

Guardian Capital Partners PLC

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The report can be accessed online at
<http://www.carsoncumberbatch.com>

**Guardian Capital
Partners PLC**

FINANCIAL HIGHLIGHTS

In Rupees Thousands

For the year ended/as at 31st March	2021	2020	Change (%)
Revenue	101,032	58,259	73
Profit from operations	96,638	7,238	1,235
Profit/(loss) for the year	91,668	(2,816)	(3,355)
Other comprehensive income/(expense) for the year	-	-	-
Total comprehensive income/(expense) for the year	91,668	(2,816)	(3,355)
Net cash generated from operating activities	530,002	82,866	540
Net increase in cash & cash equivalents during the year	530,002	81,333	552
Total equity	784,826	692,342	13
Fair value of investment portfolio *	787,938	697,958	13
Total assets	787,938	698,039	13
Earnings/(loss) per share (Rs.)	3.55	(0.11)	(3,327)
Dividend per share (Rs.)	-	-	-
Net assets per share - Book value (Rs.)	30.38	26.80	13
Stock Market data			
All Share Price Index (points)	7,121	4,572	56
S&P SL 20 Index (points)	2,850	1,947	46
Market capitalization	736,264	483,092	52
Share price (Rs.)			
Year end	28.50	18.70	52
High	44.70	37.00	21
Low	18.00	16.70	8

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

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I take pleasure in welcoming you to the 101st Annual General Meeting of the company and presenting to you the Annual Report and Audited Financial Statements of the Company for the year ended 31st March 2021.

This financial year began in the midst of the global COVID 19 pandemic which is possibly the greatest global challenge we have encountered since World War II. Economies faced financial headwinds as a result of business coming to a standstill with restrictions on personal mobility and business operations. More than 15 months after, the world is still grappling with outbreaks and new mutant strains, further increasing uncertainties about the end of this crisis. While every part of the world and society has been affected, the countries and socio-economic segments with pre-existing vulnerabilities are more acutely affected by the pandemic. Correspondingly, Sri Lanka, as a developing country and its small and medium businesses as the most vulnerable economic cluster, has been hit hard by the pandemic.

We, as a private equity investor who closely works with and is involved in this business segment, felt the hardship and the financial stress from two consecutive crises, the Easter Sunday attack and COVID 19, brought upon those SME businesses. However, the private equity investors had found it difficult to expand in Sri Lanka even before the pandemic due to extremely low deal flow and unfavourable risk return profile with available deals. This is evident when we look at the performance of and the number of deals done by other key private equity funds in the country over the past 4-5 years.

Against this backdrop, your company decided not to have a dedicated fund for private equity business. Accordingly, the company together with its parent, Ceylon Guardian Investment Trust PLC (CGIT), informed the shareholders that it entered into a Share Sale and Purchase Agreement (SSPA) with Gazelle Asset Management Pte Ltd ("GAZELLE") for the sale of 21,692,800 ordinary shares (83.97% stake) held by CGIT to GAZELLE. This is yet to be completed due to unexpected delays at the time of writing my message. We will continue to engage with you to keep you informed on the status of the transaction.

In conclusion, I express my sincere gratitude to our 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 support and guidance in all aspects of our working.

(Sgd.)

I. Paulraj

Chairman

Colombo

11th June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Composition of the Portfolio

During the year, all the equity investment holdings were disposed recording a net gain of Rs 71.8 Mn. The listed investment of the fund, LVL Energy Fund PLC, was sold for Rs 102.6 Mn. The remaining private equity stakes were sold for Rs 152.1 Mn. As per the preconditions to the Share Sale and Purchase Agreement (SSPA) entered by the company and its parent (CGIT) with Gazelle Asset Management Pte Ltd the existing private equity investments of the company were bought by CGIT. The valuations of these private equity transactions were based on the independent valuation issued by PricewaterhouseCoopers Sri Lanka which was reviewed by KPMG Sri Lanka.

