



PARTNERING FOR GROWTH

GUARDIAN CAPITAL PARTNERS PLC



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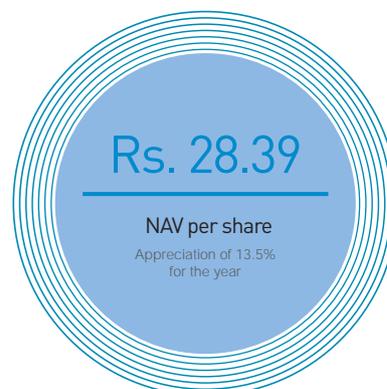
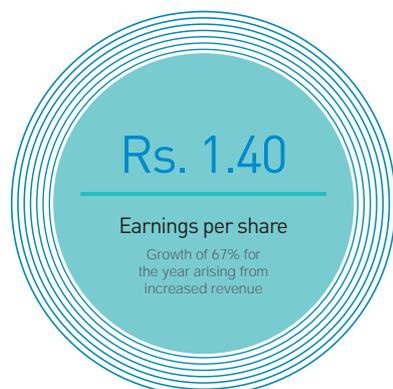
Partnering for growth

Guardian Capital Partners PLC has investments in a broad portfolio of industry sectors including information technology, power and energy, travel and education. We provide private equity and venture capital for growth-oriented small and mid-sized companies. We seek to partner with the entrepreneurs driving these businesses to add value and assist them in scaling up their ventures.

The year under review in this report has been a challenging one, yet your company has succeeded in expanding the existing portfolio. We are pleased to set out the review and performance of the business during the year in this report.

Performance Highlights

In Rupees Thousands



For the year ended / as at 31st March	2017	2016	Change (%)
Revenue	48,342	25,852	87
Profit from operations	35,960	25,051	44
Profit for the year	36,132	21,823	66
Other comprehensive income / (expense) for the year	50,731	(6,563)	(873)
Total comprehensive income for the year	86,863	15,260	469
Net cash generated / (used) in operating activities	(157,520)	(150,606)	5
Net increase / (decrease) in cash & cash equivalents during the year	(163,927)	(169,888)	(4)
Retained earnings	157,546	110,292	43
Total equity	733,529	646,666	13
Fair value of investment portfolio *	738,147	657,847	12
Total assets	738,871	658,647	12
Earnings per share (Rs.)	1.40	0.84	67
Dividend per share (Rs.) **	0.25	0.25	-
Net assets per share - Book value (Rs.)	28.39	25.03	13
Return on ordinary shareholders' funds (%)	4.93	3.37	46
Stock Market data			
All Share Price Index (points)	6,061.94	6,071.88	(0)
S&P SL 20 Index (points)	3,438.88	3,204.44	7
Market capitalization	710,430	725,930	(2)
Share price (Rs.)			
Year end	27.50	28.10	(2)
High	49.40	57.60	(14)
Low	26.00	25.00	4

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

** Based on interim / proposed dividends

Chairman's Statement

I welcome you to the 97th Annual General Meeting of the Company and on behalf of the Board of Directors, take pleasure in presenting the Annual Report and Audited Financial Statements of the Company for the year ended 31st March 2017.

Deal flow in the private equity business continued its slow pace. The deal flow and opportunities seen in the start-up and early stage space, which was relatively more active in previous years, also slowed down during the year. Private equity is yet to gain significant traction in the Sri Lankan market, however as in other emerging and frontier markets we believe the popularity and openness to private equity will improve in the medium term. During the year a total of Rs. 87 Mn was deployed in to two new ventures by your Company.

During the year the Company generated an accounting profit of Rs. 36.1 Mn and a total comprehensive net income of Rs. 86.9 Mn. This represents a significant increase compared to last year due to recognition of revaluation gains on two existing investments. NAV per share increased to Rs. 28.38, which is an appreciation of 13.5%.

As a funding source, private equity can play an important and significant role in a country's economy. Private equity has the potential to drive growth across companies spread across many industries irrespective of size. Especially for a country like Sri Lanka, where the growth of small and medium scale enterprises is a critical and a major driver of growth, the benefits that a vibrant private equity market could bring, we believe is significant. However given the characteristics of the funding source such as the need to dilute ownership, accept outside parties on Boards, reorganizing of management teams, changes needed in corporate governance, management and reporting systems etc. means that entrepreneurs and owners of potential investee companies would need to be comfortable with making such significant changes to the way they operate, when compared to other traditional funding sources such as bank borrowing. Whilst these changes could be daunting, an entrepreneur stands to vastly benefit from the key differentiator of value addition brought in with private equity funding. These include the infusion of new knowledge, access to new markets, access to new

technology, improvement in operations etc, which an experienced PE operator can offer.

Pursuant to the joint venture entered into last year, your Company together with Small Enterprise Assistance Funds (SEAF) would look to be positioned as a PE operator with the ability and capacity to drive value accretive changes in companies we work with by bringing in and introducing value additions as mentioned before. The combination of the local experience of our Company and the vast global experience and networks of SEAF, we believe will strongly position us and put the Company on the course of achieving the above objective. Fund raising activities of the proposed Sri Lanka focused private equity fund commenced during the year and is targeted to be completed over the next couple of quarters. Several international as well local institutional investors have already shown keen interest in the fund.

It's my pleasure to inform you that we will be proposing a first and final dividend of Rs. 0.25. 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.

I would like to warmly welcome Ms. Rose Cooray and Ms. Ruvini Fernando who joined the Board during the year. 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.

(Sgd.)
I. Paulraj
Chairman

Colombo
27th April 2017

Management Discussion and Analysis



During the year Rs. 87 Mn was deployed into two new ventures, Rs. 45 Mn into Findmyfare (Pvt) Ltd and Rs. 42 Mn into Swiss Institute for Service Industry Development (Pvt) Ltd.



% Assets Invested
Rs. 367 Mn
Invested across 7 companies

~ Capital Deployed
Rs. 94.5 Mn
Rs. 87 Mn into two new investments, Rs. 7.5 Mn into existing investment

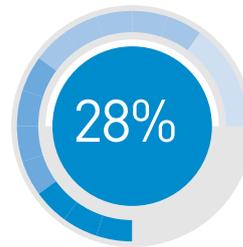


Composition of the Portfolio

As at 31 March 2017 our invested portfolio stands at Rs. 366.7 Mn and consists of 7 companies (Figure 1). We made two new investment during the year, Rs. 45 Mn was invested into Findmyfare (Pvt) Ltd and Rs. 42 Mn into Swiss Institute for Service Industry Development (Pvt) Ltd. Rs. 7.5 Mn was invested into LVL Energy Fund Limited via a rights issue. LVL remains our largest holding followed by Hsenid Business Solutions (Pvt) Ltd.

Largest Investment

%



Deployed During the Year

Rs. Mn



Figure 1: Portfolio Composition

	Rs. Mn	%
LVL Energy Fund Limited	103.1	28%
Hsenid Business Solutions (Pvt) Ltd	70.0	19%
Access Engineering PLC	55.1	15%
Findmyfare (Pvt) Ltd	45.0	12%
Swiss Institute for Service Industry Development (Pvt) Ltd	42.1	11%
Expolanka Holdings PLC	41.1	11%
Kashmi Singapore PTE Ltd	10.3	3%
	366.7	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

Management Discussion and Analysis

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.

Findmyfare (Pvt) Ltd

Findmyfare is Sri Lanka's first and largest online travel agent. The company has built up a strong presence in the sale of air tickets, and is looking to further penetrate into the air tickets market whilst also building other allied verticals in the travel market. The key areas the company is looking to move into are areas such as hotel bookings, tour packages, corporate travel and the sub agent business. Guardian Capital Partners has a board seat in the company and is actively involved in the activities of the company at a strategic and where required at operational level as well.

Swiss Institute for Service Industry Development (Pvt) Ltd

Swiss Institute is a startup venture focused on providing vocational training to the hospitality and banking sector. The institute has entered into partnerships with the Swiss Hotel



Management Academy of Lucern and the Swiss Banking Consulting and Training Academy, which will provide certification and curriculum. The company is looking to capitalize on the growth in the tourism sector in Sri Lanka and resultant shortage for suitably trained staff. The transaction was structured by Guardian Fund Management, whilst the management team also played a substantial role in the fund raise where our JV partner SEAF was also a co-investor. Guardian Capital Partners has a board seat in the company and is actively involved in aiding the promoters of the company in executing the business plan.

