decrease in investments		(160,256)	106,666
(Increase) / decrease in other receivables		(38)	6,775
Increase / (decrease) in other payables		(150)	294
<b>Cash generated from / (used in) operating activities</b>		<b>(147,224)</b>	<b>302,802</b>
Income tax paid		(3,382)	(2,858)
<b>Net cash generated from / (used in) operating activities</b>		<b>(150,606)</b>	<b>299,944</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(19,282)	(12,927)
<b>Net cash used in financing activities</b>		<b>(19,282)</b>	<b>(12,927)</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents during the year</b>		<b>(169,888)</b>	<b>287,017</b>
Cash & cash equivalents at the beginning of the year		344,432	57,415
<b>Cash &amp; cash equivalents at the end of the year</b>	19	<b>174,544</b>	<b>344,432</b>

The notes to the financial statements from pages 30 to 54 form an integral part of these financial statements.  
 Figures in brackets indicate deductions

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

## 1. Reporting Entity

### (a) Domicile and Legal Form

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.

### (b) Principal Activities and Nature of Operations

The principal activity of the Company was to act as a specialised 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 functions as Managers and Secretaries of the Company.

### (c) Parent Entity and Ultimate Parent Entity

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

### (d) Number of Employees

The Company had no employees as at the reporting date (2015 - 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 3rd May 2016.

### (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.

#### 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 2016 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 are 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 realise 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 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

## 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 recognises 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 recognised 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, 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 amortised 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 recognised, then the previously recognised impairment loss is reversed through profit or loss.

#### Available-for-sale financial assets

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

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

or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

#### (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 recognised.

#### (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 recognised as finance cost.

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

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

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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 recognise 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 recognised 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 (categorised 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 realised net profit.

### (iii) Interest Income

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

### (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 recognised in profit or loss when the related services are performed.

## (f) Income tax expense

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

### (i) Current taxation

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

### (ii) Deferred taxation

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

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

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

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

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

#### (iii) Tax exposures

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

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

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

## 4 Earnings per share

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

## 5 Related party transactions

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

## 6 Events after the Reporting Period

All material and important events which occur after the Reporting date have been considered and disclosed in Note 26.

## 7 Dividends on ordinary Shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's

shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Company.

## 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 categorised 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)

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

- 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 categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised 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.

#### 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.

#### 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 2018.

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		2016	2015
<b>11</b>	<b>Revenue</b>		
	Net gain from disposal of available for sale financial assets (note 11.1)	-	171,322
	Dividend income	7,656	7,600
	Interest income on financial assets carried at amortised cost (note 11.2)	18,196	20,931
		25,852	199,853
<b>11.1</b>	<b>Net gain from disposal of available for sale financial assets</b>		
	Proceeds from disposal of available for sale financial assets	-	452,988
	Carrying value of available for sale financial assets disposed	-	(371,498)
	Transfer of realised gains on disposal of available for sale financial assets	-	89,832
		-	171,322
<b>11.2</b>	<b>Interest income on financial assets carried at amortised cost,</b>		
	Cash at bank	75	42
	Securities purchased under resale agreements	14,897	13,185
	Placements with banking institutions	3,224	7,704
		18,196	20,931
<b>12</b>	<b>Profit from operations</b>		
<b>12.1</b>	Profit from operations is stated after charging all expenses including the following:		
	Auditors' remuneration & expenses		
	- Audit and related fees	260	242
	- Non-audit fees	2,310	-
	Directors' fees & emoluments (note 23.2)	1,200	440
	Professional services cost	25	-
	Personnel cost (note 12.2)	-	-
	Support service fees (note 12.3)	1,078	1,300
<b>12.2</b>	The Company had no employees of its own during the financial year under review (2015 - nil).		
<b>12.3</b>	Support service fee refers to the fee payable to Carsons Management Services (Private) Limited, a related company, which acts as the Managers and Secretaries of the Company.		