Figure 1: Equity Transactions of the year	Carrying Cost Rs. '000	Sale Proceed Rs. '000	Net Gains Rs. '000
Quoted Shares			
LVL Energy Fund PLC	43,313	102,646	59,333
Private Equity			
Findmyfare (Pvt) Ltd	33,179	28,948	-4,231
hSenid Business Solutions (Pvt) Ltd	106,472	123,157	16,685
Total	182,964	254,751	71,787

Financial performance

The company recorded a profit of Rs 91.7 Mn for the financial year, compared to the loss of Rs 2.8 Mn last year, due to a 73% growth in revenue in FY21. The net gain of the sale of equity holdings, Rs 71.8 Mn, was the main contributor to the significant revenue growth. Apart from that, interest income, dividends, and net gains from the disposal of unit trusts contributed Rs 29.2 Mn to the top line of the company. Simultaneously, the company was able to record 34% less admin and operating expenses compared to the last financial year.

Financial position

The total proceeds of the sale of equity investments and redemptions of unit trust investments remain in cash and cash equivalent. As of 31st March 2021, the cash and short-term investments stood at Rs. 788 Mn which represents the total assets of the company.

Guardian Fund Management Limited Investment Managers

Colombo
11th June 2021

RISK

MANAGEMENT

The COVID 19 pandemic has caused disruption to many local and global business and economic activities as it forced to close country borders, lockdown cities and implement social distancing to ensure health and safety of citizens. The Company has been closely monitoring the impact of the pandemic on the operations as at year end and in the immediate future.

Company took immediate steps to implement actions in the Business Continuity Plan and put in to action the alternate working arrangements with due consideration to health and safety of employees.

We are closely monitoring the economic cost of the pandemic and will be continually assessing the financial impact to investments and draft proactive business responses accordingly.

Market risk

The exposure to adverse movements in securities markets which can result in value loss as well as variations in the anticipated returns from those securities. Market risks are inherent in every security and are thus collectively considered at the portfolio level to take into account the asset allocation decisions.

(Please refer the note 23, '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 Guardian Capital Partners PLC (GCP). Detailed policy manuals and checklists covering investment analysis, governance & legal aspects, covenants and investment agreements have been developed to manage and reduce this risk. These would cover key risks such as retention of key staff and protection of important tangible and intangible assets.

Monitoring risk

Through investment 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.

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 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 'BBB+' and above. (Please refer the note 23, '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 2021.

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 11th June 2021.

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 during the year was to act as a specialized investment vehicle to undertake private equity investments.

However, at an Extraordinary General Meeting held on 07th January 2021 a Special Resolution was passed for the substantial alteration in the nature of the business carried on by the Company consequent to the disposal of the totality of private equity investments held by the Company in terms of Section 185(2)(d) of the Companies Act, No. 07 of 2007 and Article 87(1)(vi) of the Articles of Association of the Company.

3. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

3.1 Entering into a Share Sales and Purchase Agreement for the disposal of majority holding in Guardian Capital Partners PLC by Ceylon Guardian Investment Trust PLC

On 23rd September 2020, in accordance with Section 8.1 of the Listing Rules of the Colombo Stock Exchange, the Company made an Announcement to the Colombo Stock Exchange that the Company together with its parent company, Ceylon Guardian Investment Trust PLC (“CGIT”), had entered into a Share Sale and Purchase Agreement (“SSPA”) with Gazelle Asset Management Pte Ltd (“GAZELLE”), a company incorporated in Singapore, for the sale of 21,692,800 ordinary

shares being a 83.97% stake held by CGIT in the Company to GAZELLE.

Further, that the purchase consideration per share will be determined based on the net asset value of the Company as at a date mutually agreed by the parties prior to the transaction plus a premium of Rs.40,000,000/- and that the transaction is subject to certain Conditions Precedent contained in the said SSPA.

Shareholder approval was duly obtained by Special Resolution at an Extraordinary General Meeting held on 07th January 2021, for the substantial alteration in the nature of the business carried on by the Company under Section 185(2)(d) of the Companies Act, No.07 of 2007 and in terms of Article 87(1)(vi) of the Articles of Association of the Company.