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 initially launched 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.

Access Engineering PLC

Invested at the pre-IPO stage, Access Engineering PLC (AEL) is engaged in construction and real estate businesses. AEL is one of the leading C1 contractors in the country. Given the infrastructure development thrust in Sri Lanka, exposure to AEL would enable us to benefit from the growth trends in this sector.

Expolanka Holdings PLC

Invested at the pre-IPO stage, Expolanka is one of the leading freight forwarders in the South Asian region, specialized in the garments/apparel vertical. 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.

Consolidated performance of the portfolio companies

The portfolio companies generated consolidated revenues of Rs. 64.3 Bn for the 9 months ending December 2016, an increase of 15.3%. Consolidated net profit decreased by 3.9%, to Rs. 2.9 Bn (Figure 2).

Figure 2: Portfolio Company Performance Rs. Mn	Annual		9 months	
	2015M	2016M	Dec-15	Dec-16
Revenue	69,813	74,405	55,742	64,298
Net profit	3,614	3,887	3,003	2,886
Revenue growth		6.6%		15.3%
Profit growth		7.6%		-3.9%

Except for LVL Energy fund, all companies in the portfolio contributed to the consolidated topline growth. Expolanka and Access Engineering were the largest contributors to the growth, whilst relative to last year Hsenid posted the strongest growth in top line for the 9 months, recording a 32% growth. The decline in profits for the 9 months was driven by the decline in profits of Expolanka which in turn was due to one off losses recorded by the company, adjusted for this consolidated profits of the portfolio comes

in flat. All the other companies improved their bottom lines during the 9 months. Access Engineering the largest contributor to the consolidated bottom line however only recorded a marginal growth in profit. Hsenid returned to profitability during the 9 months, whilst LVL Energy also posted a strong growth in bottom line. The results of Swiss Institute and Kashmir have not been included in the above figures due to the startup nature of operations.

Progress on Joint Venture with Small Enterprise Assistance Funds

Upon entering into the JV with Small Enterprise Assistance Funds (SEAF) in April 2016, focus was shifted to the first initiative under the venture, the fund raising and launch of a Sri Lanka focused private equity fund. Marketing activities commenced in October/November 2016 with the finalization of required marketing and other documentation. Several international and local institutional investors have shown interest in the fund. The company is also in the process of obtaining relevant regulatory approvals, and would come forward for shareholder approval if any are required.

Movement in the portfolio

The portfolio value as at 31st March 2017 stood at Rs. 367 Mn. As the trading prices of the listed investments did not reflect our assessment of their business growth and



Management Discussion and Analysis

valuation, no disposal of listed investments were carried out during the year. LVL Energy Fund and hSenid were revalued during the year, resulting in the recording of Rs 50.7 Mn as fair value gains collectively. During the year Hsenid carried out a small fund raise of Rs. 13.4 Mn at a higher valuation than recognized in our books at present, requiring the holding to be re-valued by Rs 30 Mn. The balance gain was recognized on LVL Energy Fund. However we wish to stress that these are only a book profits, hence is subject to change depending on valuations at future funding rounds or at the time of the exit. Two new investments were made during the year, Rs. 45 Mn in Findmyfare (Pvt) Ltd and Rs. 42 Mn into Swiss Institute for Service Industry Development (Pvt) Ltd. The company has made a total investment commitment of LKR 51 Mn into Swiss Institute, and the balance sum will be deployed upon the company meeting pre-agreed triggers for the release. Profiles of these two companies have been set out in page 8. Rs. 7.5 Mn was infused into LVL Energy Fund during the year via a rights issue, which was utilized by them for investing in new opportunities in the hydro power sector.

Figure 3: Movement in Portfolio	Rs. Mn	
31st March 2016		221
Fair value adjustments		
Hsenid	30.0	
LVL Energy Fund	20.6	
Listed investments	0.1	51
Additions		95
31st March 2017		367
Cash and short term investments as at 31st March 2017		371

Financial performance

During the financial year the company generated a profit of Rs. 36.1 Mn and a total comprehensive income of Rs.86.9 Mn. The revenue and net profit growth was primarily driven by gains realized on investments in fixed income unit trusts, which were used to hold the excess cash the company had,



pending deploying into new opportunities. As no disposals were made on listed and unlisted equity investments no capital gains/losses were recorded. The substantial increase in total comprehensive income from Rs. 15.3 Mn to Rs. 86.9 Mn was driven by the recognition of fair value gains on hSenid and LVL Energy Fund as explained before.

Financial position

As at 31st March 2017, the cash holding and short term investments stood at Rs. 371 Mn, accounting for 50% of total assets. Whilst actively seeking to deploy the cash, we also would need to invest in the proposed private equity fund we hope to launch under the JV as explained before. Hence we could be required raise further funds into the company as the activities in the joint venture company progresses. Part of the existing funds lying in the balance sheet will go into funding the investment in the proposed PE fund, 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. In the private equity space, GFM is committed to creating a vibrant source of project funding for medium and small corporates in Sri Lanka with the aim of helping them scale up in competitiveness through access to better management, technology and end markets.

Guardian Fund Management Limited

Investment Managers

Colombo

27th April 2017

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. We continue to focus on improving on the four pillars of searching for, investing in, protecting and building value which we believe are essential ingredients for success in the PE business. The JV would further enable us to strengthen these aspects and leverage on the experience and networks of our JV partner SEAF, and we hope to institutionalize all learnings we gain from the venture.

Generating deal flow and the lack of investment opportunities has been a significant challenge in the local private equity industry. Our hypothesis continues to be that gaining comfort & awareness of a new method of financing by entrepreneurs and the development of the eco system necessary to support the asset class takes time, especially in developing countries such as ours. The rapid rise in popularity of private equity in emerging and frontier markets over the last decade skipped Sri Lanka due to the 30 year war. We have linked up with and are working with banks, accounting firms, industry bodies etc to identify suitable projects and also create awareness of private equity. We hope to work together with SEAF to carry out several awareness building activities in the market, once fund raising activities of the proposed fund gains more traction.

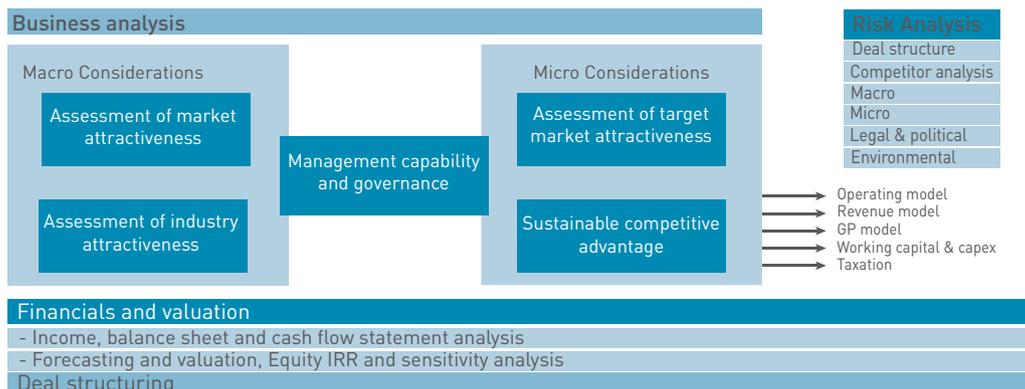
As mentioned last year we would like to call on all entrepreneurs to engage with private equity investors,

especially those functioning in the small and medium enterprise space, and take full use of private equity funding available in the country. The deep commitment and active involvement in driving business growth and improvements is a unique feature offered by private equity, and entrepreneurs and companies that are open to tapping into these features have the opportunity to benefit vastly.

Guardian continues to be on the lookout for good quality businesses backed by strong entrepreneurial and management teams who seek capital to fund their growth plans as mentioned over the past couple of years. 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

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 nonexistence 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, whichever 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. 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,

Risk Management

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. 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 periodic 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

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 2017.

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 27th April 2017.