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

For the year ended 31st March		2016	2015
<b>13</b>	<b>Income tax expense</b>		
	Provision for the year (note 13.1)	3,212	3,864
	Under / (over) provision for previous years	16	(6)
	<b>Total tax expense for the year</b>	<b>3,228</b>	<b>3,858</b>
<b>13.1</b>	<b>Reconciliation between accounting profit and taxable profit</b>		
	Accounting profit before taxation	25,051	188,039
	Less : Exempt profits on share trading activities	(7,656)	(178,922)
	Add : Disallowed expenses	5,907	9,533
	Impairment loss on available for sale financial assets	-	1,158
	Net change in fair value of fair value through profit or loss financial assets	(11,831)	(130)
	<b>Taxable profit for the year</b>	<b>11,471</b>	<b>19,678</b>
	Tax losses utilised during the year	-	(5,876)
	<b>Taxable income</b>	<b>11,471</b>	<b>13,802</b>
	<b>Taxation thereon @ 28% (2015 - 28%)</b>	<b>3,212</b>	<b>3,864</b>
<b>13.2</b>	<b>Movement in tax losses</b>		
	Tax losses at the beginning of the year	-	5,863
	Adjustment on tax loss brought forward	-	13
	Tax loss utilised during the year	-	(5,876)
	<b>Tax losses at the end of the year</b>	<b>-</b>	<b>-</b>
<b>13.3</b>	In accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and amendments thereto, the Company is liable to income tax at 28% (2015 - 28%).		
<b>13.4</b>	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) have been paid is exempt from Income tax.		
<b>13.5</b>	Utilisation 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 the 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	2016	2015
<b>Amount used as the numerator</b>		
Profit for the year (Rs '000)	21,823	184,181
<b>Amount used as the denominator</b>		
Weighted average number of ordinary shares outstanding during the year	25,833,808	25,833,808
Earnings per share (Rs.)	0.84	7.13

#### 15 Dividend per share

##### Dividends paid during the year

###### Final / interim dividend

- Total dividend	25,834	12,917
- Dividend per share (Rs.)	1.00	0.50

##### Dividends proposed during the year

###### First interim dividend

- Total dividend	6,459	12,917
- Dividend per share (Rs.)	0.25	0.50

###### Proposed final dividends\*

- Total dividend	-	19,375
- Dividend per share (Rs.)	-	0.75
<b>Total dividend per share (Rs.)</b>	<b>0.25</b>	<b>1.25</b>

\* According to the Sri Lanka Accounting Standard (LKAS 11) - "Events after the reporting period", the liability on final dividend subject to the shareholders' approval are not provided for in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

## 16 Available for sale financial assets

### 16.A Summary

As at 31st March	Note	2016		2015	
		Cost	Fair value	Cost	Fair value
<b>Investment in equity securities</b>					
Quoted	16.1	99,455	96,081	99,455	102,644
Private equity (unlisted)	16.2	125,261	125,261	115,005	115,005
<b>Total investment in available for sale financial assets</b>		<b>224,716</b>	<b>221,342</b>	<b>214,460</b>	<b>217,649</b>

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

For the year ended 31st March 2016	Fair Value as at 1st April 2015	Additions	Disposals	Change in fair value	Fair value as at 31st March 2016
Investment in equity securities	217,649	10,256	-	(6,563)	221,342
	217,649	10,256	-	(6,563)	221,342

For the year ended 31st March 2015	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

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

No adjustment was required against profit or loss for the year (2015 – Rs. 1.16 mn) due to significant / prolonged decline in fair value below its cost of identified equity securities in available for sale financial assets, 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, losses of Rs. 6.6 mn and Rs. 7.8 mn have been recognised in financial years 2016 and 2015 respectively.