NDB Investment Bank Limited are the exclusive Financial Advisors for the transaction.

4. 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.

5. FINANCIAL STATEMENTS

The financial statements which comprise of the Statement of Financial Position as at March 31, 2021, 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 58. These financial statements comply with the requirements of the Section 151 of the Companies Act, No.07 of 2007.

5.1 Revenue

A detailed analysis of revenue is given in note 11 to the financial statements.

5.2 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	2021	2020
Retained earnings brought forward from previous year	178,067	180,883
Profit/(loss) for the year	91,668	(2,816)
Forfeiture of unclaimed dividends	816	-
Retained earnings carried forward as at 31st March	270,551	178,067

5.3 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are given on pages 34 to 43.

5.4 Investment

During the year under review, the Company's equity and unit trust portfolios were fully liquidated and the Company is holding all its assets in cash and cash equivalents as at 31st March 2021.

- Details of investments in fair value through profit or loss financial assets are given in Note 15.
- Details of investments in unit trusts are given in Note 17.

5.5 Reserves

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

6. 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.

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

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.

7. INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on pages 26 to 29 of this Report.

8. INTERESTS REGISTER

The Company maintains an Interests Register conforming to the provisions of the Companies Act, No.07 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.

8.1 Remuneration of Directors

Directors' remuneration, for the financial year ended 31st March 2021 is given in Note 12 to the Financial Statements, on page 44.

8.2 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)
Ceylon Guardian Investment Trust PLC	Mrs. M. A. R. C. Cooray D.C.R. Gunawardena K. Selvanathan	Sale of private equity investments	152,106
Carsons Management Services (Private) Limited	K. Selvanathan	Secretarial fees paid Computer charges paid	370 25

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 2021	31st March 2020
Mr. I. Paulraj (Chairman) <i>[Vacated office w.e.f. 31/05/2020 & appointed w.e.f. 17/07/2020]</i>	200	200
Mr. D.C.R. Gunawardena <i>[Chairman w.e.f. 31/05/2020 & Ceased to be the Chairman w.e.f. 18/07/2020]</i>	25	25
Mr. S. Mahendrarajah <i>[Director/Ceased to be an Alternate Director to Mr. I. Paulraj w.e.f. 31/05/2020]</i>	25	25
Mrs. M. A. R. C. Cooray <i>[Vacated office w.e.f. 31/05/2020 & appointed w.e.f. 17/07/2020]</i>	-	-
Mr. K. Selvanathan	-	-

9. 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.

9.1 Changes to the Board

9.1.1 Mr. I. Paulraj (Chairman) - Non-Executive Director and Mrs. M. A. R. C. Cooray - Non-Executive/ Independent Director who are over 70 years of age were re-appointed as Directors of the Company in terms of Section 210 of the Companies Act, No.07 of 2007 at the Annual General Meeting (AGM) held on 31st May 2019 for a further period of one year commencing from the conclusion of the said AGM, i.e. till 31st May 2020.

However, due to the COVID-19 pandemic situation in the Country, the AGM of the Company could not be held on or prior to 31st May 2020 and therefore, Mr. I. Paulraj and Mrs. M. A. R. C. Cooray vacated office on 31st May 2020.

9.1.2 Following the vacation of office, Mr. I. Paulraj ceased to be the Chairman of the Board with effect from 31st May 2020 and Mr. D.C.R. Gunawardena - Non-Executive Director of the Company was appointed as the Chairman of the Board with effect from 31st May 2020.

9.1.3 Mr. S. Mahendrarajah ceased to be the Alternate Director to Mr. I. Paulraj with effect from 31st May 2020.

9.1.4 At an Extraordinary General Meeting (EGM) held on 17th July 2020, Mr. I. Paulraj - Non-Executive Director and Mrs. M. A. R. C. Cooray - Non-Executive/Independent Director were appointed in terms of Section 211 of the Companies Act, No.07 of 2007 and pursuant to Article 68 of the Articles of Association of the Company, as Directors of the Company effective 17th July 2020 for a period of one year from the conclusion of the EGM and that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to them.