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, 2017, 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 32 to 65. 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. 48.3 Mn. (2016 – Rs. 25.9 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	2017	2016
Retained earnings brought forward from previous year	110,292	125,254
Super Gain Tax for the year of Assessment 2013/14	-	(277)
Adjusted retained earnings brought forward from previous year	110,292	124,977
Profit for the year	36,132	21,823
Dividend	-	(25,834)
Forfeiture of unclaimed dividend	-	1,157
Transfers	11,122	(11,831)
As at 31st March	157,546	110,292

4.3 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are given on pages 36 to 44.

4.4 Investment in Financial Instruments – Available for Sale Financial Assets and 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,

Annual Report of the Board of Directors on the affairs of the Company

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.

4.5 Reserves

As at 31st March 2017, the total reserves of the Company stood at Rs.220 Mn (2016 - Rs. 133 Mn)

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

4.6 Available for sale financial assets reserve

During the year, the net positive movement reflected in the 'Available for sale financial assets reserve' of the Company, amounted to Rs. 50.7 Mn (2016 - net negative movement of Rs.6.6 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.11.1 Mn was transferred from (2016 - Rs. 11.9 Mn was transferred to) "Fair value through profit or loss financial assets reserve" due to realization of fair value adjustments of fair value through profit or loss financial assets.

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

According to the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Directors are required to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the

Company as at the end of the financial year and of the results for the said period.

In preparing these Financial Statements the Directors are required to ensure that:

- appropriate accounting policies have been selected and applied consistently, while material departures, if any, have been disclosed and explained,
- all applicable Accounting Standards have been complied with and,
- reasonable and prudent judgments and estimates have been made.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company in order to ensure that its Financial Statements meet with the requirements of Companies Act No. 07 of 2007, 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 31 of this Report.

7. INTERESTS REGISTER

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

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

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

7.1 Remuneration of Directors

Directors' remuneration, for the financial year ended 31st March 2017 is given in Note 12 to the Financial Statements, on page 45.

7.2 Directors' interest in Contracts and Shares

Directors' interest in Contracts of the Company have been declared at meetings of the Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company except for the following;

Name of the Company	Common directors	Nature of transactions	Value of the transactions
Guardian Fund Management Limited	Mrs. W. Y. R. Fernando	Portfolio management fees paid	4,075

The Directors had the following interests in the ordinary shares of the Company as shown in the below table.

Directors	No. of shares as at	
	31st March 2017	31st March 2016
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*	-	-
Mrs. W. Y. R. Fernando**	-	-
Mrs. M. A. R. C. Cooray***	-	-

* Stepped down with effect from 03rd June 2016

** Appointed with effect from 15th August 2016

*** Appointed with effect from 5th December 2016

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. D. C. R. Gunawardena 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 stepped down from the Board in terms of Article 71 (e) of the Articles of Association of the Company on 03rd June 2016.

Mrs. W. Y. R. Fernando was appointed as an Executive Director to the Board with effect from 15th August 2016 and Mrs. M. A. R. C. Cooray was appointed as a Non Executive / Independent Director to the Board with effect from 05th December 2016.

Annual Report of the Board of Directors on the affairs of the Company

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

In terms of Article 68 of the Articles of Association of the Company, Mrs. W. Y. R. Fernando and Mrs. M. A. R. C. Cooray retires from the Board and being eligible offers themselves for re-election.

8.4 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 functions 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 to him.

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 (SEC)
- 4) Central Bank of Sri Lanka (CBSL)

9.2 Board of Directors

The following Directors held office as at the reporting date and their brief profiles are given on pages 24 to 25 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
Mrs. M. A. R. C. Cooray **	Non – Executive / Independent
Mrs. W. Y. R. Fernando	Executive
Mr. W.A.A. De Z. Gunasekera	Non – Executive / Independent

Mr. W.A.A. De Z. Gunasekera stepped down with effect from 03rd June 2016.

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 27th April 2017, 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.

** The Board has determined that Mrs. M. A. R. C. Cooray is an Independent/Non-Executive Director in spite of being a Director of Ceylon Guardian Investment Trust PLC, which holds a substantial shareholding of the Company, since she 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

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	1/2
Mr. W.M.R.S. Dias	2/2
Mr. T. De Zoysa	1/2

Reporting and Responsibilities

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

Aggregated remuneration paid to the Non- Executive Directors of the Company is disclosed under Note 12 on page 45 of the Annual Report.

Annual Report of the Board of Directors on the affairs of the Company

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 26 to 27 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.

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 pages 28 to 29 of this Annual Report.

Declaration

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

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

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 2017, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2017.

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

1. Non-Recurrent Related Party Transactions

There were no Non-recurrent related party transactions entered into by the Company, where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the Shareholders' equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2017.

2. Recurrent Related Party Transactions

There were no 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 latest Audited Financial Statements.

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 *	1/4
Mrs. W. Y. R. Fernando **	2/4
Mrs. M. A. R. C. Cooray***	1/4

* Stepped down with effect from 03rd June 2016.

** Appointed with effect from 15th August 2016.

*** Appointed with effect from 5th December 2016.

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 *	Non-Executive Director CGIT
Mrs. M.A.R.C. Cooray (Chairperson)**	Non-Executive/ Independent Director of CGIT
Mr. D.C.R. Gunawardena	Non-Executive Director of CGIT
Mr. V. M. Fernando ***	Non-Executive Director of CGIT

* Pursuant to his resignation from the Board of CGIT, Mr. I. Paulraj resigned from the Nomination Committee with effect from 15th August 2016.

** Mrs. M. A. R. C. Cooray was appointed as Chairperson to the Nomination Committee with effect from 1st September 2016.

*** Mr. V. M. Fernando was appointed to the Nomination Committee with effect from 1st September 2016.

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

Annual Report of the Board of Directors on the affairs of the Company

Meetings of the Nomination Committee. The Committee may also invite appointed external consultants to aid the Committee in the discharge of its duties.

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

The Nomination Committee meets at least twice a year.

During the period under review the Committee had two meetings.

Nomination Committee Members	Attended Meetings (Out of two)
Mr. I. Paulraj *	1/2
Mrs. M.A.R.C. Cooray ** (Chairperson)	2/2
Mr. D.C.R. Gunawardena	2/2
Mr. V. M. Fernando ***	1/2

*Pursuant to his resignation from the Board of CGIT, Mr. I. Paulraj resigned from the Nomination Committee with effect from 15th August 2016.

** Mrs. M. A. R. C. Cooray was appointed as Chairperson to the Nomination Committee with effect from 1st September 2016.

*** Mr. V. M. Fernando was appointed to the Nomination Committee with effect from 1st September 2016.

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 2017 (2016 - Rs. 160,000/-). Further no amount was paid to the auditors as professional fees for audit related services during the year (2016 - Rs. 100,000/-). Also the auditors were paid Rs. 400,000/- (2016 - Rs. 2,310,000/-) 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.

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 11 to 12.

14. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Guardian Capital Partners PLC 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.

15. DIVIDEND

Subject to the approval of the Shareholders being obtained at the forthcoming Annual General Meeting, the Board of Directors recommended a First and Final dividend of Cents 25 per Ordinary Share for the year ended 31st March 2017. The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

16. SOLVENCY TEST

Taking into account the said distribution, the Directors were satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act No. 07 of 2007 immediately after the distribution.

The Company's Auditors Messrs. KPMG, Chartered Accountants have issued a Certificate of Solvency confirming same.

17. STATED CAPITAL

The stated capital of the Company as at 31st March 2017 was Rs. 513.6 Million 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.

Annual Report of the Board of Directors on the affairs of the Company

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 2017. (2016 - 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 2017 are given in Note 27 to the financial statements.

25. SHARE INFORMATION

Information relating to share trading are given on pages 67 to 68 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.

