

# **GUARDIAN CAPITAL PARTNERS PLC**

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# **GUARDIAN CAPITAL PARTNERS PLC**

Guardian Capital Partners PLC is focused on investing in private equity and venture capital opportunities in identified growth sectors in the country.

We are pleased to set out the review and performance of the business during the year.

# FINANCIAL HIGHLIGHTS

In Rupees Thousands

For the year ended / as at 31st March	2019	2018	Change (%)
Revenue	45,988	42,383	9
Profit / (loss) from operations	25,597	(22,347)	215
Profit / (loss) for the year	14,369	(22,646)	163
Other comprehensive expense for the year	-	(16,203)	100
Total comprehensive income / (expense) for the year	14,369	(38,849)	137
Net cash generated from operating activities	170,899	10,163	1,582
Net increase in cash & cash equivalents during the year	162,221	3,765	4,209
Retained earnings	180,883	130,800	38
Total equity	695,158	691,123	1
Fair value of investment portfolio *	705,347	686,552	3
Total assets	705,989	694,016	2
Earnings / (loss) per share (Rs.)	0.56	(0.88)	164
Dividend per share (Rs.) **	0.40	-	100
Net assets per share - Book value (Rs.)	26.91	26.75	1
Return on ordinary shareholders' funds (%)	2.07	(3.28)	163
<b>Stock Market data</b>			
All Share Price Index (points)	5,557	6,477	(14)
S&P SL 20 Index (points)	2,739	3,650	(25)
Market capitalization	524,426	720,763	(27)
Share price (Rs.)			
Year end	20.30	27.90	(27)
High	30.50	43.40	(30)
Low	17.50	27.70	(37)

\* 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 99th Annual General Meeting of the Company and on behalf of the Board of Directors, take pleasure in presenting the Annual Report and Audited Accounts of the Company for the year ended 31st March 2019.

The flow of deals and transactions in the overall Private Equity and Venture Capital space continued to be challenging and slow. We did evaluate a few deals, however we did not pursue them as they did not meet the company's investment criteria.

Given the challenging investment environment and slowdown in the general economy, the JV with Small Enterprise Assistance Funds (SEAF) was discontinued. GCP and SEAF upon evaluating the feedback received from all stake holders during initial fund raising and pipeline development activity, decided that it is best to discontinue the venture for now and hence in August 2018 the JV was ended amicably.

The company returned to profitability this year, primarily given the absence of impairment charges and losses recorded in the last financial year. The company generated a pre-tax profit of Rs. 25.6 Mn. The removal of tax benefits available on fixed income unit trusts resulted in income generated on un-invested cash being taxed and hence the net profit of the company was Rs. 14.4 Mn.

It's my pleasure to inform you that we have declared and paid an interim dividend of Rs. 0.40 cts for the year. Further we would like to stress once again to our shareholders the fact that private equity investments are riskier, relatively illiquid in nature, carry a longer gestation period, and therefore carry a higher risk weight than listed equity.

In conclusion, I thank the shareholders for the confidence and trust placed in the management over the years. We thank the members of the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Nomination Committee, the Regulators and our business associates for their continued support. I also thank the members of our staff for their contribution, and my colleagues on the Board for their inputs.

(Sgd.)

**I. Paulraj**  
Chairman

Colombo  
26th April 2019

# MANAGEMENT DISCUSSION AND ANALYSIS

## Composition of the Portfolio

Total portfolio of the company as at 31st March 2019 stood at Rs. 705 Mn; of the portfolio 37% has been deployed into investments, whilst the balance is held in short term investments and cash. The largest holding in the portfolio is LVL Energy Fund Limited followed by Hsenid Business Solutions (Pvt) Ltd and Findmyfare (Pvt) Ltd.

Figure 1: Portfolio Composition & Cash Balance	Rs. '000	%
LVL Energy Fund Limited	81,469	12%
Hsenid Business Solutions (Pvt) Ltd	80,000	11%
Findmyfare (Pvt) Ltd	69,761	10%
Expolanka Holdings PLC	20	0%
Access Engineering PLC	30,103	4%
	261,353	37%
Cash and short term investments	443,994	63%
	<b>705,347</b>	

Expolanka position was almost fully exited out of during the year. As the trading price did not reflect our view of the valuation no disposal of shares was made in the other two listed positions. The value of the investments in Findmyfare and Hsenid was marked up during the year. As disclosed in the interims, Findmyfare successfully concluded a fund raise in September at a higher valuation relative to our entry cost, hence the position was marked up to Rs. 69.8 Mn. Hsenid was marked up to Rs. 80 Mn, driven by the sharp improvement in business performance recorded by the company over the past two years.

## 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 136.7 Mw, of which 104.4 Mw is accounted for by thermal plants located in Bangladesh. The balance capacity is located in Sri Lanka of which 14.6 Mw is in wind and the balance is in hydro

power plants. The company was listed on the Colombo Stock Exchange on 9th January 2018. Part of the proceeds were used to settle debt, whilst part is being deployed into new projects, the largest being a 10 Mw hydro power plant in Nepal.

## 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 30% of its revenue from overseas markets, mainly from the African region, Asia Pacific Region and India. Hsenid counts many of the largest Sri Lankan companies as its client. Similarly Hsenid works with some of the largest and reputed companies in the overseas markets it operates, where due to its superior product and service offering, the company has been able to compete against both local as well as international players. However competition is increasing in the space, with companies like Oracle and SAP showing keenness to grow in the HRIS segment. Further there are many new entrants entering the market offering products with less functionality but at low prices.

## Access Engineering PLC

Access Engineering PLC (AEL) is engaged in construction and real estate businesses. AEL is one of the leading C1 contractors in the country involved in construction of buildings, roads & highways, water & waste water management, bridges & flyovers, harbours & marine work, dredging & reclamation, telecommunication, irrigation & land drainage, and piling. The construction sector is under stress at present given the prevailing economic conditions in the country as well as fiscal challenges faced by the government. However AEL has a relatively stable order book, whilst it also has a strong commercial real estate portfolio as well.

## 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. In addition to flight bookings, the company is looking to grow areas such as hotel bookings, tour packages and corporate travel market. The company successfully concluded its second fund raise in September 2018.

## Expolanka Holdings PLC

Expolanka is one of the leading freight forwarders in the South Asian region, specialized in the garments/apparel vertical. SG Holdings Global PTE LTD, a leading logistics company in Japan, is the majority shareholder of the company with a 51.4% ownership stake. SG Holdings is working together with the founding shareholders to further the company's growth in the freight and logistics space. The 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.

## Discontinuation of the Joint Venture with Small Enterprise Assistance Funds

Fund raising for the proposed USD 50 Mn private equity fund, which was to be jointly managed with Small Enterprise Assistance Funds (SEAF), was extremely challenging as reported last year as well. Further building a deal pipeline was also extremely challenging given the tough business conditions in the country and the slowdown in economic activity. Given due consideration to these factors both parties amicably decided to discontinue the JV in August 2018.

## Movement in the portfolio

The invested value of the portfolio of GCP as at 31st March 2019 stood at Rs. 261.4 Mn. During the financial year the portfolio declined by Rs. 36.7 Mn. As Findmyfare's second fund raise was concluded at a higher valuation than the first raise, the position was marked up to Rs. 69.8 Mn from Rs. 45 Mn. Further Hsenid was also revalued up to Rs. 80 Mn from 70 Mn. As the performance of the business has improved sharply over the past two years since it was last revised (The position was last revalued in FY 2017), it was deemed fair to revalue the position to reflect this. However, these increases were offset by the book loss of Rs. 38 Mn recorded on the listed positions due to their prices declining in the Colombo Stock Exchange. We would like to stress that gains recorded on unlisted investments are strictly book profits, and could vary sometimes quite significantly based on valuations at future fund raises and the end valuation realized at exit. During the year most of the holding in Expolanka was divested, and the proceeds have been retained in cash and short term investments.

## Figure 2: Movement in Portfolio

	Rs. Mn
31st March 2018	298,114
<b>Mark to market and fair value adjustments</b>	
Findmyfare	24,761
Hsenid Business Solutions	10,000
Listed investments	<u>(37,997)</u> (3,236)
<b>Divestments</b>	(33,516)
31st March 2019	261,362
<b>Cash and short term investments</b>	<u>443,994</u>

## Financial performance

During the financial year the company generated a profit of Rs. 14.4 Mn vs the loss of Rs. 38.8 Mn recorded last year. The improvement was primarily driven by the presence of large impairment losses in last year's numbers as well as the book gains recorded on the unlisted investments during the current year. Although a pre-tax profit of Rs. 25.6 Mn was recorded, a significantly higher tax charge resulted in an effective tax rate of approximately 44%. The increase in tax charge was due to interest income earned on the non-invested cash being subject to taxation this year. Last year this cash was invested in Fixed Income Unit Trusts, and as they enjoyed a tax benefit, the income generated was not subjected to tax. However this benefit was removed in April 2018. Given this and in order to optimize the yield, majority of the cash balances were shifted to Fixed Deposits in high quality financial institutions.