9.1.5 Following the appointment of Mr. I. Paulraj - Non-Executive Director to the Board, Mr. D.C.R. Gunawardena - Non-Executive Director ceased to be the Chairman and Mr. I. Paulraj was appointed as the Chairman with effect from 18th July 2020.

9.2 Appointment of Directors who have reached 70 years of age

9.2.1 Mr. I. Paulraj (Chairman) - Non-Executive Director and Mrs. M. A. R. C. Cooray - Non-Executive/ Independent Director who was over 70 years of age were appointed as Directors of the Company in terms of Section 210 of the Companies Act, No.07 of 2007 at the EGM held on 17th July 2020 for a period of one year commencing from the conclusion of the said EGM, i.e. till 17th July 2021.

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

9.2.2 Upon the recommendation of the Nomination Committee of the Company and the Board, it is also recommended that Mr. D.C.R. Gunawardena - Non-Executive Director who is 70 years of age be re-appointed as a Director of the Company for a 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 him.

9.3 Director to retire by rotation

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

10. CORPORATE GOVERNANCE

The Board has ensured that the Company complies with the Listing Rules of the Colombo Stock Exchange (CSE). However, due to the COVID-19 pandemic situation in the Country, the AGM of the Company could not be held on or prior to 31st May 2020 and therefore, Mr. I. Paulraj - Non-Executive Director and Mrs. M. A. R. C. Cooray - Non-Executive/ Independent Director who were appointed as Directors in terms of Section 210 of the Companies Act, No.07 of 2007 at the AGM held on 31st May 2019 for a period of one year commencing from the conclusion of the said AGM, vacated office on 31st May 2020.

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

As such, the Company became non-compliant with Rule 7.10.2.(a) of the Listing Rules of the CSE in relation to compliance with minimum number of Independent Directors subsequent to the vacation of office by Mrs. M. A. R. C. Cooray - Non-Executive/ Independent Director on 31st May 2020. As required by the Listing Rules, the Company made disclosures to the CSE in accordance with Rule 7.10.7.(a) prepared in conformity with Appendix 7C of the Listing Rules of the CSE.

Subsequently, at an Extraordinary General Meeting held on 17th July 2020, Mrs. M. A. R. C. Cooray - Non-Executive/ Independent Director and Mr. I. Paulraj - Non-Executive Director were appointed to the Board. As such, with effect from 17th July 2020 the Company was compliant with Rule 7.10.2(a) of the Listing Rules of the CSE in relation to compliance with minimum number of Independent Directors.

10.1 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)

10.2 Board of Directors

The following Directors held office as at the reporting date and their brief profiles are given on pages 18 to 19 of the Annual Report.

Directors	Executive/ Non-Executive/ Independent
Mr. I. Paulraj (Chairman) <i>[Vacated office w.e.f. 31/05/2020 & appointed w.e.f. 17/07/2020]</i>	Non-Executive
Mr. D. C. R. Gunawardena <i>[Chairman w.e.f. 31/05/2020 & Ceased to be the Chairman w.e.f. 18/07/2020]</i>	Non-Executive

Directors	Executive/ Non-Executive/ Independent
Mr. S. Mahendrarajah * <i>[Director/Ceased to be an Alternate Director to Mr. I. Paulraj w.e.f. 31/05/2020]</i>	Non-Executive/ Independent
Mrs. M. A. R. C. Cooray ** <i>[Vacated office w.e.f. 31/05/2020 & appointed w.e.f. 17/07/2020]</i>	Non-Executive/ Independent
Mr. K. Selvanathan	Executive

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 11th June 2021, 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.

10.3 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 Director 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 Charter requires the Committee to meet at least twice a year. As allowed by the Remuneration Committee Charter, the Committee held three (03) virtual meetings during the period under review.

Remuneration Committee Members	Attended Meetings
Mr. T. de Zoysa (Chairman)	3/3
Mr. D.C.R. Gunawardena	3/3
Mr. R. Theagarajah	3/3
Mr. W.M.R.S. Dias	3/3

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 are disclosed under Note 12 on page 44 of the Annual Report.