Twenty Major Shareholders with Comparatives

Name of Shareholders as at 31st March	2017		2016	
	No. of shares	%	No. of shares	%
1. Ceylon Guardian Investment Trust PLC A/C No. 3	21,692,800	83.97	21,692,800	83.97
2. Carson Cumberbatch PLC A/C No.2	581,950	2.25	581,950	2.25
3. Union Investments Private Ltd	111,000	0.43	13,000	0.05
4. Mr. V. Nataraj	99,532	0.39	99,532	0.39
5. Mrs. V. Nataraj	99,532	0.39	99,532	0.39
6. Mr. M.P.D.D. Fernando	92,041	0.36	-	0.00
7. Bansei Securities Capital (Pvt) Ltd / S.M.T.B.Samara	89,645	0.35	-	0.00
8. Natwest Nominees (Pvt) Limited	84,858	0.33	84,858	0.33
9. Wardley Investments (Pvt) Limited	84,858	0.33	84,858	0.33
10. Mr. J.P. Paul	84,721	0.33	88,299	0.34

Twenty Major Shareholders with Comparatives

Name of Shareholders as at 31st March

	2017		2016	
	No. of shares	%	No. of shares	%
11. Goodhope Holdings (Pvt) Limited	76,940	0.30	76,940	0.30
12. Mr. M. Selvanathan	63,409	0.25	63,409	0.25
13. Skan Investments (Pvt) Limited	51,774	0.20	51,774	0.20
14. First Capital Markets Limited / Mr.S.P.Jayakumar	50,139	0.19	50,139	0.19
15. Mr. M.W. De Silva	49,291	0.19	49,291	0.19
16. Mr. B.S. Goonesekera	49,090	0.19	49,095	0.19
17. Mr. M.S. Hiripitiya	42,196	0.16	38,696	0.15
18. Mr. H.A. Van Starrex	38,569	0.15	48,569	0.19
19. Mr. K.S.H. Mawellage	35,887	0.14	35,889	0.14
20. Mr. K. Kirupananthan	31,600	0.12	6,200	0.02

27. ANNUAL REPORT

The Board of Directors on 27th April 2017 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 applicable time frames.

28. ANNUAL GENERAL MEETING

The 97th Annual General Meeting of the Company will be held on the 02nd day of June 2017 at 3.00 p.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7.

The Notice of the Annual General Meeting is on page 69 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)
I. Paulraj
Chairman

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

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

Carsons Management Services (Private) Limited
Secretaries

27th April 2017

Profiles of the Directors

ISRAEL PAULRAJ

Israel Paulraj is the Chairman of Guardian Capital Partners 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 Indo-Malay PLC, Selinsing PLC, Shalimar (Malay) PLC, Guardian Capital Partners PLC, Equity One Limited and Leechman & Company (Private) Ltd. He is also the Group Finance Director of Sri Krishna Group of Companies. He has wide 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.

RUVINI FERNANDO

(Appointed with effect from 15th August 2016)

Ruvini Fernando is a Director and CEO of Guardian Fund Management Limited, investment managers of the Ceylon Guardian Investment Trust PLC Group and a Director of Guardian Acuity Asset Management Limited, the Group's licensed Joint Venture for unit trust management. She was appointed to the Ceylon Guardian Group listed company boards as an Executive Director in 2016. She is a Director of The Sri Lanka Fund, a country fund dedicated to Sri Lankan equities.

The Ceylon Guardian Group presently has business interests in listed and private equity as well as managing mutual funds and institutional client portfolios, a collective portfolio of assets under management of over Rs.35bn,

in diverse asset classes. She counts approximately 25 years' experience in management accounting, finance, strategic planning and investment management, of which 10 years have been with the Ceylon Guardian Group and 23 years with Carson Cumberbatch Group. She was a former visiting faculty member of the MBA programme of the Postgraduate Institute of Management (PIM). She is a Fellow of the Chartered Association of Certified Accountants (ACCA), UK and the Chartered Institute of Management Accountants (CIMA), UK and holds a Masters in Business Administration from the PIM, University of Sri Jayewardenepura. She currently serves as member of the National Agenda Committee on Finance and Capital of the Ceylon Chamber of Commerce.

ROSE COORAY

(Appointed with effect from 5th December 2016)

Rose Cooray is the Chairperson of Ceylon Investment PLC, Ceylon Guardian Investment PLC, HNB Assurance PLC, HNBGI LTD. and Sithma Development (PVT) LTD. She is a Director of Hatton National Bank PLC and HNB Grameen Finance Limited and Guardian Capital Partners PLC. She functions as the Chairperson of the Board Integrated Risk Committees of Hatton National Bank and HNB Grameen Finance and is a Member of several other Board sub-committees of companies where she holds the position of Director. She is a retired Deputy Governor of the Central Bank of Sri Lanka where she served for 35 years and counts over 40 years of experience in working in the financial sector.

On release from the Central Bank, she had served the Ministry of Finance in the capacity of Director General Fiscal Policy and Economic Affairs Department for nearly 6 years, represented the Government on the Boards of DFCC Bank, Sri Lanka Institute of Information Technology, Sri Lanka Telecom, Ceylon Electricity Board, De La Rue Currency and Security Print (Pvt) Ltd, Export Development Board, National Housing Development Authority and represented the Monetary Board on West Coast Power (Pvt) Ltd.

She has functioned as the Vice Chairperson of the Institute of Bankers of Sri Lanka for 5 years and has served on a number of Committees at national level covering a variety of subjects representing the Ministry of Finance and the Central Bank. She has also presented papers/been the resource person representing the Central Bank and the Ministry of Finance at various international meetings/seminars.

Mrs. Cooray has been involved extensively in policy making and implementing projects and programmes, especially in the area of regional development and microfinance. She has wide experience in negotiating loans with multilateral and other donors, as well as bilateral trade agreements on behalf of the Government. Her articles/papers have been published in professional journals.

ASOKA DE ZOYSA GUNASEKERA

(Stepped down with effect from 03rd June 2016)

Asoka De Zoysa Gunasekera was a Director of Pegasus Hotels of Ceylon PLC and Guardian Capital Partners 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 Club International and was also a Member of the National Police Commission of Sri Lanka. He served as Legal Advisor and Secretary to the Ministry of Posts and Telecommunications; Co-ordinating Secretary to the Ministry of Power and Energy

and Ministry of Highways and was the Acting Secretary to the Ministry of Policy Planning.

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

Audit Committee Report

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

The Audit Committee consists of the following Members :

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

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

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

Mr.Faiz Mohideen, a Non-Executive, Independent Director of CCPLC, was 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 organization by being objective in providing relevant assurance, contributing

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

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

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

Meetings attended (out of 04)

Mr.Vijaya Malalasekera (Chairman)	04
Mr.Chandima Gunawardena	03
Mr.Faiz Mohideen	04

Director-Guardian Fund Management Limited - Investment Managers, 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 2016/2017 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.

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 recommended by the Board and approved by the Audit Committee, IT consultancy division of Messrs.KPMG, has completed during the year a comprehensive external IT security and process audit covering the IT environment of Carsons Management Services (Private) Limited (Managers to the Company), which covers the centralized IT services provided to the Investment Sector, as well. This exercise facilitated Carsons Management Services (Private) Limited to obtain IAO/IEC 27001:2013 certification in November 2016.

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 2017 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 2018, 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

Colombo
27th April 2017

Related Party Transactions Review Committee Report

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

Meetings of the Related Party Transactions Review Committee

CCPLC-RPTRC held Three (03) Meetings during the financial year to discuss matters relating to the Company. The attendance of the Members of the Committee was as follows:

Meetings attended (out of 03)

Mr.V.P. Malalasekera	03
Mr.F. Mohideen	03
Mr.D.C.R. Gunawardena	03
Mr.H. Selvanathan	02
Mr.M. Selvanathan	02
Mr.S.K. Shah	03

Purpose of the Committee

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

Policies and procedures

- The RPTRC reviews 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 quarterly disclosures from all KMPs so designated.