## Financial position

As at 31st March 2019, the cash holding and short term investments stood at Rs. 444 Mn, accounting for 63% of total assets. We will continue to evaluate opportunities to deploy this cash into. We could be required to raise funds if opportunities presented require a larger commitment than that can be met with existing cash balances and proceeds from disposals. There are no existing commitments as of now.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Adoption of SLFRS – 9 and impacts to the financial statements

The Company recently adopted the new accounting standard on “Financial Instruments – SLFRS 9” effective for the annual periods beginning on or after 1st January 2018. As per the SLFRS 9, the entity has the option to classify its equity investments as “financial assets held for fair value through profit or loss” or “financial assets held for fair value through other comprehensive income” (previously recorded as “Available for Sale Financial Assets”). On “financial assets measured at fair value through other comprehensive income”, SLFRS 9 requires all gains or losses, both realized or unrealized, to be recognized in the other comprehensive income. This is contrary to the previous accounting treatment of this category, where cumulative realized gains and losses were classified to the statement of Profit or Loss at the point of disposal. Therefore, taking in to consideration the guidelines of the new Standard the Company has classified all its’ equity investments as “Financial assets measured at fair value through profit or loss”, the most prudent classification for an Investment Entity. Accordingly, this classification requires recognizing all gains/ (losses) arising from changes in fair values due to market price fluctuations, in the Statement of Profit or Loss. However, the net profit of the Company will be more vulnerable to short-term stock market fluctuations with the recognition of fair values of the entire equity portfolio in the profit or loss and may distort the performance of the fund at times. As per the previous standard, the Company had classified all its equity investments as “available for sale financial assets”. Accordingly, impairment and realized gains/losses were recognized in the profit & loss statement whilst fair value changes were recorded in the other comprehensive income statement.

### 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 continuously improving its knowledge, competencies and processes.

### Guardian Fund Management Limited Investment Managers

Colombo  
26th April 2019



# RISK

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# MANAGEMENT

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***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. Movements 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 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 of GCP. Detailed policy manuals and checklists covering investment analysis, governance & legal aspects, covenants and shareholder agreements have been developed to manage and reduce this risk. These would cover key risks such as sell outs by promoters, retention of key staff and protection of important tangible and intangible assets.

## **Monitoring risk**

No regular performance reporting requirements are there for unlisted companies and hence private equity investors face the risk of not getting financial statements on a quarterly & yearly basis as is mandatory for listed securities. However, through our shareholder agreement we request the investee companies 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 arising from an external party we deal with failing to meet its obligations in accordance with agreed terms and conditions. The company is exposed to credit risk in dealing with counterparties such as investment banks, stock brokers, placement agents etc. and

## **RISK MANAGEMENT**

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also when investing excess cash temporarily in fixed income securities. The risk arising from counterparties is managed by being selective in the counterparties we deal with. An internal rating framework has been formulated focusing on criteria such as reputation, operating history, external ratings etc. Dealings are carried out with counterparties who meet these criteria. Further an age analysis is carried out with respect to all outstanding amounts from counterparties. With respect to investment of excess cash we limit our investments to financial instruments/institutions with credit rating of 'A' and above. (Please refer the note 24, 'Financial instruments' in the financial statements for further details).

### **Regulatory risk**

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

# 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 2019.

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 26th April 2019.

## 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, 2019, 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 30 to 62. These financial statements comply with the requirements of the Section 151 of the Companies Act, No.07 of 2007.

## 4.1 Revenue

The Company generated a revenue of Rs. 45.9 Mn. (2018 – Rs. 42.4 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	2019	2018
Retained earnings brought forward from previous year	130,800	157,546
Impact of adopting SLFRS 9 as at 1 April	44,666	-
Adjusted balance as at 1 April	175,466	157,546
Profit / (loss) for the year	14,369	(22,646)
Dividend	(10,334)	(6,458)
Forfeiture of unclaimed dividends	-	2,901
Transfers	1,382	(543)
As at 31st March	180,883	130,800

## 4.3 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are given on pages 34 to 46. During the year Company adopted SLFRS 9 and the required disclosures are given in Notes to the financial statements.

## 4.4 Investments in equity securities and unit trusts

Details of Investments in equity securities and unit trusts are given in note 16 and 18 to the financial statements.

## 4.5 Reserves

As at 31st March 2019, the total reserves of the Company stood at Rs. 181.5 Mn (2018 - Rs. 177.5 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.

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

### 5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

#### The financial statements comprise of *inter alia*:

- a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year;
- a Statement of Profit or Loss and Other Comprehensive Income of the Company, which presents a true and fair view of the Profit and Loss and Other Comprehensive Income of the Company for the financial year.

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.
- Provides the information required by and otherwise comply with the Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

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 the 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.

The Directors confirm that to the best of their knowledge,

- all taxes, duties and levies payable to the statutory bodies,
- all contributions, levies and taxes payable on behalf of and in respect of the employees and,
- all other known statutory dues as were due and payable by the Company as at the reporting date have been paid, or where relevant provided for in these financial statements.

### 6. INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on page 26 to 29 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 2019 is given in Note 12 to the Financial Statements, on page 47.

## 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 ('000)
Guardian Fund Management Limited	Mr. K. Selvanathan	Portfolio Management fees paid	1,838
Carsons Management Services (Private) Limited	Mr. K. Selvanathan	Support service fees paid	548
		Secretarial fees paid	521
		Computer charges paid	35

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 2019	31st March 2018
Mr. I. Paulraj (Chairman)	200	200
Mr. D.C.R. Gunawardena	25	25
Mr. S. Mahendrarajah	25	25
Mrs. M. A. R. C. Cooray	-	-
Mr. K. Selvanathan	-	-

## 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 Appointment of Directors who are over 70 years of age

Upon the recommendation of the Nomination Committee of Ceylon Guardian Investment Trust PLC (the Parent Company), which functions as the Nomination Committee of the Company and as approved by the Board, it is recommended that Mr. I. Paulraj who is over 70 years of age and Mrs. M.A.R.C. Cooray who is 70 years of age be re-appointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to them.

## 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 19 to 20 of the Annual Report.

Directors	Executive / Non-Executive / Independent
Mr. I. Paulraj (Chairman)	Non-Executive
Mr. D. C. R. Gunawardena	Non-Executive
Mr. S. Mahendrarajah *	Non-Executive/ Independent
Mrs. M. A. R. C. Cooray **	Non-Executive/ Independent
Mr. K. Selvanathan	Executive

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

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/ Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting of the Board of Directors of the Company held on 26th April 2019, 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 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. T. de Zoysa (Chairman)	Non-Executive / Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive of CCPLC
Mr. R. Theagarajah	Non-Executive/Independent Director of CCPLC
Mr. W.M.R.S. Dias	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. T. de Zoysa (Chairman)	-
Mr. D.C.R. Gunawardena	2/2
Mr. R. Theagarajah	2/2
Mr. W.M.R.S. Dias	2/2

## Reporting and Responsibilities

The Committee Chairman reports 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 47 of the Annual Report.

### 9.4 Audit Committee

The Parent Company of the Company is Ceylon Guardian Investment Trust PLC (CGIT) and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of CGIT. As per 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.

### 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 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 23 to 24 of this Annual Report.

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
Mr. A. S. Amaratunga *	Non-Executive/Independent Director of CCPLC

\*Appointed w.e.f. 15th January 2019.

The Audit Committee Report is given on pages 21 to 22 of this Annual Report.

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

### 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 2019, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2019.

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 2019.

#### 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,

#### 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)	3/4
Mr. S. Mahendrarajah	2/4
Mr. D.C.R. Gunawardena	4/4
Mrs. M. A. R. C. Cooray	3/4
Mr. K. Selvanathan	3/4

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

#### Scope and Objective

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

#### Functions and Proceedings

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

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



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

The Nomination Committee meets at least twice a year.

During the period under review the Committee had two meetings.

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

## 11. BOARD EVALUATION

The 'Board Evaluation Form' of the Company focuses 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 reviewed and implemented by the Company.

## 12. INTEGRATED RISK COMMITTEE

The Parent Company of the Company is Ceylon Guardian Investment Trust PLC (CGIT). CGIT has formed an Integrated Risk Committee to oversee the overall risk management of the investment sector with effect from 1st January 2019.