## 16.1 Investment in equity securities - Quoted

As at 31st March	2016			2015		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
<b>Construction &amp; Engineering</b>						
Access Engineering PLC	2,315,619	57,972	48,165	2,315,619	57,972	44,460
		57,972	48,165		57,972	44,460
<b>Diversified</b>						
Expolanka Holdings PLC	6,845,150	41,483	47,916	6,845,150	41,483	58,184
		41,483	47,916		41,483	58,184
<b>Total investments in equity securities - Quoted</b>		<b>99,455</b>	<b>96,081</b>		<b>99,455</b>	<b>102,644</b>

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)

As at 31st March	2016			2015		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
<b>Information Technology</b>						
hSenid Business Solutions (Pvt) Ltd.	163,419	40,005	40,005	163,419	40,005	40,005
Kashmi Singapore PTE. LTD	417	10,256	10,256	-	-	-
		50,261	50,261		40,005	40,005
<b>Power and Energy</b>						
LVL Energy Fund Limited	9,375,000	75,000	75,000	9,375,000	75,000	75,000
		75,000	75,000		75,000	75,000
<b>Total investment in equity securities - Private equity (unlisted)</b>		<b>125,261</b>	<b>125,261</b>		<b>115,005</b>	<b>115,005</b>

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

As at 31st March	2016	2015
------------------	------	------

## 17 Other receivables

<b>Non financial</b>		
Prepaid expenses	511	473
	511	473

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

18	Fair value through profit or loss financial assets					
18.A	Summary					
As at 31st March		2016		2015		
	Note	Cost	Fair value	Cost	Fair value	
<b>Investment in unit trusts</b>						
Unquoted	18.1	250,000	261,961	100,000	100,130	
Total investment in fair value through profit or loss financial assets		250,000	261,961	100,000	100,130	
18.B	Movement in fair value through profit or loss financial assets					
For the year ended 31st March 2016		Fair Value as at 1st April 2015	Additions	Disposals	Change in fair value	Fair value as at 31st March 2016
Investment in unit trusts		100,130	150,000	-	11,831	261,961
		100,130	150,000	-	11,831	261,961
For the year ended 31st March 2015		Fair Value as at 1st April 2014	Additions	Disposals	Change in fair value	Fair value as at 31st March 2015
Investment in unit trusts		-	100,000	-	130	100,130
		-	100,000	-	130	100,130
18.1	Investment in unit trusts - unquoted					
As at 31st March		2016		2015		
	No. of units	Cost	Fair value	No. of units	Cost	Fair value
Guardian Acuity Money Market Gilt Fund	1,727,731	175,000	183,951	1,000,000	100,000	100,130
Guardian Acuity Money Market Fund	6,142,506	75,000	78,010	-	-	-
		250,000	261,961	100,000	100,130	
Valuation of unit trust is based on the unit price published by the Investment Managers, Guardian Acuity Asset Management Limited as at 31st March.						

As at 31st March		2016	2015
<b>19</b>	<b>Cash and cash equivalents</b>		
	Cash at bank	2,051	1,482
	Securities purchased under resale agreements	172,757	342,950
	Total cash and cash equivalents	174,808	344,432
	Bank overdraft	(264)	-
	Net cash and cash equivalents for the cash flow statement purpose	174,544	344,432
<b>20</b>	<b>Stated capital</b>		
	Ordinary shares - Issued and fully paid	513,656	513,656
		513,656	513,656
<b>20.1</b>	<b>Number of shares</b>		
	Ordinary shares - Issued and fully paid	25,833,808	25,833,808
		25,833,808	25,833,808
<b>21</b>	<b>Revenue reserves</b>		
	General reserve (note 21.1)	619	619
	Available for sale financial assets reserve (note 21.2)	10,138	16,701
	Fair value through profit or loss financial assets reserve (note 21.3)	11,961	130
	Retained earnings / (accumulated losses)	110,292	125,254
		133,010	142,704
	The movement of the above reserves are given in the Statement of Changes in Equity.		
<b>21.1</b>	General reserve represents the amounts set aside by the Directors to meet any contingencies.		
<b>21.2</b>	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.		
<b>21.3</b>	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" as at the reporting date and any realised gains and / or losses arising from fair value adjustment of such assets will be transferred from "Fair value through profit or loss financial assets reserve" to retained earnings to the extent that transfer does not exceed the balance held in the said reserve as at that date.		
	During the year an amount of Rs.11.9 mn (2015 - Rs. 130,000/-) was transferred to "Fair value through profit or loss financial assets reserve" as at the reporting date as shown in the Statement of Changes In Equity.		