The Related Party Transactions of the Company for the period 1st April 2016 to 31st March 2017 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

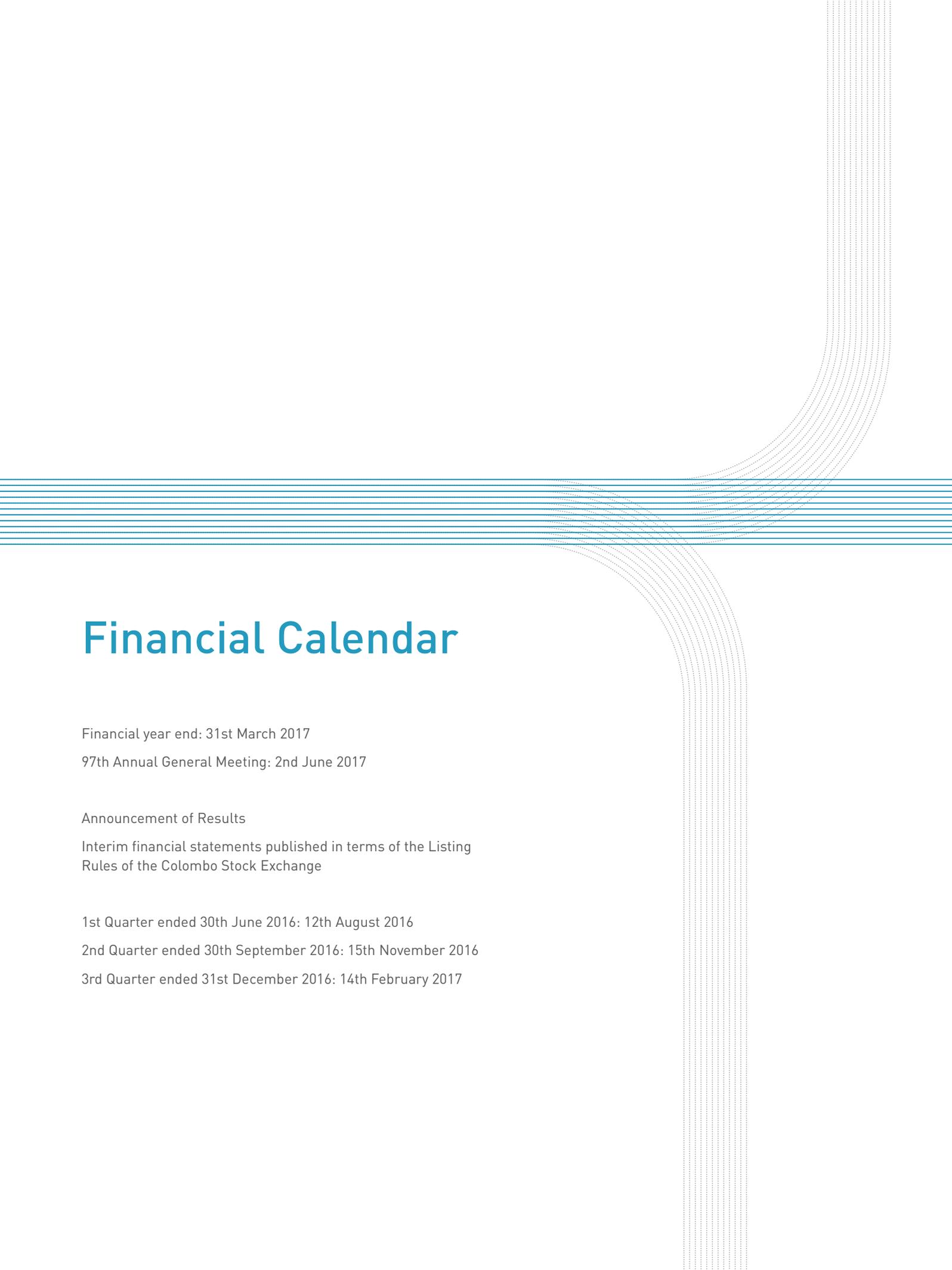
(Sgd.)

V.P. Malalasekera

Chairman – Related Party Transactions Review Committee
Carson Cumberbatch PLC

Colombo

27th April 2017



Financial Calendar

Financial year end: 31st March 2017

97th Annual General Meeting: 2nd June 2017

Announcement of Results

Interim financial statements published in terms of the Listing
Rules of the Colombo Stock Exchange

1st Quarter ended 30th June 2016: 12th August 2016

2nd Quarter ended 30th September 2016: 15th November 2016

3rd Quarter ended 31st December 2016: 14th February 2017

Independent Auditors' Report



KPMG
(Chartered Accountants)
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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, 2017, 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 32 to 65 of this Annual Report.

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, 2017, 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

27th April 2017

Statement of Profit or Loss and Other Comprehensive Income

In Rupees Thousands

For the year ended 31st March	Note	2017	2016
Revenue	11	48,342	25,852
Net change in fair value of fair value through profit or loss financial assets		839	11,831
Profit on investment activities		49,181	37,683
Administrative and other operating expenses		(13,221)	(12,632)
Profit from operations	12	35,960	25,051
Income tax expense	13	172	(3,228)
Profit for the year		36,132	21,823
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Net change in fair value of available for sale financial assets		50,731	(6,563)
Other comprehensive income / (expense) for the year		50,731	(6,563)
Total comprehensive income for the year		86,863	15,260
Earnings per share (Rs.)	14	1.40	0.84

The notes to the financial statements from pages 36 to 65 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	2017	2016
ASSETS			
Non-current assets			
Available for sale financial assets	16	366,691	221,342
Total non-current assets		366,691	221,342
Current assets			
Other receivables	17	88	511
Current tax recoverable		636	25
Fair value through profit or loss financial assets	18	360,839	261,961
Cash and cash equivalents	19	10,617	174,808
Total current assets		372,180	437,305
Total assets		738,871	658,647
EQUITY AND LIABILITIES			
Equity			
Stated capital	20	513,656	513,656
Revenue reserves	21	219,873	133,010
Total equity		733,529	646,666
Current liabilities			
Other payables	22	5,342	11,717
Bank overdraft	19	-	264
Total current liabilities		5,342	11,981
Total equity & liabilities		738,871	658,647
Net assets per share (Rs.)		28.39	25.03

The notes to the financial statements from pages 36 to 65 form an integral part of these financial statements.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 7 of 2007.

(Sgd.)

V.R. Wijesinghe

Financial Controller

Carsons Management Services (Private) Limited

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed on behalf of the Investment Managers, Approved and signed on behalf of the Board,

(Sgd.)

W.Y.R. Fernando (Mrs.)

Director

Guardian Fund Management Limited

Colombo

27th April 2017

(Sgd.)

I. Paulraj

Chairman

(Sgd.)

D.C.R. Gunawardena

Director

Statement of Changes In Equity

In Rupees Thousands

	Stated capital	Revenue reserves			Retained earnings	Total equity
		Available for sale financial assets reserve	Fair value through profit or loss financial assets reserve	General reserve		
Balance as at 1st April 2015	513,656	16,701	130	619	125,254	656,360
Super gain tax for the year of assessment 2013/14 *	-	-	-	-	(277)	(277)
Adjusted balance as at 1st April 2015	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)	-
Balance as at 31st March 2016	513,656	10,138	11,961	619	110,292	646,666
Balance as at 1st April 2016	513,656	10,138	11,961	619	110,292	646,666
Profit for the year	-	-	-	-	36,132	36,132
Other comprehensive income for the year	-	50,731	-	-	-	50,731
Total comprehensive income for the year	-	50,731	-	-	36,132	86,863
Transfers (Note 21.3)	-	-	(11,122)	-	11,122	-
Balance as at 31st March 2017	513,656	60,869	839	619	157,546	733,529

The notes to the financial statements from pages 36 to 65 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 Gain Tax as standalone entity, Rs. 277,000/- was 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 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	2017	2016
Cash flows from operating activities			
Profit from operations		35,960	25,051
Net change in fair value of fair value through profit or loss financial assets		(839)	(11,831)
Operating profit before changes in working capital		35,121	13,220
Increase in investments		(192,657)	(160,256)
(Increase) / decrease in other receivables		423	(38)
Increase / (decrease) in other payables		32	(150)
Cash used in operating activities		(157,081)	(147,224)
Income tax paid		(439)	(3,382)
Net cash used in operations		(157,520)	(150,606)
Cash flows from financing activities			
Dividend paid		(6,407)	(19,282)
Net cash used in financing activities		(6,407)	(19,282)
Net decrease in cash & cash equivalents during the year			
Cash & cash equivalents at the beginning of the year		174,544	344,432
Cash & cash equivalents at the end of the year	19	10,617	174,544

The notes to the financial statements from pages 36 to 65 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 (2016 - 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 27th April 2017.

(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 2017 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

Notes to the Financial Statements

In Rupees Thousands

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 and 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.

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

Notes to the Financial Statements

In Rupees Thousands

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 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.

(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.

Notes to the Financial Statements

In Rupees Thousands

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.

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)

- 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.

Notes to the Financial Statements

In Rupees Thousands

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 notes to the financial statements.

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

Standards issued but not effective as at the reporting date

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

SLFRS 9 Financial Instruments

SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective from 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.

SLFRS 16 Leases

SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance Sheet finance leases and Off-Balance Sheet operating leases. Instead, there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting.