## Composition

Integrated Risk Committee Members	Executive / Non-Executive / Independent
Mrs. M.A.R.C. Cooray (Chairperson)	Non-Executive/ Independent Director of CGIT, Ceylon Investment PLC (CINV)
Mr. A. P. Weeratunge	Non-Executive Director of CINV

## Scope and Objective

To assist the Company in its oversight of risk identification, risk assessment and risk management and the continuous monitoring of the adequacy and the effectiveness of risk management process.

The Integrated Risk Committee would meet at least four times a year.

During the period 1st January 2019 to 31st March 2019 the Committee had one Meeting.

Integrated Risk Committee Members	Meetings Attended (Out of One)
Mrs. M.A.R.C. Cooray (Chairperson)	1/1
Mr. A. P. Weeratunge	1/1

## Reporting and Responsibilities

- To advise the Board on the Company's overall risk exposure and effectiveness of mitigation measures taking account of the current and prospective macroeconomic and financial environment.
- Review and assess adequacy of risk mitigation practices and procedures of the Company.
- Review the Investment Sector risk matrix to oversee and advice the Board, on the current risk exposures and future risk strategy.
- Set standards, assess and monitor the principle risks faced by the Company.

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

- Monitor operational risks from failed or inadequate processes relating to portfolio operations, client servicing and on-boarding, launching of new products and services, investment research, third party vendor relationships.
- Review the sector capability to identify and manage new risk types in conjunction with the Audit Committee.
- The Committee Chairman reports to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee makes recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.
- To develop a robust process to update the knowledge of new risks continuously in the industry and understand how such risk is applicable to the Company.

### 13. INDEPENDENT AUDITORS

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

A sum of Rs 180,000/- was paid to them by the Company as audit fees for the year ended 31st March 2019 (2018 - Rs. 168,000/-). Also the auditors were paid Rs. 100,000/- (2018 Rs. 55,000/-) as professional fees for audit related services during the year. No further amounts were paid to the auditors (2018 - Nil) as professional fees for non-audit services during the year.

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

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

### 13.1 Auditors' relationship or any interest with the Company

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

### 14. INTERNAL CONTROL AND RISK MANAGEMENT

The ultimate responsibility to establish, monitor and review a company-wide internal control system rests with the Board of Directors. The intensity, depth and the tolerance limits for each component of the internal control system would be based on the weight of the element of risk imposed on the sustenance of the business by the respective area of operation. Whilst a strong internal control system would mitigate the 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 7 to 8.

### 15. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Company entered into a Joint Venture Agreement with Small Enterprises Assistance Funds (SEAF) a corporation registered in the U.S.A, on 28th April 2016 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. The Company and SEAF having considered the economic conditions and unfavorable investment environment, mutually terminated the JV Agreement on 14th August 2018. Accordingly, both parties were released from any liabilities or obligations arising from the JV Agreement.

There were no other significant events during the year except disclosed above.

## 16. DIVIDENDS

The Company paid a First Interim Dividend of Cents 40 per ordinary share for the year ended 31st March 2019 totaling Rs.10,333,523/- on 28th March 2019.

## 17. 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, KPMG, Chartered Accountants has issued a Certificate of Solvency for the Dividend mentioned above, confirming same.

## 18. STATED CAPITAL

The stated capital of the Company as at 31st March 2019 was Rs.513.6 Mn consisting of 25,833,808 ordinary shares. There was no change in the Stated Capital of the Company during the year.

## 19. STATUTORY PAYMENTS

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

## 20. GOING CONCERN

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

## 21. DONATIONS

There were no donations made during the year ended 31st March 2019. (2018 - Nil).

## 22. HUMAN RESOURCES

The management of the Company's investments is undertaken by Guardian Fund Management Limited (GFM) and management support services are provided by Carsons Management Services (Private) Limited (CMSL).

## 23. EQUITABLE TREATMENT TO SHAREHOLDERS

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

## 24. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, other than those disclosed in Note 27 to the financial statements, if any.

## 25. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Contingent liabilities and commitments as at 31st March 2019 are given in Note 28 to the financial statements, if any.

## 26. SHARE INFORMATION

Information relating to share trading are given on pages 64 to 65 of this Report.

## 27. TWENTY MAJOR SHAREHOLDERS

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

No.	Twenty Major Shareholders as at 31st March	2019		2018	
		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	111,000	0.43
4	MRS. V. NATARAJ	99,532	0.39	99,532	0.39
5	MR. V. NATARAJ	99,532	0.39	99,532	0.39

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

No.	Twenty Major Shareholders as at 31st March	2019		2018	
		No. of shares	%	No. of shares	%
6	BANSEI SECURITIES CAPITAL (PVT) LTD/ S.M.T.B.SAMARAKOON	93,401	0.36	93,401	0.36
7	MR. J.P. PAUL	85,853	0.33	83,173	0.32
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	GOODHOPE HOLDINGS(PVT) LIMITED.	76,940	0.30	76,940	0.30
11	MR. M. SELVANATHAN	63,409	0.25	63,409	0.25
12	MRS. H.R.P. SANJEEVANI	55,850	0.22	7,940	0.03
13	SKAN INVESTMENTS (PVT) LIMITED.	51,774	0.20	51,774	0.20
14	MR. S.P. JAYAKUMAR	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	49,090	0.19
17	DR. S.M.T.B. SAMARAKOON	46,312	0.18	37,504	0.15
18	MR. M.S. HIRIPITIYA	42,196	0.16	42,196	0.16
19	MR. H.A. VAN STARREX	36,094	0.14	36,094	0.14
20	MR. K.S.H. MAWELLAGE	35,882	0.14	35,887	0.14

### 28. ANNUAL REPORT

The Board of Directors on 26th April 2019 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.

### 29. ANNUAL GENERAL MEETING

The 99th Annual General Meeting of the Company will be held on Friday, 31st May 2019 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 66 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

26th April 2019

# 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 the late 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, 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.

## PROFILES OF THE DIRECTORS

### ROSE COORAY (MRS)

Rose Cooray is the Chairperson of Ceylon Investment PLC, Ceylon Guardian Investment Trust PLC, HNB Assurance PLC, and HNBGI LTD. She is a Director of HNB Finance Limited and Guardian Capital Partners PLC. She functions as the Chairperson of the Board Integrated Risk Committees of HNB Finance LTD and the Guardian Group of companies and other Board sub committees in companies where she is a director.

She is a retired Deputy Governor of the Central Bank of Sri Lanka where she served for 35 years and counts over 49 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.

### KRISHNA SELVANATHAN

Krishna Selvanathan - Director, Carsons Management Services (Pvt) Ltd, is the CEO of Guardian Fund Management Limited and serves as a Board Member of other investment sector companies within the Ceylon Guardian group. He also serves as a Director of Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC.

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

# 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.

During the year Mr.A.S. Amaratunga, a Non-Executive/Independent Director of CCPLC was appointed to the Audit Committee and the Committee consists of the following Members :

Audit Committee Members	Executive/Non-Executive/Independent
Mr.V.P. Malalasekera	Non-Executive/Independent (CCPLC)
Mr.D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr.F. Mohideen	Non-Executive/Independent (CCPLC)
Mr.A.S. Amaratunga (appointed w.e.f. 15th January 2019)	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.

Mr.Saktha Amaratunga, a Non-Executive, Independent Director of CCPLC, is also a Director of Hemas Holdings PLC, Chairman of Hemas Holdings PLC-Audit Committee and a Commissioner of PT Agro Indomas, Indonesia, a subsidiary of Carson Cumberbatch Group.

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 six (06) Meetings during the financial year to discuss matters relating to the Company and the attendance of the Members of the Audit Committee were as follows :

## Meetings attended (out of 06)

Mr.V.P. Malalasekera (Chairman)	06
Mr.D.C.R. Gunawardena	05
Mr.F. Mohideen	05
Mr.A.S. Amaratunga (appointed w.e.f. 15th January 2019)	02

Director-Finance-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 Audit 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 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 2018/2019 and the Group Internal Audit (GIA) carried out audits on the Investment Sector companies based on the plan.

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

## AUDIT COMMITTEE REPORT

The objectives of the GIA work was to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-à-vis objectives served and to determine the extent of adherence to the controls by staff responsible for the function and to take corrective/preventive action where necessary.

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.

Resulting from the introduction of the new audit report requirements last year, the Audit Committee continued the process to discuss the areas which are identified as Key Audit Matters by Messrs. KPMG for reporting in the audit report, at the audit planning and completion stages.

The draft financial statements of Guardian Capital Partners PLC for the year ended 31st March 2019 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 2020, 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  
26th April 2019



# 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 Four (04) Meetings during the financial year to discuss matters relating to the Company and where necessary the approval of the Members were also sought via circulation of papers.