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

As at 31st March		2016	2015
22	<b>Other payables</b>		
	<b>Financial</b>		
	Other payables	10,291	4,935
		10,291	4,935
	<b>Non Financial</b>		
	Accruals and provisions	1,426	1,537
		1,426	1,537
		11,717	6,472
23	<b>Related party transactions</b>		
	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	<b>Parent and ultimate controlling entity</b>		
	Ceylon Guardian Investment Trust PLC is the immediate Parent Company of Guardian Capital Partners PLC. In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Guardian Investment Trust PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Guardian Investment Trust PLC.		
23.2	<b>Transactions with Key Management Personnel (KMP)</b>		
	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, (including executive and non-executive directors), Chief Executive Officer of Investment Managers, Guardian Fund Management Limited and Director - Finance of Managers and Secretaries, Carsons Management Services (Private) Limited have been classified as Key Management Personnel of the Company.		
	Compensation paid to the Key Management Personnel of the Company comprise the following;		
For the year ended 31st March		2016	2015
	Short-term employee benefits	1,200	440
	Post-employment benefits	-	-
	Termination benefits	-	-
	Other long-term benefits	-	-
	Non cash benefits	-	-
		1,200	440

## 23.3 Transactions with related companies

Name of the company	Relationship and Name/s of common director/s	Nature of the transactions	Value of the transaction	
			2016	2015
Ceylon Guardian Investment Trust PLC	Parent Company Mr. I. Paulraj Mr. D. C. R. Gunawardana	Dividend paid	21,693	10,846
Guardian Fund Management Limited (GFM)	Fellow Subsidiary	Portfolio management fees paid*	3,234	4,323
Carsons Management Services (Private) Limited (CMSL)	Fellow Subsidiary	Support service fees paid**	1,078	1,300
		Secretarial fees paid	403	360
		Computer charges paid	30	30

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

\*\* 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.

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

## 24 Financial instruments Cont.

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 risk 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 of investments in listed equity, unlisted equity and fixed income securities. The Company's investment manager has been given discretionary authority to manage the assets in line with the Company's investment policies and objectives.

Further, an Investment Committee provides advice and insights to the fund management team to further sharpen and refine their decision making process. This comprehensive management structure determines the objectives and policies of the 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 Credit risk exposure and managing the risk

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

	Note	Carrying Amount	
		2016	2015
As at 31st March			
Fair value through profit or loss financial assets - investments in unit trusts		261,961	100,130
Cash at bank	19	2,051	1,482
Securities purchased under resale agreements	19	172,757	342,950
		436,769	444,562



**Fair value through profit or loss financial assets - investment in unit trusts**

The Company has invested in two unit trusts; Guardian Acuity Money Market Gilt Fund and Guardian Acuity Money Market Fund. These funds are managed by Guardian Acuity Asset Management Limited, which is a joint venture of Ceylon Guardian Investment Trust PLC and Acuity Partners Limited.

As per the investment objectives of these funds, the Guardian Acuity Money Market Gilt Fund provides a secure annual income by investing in a portfolio of Government securities and the Guardian Acuity Money Market Fund provides an annual income by investing in a portfolio of securities which will mature within 365 days with a lower level of risk.

The Company continuously monitors the performance, asset allocation, credit quality and maturity profiles of these funds in order to assess and mitigate the credit risk.

**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 their contractual obligations.

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

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

**Credit rating**

As at 31st March	2016	2015
Risk free	-	5,122
AAA	236	235
AA	172,757	338,717
Unrated	1,815	358
	174,808	344,432

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

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

## 24 Financial instruments Cont.

### 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 required to be settled by delivering cash or another financial asset.