SLFRS 16 is effective for reporting periods beginning on or after 01 January 2019.

The above new standard (SLFRS 16) is not expected to have a significant impact of the Company's financial statements.

For the year ended 31st March		2017	2016
11	REVENUE		
	Net gain from disposal of fair value through profit or loss financial assets	36,028	-
	Dividend income	10,483	7,656
	Interest income on financial assets carried at amortized cost (note 11.1)	1,831	18,196
		48,342	25,852
11.1	Interest income on financial assets carried at amortized cost		
	Cash at bank	132	75
	Securities purchased under resale agreements	1,699	14,897
	Placements with banking institutions	-	3,224
		1,831	18,196
12	PROFIT FROM OPERATIONS		
12.1	Profit from operations is stated after charging all expenses including the following:		
	Auditors' remuneration & expenses		
	- Audit and related fees	160	260
	- Non-audit fees	400	2,310
	Directors' fees & emoluments (note 23.2)	200	1,200
	Professional services	58	25
	Personnel cost (note 12.2)	-	-
	Support service fees (note 12.3)	1,358	1,078

12.2 The Company had no employees of its own during the financial year under review (2016 - nil).

12.3 Support service fee refers to the fees paid 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		2017	2016
13	INCOME TAX EXPENSE		
	Provision for the year (note 13.1)	431	3,212
	(Over) / under provision for previous years	(603)	16
	Total tax (income) / expense for the year	(172)	3,228
13.1	Reconciliation between accounting profit and taxable profit		
	Accounting profit before taxation	35,960	25,051
	Less : Exempt profits on sale of shares / unit trusts	(36,028)	-
	Dividend income	(10,483)	(7,656)
	Add : Disallowed expenses	12,931	5,907
	Net change in fair value of fair value through profit or loss financial assets	(839)	(11,831)
	Taxable profit for the year	1,541	11,471
	Current taxation thereon @ 28% (2016 - 28%) (note 13.2)	431	3,212

13.2 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% (2016 - 28%).

13.3 In terms of section 13 (t) of the Inland Revenue Act, No. 10 of 2006 and amendments thereto, profits derived from the sale of shares on which the Share Transaction Levy (STL) has been paid is exempted from Income tax.

14 EARNINGS PER SHARE

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

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

For the year ended 31st March		2017	2016
Amount used as the numerator			
	Profit for the year (Rs '000)	36,132	21,823
Amount used as the denominator			
	Weighted average number of ordinary shares outstanding during the year	25,833,808	25,833,808
	Earnings per share (Rs.)	1.40	0.84

For the year ended 31st March		2017	2016
15	DIVIDEND PER SHARE		
	Dividends paid during the year		
	Final / interim dividend	-	25,834
	Dividends proposed during the year		
	First interim dividend		
	- Total dividend	-	6,459
	- Dividend per share (Rs.)	-	0.25
	Proposed final dividends*		
	- Total dividend	6,459	-
	- Dividend per share (Rs.)	0.25	-
	Total dividend per share (Rs.)	0.25	0.25

* According to the Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period", the liability on final dividends 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	2017		2016	
		Cost	Fair value	Cost	Fair value
Investment in equity securities					
Quoted	16.1	99,455	96,183	99,455	96,081
Private equity (unlisted)	16.2	219,879	270,508	125,261	125,261
Total investment in available for sale financial assets		319,334	366,691	224,716	221,342

16.B Movement in available for sale financial assets

For the year ended 31st March 2017	Fair Value as at 1st April 2016	Additions	Disposals	Change in fair value	Fair value as at 31st March 2017
Investment in equity securities	221,342	94,618	-	50,731	366,691
	221,342	94,618	-	50,731	366,691
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

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

As required by LKAS – 39 “Financial Instruments; recognition and measurement”, no adjustment was required against profit or loss for the year (2016 – nil) due to significant / prolonged decline in fair value below its cost of identified equity securities in available for sale financial assets. LKAS – 39 also requires to recognise fair value gains and losses arising from assets classified as available for sale, other than impairment losses, in other comprehensive income. Accordingly, a gain of Rs. 50.7 mn and a loss of Rs.6.6 mn have been recognised in financial years 2017 and 2016 respectively.

16.1 Investment in equity securities - quoted

As at 31st March	2017			2016		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Construction & Engineering						
Access Engineering PLC	2,315,619	57,972	55,112	2,315,619	57,972	48,165
		57,972	55,112		57,972	48,165
Diversified						
Expolanka Holdings PLC	6,845,150	41,483	41,071	6,845,150	41,483	47,916
		41,483	41,071		41,483	47,916
Total investments in equity securities - quoted		99,455	96,183		99,455	96,081

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.

Notes to the Financial Statements

In Rupees Thousands

16 AVAILABLE FOR SALE FINANCIAL ASSETS (CONTD.)

16.2 Investment in equity securities - Private equity (unlisted)

As at 31st March	2017			2016		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Education						
Swiss Institute For Service Industry Development (Private) Limited - Ordinary shares	847	16,827	16,827	-	-	-
Swiss Institute For Service Industry Development (Private) Limited - 10% cumulative preference shares	1,273	25,291	25,291	-	-	-
		42,118	42,118		-	-
Travel						
Findmyfare (Pvt) Ltd	276,074	45,000	45,000	-	-	-
		45,000	45,000		-	-
Information Technology						
hSenid Business Solutions (Pvt) Ltd.	163,419	40,005	70,009	163,419	40,005	40,005
Kashmi Singapore PTE. LTD	417	10,256	10,256	417	10,256	10,256
		50,261	80,265		50,261	50,261
Power and Energy						
LVL Energy Fund Limited	9,375,000	82,500	103,125	9,375,000	75,000	75,000
		82,500	103,125		75,000	75,000
Total investment in equity securities - Private equity (unlisted)		219,879	270,508		125,261	125,261

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

As at 31st March		2017	2016
17	OTHER RECEIVABLES		
	Non financial		
	Prepaid expenses	88	511
		88	511

18 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS**18.A Summary**

As at 31st March	Note	2017		2016	
		Cost	Fair value	Cost	Fair value
Investment in unit trusts					
Unquoted	18.1	360,000	360,839	250,000	261,961
Total investment in fair value through profit or loss financial assets		360,000	360,839	250,000	261,961

18.B Movement in fair value through profit or loss financial assets

For the year ended 31st March 2017	Fair Value as at 1st April 2016	Additions	Disposals	Change in fair value	Fair value as at 31st March 2017
Investment in unit trusts	261,961	510,000	(411,961)	839	360,839
	261,961	510,000	(411,961)	839	360,839
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

Notes to the Financial Statements

In Rupees Thousands

18 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTD.)

18.1 Investment in unit trusts - unquoted

As at 31st March	2017			2016		
	No. of units	Cost	Fair value	No. of units	Cost	Fair value
Guardian Acuity Money Market Gilt Fund	1,378,059	160,000	160,592	1,727,731	175,000	183,951
Guardian Acuity Money Market Fund	14,205,453	200,000	200,247	6,142,506	75,000	78,010
		360,000	360,839		250,000	261,961

Valuation of unit trust is based on the unit price published by the Unit Trust Managers, Guardian Acuity Asset Management Limited as at 31st March.

As at 31st March	2017	2016
19 CASH AND CASH EQUIVALENTS		
Cash at bank	2,361	2,051
Securities purchased under resale agreements	8,256	172,757
Total cash and cash equivalents	10,617	174,808
Bank overdraft	-	(264)
Net cash and cash equivalents for the cash flow statement purpose	10,617	174,544
20 STATED CAPITAL		
Ordinary shares - Issued and fully paid	513,656	513,656
	513,656	513,656
20.1 Number of shares		
Ordinary shares - Issued and fully paid	25,833,808	25,833,808
	25,833,808	25,833,808
21 REVENUE RESERVES		
General reserve (note 21.1)	619	619
Available for sale financial assets reserve (note 21.2)	60,869	10,138
Fair value through profit or loss financial assets reserve (note 21.3)	839	11,961
Retained earnings	157,546	110,292
	219,873	133,010

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

- 21.1** General reserve represents the amounts set aside by the Directors to meet any contingencies.
- 21.2** Available for sale financial assets reserve consists of net unrealised gains arising from fair valuation of available for sale financial assets, excluding the impact arising from impairment of such assets.
- 21.3** Net gains arising from fair value adjustment of fair value through profit or loss financial assets will be transferred from retained earnings to "Fair value through profit or loss financial assets reserve" 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. 11.1 Mn was transferred from (2016 - Rs. 11.8 Mn 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.