The attendance of the Members of the Committee were as follows:

Meetings attended (out of 04)	
Mr.V.P. Malalasekera	04
Mr.F. Mohideen	04
Mr.D.C.R. Gunawardena	04
Mr.H. Selvanathan	03
Mr.M. Selvanathan	03
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 the relevant 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 are 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 it is 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.

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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The RPTRC in discharging its function endeavours to ensure 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) and quarterly disclosures are made by KMPs so designated, as relevant.

The Related Party Transactions of the Company for the period 1st April 2018 to 31st March 2019 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

26th April 2019

# FINANCIAL CALENDAR

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<b>Financial Year</b>	<b>31st March 2019</b>
<b>Announcement of Results</b>	
<b>1st Quarter</b>	<b>30th June 2018</b>
Issued to Colombo Stock Exchange	14th August 2018
<b>2nd Quarter</b>	<b>30th September 2018</b>
Issued to Colombo Stock Exchange	14th November 2018
<b>3rd Quarter</b>	<b>31st December 2018</b>
Issued to Colombo Stock Exchange	14th February 2019
<b>Meetings</b>	
98th Annual General Meeting	1st June 2018
99th Annual General Meeting	31st May 2019

# INDEPENDENT AUDITORS' REPORT



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
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Internet : [www.kpmg.com/lk](http://www.kpmg.com/lk)

## TO THE SHAREHOLDERS OF GUARDIAN CAPITAL PARTNERS PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Guardian Capital Partners PLC ("the Company"), which comprise the statement of financial position as at March 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan FCA	M.N.M. Shameel ACA	Ms. C.T.K.N. Perera ACA

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



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## Carrying amount of Investments

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### Key audit matter description

Refer to Note 3.1 (a) (accounting policy), Note 16 & 18 to these financial statements.

**Investments classified as Fair Value Through Profit or Loss (FVTPL) financial assets.**

The Investments of the Company as at March 31, 2019 comprise FVTPL financial assets of Rs.313.6 million and represent 44% of total assets. As at the reporting date, the Company's portfolio is made up with listed equity shares amounting Rs.111.6 million, unlisted equity shares amounting Rs.149.8 million and unit trust investments amounting Rs.52.3 million which have been classified as FVTPL financial assets.

### Risks Description

- Quoted/Unit Trust investments – due to their materiality in the context of the financial statements as a whole and market volatility, this is considered to be an area which had the greatest effect on the financial statements;
- Unquoted investments – due to subjective nature of the valuation methodology and management assumptions used.
- Reclassification of Financial Assets – due to the implications of SLFRS 9 Financial instruments from April 01, 2018.

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### Our responses

#### Our audit procedures included:

- Documenting and testing the design, implementation and operating effectiveness of the investment valuation process and key controls in place.
- Recomputed the disposal gains & losses relating to investments by referring to underlying documents.
- Quoted Investments – Checking the CDS confirmation to verify the existence, completeness and accuracy of number of shares invested in each companies;
- Agreeing the valuation of quoted investments in portfolio to externally quoted prices;
- Comparing key underlying financial data inputs used in valuation to external sources such as investee company audited financial statements and management information where applicable;
- Challenging the management on key assumptions used to produce cash flow projections and discount factor applied to those projections;
- Checking whether the classifications between available for sale financial assets to fair value through profit or loss financial assets have been made under SLFRS 09 based on the intention of the management towards the financial assets;
- Assessing the adequacy of disclosures in the financial statements and inherent degree of subjectivity and key assumptions in the estimates as required by the relevant accounting standards;

## INDEPENDENT AUDITORS' REPORT



### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 3272.

**CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka  
April 26, 2019.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Rupees Thousands

For the year ended 31st March	Note	2019	2018
Revenue	11	45,988	42,383
Impairment loss on available for sale equity securities		-	(52,374)
Net change in fair value of fair value through profit or loss financial assets		(9)	1,381
<b>Profit / (loss) on investment activities</b>		45,979	(8,610)
Administrative and other operating expenses		(20,382)	(13,737)
<b>Profit / (loss) from operations</b>	12	25,597	(22,347)
Income tax expense	13	(11,228)	(299)
<b>Profit / (loss) for the year</b>		14,369	(22,646)
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified to profit or loss</b>			
Net change in fair value of available for sale equity securities		-	(16,203)
<b>Other comprehensive expense for the year</b>		-	(16,203)
<b>Total comprehensive income / (expense) for the year</b>		14,369	(38,849)
<b>Earnings / (loss) per share (Rs.)</b>	14	0.56	(0.88)

The notes to the financial statements from pages 34 to 62 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	2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in equity securities	16	-	298,114
<b>Total non-current assets</b>		-	298,114
<b>Current assets</b>			
Other receivables	17	642	4,293
Current tax recoverable		-	3,117
Investment in equity securities	16	261,353	-
Investment in unit trusts	18	52,289	374,056
Investment in fixed deposits		215,102	-
Cash and cash equivalents	19	176,603	14,436
<b>Total current assets</b>		705,989	395,902
<b>Total assets</b>		705,989	694,016
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	20	513,656	513,656
Revenue reserves	21	181,502	177,467
<b>Total equity</b>		695,158	691,123
<b>Current liabilities</b>			
Other payables	22	5,560	2,839
Current tax payable		5,271	-
Bank overdraft	19	-	54
<b>Total current liabilities</b>		10,831	2,893
<b>Total equity and liabilities</b>		705,989	694,016
Net assets per share (Rs.)		26.91	26.75

The notes to the financial statements from pages 34 to 62 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**

Director - Finance

**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.)

**K. Selvanathan**

Director

**Guardian Fund Management Limited**

Colombo

26th April 2019

(sgd.)

**I. Paulraj**

Chairman

(sgd.)

**D. C. R. Gunawardena**

Director

# STATEMENT OF CHANGES IN EQUITY

In Rupees Thousands

	Stated capital	Revenue reserves			Total equity	
		Available for sale financial assets reserve	Fair value through profit or loss financial assets reserve	General reserve		Retained earnings
<b>Balance as at 1st April 2017</b>	513,656	60,869	839	619	157,546	733,529
Loss for the year	-	-	-	-	(22,646)	(22,646)
Other comprehensive expense for the year	-	(16,203)	-	-	-	(16,203)
Total comprehensive expense for the year	-	(16,203)	-	-	(22,646)	(38,849)
Forfeiture of unclaimed dividends	-	-	-	-	2,901	2,901
Transfers (note 21.3)	-	-	543	-	(543)	-
Dividend 2016/17	-	-	-	-	(6,458)	(6,458)
<b>Balance as at 31st March 2018</b>	513,656	44,666	1,382	619	130,800	691,123
<b>Balance as at 1st April 2018</b>	513,656	44,666	1,382	619	130,800	691,123
Impact of adopting SLFRS 9 as at 1st April 2018 (note 9.B)	-	(44,666)	-	-	44,666	-
Adjusted balance as at 1st April 2018	513,656	-	1,382	619	175,466	691,123
Profit for the year	-	-	-	-	14,369	14,369
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	14,369	14,369
Transfers (note 21.3)	-	-	(1,382)	-	1,382	-
Dividend 2018/19	-	-	-	-	(10,334)	(10,334)
<b>Balance as at 31st March 2019</b>	513,656	-	-	619	180,883	695,158

The notes to the financial statements from pages 34 to 62 form an integral part of these financial statements. Figures in brackets indicate deductions.

# STATEMENT OF CASH FLOWS

In Rupees Thousands

For the year ended 31st March	Note	2019	2018
<b>Cash flows from operating activities</b>			
Profit / (loss) from operations		25,597	(22,347)
Impairment loss on investment in available for sale financial assets		-	52,374
Net change in fair value of fair value through profit or loss financial assets		9	(1,381)
<b>Operating profit before changes in working capital</b>		25,606	28,646
Decrease / (Increase) in investments		358,519	(11,836)
Decrease / (Increase) in other receivables		3,651	(4,205)
Net increase in investment in fixed deposits		(215,102)	-
Increase in other payables		1,065	338
<b>Cash generated from operating activities</b>		173,739	12,943
Income tax paid		(2,840)	(2,780)
<b>Net cash generated from operations</b>		170,899	10,163
<b>Cash flows from financing activities</b>			
Dividend paid		(8,678)	(6,398)
<b>Net cash used in financing activities</b>		(8,678)	(6,398)
<b>Net increase in cash &amp; cash equivalents during the year</b>		162,221	3,765
Cash & cash equivalents at the beginning of the year		14,382	10,617
<b>Cash &amp; cash equivalents at the end of the year</b>	19	176,603	14,382

The notes to the financial statements from pages 34 to 62 form an integral part of these financial statements. Figures in brackets indicate deductions.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

### (a) Domicile and Legal Form

Guardian Capital Partners PLC ("the Company") 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 (2018 - 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 26th April 2019.