#### 24.2.1 Exposure to liquidity risk

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

As at 31st March 2016	Carrying amount	Contractual cash flows			
		Total	Up to 3 months	3-12 months	More than a year
<b>Non derivative financial liabilities</b>					
Other payables*	10,291	10,291	10,291	-	-
	10,291	10,291	10,291	-	-

As at 31st March 2015	Carrying amount	Contractual cash flows			
		Total	Up to 3 months	3-12 months	More than a year
<b>Non derivative financial liabilities</b>					
Other payables*	4,935	4,935	4,935	-	-
	4,935	4,935	4,935	-	-

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

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

As at 31st March	2016	2015
Cash and cash equivalents	174,808	344,432
Investment in unit trusts	261,961	100,130
<b>Total liquid assets</b>	<b>436,769</b>	<b>444,562</b>
Liquid assets as a % of total net assets	68%	68%

#### 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 the Company's reputation.

The Company maintains a portion of its assets in highly liquid form ; demand deposits with commercial banks, placements with banking institutions and securities purchased under resale agreements, in order to capitalise 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.

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	2016	2015
Unutilised overdraft facilities	350,000	350,000
	350,000	350,000

#### 24.3 Market risk

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

##### 24.3.1 Interest rate risk

The Company is exposed to interest rate risk, arising from its securities purchased under resale agreements, placements with banking institutions and overdraft facilities in the event such have been utilised.

##### Exposure and management of interest rate risk

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

	Note	Carrying Amount	
As at 31st March		2016	2015
<b>Financial assets</b>			
Securities purchased under resale agreements	19	172,757	342,950
		172,757	342,950

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

## 24 Financial instruments Cont.

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

As at 31st March	2016	2015
Commercial Banks Averaged Weighted Prime Lending Rate ( AWPLR) *	8.87%	6.95%
Commercial Banks Averaged Weighted Fixed Deposit Rate ( AWFDR) *	7.92%	6.45%

\* Monthly averaged rate as at reporting date.

### Sensitivity Analysis

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

Movement in interest rate	Increase in 1%	Decrease in 1%
<b>As at 31st March 2016</b>		
- On interest earning assets	1,728	(1,728)
- On interest bearing liabilities	-	-
	1,728	(1,728)
<b>As at 31st March 2015</b>		
- On interest earning assets	3,429	(3,429)
- On interest bearing liabilities	-	-
	3,429	(3,429)

## 24.3.2 Exposure and management of 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 43% (2015 - 47%) of its equity investments designated as listed investments in the Colombo Stock Exchange, market volatilities bring in substantial variations to the Company's earnings and value of its asset base at the reporting dates.

### Listed equity investments

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

## 24.3.2 Exposure and management of other market price risks Cont.

As at 31st March	Portfolio exposure %	
	2016	2015
Construction & Engineering	50	43
Diversified	50	57
	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 financial results and 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', a 'Buy-out' etc.

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

As at 31st March	Note	Carrying Amount	
		2016	2015
Investment in equity securities - Available for sale financial assets	16	221,342	217,649
		221,342	217,649

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 Financial instruments Cont.

### 24.4 Accounting classification and fair values

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

As at 31st March 2016	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale financial assets	Other financial liabilities	Total carrying amount	Fair value
<b>Financial assets measured at fair value</b>							
Available for sale financial assets	-	-	-	221,342	-	221,342	221,342
Fair value through profit or loss financial assets	261,961	-	-	-	-	261,961	261,961
<b>Financial assets not measured at fair value</b>							
Cash and cash equivalents	-	-	174,808	-	-	174,808	
<b>Total financial assets</b>	<b>261,961</b>	<b>-</b>	<b>174,808</b>	<b>221,342</b>	<b>-</b>	<b>658,111</b>	
<b>Financial liabilities not measured at fair value</b>							
Other payables	-	-	-	-	10,291	10,291	
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,291</b>	<b>10,291</b>	
<b>As at 31st March 2015</b>							
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
<b>Financial assets measured at fair value</b>							
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
<b>Financial assets not measured at fair value</b>							
Cash and cash equivalents	-	-	344,432	-	-	344,432	
<b>Total financial assets</b>	<b>100,130</b>	<b>-</b>	<b>344,432</b>	<b>217,649</b>	<b>-</b>	<b>662,211</b>	
<b>Financial liabilities not measured at fair value</b>							
Other payables	-	-	-	-	4,935	4,935	
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,935</b>	<b>4,935</b>	