As at 31st March		2017	2016
22	OTHER PAYABLES		
	Financial		
	Unclaimed dividends	3,868	3,816
	Other payables	11	6,475
		3,879	10,291
	Non Financial		
	Accruals and provisions	1,463	1,426
		1,463	1,426
		5,342	11,717

23 RELATED PARTY TRANSACTIONS

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

23.1 Parent and ultimate controlling entity

Ceylon Guardian Investment Trust PLC is the 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.

Notes to the Financial Statements

In Rupees Thousands

23 RELATED PARTY TRANSACTIONS (CONTD.)

23.2 Transactions with Key Management Personnel (KMP)

"According to Sri Lanka Accounting Standard (LKAS 24) - "Related party disclosures", Key Management Personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity directly or indirectly. Accordingly, the Directors of the Company (including executive and non-executive directors), the Directors of the parent Company, Ceylon Guardian Investment Trust PLC, have been classified as Key Management Personnel of the Company.

Mrs. W. Y. R. Fernando and Mrs. M. A. R. C. Cooray were appointed to the Board on 15th August 2016 and 5th December 2016 respectively. Accordingly, they have been classified as KMP from the date of their appointments to the Board.

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

For the year ended 31st March	2017	2016
Short-term employee benefits	200	1,200
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
Non cash benefits	-	-
	200	1,200

23.3 Transactions with related companies

Name of the company	Relationship	Nature of transactions	Value of transactions	
			2017	2016
Ceylon Guardian Investment Trust PLC	Parent Company	Dividend paid	-	21,693
Guardian Fund Management Limited (GFM)	Fellow Subsidiary	Portfolio management fees paid	4,075	3,234
Carsons Management Services (Private) Limited (CMSL)	Fellow Subsidiary	Support service fees paid	1,358	1,078
		Secretarial fees paid	403	403
		Computer charges paid	30	30

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 11 to 12 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 the 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 Investment Managers and Carsons Management Services (Private) Limited, the Managers; who are responsible for developing and monitoring the Company's risk management policies and reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to 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 / unlisted equity securities 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 their contractual obligations, and arises primarily on the Company's investments in fixed income earning securities, investments in unit trusts, placements with banking institutions and receivables from market intermediaries and other counter parties that the Company has dealings with.

Notes to the Financial Statements

In Rupees Thousands

24 FINANCIAL INSTRUMENTS (CONTD.)

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.

As at 31st March	Note	Carrying Amount	
		2017	2016
Fair value through profit or loss financial assets - investments in unit trusts	18	360,839	261,961
Cash at bank	19	2,361	2,051
Securities purchased under resale agreements	19	8,256	172,757
		371,456	436,769

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

The Company has invested in following unit trusts;

Name of the fund	Fund category	Fund's investment instruments
Guardian Acuity Money Market Fund	Money market fund	Fixed income securities with in the maturity period less than 365 days
Guardian Acuity Money Market Gilt Fund	Money market fund	Government securities with in the maturity period less than 365 days

Guardian Acuity Asset Management Limited, a joint venture company of Ceylon Guardian Investment Trust PLC and Acuity Partners Limited is the Investment Manager of the unit trust funds that the Company has invested in. 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 contractual obligations.

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

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

As at 31st March	2017	2016
Credit rating		
AAA	239	236
AA	10,126	172,757
Unrated	252	1,815
	10,617	174,808

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

24.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are 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 2017	Carrying amount	Contractual cash flows			
		Total	Up to 3 months	3-12 months	More than a year
Non derivative financial liabilities					
Other payables*	3,879	3,879	3,879	-	-
	3,879	3,879	3,879	-	-

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

* Provisions and accrued expenses which are not financial liabilities are excluded.

Notes to the Financial Statements

In Rupees Thousands

24 FINANCIAL INSTRUMENTS (CONTD.)

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

As at 31st March	2017	2016
Cash and cash equivalents	10,617	174,808
Investments in unit trusts	360,839	261,961
Total liquid assets	371,456	436,769
Liquid assets as % of total net assets	51%	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, securities purchased under resale agreements and short term investment in money market funds, in order to capitalise the market opportunities and to meet its contractual obligations during the normal course of its operations.

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	2017	2016
Unutilised overdraft facilities	350,000	350,000
	350,000	350,000

24.3 Market risk

The market risk is exposure to adverse movements in the security markets for both equity and fixed income investments, which can result in 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.

As at 31st March	Note	Carrying Amount	
		2017	2016
Financial assets			
Securities purchased under resale agreements	19	8,256	172,757
		8,256	172,757

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

As at 31st March	2017	2016
Commercial Banks Averaged Weighted Prime Lending Rate (AWPLR) *	13.29%	8.87%
Commercial Banks Averaged Weighted Fixed Deposit Rate (AWFDR) *	11.38%	7.92%

* 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 by 1%	Decrease by 1%
As at 31st March 2017		
- On interest earning assets	83	(83)
- On interest bearing liabilities	-	-
	83	(83)
As at 31st March 2016		
- On interest earning assets	1,728	(1,728)
- On interest bearing liabilities	-	-
	1,728	(1,728)

Notes to the Financial Statements

In Rupees Thousands

24 FINANCIAL INSTRUMENTS (CONTD.)

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 listed subsequently).

Listed equity investments

Having a 26% (2016 - 43%) 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. The Company monitors 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.

As at 31st March	Portfolio exposure %	
	2017	2016
Construction & Engineering	57	50
Diversified	43	50
	100	100

Private equity investments

Detailed evaluations are carried out prior to investing on both financial and operational feasibilities of the private equity projects that the Company ventures in to, with a view to ascertain the Company's investment decisions and the risks involved.

Continuous monitoring of the financial and operational results against the investee's business plans and the industry standards ensure that the projects meet the desired outcome and thereby the expected returns. Further, the Company generally enters in to investment agreements with the parties concerned, which carry specific 'exit clauses' to private equity projects such as 'Initial Public Offering', 'Buy-out' etc.

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

As at 31st March	Note	Carrying amount	
		2017	2016
Investment in equity securities - Available for sale financial assets	16	366,691	221,342
		366,691	221,342

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

24.4 Accounting classification and fair values

The following table shows the carrying amounts and 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 2017	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale financial assets	Other financial liabilities	Total carrying amount	Fair value
Financial assets measured at fair value							
Available for sale financial assets	-	-	-	366,691	-	366,691	366,691
Fair value through profit or loss financial assets	360,839	-	-	-	-	360,839	360,839
Financial assets not measured at fair value							
Cash and cash equivalents	-	-	10,617	-	-	10,617	
Total financial assets	360,839	-	10,617	366,691	-	738,147	
Financial liabilities not measured at fair value							
Other payables	-	-	-	-	3,879	3,879	
Total financial liabilities	-	-	-	-	3,879	3,879	

Notes to the Financial Statements

In Rupees Thousands

24 FINANCIAL INSTRUMENTS (CONTD.)

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
Financial assets measured at fair value							
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
Financial assets not measured at fair value							
Cash and cash equivalents	-	-	174,808	-	-	174,808	
Total financial assets	261,961	-	174,808	221,342	-	658,111	
Financial liabilities not measured at fair value							
Other payables	-	-	-	-	10,291	10,291	
Total financial liabilities	-	-	-	-	10,291	10,291	

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
As at 31st March 2017				
Fair value through profit or loss financial assets	360,839	-	-	360,839
Available for sale financial assets	96,183	-	270,508	366,691
	457,022	-	270,508	727,530
As at 31st March 2016				
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

Reconciliation of Level 3 - Financial instruments : Available for sale financial assets

For the year ended 31st March	2017	2016
Opening balance	125,261	115,005
Additions	94,618	10,256
Change in fair value	50,629	-
Closing balance	270,508	125,261

Notes to the Financial Statements

In Rupees Thousands

24 FINANCIAL INSTRUMENTS (CONTD.)

24.6 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.