### (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 Non-derivative financial instruments classified fair value through profit or loss are measured at fair value;

### (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

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group 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: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 24.

## (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) Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease trading.

## (g) Comparative figures

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Company has applied SLFRS 15 and SLFRS 9 from 1 April 2018. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

Except for the above, the accounting policies set out below have been applied consistently to all periods presented in these financial statement.

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3.1 Financial Instruments

#### (a) Financial Assets

##### Policy applicable from 1 April 2018

##### • Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### • Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Company financial assets classified and measured at amortized cost are limited to its other receivables, securities purchased under the resale agreement.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Company's investment in equity Investments are classified as Fair value through profit or loss.

##### • Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration

- of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

- **Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest.**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

- **Financial assets - Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

### Policy applicable before to 1 April 2018

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

The Company classifies non-derivative financial assets into the following categories; financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

### **Financial assets at fair value through profit or loss**

A financial asset is classified as fair value through profit or loss (FVTPL) or is designated as such on initial recognition. Financial assets are designated as fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management 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 recognized 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.

### **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.

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

Available-for-sale financial assets are nonderivative 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.

## **(b) Financial liabilities**

### **Classification, subsequent measurement and gain and losses**

#### **Policy Applicable from 1 April 2018**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held – for – trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.



### Policy Applicable before 1 April 2018

#### 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.

### 3.11 Impairment

#### (a) Financial Assets

##### Policy Applicable from 1 April 2018

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### • Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### • Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at

## NOTES TO THE FINANCIAL STATEMENTS

FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
  - a breach of contract such as a default or being more than 180 days past due;
  - the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
  - it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
  - the disappearance of an active market for a security because of financial difficulties.
- **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

- **Write-off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 360 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

### Policy applicable before 1 April 2018

#### Non derivative financial assets

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

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

#### Financial assets measured at amortised cost

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

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and make an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decrease and decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

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

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

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

#### **Non-financial assets**

The carrying amounts of the Company's nonfinancial 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 pretax 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 recognize contingent assets in the statement of financial position but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

## NOTES TO THE FINANCIAL STATEMENTS

### (d) Revenue

Revenue recognition

The Company has initially applied SLRS 15- "Revenue from contracts with customers" from 1 April 2018.

Performance obligations and revenue recognition policies

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

As per the standard, revenue is measured based on the consolidation specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a customer. Determining the timing of the transfer of control at a point in time or over time require judgement.

#### Policy applicable from 1 April 2018

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 (categorized as available for sale / fair value through profit or loss)

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

#### (iii) Interest Income

Interest income is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts

or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

#### (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) Fee and commission expenses

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

##### (f) Income tax expense

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

##### (i) Current taxation

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

##### (ii) Deferred taxation

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

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

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

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

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

#### **(iii) Tax exposures**

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

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

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

#### **4. EARNINGS PER SHARE**

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

#### **5. 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.

#### **6. 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.

#### **7. 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

##### **(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.

## NOTES TO THE FINANCIAL STATEMENTS

### (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.

## 8. 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.

## 9. CHANGES IN ACCOUNTING POLICIES

### (i) Changes in accounting policies

The Company has applied SLFRS 15 and SLFRS 9 from 1 April 2018. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

#### A. SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced LKAS 18 Revenue, LKAS 11 Construction contracts and related interpretations. Under SLFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer control-at a point in time or over time- requires judgment.

The Company has adopted SLFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under LKAS 18, and related interpretations, additionally, the disclosures requirements in SLFRS 15 have not generally been applied to comparative information.

There was no impact on the comparative figures presented in the statement of financial position, statement of changes in equity and statement of cash flows. Further, the change in accounting policy has no impact on the reported amount in accumulated profits as at 01 April 2018.

#### B. SLFRS 9 Financial Instruments

SLFRS 9 set out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement. Additionally, the Group has adopted consequential amendments to SLFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information.

SLFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 9 eliminates the previous LKAS 39 categories of held to maturity, loans and receivables and available for sale. SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities.

The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SLFRS 9 are recognized in retained earnings and reserves as at 01 April 2018. Accordingly, the information presented for 2017/18 does not generally reflect the requirements of SLFRS 9, but rather those of LKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

- If an investment in a debt security had low credit risk at the date of initial application of SLFRS 9, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

Accordingly, the following table summarizes the impact, net of tax, of transition to SLFRS 9 on the opening balance of reserves, retained earnings.

	Revenue Reserves				
	Available for sale financial assets reserve	Fair value through profit or loss financial assets reserve	General reserve	Retained earnings	Total revenue reserves
Balance as at 31 March 2018	44,666	1,382	619	130,800	177,467
Impact of adopting SLFRS 9	(44,666)	-	-	44,666	-
Adjusted Balance as at 01 April 2018	-	1382	619	175,466	177,467

The following table and the accompanying notes below explain the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the Company's financial assets as at 01 April 2018. The effect of adopting SLFRS 9 on the carrying amounts of financial assets as at 01 April 2018 relates solely to the new impairment requirement.

	Original classification amount under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39	New carrying amount under SLFRS 9
Financial assets				
Investment in equity securities - quoted	Available-for-sale	FVTPL	183,105	183,105
Investment in equity securities - private equity	Available-for-sale	FVTPL	115,009	115,009
Trade and other receivables	Loans and receivables	Amortised cost	4,250	4,250
Investment in unit trust - unquoted	FVTPL	FVTPL	374,056	374,056
Cash at bank and cash in hand	Loans and receivables	Amortised cost	631	631
Securities purchased under resale agreements	Loans and receivables	Amortised cost	13,805	13,805
Total financial assets			690,856	690,856

## NOTES TO THE FINANCIAL STATEMENTS

- These equity securities quoted shares and private equity represent investments that the Company intends to not to hold for the long term for strategic purposes. As permitted by SLFRS 9, the Company has designated these investments at the date of initial application as measured at FVTPL.
- Under LKAS 39, investment in unit trusts were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under SLFRS 9.
- Other receivables, securities purchased under resale agreements, cash at bank and cash in hand. that were classified as loans and receivables under LKAS 39 are now classified at amortized cost.

### **10. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE.**

The following amended standards and the interpretations are not expected to have a significant impact on the Company's financial statements.

#### **Effective Date -1 January 2019**

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment features with negative compensation (Amendments to SLFRS 9).
- Annual Improvements to SLFRS Standards 2015-2017 Cycle- various standards.
- Annual Improvements to LKAS12 Income Taxes.
- 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 annual reporting periods beginning on or after 01 January 2019.

#### **Effective Date -1 January 2020**

- Amendments to References to Conceptual Framework in SLFRS standards
- Amendments to LKAS 1 and LKAS 8



For the year ended 31st March		2019	2018
<b>11</b>	<b>REVENUE</b>		
	Interest income on financial assets carried at amortized cost (note 11.1)	34,079	1,575
	Net gain from disposal of investments in unit trusts	10,190	34,736
	Dividend income	8,677	6,072
	Net loss from disposal of investment in equity securities	(6,958)	-
		45,988	42,383
<b>11.1</b>	<b>Interest income on financial assets carried at amortized cost</b>		
	Fixed deposits	33,213	-
	Securities purchased under resale agreements	573	1,449
	Cash at bank	293	126
		34,079	1,575
<b>12</b>	<b>PROFIT / (LOSS) FROM OPERATIONS</b>		
<b>12.1</b>	Profit / (loss) from operations is stated after charging all expenses including the following:		
	Auditors' remuneration & expenses		
	- Audit and related fees	280	223
	- Non-audit fees	-	-
	Directors' fees & emoluments (note 23.2)	-	-
	Legal and Professional services (note 12.2)	358	802
	Personnel cost (note 12.3)	-	-
	Support service fees (note 12.4)	548	1,954
<b>12.2</b>	<b>Legal and professional services</b>		
	Legal expenses	323	710
	Professional services	35	92
		358	802

**12.3** The Company had no employees of its own during the financial year under review (2018 - nil).

**12.4** Support service fee refers to the fees paid to Carsons Management Services (Private) Limited, a related company, which function as the Managers and Secretaries of the Company on receiving of respective services.