## 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: Use of inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Use of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
<b>As at 31st March 2016</b>				
Fair value through profit or loss financial assets	261,961	-	-	261,961
Available for sale financial assets	96,081	-	125,261	221,342
	358,042	-	125,261	483,303
<b>As at 31st March 2015</b>				
Fair value through profit or loss financial assets	100,130	-	-	100,130
Available for sale financial assets	102,644	-	115,005	217,649
	202,774	-	115,005	317,779

There were no transfers between Level 1, Level 2 and Level 3 during the financial period under review (2015 - Nil)

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

For the year ended 31st March	2016	2015
Opening balance	115,005	40,005
Additions	10,256	75,000
Closing balance	125,261	115,005

# NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

## 24 Financial instruments Cont.

### Valuation techniques and significant unobservable inputs

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

Investments in Equity securities	Valuation method/ techniques	Unobservable inputs	Ranges	Weighted average	Inter- relationship between key unobservable inputs and fair value measurement 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%	16.00%	Increase
		Exit multiple: * P/E - Price to earnings ratio * EV/EBIT - Enterprise value to earnings before interest and tax	5 - 8	7	Increase
		Discount rate	15.5%-20%	17.10%	Decrease

## 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

Guardian Capital Partners PLC (WAPO) entered into a Joint Venture Agreement with Small Enterprise Assistance Funds (SEAF, a company registered in the State of New York, USA ) on 28th April 2016. The Joint Venture Agreement was entered in order to form a JV Company in an overseas jurisdiction to carry on a fund management business to manage and invest in Private Equity projects in Sri Lanka. Guardian Capital Partners PLC will hold 41.7% and Small Enterprise Assistance Funds will hold 58.3% in the joint venture management company initially. Guardian Capital Partners PLC's participation in this venture is subject to obtaining all relevant regulatory and shareholder approvals in Sri Lanka.

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 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

In Rupees Thousands

For the year ended / As at 31st March	2016	2015	2014	2013	2012	
<b>Operating results</b>						
Revenue	25,852	199,853	28,923	23,051	13,834	
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	11,831	130	-	-	-	
Profit / (loss) on investment activities	37,683	198,825	28,923	(19,629)	(4,619)	
Profit / (loss) before taxation	25,051	188,039	15,777	(33,968)	(21,283)	
Income tax (expense) / reversal	(3,228)	(3,858)	(317)	177	(198)	
Profit / (loss) for the year	21,823	184,181	15,460	(33,791)	(21,481)	
<b>Statement of financial position</b>						
Stated capital	513,656	513,656	513,656	513,656	513,656	
Reserves	133,010	142,704	69,125	(30,529)	(7,932)	
Total equity	646,666	656,360	582,781	483,127	505,724	
<b>Assets Employed</b>						
Current assets	437,305	445,183	65,811	38,493	5,753	
Current liabilities	(11,981)	(6,472)	(6,188)	(6,093)	(22,226)	
Net current assets	425,324	438,711	59,623	32,400	(16,473)	
Available for sale financial assets	221,342	217,649	523,158	450,727	522,197	
Net assets	646,666	656,360	582,781	483,127	505,724	
<b>Cash Flow Statements</b>						
Net cash generated from / (used in) operating activities	(150,606)	299,944	20,050	48,804	(197,199)	
Net cash used in financing activities	(19,282)	(12,927)	-	-	(50)	
Net (decrease) / increase in cash & cash equivalents	(169,888)	287,017	20,050	48,804	(197,249)	
<b>Ratios &amp; statistics</b>						
Earnings / (loss) per share	(Rs.)	0.84	7.13	0.60	(1.31)	(0.83)
Dividend per share*	(Rs.)	0.25	1.25	-	-	-
Dividend growth	(%)	(80)	100	-	-	-
Dividend yield	(%)	0.89	3.3	-	-	-
Dividend payout ratio	(%)	29.76	17.53	-	-	-
Net assets per share	(Rs.)	25.03	25.41	22.56	18.70	19.58
Market price per share	(Rs.)	28.10	37.90	25.30	38.60	70.20
Price to book value	(times)	1.12	1.49	1.12	2.06	3.59
Fair value of investment portfolio**	(Rs.'000)	657,847	662,211	580,573	488,092	510,758
Market capitalisation	(Rs.'000)	725,930	979,101	653,595	997,185	1,813,533
All Share Price Index (points)	(points)	6,072	6,820	5,968	5,736	5,420
S&P SL 20 (points)	(points)	3,204	3,852	3,280	3,294	2,986
* Dividend per share is based on proposed dividends and interim dividends for the year.						
** Based on the fair value of portfolio after adjusting for cash and cash equivalents.						