10.4 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.

Audit Committee Members	Executive/Non-Executive/Independent
Mr. A. S. Amaratunga (Appointed Chairman w.e.f. 01/01/2021)	Non-Executive/Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. Y.H. Ong (Appointed w.e.f. 01/01/2021)	Non-Executive/Independent Director of CCPLC
Mr. V. P. Malalasekera (Ceased to be Chairman & Member w.e.f. 31/12/2020)	Non-Executive/Independent Director of CCPLC
Mr. F. Mohideen (Ceased to be a Member w.e.f. 31/12/2020)	Non-Executive/Independent Director of CCPLC

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

The following members ceased to be members of the Audit Committee, subsequent to their resignation as Non-Executive/Independent Directors of CCPLC w.e.f. 31st December 2020.

- Mr. V. P. Malalasekera (Chairman)
- Mr. F. Mohideen

Audit Committee Report is given on pages 20 to 21 of this Annual Report.

10.5 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. W. M. R. S. Dias <i>(Appointed Chairman & Member w.e.f. 01/01/2021)</i>	Non-Executive/Independent Director of CCPLC
Mr. R. Theagarajah <i>(Appointed w.e.f. 01/01/2021)</i>	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
Mr. V. P. Malalasekera <i>(Ceased to be Chairman & Member w.e.f. 31/12/2020)</i>	Non-Executive/Independent Director of CCPLC
Mr. F. Mohideen <i>(Ceased to be a Member w.e.f. 31/12/2020)</i>	Non-Executive/Independent Director of CCPLC

The following members ceased to be members of the Related Party Transactions Review Committee, subsequent to their resignation as Non-Executive/Independent Directors of CCPLC w.e.f. 31st December 2020.

- Mr. V. P. Malalasekera (Chairman)
- Mr. F. Mohideen

The Related Party Transactions Review Committee Report is given on pages 22 to 23 of this Annual Report.

Declaration

The Directors have made self-declarations for the purpose of identifying parties related to them. The said declarations were noted at the 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.

10.5.1 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 2021, where the aggregated value of the transactions exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2021 are disclosed below.

The details of the Related Party Transactions are given in note 22 to the Financial Statements.

1. Non-Recurrent Related Party Transactions

Information pertaining to non-recurrent Related Party Transactions where the aggregate value of the non-recurrent Related Party Transactions exceeded 10% of the Shareholders' equity and 5% of the total assets of the Company, as per the Audited Financial Statements are disclosed below;

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered in to during the financial year	Aggregate value of Related Party Transactions as a % of Shareholder's equity	Aggregate value of Related Party Transactions as a % of total assets	Terms and Conditions of the Related Party Transactions
Ceylon Guardian Investment Trust PLC	Parent Company	Sale of private equity investments	152,106	19%	19%	Based on an Independent Valuation carried out by PricewaterhouseCoopers Sri Lanka, which was reviewed by KPMG Sri Lanka.

2. Recurrent Related Party Transactions

There were no recurrent Related Party transactions where the aggregate value of the Recurrent Related Party Transactions exceeded 10% of the gross revenue/income of the Company, as per the latest Audited Financial Statements.

10.6 Directors' Meetings Attendance

As permitted by Article 82(1)(b) of the Articles of Association of the Company, during the period under review, the Board of Directors had five (05) virtual Board Meetings through Microsoft Teams and the attendance of the Directors were as follows;

Board Members	Attended Meetings
Mr. I. Paulraj (Chairman) <i>[Vacated office w.e.f. 31/05/2020 & appointed w.e.f. 17/07/2020]</i>	3/3
Mr. D.C.R. Gunawardena <i>[Chairman w.e.f. 31/05/2020 & Ceased to be the Chairman w.e.f. 18/07/2020]</i>	5/5
Mr. S. Mahendrarajah <i>[Director/Ceased to be an Alternate Director to Mr. I. Paulraj w.e.f. 31/05/2020]</i>	4/5
Mrs. M. A. R. C. Cooray <i>[Vacated office w.e.f. 31/05/2020 & appointed w.e.f. 17/07/2020]</i>	3/3
Mr. K. Selvanathan	5/5

11. 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, CGIT
Mr. D.C.R. Gunawardena	Non-Executive Director, CGIT
Mr. V. M. Fernando	Non-Executive/Independent Director, CGIT

Scope and Objective

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

Functions and Proceedings

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

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

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

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

The Nomination Committee Charter requires the Committee to meet at least twice a year. As allowed by the Nomination Committee Charter, the Committee held three (03) virtual meetings during the period under review.