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

For the year ended 31st March		2019	2018
<b>13</b>	<b>INCOME TAX EXPENSE</b>		
	Provision for the year (note 13.1)	11,257	330
	Over provision for previous years	(29)	(31)
	<b>Total tax expense for the year</b>	<b>11,228</b>	<b>299</b>
<b>13.1</b>	<b>Reconciliation between accounting profit / (loss) and taxable profit</b>		
	Accounting profit / (loss) before taxation	25,597	(22,347)
	Net gain from disposal of investments in unit trusts	(10,190)	(34,736)
	Dividend income	(8,677)	(6,072)
	Disallowed expenses	14,936	13,341
	Impairment loss on available for sale equity securities	-	52,374
	Exempt profits on disposal of equity securities	6,958	-
	Unit Trust - Interest Income (realised) (note 13.4)	11,572	-
	Net change in fair value of fair value through profit or loss financial assets	9	(1,381)
	<b>Taxable profit for the year</b>	<b>40,205</b>	<b>1,179</b>
	Current taxation thereon @ 28% (2018 - 28%) (note 13.2)	11,257	330

13.2 In accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, the Company is liable to income tax at 28% (2018 - 28%).

13.3 In terms of item (h) of third schedule of the Inland Revenue Act, No. 24 of 2017, gains made on the realisation of an asset consisting of shares quoted in any official list published by any stock exchange licensed by the Securities and Exchange Commission of Sri Lanka are exempt from income tax.

13.4 As per the directive issued by the Ministry of Finance in accordance to the section 57 & 59 of the Inland Revenue Act, No. 24 of 2017, unit trusts are considered as pass-through vehicles. Accordingly, income derived from a unit trust is identified in the company accounts using the same source and character as identified by the unit trust. As its a beneficiary, a company is therefore required to pay 28% tax on interest income derived through Fixed Income Unit Trust.

### 14 EARNINGS / (LOSS) PER SHARE

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

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

For the year ended 31st March		2019	2018
<b>Amount used as the numerator</b>			
	Profit / (loss) for the year (Rs '000)	14,369	(22,646)
<b>Amount used as the denominator</b>			
	Weighted average number of ordinary shares outstanding during the year	25,833,808	25,833,808
	<b>Earnings / (loss) per share (Rs.)</b>	<b>0.56</b>	<b>(0.88)</b>

For the year ended 31st March		2019	2018
<b>15</b>	<b>DIVIDEND PER SHARE</b>		
	Dividends paid during the year		
	Final dividend - 2016/17	-	6,458
	First interim dividend - 2018/19	10,334	-
	Dividend per share (Rs)	0.40	0.25
	Dividends proposed during the year		
	Interim dividends	10,334	-
	Dividend per share (Rs.)	0.40	-

## 16 INVESTMENT IN EQUITY SECURITIES

The effect of initially applying SLFRS 9 in the Company's financial instruments is described in Note 9. Due to the transition method chosen in applying SLFRS 9, comparative information has not been restated to reflect the new requirements.

With the adoption of SLFRS 9, on 1 April 2018, the Company has classified its Investment in Equity Securities under Fair value through profit or loss category, which was earlier classified as "available for sale" under LKAS 39. Accordingly, the accumulated fair value gain amounting to Rs.44.6Mn included in the AFS reserve in equity have been reclassified to the retained earnings on 1 April 2018 (Refer Note 9.B).

### 16.A Summary

As at 31st March	Note	2019	2018
		Fair value	Fair value
<b>Non Current Assets</b>			
Investment in Equity Securities- Quoted Shares - Available for sale	16.1	-	183,105
Investment in Equity Securities- Private Equity (Unlisted) - Available for sale	16.2	-	115,009
		-	298,114
<b>Current Assets</b>			
Investment in Equity Securities - Quoted Shares - Fair value through profit or loss	16.1	111,592	-
Investment in Equity Securities Private Equity - Unlisted - Fair value through profit or loss	16.2	149,761	-
		261,353	-

Information about the Company's exposure to credit and market risks and fair value measurement is included in Note 24.

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 16.B Movement of Investment in Equity Securities- 2019

	Note	Fair Value as at 1st April 2018	Additions	Disposals	Transfers	Change in fair value*	Fair Value as at 31st March 2019
<b>Non Current Assets</b>							
Investment in Equity Securities- Quoted Shares - Available for sale financial assets	16.1	183,105	-	-	(183,105)	-	-
Investment in Equity Securities- Private Equity (Unlisted) - Available for sale financial assets	16.2	115,009	-	-	(115,009)	-	-
		298,114	-	-	(298,114)	-	-
<b>Current Assets</b>							
Investment in Equity Securities - Quoted Shares - Fair value through profit or loss financial assets	16.1	-	-	(33,517)	183,105	(37,996)	111,592
Investment in Equity Securities Private Equity - Unlisted- fair value through profit or loss financial assets	16.2	-	-	-	115,009	34,752	149,761
		-	-	(33,517)	298,114	(3,244)	261,353

### Movement of Investment in Equity Securities- 2018

	Note	Fair Value as at 1st April 2017	Additions	Disposals / write off	Transfers	Change in fair value*	Fair Value as at 31st March 2018
<b>Non Current Assets</b>							
Investment in Equity Securities- Quoted Shares - Available for sale financial assets	16.1	96,183	-	-	103,125	(16,203)	183,105
Investment in Equity Securities- Private Equity (Unlisted) - Available for sale financial assets	16.2	270,508	-	(10,256)	(103,125)	(42,118)	115,009
		366,691	-	(10,256)	-	(58,321)	298,114

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

## 16.1 Investment in Equity Securities- Quoted Shares

As at 31st March	2019			2018		
	Fair value through profit or loss financial assets			Available for sale financial assets		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
<b>Construction &amp; Engineering</b>						
Access Engineering PLC	2,315,619	57,972	30,103	2,315,619	57,972	47,470
		57,972	30,103		57,972	47,470
<b>Diversified</b>						
Expolanka Holdings PLC	5,000	30	20	6,845,150	41,483	33,541
		30	20		41,483	33,541
<b>Power and Energy</b>						
LVL Energy Fund PLC	10,312,500	82,500	81,469	10,312,500	82,500	102,094
		82,500	81,469		82,500	102,094
<b>Total investments in equity securities - Quoted Shares</b>		140,502	111,592		181,955	183,105

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

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

As at 31st March	2019			2018		
	Fair value through profit or loss financial assets			Available for sale financial assets		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
<b>Education</b>						
Swiss Institute For Service Industry Development (Private) Limited						
- Ordinary shares	847	16,827	-	847	16,827	-
- 10% cumulative preference shares	1,273	25,291	-	1,273	25,291	-
		42,118	-		42,118	-
<b>Travel</b>						
Findmyfare (Pvt) Ltd	276,074	45,000	69,761	276,074	45,000	45,000
		45,000	69,761		45,000	45,000
<b>Information Technology</b>						
hSenid Business Solutions (Pvt) Ltd.	163,419	40,005	80,000	163,419	40,005	70,009
		40,005	80,000		40,005	70,009
<b>Total investment in equity securities - Private equity (unlisted)</b>		127,123	149,761		127,123	115,009

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

The fair value of the Company's unlisted investment portfolio is based on the valuation carried out by the investment manager, Guardian Fund Managers Limited. Information about the valuation techniques and significant unobservable inputs used in the said valuations are given in note 25.2.

During the financial year 2017/18, a provision of Rs. 42.1 Mn was made against the entire investment in Swiss Institute for Service Industry Development (Pvt) Ltd, due to the discontinuation of operations arising from the conduct of the Managing Director / Promoter of the Company. Further, during the year the Company and the other co-investors incurred Rs. 28 Mn to settle an overdraft obtained by Swiss Institute for Service Industry Development (Pvt) Ltd. Accordingly the Company's share of Rs 12.7 Mn was charged to the profit or loss for the year. The Company and the other co-investors of the investee company have instituted action in the Colombo Magistrates Court (Case No. B 74469/1/17) against the alleged misappropriation of funds by the said Managing Director / Promoter of the investee Company. The case is presently ongoing.