# 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	2016	2015
Number of shareholders	2,344	2,373

The number of shares held by non-residents as at 31st March 2016 was 341,388 (2015 – 163,024) which amounts to 1.32% (2015- 0.64%) 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	1,860	497,479	1.93	27	7,062	0.03	1,887	504,541	1.96
1001 - 10,000	385	1,180,179	4.57	9	31,563	0.12	394	1,211,742	4.69
10,001 - 100,000	57	1,540,012	5.96	4	302,763	1.17	61	1,842,775	7.13
100,001 - 1,000,000	1	581,950	2.25	-	-	-	1	581,950	2.25
Above - 1,000,000	1	21,692,800	83.97	-	-	-	1	21,692,800	83.97
Total	2,304	25,492,420	98.68	40	341,388	1.32	2,344	25,833,808	100.00

Categories of shareholders	No. of Shareholders	No. of Shares	%
Individuals	2,246	2,736,346	10.59
Institutions	98	23,097,462	89.41
Total	2,344	25,833,808	100.00

### 3. Market performance - Ordinary shares

For the year ended 31st March	2016	2015
Share price as at 31st March (Rs.)	28.10	37.90
Highest (Rs.)	57.60	51.00
Lowest (Rs.)	25.00	25.40
Value of shares traded (Rs. 000)	121,485	247,630
No. of shares traded	2,677,938	6,130,739
Volume of transactions (Nos.)	4,632	10,695
Market capitalisation (Rs 000)	725,930	979,101

### 4. Public Holding

The percentage of ordinary shares held by public as at 31st March 2016 was 13.77% (2015 – 13.77%) and the number of public shareholders were 2,339 (2015 - 2,368).

### 5. Dividend

1st Interim dividend of Rs. 0.25 per ordinary share was declared for the financial year ended 31st March 2016, amounting to Rs. 6,458,452/- and paid on 08th April 2016.

# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Ninety Sixth Annual General Meeting of Guardian Capital Partners PLC will be held on Friday, the 03rd day of June 2016 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 2016, together with the report of the Auditors thereon.
2. To re-elect Mr. S. Mahendrarajah who retires by rotation in term of Articles 72, 73 & 74 of the Articles of Association of the Company.
3. To re-appoint Mr. I. Paulraj as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. I. Paulraj who is 79 years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

4. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act No. 07 of 2007 and to authorise 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,

03rd May 2016

## 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 4.45 p.m. on 01st June 2016.
3. A person representing a Corporation is required to carry a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.
4. The transfer books of the Company will remain open.
5. Security Check –  
We shall be obliged if the shareholders/proxies attending the Annual General Meeting produce their National Identity Card to the security personnel stationed at the entrance lobby.

# 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 96th Annual General Meeting of the Company to be held on Friday, the 3rd day of June 2016 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 2016, together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To re-elect Mr. S. Mahendrarajah who retires in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To re-appoint Mr. I. Paulraj who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act. No. 07 of 2007 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....  
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 4.45 p.m. on 01st June 2016.

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

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

## DIRECTORS

I. Paulraj (Chairman)  
D. C. R. Gunawardena  
S. Mahendrarajah  
W.A.A. De Z. Gunasekera - *Will step down from the Board at the conclusion of the AGM.*

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

Designed & produced by

**emagewise**

Printed by Printage (Pvt) Ltd

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