Nomination Committee Members	Attended Meetings
Mrs. M.A.R.C. Cooray (Chairperson)	3/3
Mr. D.C.R. Gunawardena	3/3
Mr. V. M. Fernando	3/3

12. BOARD EVALUATION

Each Director individually appraises the Board's performance to ensure discharging its responsibilities satisfactorily. This process takes in to account and evaluates all aspects in relation to Board responsibilities.

Independent observations made by the Directors are collated and addressed by the Nomination Committee of the Company and recommended as relevant, to the Board of Directors for consideration.

13. 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.

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	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 the risk management process.

During the period under review, the Committee held three (03) virtual meetings.

Integrated Risk Committee Members	Meetings Attended
Mrs. M.A.R.C. Cooray (Chairperson)	3/3
Mr. A. P. Weeratunge	3/3

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.
- 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 risks are applicable to the Company.

14. INDEPENDENT AUDITORS

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

A sum of Rs 189,180/- was paid to them by the Company as audit fees for the year ended 31st March 2021 (2020 - Rs. 189,180/-). No Further amounts were paid to the auditors as professional fees for audit related services and professional fees for non-audit services (2020-nil) 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.

14.1 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.

15. 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 page 05.

16. DIVIDENDS

There were no dividend payments made during the financial year.

17. SOLVENCY TEST

Since there is no recommendation for a payment of a Dividend for the year ended 31st March 2021, it is not required to prepare a Solvency Statement in accordance with Section 56 of the Companies Act, No. 07 of 2007.

18. STATED CAPITAL

The stated capital of the Company as at 31st March 2021 was Rs. 513.7 million 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.

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

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 2021. (2020 - 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).

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.

23. EQUITABLE TREATMENT TO SHAREHOLDERS

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

24. EVENTS OCCURRING AFTER THE REPORTING DATE

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

25. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Contingent liabilities and commitments as at 31st March 2021 are given in Note 29 to the financial statements, if any.

26. SHARE INFORMATION

Information relating to share trading are given on pages 60 to 61 of this Report.

No.	Twenty Major Shareholders as at 31st March	2021		2020	
		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	MR. V. NATARAJ	99,532	0.39	99,532	0.39
5	MRS. V. NATARAJ	99,532	0.39	99,532	0.39
6	NATWEST NOMINEES (PVT) LIMITED	84,858	0.33	84,858	0.33
7	WARDLEY INVESTMENTS (PVT) LIMITED	84,858	0.33	84,858	0.33
8	GOODHOPE HOLDINGS (PVT) LIMITED	76,940	0.30	76,940	0.30
9	MRS. H.R.P. SANJEEVANI	69,432	0.27	58,000	0.22
10	MR. M. SELVANATHAN	63,409	0.25	-	-
11	SKAN INVESTMENTS (PVT) LIMITED	51,774	0.20	51,774	0.20
12	MERCHANT BANK OF SRI LANKA & FINANCE PLC/W B R SOMAWEERA	50,981	0.20	49,700	0.19
13	MR. S.P. JAYAKUMAR	50,139	0.19	50,139	0.19
14	MR. M.W. DE SILVA	49,291	0.19	49,291	0.19
15	MR. B.S. GOONESEKERA	49,090	0.19	49,090	0.19
16	MR. A.D.I. PUSHPAKUMARA	37,692	0.15	17,598	0.07
17	MR. D.A.M.A.D.C. DEEGAHAWATURA	37,627	0.15	12,070	0.05
18	MR. K.S.H. MAWELLAGE	35,882	0.14	35,882	0.14
19	MR. W.L. SUBASINGHE	34,151	0.13	10,100	0.04
20	MR. K.C. VIGNARAJAH	31,164	0.12	29,966	0.12

28. ANNUAL REPORT

The Board of Directors on 11th June 2021 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

As permitted by Article 43(b) of the Articles of Association of the Company, the **101st Annual General Meeting** of the Company will be held on **Thursday, 15th July 2021 at 9.30 a.m.** at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7, Sri Lanka by means of audio or audio and visual technology.