As at 31st March		2019	2018
<b>17</b>	<b>OTHER RECEIVABLES</b>		
	<b>Financial</b>		
	Other receivable	554	4,250
		554	4,250
	<b>Non financial</b>		
	Prepayments and advances	88	43
		88	43
		642	4,293

### 18 INVESTMENT IN UNIT TRUSTS

As at 31st March	2019			2018		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Guardian Acuity Money Market Gilt Fund	-	-	-	1,213,446	153,906	154,406
Guardian Acuity Money Market Fund	2,973,207	49,054	52,289	13,954,968	218,768	219,650
Total investment in unit trusts - unquoted		49,054	52,289		372,674	374,056

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		2019	2018
<b>19</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash at bank	3,317	631
	Placements with banking institutions	167,507	-
	Securities purchased under resale agreements	5,779	13,805
	Total cash and cash equivalents	176,603	14,436
	Bank overdraft	-	(54)
	<b>Net cash and cash equivalents for the cash flow statement purpose</b>	<b>176,603</b>	<b>14,382</b>
<b>20</b>	<b>STATED CAPITAL</b>		
	Ordinary shares - Issued and fully paid	513,656	513,656
		513,656	513,656
<b>20.1</b>	<b>Number of shares</b>		
	Ordinary shares - Issued and fully paid	25,833,808	25,833,808
		25,833,808	25,833,808
<b>21</b>	<b>REVENUE RESERVES</b>		
	General reserve (note 21.1)	619	619
	Available for sale financial assets reserve (note 21.2)	-	44,666
	Fair value through profit or loss financial assets reserve (note 21.3)	-	1,382
	Retained earnings	180,883	130,800
		181,502	177,467

The movement in above reserves are given in the statement in 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. Due to the transition method chosen in applying SLFRS 9, Available for sale financial assets reserve transferred to the retained earnings as at 01 April 2018.
- 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.1.4 Mn was transferred from (2018 - Rs. 0.54 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.

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

As at 31st March		2019	2018
<b>22</b>	<b>OTHER PAYABLES</b>		
	<b>Financial</b>		
	Dividend payable	1,656	-
	Unclaimed dividends	1,027	1,027
	Other payables	889	30
		3,572	1,057
	<b>Non Financial</b>		
	Accruals and provisions	1,988	1,782
		1,988	1,782
		5,560	2,839

### 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.

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

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

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

For the year ended 31st March	2019	2018
Short-term employee benefits	-	-
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
Non cash benefits	-	-
	-	-



### 23.3 Transactions with related companies

Name of the company	Relationship	Nature of transactions	Value of the transactions	
			2019	2018
Carson Cumberbatch PLC	Parent Company	Dividend paid	233	145
Ceylon Guardian Investment Trust PLC	Parent Company	Dividend paid	8,677	5,423
Guardian Fund Management Limited (GFM)	Fellow Subsidiary	Portfolio management fees paid	1,838	5,508
Carsons Management Services (Private) Limited (CMSL)	Fellow Subsidiary	Support service fees paid	548	1,954
		Secretarial fees paid	521	521
		Computer charges paid	35	35

## 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 7 to 8 also carry a review of risks faced by the Company and the approach of managing such risks.

The effect of initially applying SLFRS 9 on the companies financial instruments is described in Note 9 to the financial statements. Due to the transition method applied, comparative information has not been restated to reflect the requirements of SLFRS 9.

### Risk management framework

The Company's Board of Directors has the overall responsibility for the establishment and monitoring 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, unit trust 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.

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 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.

#### 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	
		2019	2018
Investment in fixed deposits		215,102	-
Cash and cash equivalents - Placements with banking institutions	19	167,507	-
Cash and cash equivalents - Securities purchased under resale agreements	19	5,779	13,805
Investments in unit trusts	18	52,289	374,056
Other receivable - Financial	17	554	4,250
Cash and cash equivalents - Cash at bank	19	3,317	631
		444,548	392,742

#### Investments 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 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 investment managers of 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.

#### Investment in fixed deposit

The Company has invested in fixed deposits with banking institutions. The Company continuously monitors the stability and credit worthiness including credit ratings of these financial institutions 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	2019	2018
<b>Credit rating</b>		
AAA	244	14,046
AA	6,676	-
A+	215,102	-
AA-	167,507	-
Unrated	2,176	390
	<b>391,705</b>	<b>14,436</b>

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 as at the end of the reporting period.

As at 31st March 2019	Carrying amount	Contractual cash flows			
		Total	Up to 3 months	3-12 months	More than a year
<b>Non derivative financial liabilities</b>					
Other payables*	3,572	3,572	3,572	-	-
	<b>3,572</b>	<b>3,572</b>	<b>3,572</b>	<b>-</b>	<b>-</b>

As at 31st March 2018	Carrying amount	Contractual cash flows			
		Total	Up to 3 months	3-12 months	More than a year
<b>Non derivative financial liabilities</b>					
Other payables*	1,057	1,057	1,057	-	-
Bank overdraft	54	54	54	-	-
	<b>1,111</b>	<b>1,111</b>	<b>1,111</b>	<b>-</b>	<b>-</b>

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

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

As at 31st March	2019	2018
Cash and cash equivalents	176,603	14,436
Investments in unit trusts	52,289	374,056
<b>Total liquid assets</b>	<b>228,892</b>	<b>388,492</b>
Liquid assets as a % of total net assets	33%	56%

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 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, securities purchased under resale agreements and short term investment in money market funds, in order to capitalise the investment 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	2019	2018
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, fixed deposits 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	
		2019	2018
<b>Financial assets</b>			
Investment in fixed deposits		215,102	-
Placements with banking institutions	19	167,507	-
Securities purchased under resale agreements	19	5,779	13,805
		388,388	13,805
<b>Financial liabilities</b>			
Bank overdraft	19	-	(54)
		-	(54)

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

As at 31st March	2019	2018
Commercial Banks Averaged Weighted Prime Lending Rate (AWPLR) *	12.23%	11.10%
Commercial Banks Averaged Weighted Fixed Deposit Rate (AWFDR) *	11.11%	11.41%

\* Monthly averaged rate as at reporting date.

### Sensitivity Analysis

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

Movement in interest rate	Increase in 1%	Decrease in 1%
<b>As at 31st March 2019</b>		
- On interest earning assets	3,884	(3,884)
- On interest bearing liabilities	-	-
	3,884	(3,884)
<b>As at 31st March 2018</b>		
- On interest earning assets	138	(138)
- On interest bearing liabilities	(1)	1
	137	(137)

## 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 43% (2018- 61%) 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. 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.

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 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.

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

### 25 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 2019	Mandatory FVTPL and other	Financial assets at amortised cost	Fair value through other comprehensive income financial assets	Other financial liabilities	Total carrying amount	Fair value
<b>Financial assets measured at fair value</b>						
Investment in equity securities - Quoted shares - Fair value through profit or loss financial assets	111,592	-	-	-	111,592	111,592
Investment in equity securities - Private equity - Unlisted - Fair value through profit or loss financial assets	149,761	-	-	-	149,761	149,761
Investments in Unit trusts	52,289	-	-	-	52,289	52,289
<b>Financial assets not measured at fair value</b>						
Investment in fixed deposits	-	215,102	-	-	215,102	
Cash and cash equivalents	-	176,603	-	-	176,603	
<b>Total financial assets</b>	<b>313,642</b>	<b>391,705</b>	<b>-</b>	<b>-</b>	<b>705,347</b>	
<b>Financial liabilities not measured at fair value</b>						
Other payables	-	-	-	3,572	3,572	
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,572</b>	<b>3,572</b>	

As at 31st March 2018	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale financial assets	Other financial liabilities	Total carrying amount	Fair value
<b>Financial assets measured at fair value</b>							
Available for sale financial assets	-	-	-	298,114	-	298,114	298,114
Investment in unit trusts	374,056	-	-	-	-	374,056	374,056
<b>Financial assets not measured at fair value</b>							
Cash and cash equivalents	-	-	14,436	-	-	14,436	
<b>Total financial assets</b>	<b>374,056</b>	<b>-</b>	<b>14,436</b>	<b>298,114</b>	<b>-</b>	<b>686,606</b>	
<b>Financial liabilities not measured at fair value</b>							
Other payables		-	-	-	-	1,057	1,057
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,057</b>	

## 25.1 Fair value hierarchy

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

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

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

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

	Level 1	Level 2	Level 3	Total
<b>As at 31st March 2019</b>				
Investment in equity securities - Fair value through profit or loss financial assets	111,592	-	149,761	261,353
Investments in unit trusts	-	52,289	-	52,289
	111,592	52,289	149,761	313,642
<b>As at 31st March 2018</b>				
Investments in unit trusts	-	374,054	-	374,056
Investment in equity securities - Available for sale financial assets	183,105	-	115,009	298,114
	183,105	374,054	115,009	672,170

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

Reconciliation of Level 3 - Investments in equity securities - private equity - unlisted

For the year ended 31st March	2019	2018
Balance as at the beginning of the year	115,009	270,508
Disposal / written off of investments	-	(10,256)
Transfer to level 1 financial instruments	-	(103,125)
Change in fair value	34,752	(42,118)
Balance as at end of the year	149,761	115,009

### 25.2 Valuation techniques and significant unobservable inputs

The following table represent the valuation techniques used in measuring fair values of Private Equity investments under Level 3 as well as the significant unobservable inputs used.