Investment in Equity securities	Valuation method/ techniques	Unobservable inputs	Ranges	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%	Increase
		Exit multiple: * P/E - Price to earnings ratio * EV/EBIT - Enterprise value to earnings before interest and tax	5 - 8	Increase
		Discount rate	15.5%-20%	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

"After satisfying the solvency tests in accordance with the Section 57 of the Company's Act, No. 7 of 2007, the Board of Directors has recommended the payment of a first and final dividend of Rs. 0.25 per Ordinary share for the year ended 31st March 2017 amounting to Rs. 6,458,452/- which is to be approved at the forthcoming Annual General Meeting.

According to Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period" the proposed final dividend has not been recognised as a liability as at 31st March 2017."

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 Commitments

The Company has committed to invest a sum of Rs. 51,117,791/- in Swiss Institute For Service Industry Development as a private equity investment. As at 31st March 2017, a sum Rs. 42,118,040/- has been invested in two tranches and balance of Rs. 8,999,751/- is to be invested based on business requirements and the progress of the investee Company.

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

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 further described under the relevant clause in the Director's report.

Five Year Summary

In Rupees Thousands

For the year ended / As at 31st March		2017	2016	2015	2014	2013
Operating results						
Revenue		48,342	25,852	199,853	28,923	23,051
Impairment loss on available for sale financial assets		-	-	(1,158)	-	(42,680)
Net change in fair value of fair value through profit or loss financial assets		839	11,831	130	-	-
Profit / (loss) on investment activities		49,181	37,683	198,825	28,923	(19,629)
Profit / (loss) before taxation		35,960	25,051	188,039	15,777	(33,968)
Income tax (expense) / reversal		172	(3,228)	(3,858)	(317)	177
Profit / (loss) for the year		36,132	21,823	184,181	15,460	(33,791)
Statement of financial position						
Stated capital		513,656	513,656	513,656	513,656	513,656
Reserves		219,873	133,010	142,704	69,125	(30,529)
Total equity		733,529	646,666	656,360	582,781	483,127
Assets Employed						
Current assets		372,180	437,305	445,183	65,811	38,493
Current liabilities		(5,342)	(11,981)	(6,472)	(6,188)	(6,093)
Net current assets		366,838	425,324	438,711	59,623	32,400
Available for sale financial assets		366,691	221,342	217,649	523,158	450,727
Net assets		733,529	646,666	656,360	582,781	483,127
Cash Flow Statements						
Net cash generated from / (used in) operating activities		(157,520)	(150,606)	299,944	20,050	48,804
Net cash used in financing activities		(6,407)	(19,282)	(12,927)	-	-
Net (decrease) / increase in cash & cash equivalents		(163,927)	(169,888)	287,017	20,050	48,804
Ratios & statistics						
Earnings / (loss) per share	(Rs.)	1.40	0.84	7.13	0.60	(1.31)
Dividend per share*	(Rs.)	0.25	0.25	1.25	-	-
Dividend growth	(%)	-	(80)	100	-	-
Dividend yield	(%)	0.91	0.89	3.3	-	-
Dividend payout ratio	(%)	17.86	29.76	17.53	-	-
Net assets per share	(Rs.)	28.39	25.03	25.41	22.56	18.70
Market price per share	(Rs.)	27.50	28.10	37.90	25.30	38.60
Price to book value	(times)	0.97	1.12	1.49	1.12	2.06
Fair value of investment portfolio**	(Rs.'000)	738,147	657,847	662,211	580,573	488,092
Market capitalisation	(Rs.'000)	710,430	725,930	979,101	653,595	997,185
All Share Price Index (points)	(points)	6,062	6,072	6,820	5,968	5,736
S&P SL 20 (points)	(points)	3,439	3,204	3,852	3,280	3,294

* 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.

The Stock Exchange code for Guardian Capital Partners PLC shares is "WAP0"

2. Ordinary Shareholders

As at 31st March	2017	2016
Number of Shareholders	2,262	2,344

The number of shares held by non-residents as at 31st March 2017 was 339,385 (2016 – 341,388) which amounts to 1.39% (2016 - 1.32%) of the total number of ordinary shares in issue.

Distribution of Shares	Residents			Non - Residents			Total		
	No. of share-holders	No. of Shares	%	No. of share-holders	No. of Shares	%	No. of share-holders	No. of Shares	%
1 - 1,000	1,797	468,140	1.81	27.00	7,337	0.02	1,824	475,477	1.84
1001 - 10,000	370	1,136,052	4.39	9.00	32,863	0.12	379	1,168,915	4.53
10,001 - 100,000	52	1,504,481	5.82	4.00	299,185	1.15	56	1,803,666	6.98
100,001 - 1,000,000	2	692,950	2.68	-	-	-	2	692,950	2.68
Above 1,000,000	1	21,692,800	83.97	-	-	-	1	21,692,800	83.97
Total	2,222	25,494,423	98.69	40.00	339,385	1.31	2,262	25,833,808	100.00

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Individuals	2,169	2,680,214	10.37
Institutions	93	23,153,594	89.63
Total	2,262	25,833,808	100.00

3. Market performance - Ordinary shares

For the year ended 31st March	2017	2016
Share price as at 31st March (Rs.)	27.50	28.10
Highest (Rs.)	49.40	57.60
Lowest (Rs.)	26.00	25.00
Value of shares traded (Rs. 000)	125,967	121,485
No. of shares traded	3,056,607	2,677,938
Volume of transactions (Nos.)	5,215	4,632
Market capitalization (Rs 000)	710,430	725,930

4 Public holding

The percentage of ordinary shares held by public as at 31st March 2017 was 13.78% (2016 – 13.77%) and the number of public shareholders were 2,257 (2016 - 2,339).

5 Dividends

The Directors have recommended a first & final dividend of Cents 25 per ordinary share for the year ended 31st March 2017.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Ninety Seventh (97th) Annual General Meeting of Guardian Capital Partners PLC will be held on Friday, the 02nd day of June 2017 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 2017, together with the report of the Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-elect Mr. D. C. R. Gunawardena who retires by rotation in term of Articles 72, 73 & 74 of the Articles of Association of the Company.
4. To re-elect Mrs. W. Y. R. Fernando as a Director in terms of Article 68 of the Articles of Association of the Company.
5. To re-elect Mrs. M. A. R. C. Cooray as a Director in terms of Article 68 of the Articles of Association of the Company.
6. 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 80 years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

7. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act No. 07 of 2007 and to authorize the Directors to determine their remuneration.

By Order of the Board

(Sgd)

K. D. De Silva (Mrs.)

Director

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED

Secretaries

Colombo,
27th April 2017

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 31st May 2017.
3. A person representing a Corporation is required to carry a certified copy of the resolution authorizing him/her to act as the representative of the Corporation. A representative need not be a member.
4. The transfer books of the Company will remain open.
5. Security Check – We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.

Form of Proxy

*I/ We.....

of.....

being *a Shareholder / Shareholders 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,

Wedage Yasanthi Ruvini Fernando or failing her

Mirihana Arachchige Rose Chandralatha Cooray

as *my/our proxy to attend at the 97th Annual General Meeting of the Company to be held on Friday, the 2nd day of June 2017 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 2017, together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To declare Cents 25 per ordinary share as a first and final dividend for the financial year ended 31st March 2017 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To re-elect Mr. D. C. R. Gunawardena who retires by rotation in terms of Article 72, 73 & 74 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-elect Mrs. W. Y. R. Fernando as a Director in terms of Article 68 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(v) To re-elect Mrs. M. A. R. C. Cooray as a Director in terms of Article 68 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(vi) To re-appoint Mr. I. Paulraj who is over seventy (70) years of age as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
(vii) To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act. No. 07 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....
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.

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 31st May 2017.

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

PQ49

LEGAL FORM

A Public Quoted Company (Listed 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

Mr. I. Paulraj (Chairman)

Mr. D. C. R. Gunawardena

Mr. S. Mahendrarajah (Director and Alternate to Mr. I. Paulraj)

Mrs. W.Y.R. Fernando (Appointed w.e.f. 15th August 2016)

Mrs. M.A.R.C. Cooray (Appointed w.e.f. 5th December 2016)

Mr. W. A. A. De Z. Gunasekera (stepped down with effect from 03rd June 2016)

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

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Fax No: +94-11-2039300

CORPORATE WEBSITE

www.carsoncumberbatch.com

Designed & produced by

emagewise

Printed by Printage (Pvt) Ltd



www.carsoncumberbatch.com