Company	Valuation Technique	Assumptions/ Unobservable inputs	Values/ Percentages	Inter-relationship between significant Unobservable inputs and fair value measurement
Findmyfare (Pvt) Ltd	Recent market transaction		Latest transaction price	Not Applicable
hSenid Business Solutions (Pvt) Ltd	Free cash flow valuation using Adjusted Present Value Method (APV)	Discount Rate Growth rates of the Products Operating Margin	20% 5%-35% 21%-22%	The estimated fair value would increase / (decrease) if: - the discount rate was lower / (higher) - the growth rates of products were higher / (lower) - the operating margin was higher / (lower)

## 26 SEGMENTAL REPORTING

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

## 27 EVENTS AFTER THE REPORTING PERIOD

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

## 28 COMMITMENTS AND CONTINGENT LIABILITIES

### 28.1 Commitments

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

### 28.2 Contingent liabilities

There were no contingent liabilities as at the reporting date.

#### 28.2.1 Litigation and claims

There have been no material litigation and claims against the company that require adjustments or disclosures in the financial statements.

## 29 RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and presentation of the financial statements. This is 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	2019	2018	2017	2016	2015	
<b>Operating results</b>						
Revenue	45,988	42,383	48,342	25,852	199,853	
Impairment loss on available for sale equity securities	-	(52,374)	-	-	(1,158)	
Net change in fair value of fair value through profit or loss financial assets	(9)	1,381	839	11,831	130	
Profit / (loss) on investment activities	45,979	(8,610)	49,181	37,683	198,825	
Profit / (loss) before taxation	25,597	(22,347)	35,960	25,051	188,039	
Income tax reversal / (expense)	(11,228)	(299)	172	(3,228)	(3,858)	
Profit / (loss) for the year	14,369	(22,646)	36,132	21,823	184,181	
<b>Statement of financial position</b>						
Stated capital	513,656	513,656	513,656	513,656	513,656	
Reserves	181,502	177,467	219,873	133,010	142,704	
Total equity	695,158	691,123	733,529	646,666	656,360	
<b>Assets Employed</b>						
Current assets	705,989	395,902	372,180	437,305	445,183	
Current liabilities	(10,831)	(2,893)	(5,342)	(11,981)	(6,472)	
Net current assets	695,158	393,009	366,838	425,324	438,711	
Available for sale financial assets	-	298,114	366,691	221,342	217,649	
Net assets	695,158	691,123	733,529	646,666	656,360	
<b>Cash Flow Statements</b>						
Net cash generated from / (used in) operating activities	170,899	10,163	(157,520)	(150,606)	299,944	
Net cash used in financing activities	(8,678)	(6,398)	(6,407)	(19,282)	(12,927)	
Net increase / (decrease) in cash & cash equivalents	162,221	3,765	(163,927)	(169,888)	287,017	
<b>Ratios &amp; statistics</b>						
Earnings / (loss) per share	(Rs.)	0.56	(0.88)	1.40	0.84	7.13
Dividend per share*	(Rs.)	0.40	-	0.25	0.25	1.25
Dividend growth	(%)	100	(100)	-	(80)	100
Dividend yield	(%)	1.97	-	0.91	0.89	3.30
Dividend payout ratio	(%)	71.43	-	17.86	29.76	17.53
Net assets per share	(Rs.)	26.91	26.75	28.39	25.03	25.41
Market price per share	(Rs.)	20.30	27.90	27.50	28.10	37.90
Price to book value	(times)	0.75	1.04	0.97	1.12	1.49
Fair value of investment portfolio**	(Rs.'000)	705,347	686,552	738,147	657,847	662,211
Market capitalisation	(Rs.'000)	524,426	720,763	710,430	725,930	979,101
All Share Price Index (points)	(points)	5,557	6,477	6,062	6,072	6,820
S&P SL 20 (points)	(points)	2,739	3,650	3,439	3,204	3,852

\* 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	2019	2018
Number of Shareholders	2,153	2,181

## 3 Frequency distribution of shareholdings as at 31st March 2019.

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	1,701	424,427	1.64	25	6,426	0.02	1,726	430,853	1.67
1001 - 10,000	355	1,121,975	4.34	9	32,863	0.13	364	1,154,838	4.47
10,001 - 100,000	56	1,562,050	6.05	4	300,317	1.16	60	1,862,367	7.21
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
Grand Total	2,115	25,494,202	98.69	38	339,606	1.31	2,153	25,833,808	100

## 4 Categories of Shareholders

As at 31st March 2019	No. of Shareholders	No. of Shares	%
Individuals	2,059	2,648,461	10.25
Institutions	94	23,185,347	89.75
Total	2,153	25,833,808	100.00

- 5 The number of shares held by non-residents as at 31 March 2019 was 339,606 (2018-336,926) which amounts to 1.31% (2018-1.30%) of the total number of ordinary shares in issue.

## 6 MARKET PERFORMANCE - ORDINARY SHARES

For the year ended 31st March	2019	2018
Share price as at 31 March (Rs.)	20.30	27.90
Highest(Rs.)	30.50	43.40
Lowest(Rs.)	17.50	27.70
Value of shares traded(Rs.000)	8,917	26,681
No. of shares traded	390,500	715,942
Volume of transactions (Nos.)	1,404	1,973
Market capitalization	524,426	720,763

## 7 Public Holding

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diru Savi Board as per Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange, under Option 2, i.e. Float-Adjusted Market Capitalization less than Rs.1 Billion with 200 Public Shareholders and a Public Holding percentage of 10%.

### The Company's Public Holding as at 31st March 2019

Market Capitalization of the Public Holding	Rs.67.72 million
Percentage of ordinary shares held by the public	12.91%
Number of Public Shareholders	2,143

## 8 Dividends

The Company paid a First Interim Dividend of Cents 40 per ordinary share for the year ended 31st March 2019 totaling to Rs.10,333,523/- on 28th March 2019.

# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 99th Annual General Meeting of Guardian Capital Partners PLC will be held on Friday, 31st May 2019 at 3.00 p.m. at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 7 for the following purposes :

1. To consider the Annual Report of the Board of Directors including the Financial Statements of the Company for the financial year ended 31st March 2019, together with the report of the Auditors thereon.
2. To re-elect Mr. D. C. R. Gunawardena who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.
3. To re-appoint Mr. I. Paulraj as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution:  
“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. I. Paulraj who is 82 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”
4. To re-appoint Mrs. M.A.R.C. Cooray as a Director of the Company who is seventy years of age and to consider and if deemed fit to pass the following resolution:  
“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mrs. M. A. R. C. Cooray who is 70 years of age and that she be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”
5. 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

26th April 2019

## 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 29th May 2019.
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,
Mrs. Mirihana Arachchige Rose Chandralatha Cooray	or failing her
Krishna Selvanathan	

as \*my/our proxy to attend at the 99th Annual General Meeting of the Company to be held on Friday, 31st May 2019 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 re-elect Mr. D. C. R. Gunawardena who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To re-appoint Mr. I. Paulraj who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To re-appoint Mrs. M.A.R.C. Cooray who is seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 07 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....  
Signature /s

**Note:**

- (a) \* Please delete the inappropriate words.
- (b) A shareholder entitled to attend and vote at a General Meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the Company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders.
- (c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- (d) Instructions are noted on the reverse hereof.

## FORM OF PROXY

### INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 54 of the Articles of Association of the Company:
  - (1) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a Shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.
  - (2) An instrument appointing a proxy shall be in writing and:
    - (i) in the case of an individual shall be signed by the appointor or by his attorney;  
and
    - (ii) in the case of a corporation shall be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.

The Directors may, but shall not be bound to, require evidence of the authority of any such attorney or officer.

4. In terms of Article 50 of the Articles of Association of the Company:

Where there are joint registered holders of any Share any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy as if he were solely entitled thereto and if more than one (01) of such joint holders be so present at any meeting one (01) of such persons so present whose name stands first in the Register in respect of such Share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any Share stands shall for the purpose of this Article be deemed joint holders thereof.
5. To be valid the completed Form of Proxy should be deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1 not later than 4.45 p.m. on 29th May 2019.

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. M.A.R.C. Cooray  
Mr. K. Selvanathan

## BANKERS

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

## AUDITORS

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

## MANAGERS & SECRETARIES

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

## INVESTMENT MANAGER

Guardian Fund Management Limited  
No. 61, Janadhipathi Mawatha,  
Colombo 01, Sri Lanka  
Telephone No: +94-11-2039200  
Fax No: +94-11-2039385

## REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

No. 61, Janadhipathi Mawatha,  
Colombo 01, Sri Lanka  
Telephone No: +94-11-2039200  
Fax No: +94-11-2039300  
Corporate Website  
[www.carsoncumberbatch.com](http://www.carsoncumberbatch.com)

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