The Notice of the Annual General Meeting is on pages 62 to 63 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

11th June 2021

PROFILES OF THE DIRECTORS

ISRAEL PAULRAJ

[Vacated office w.e.f. 31/05/2020 & appointed w.e.f. 17/07/2020]

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 the 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 also served as the 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 the 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 the 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's Degree in Law and an Executive Diploma in Business Administration.

CHANDIMA GUNAWARDENA

[Chairman w.e.f. 31/05/2020 & Ceased to be the Chairman w.e.f. 18/07/2020]

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.

Chandima 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

[Director/Ceased to be an Alternate Director to Mr. Israel Paulraj w.e.f. 31/05/2020]

Subramaniam Mahendrarajah is a Director of Indo-Malay PLC, Selinsing PLC, Shalimar (Malay) PLC, Guardian Capital Partners PLC, Equity One Limited and Leechman & Company (Private) Ltd. He is also the Group Finance Director of Sri Krishna Group of Companies. He has over 40 years experience in the fields of manufacturing, trading, financial services and management. He is also the Past President of the Rotary Club of Colombo Down Town and is the recipient of the prestigious 'Service above Self' award from Rotary International.

ROSE COORAY (MRS)

[Vacated office w.e.f. 31/05/2020 & appointed w.e.f. 17/07/2020]

Rose Cooray is the Chairperson of Ceylon Investment PLC, Ceylon Guardian Investment Trust PLC, HNB Assurance PLC and HNB General Insurance Limited. She functions as the Chairperson of the Integrated Risk Committees of 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 over 35 years. She counts over 46 years of experience in working in the financial sector holding a number of positions.

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 (Private) Limited, 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.

Mr. V.P. Malalasekera, Member/Chairman and Mr. F. Mohideen, Member of the Audit Committee resigned from the Board of CCPLC w.e.f. 31st December 2020 and ceased to be Members of the Audit Committee w.e.f. 31st December 2020.

On 1st January 2021 Mr. A.S. Amaratunga, Member of the Audit Committee was appointed Chairman of the Audit Committee and Mr. Y.H. Ong, Non-Executive, Independent Director of CCPLC was appointed a Member of the Audit Committee.

The Audit Committee consists of the following Members:

Audit Committee Members	Executive/Non-Executive/Independent
Mr. A.S. Amaratunga (Appointed Chairman w.e.f. 1st January 2021)	Non-Executive, Independent (CCPLC)
Mr. D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr. Y.H. Ong (Appointed Member w.e.f. 1st January 2021)	Non-Executive, Independent (CCPLC)
Mr. V.P. Malalasekera (Ceased to be Member/Chairman w.e.f. 31st December 2020)	Non-Executive, Independent (CCPLC)
Mr. F. Mohideen (Ceased to be a Member w.e.f. 31st December 2020)	Non-Executive, Independent (CCPLC)

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

Mr. D.C.R. 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. Y.H. Ong is a Non-Executive, Independent Director of CCPLC. He is also an Independent Non-Executive Director, Member of the Executive Committee, Audit Committee and the Board Risk Committee of United Overseas Bank Ltd., Singapore. Mr. Ong had served at Ernst & Young, Singapore for 30 years and was involved in audit and financial advisory work etc.

Mr. V.P. Malalasekera was a Non-Executive, Independent Director of CCPLC upto 31st December 2020 and was a former Director of Ceylon Tobacco Company PLC. Mr. F. Mohideen was a Non-Executive, Independent Director of CCPLC upto 31st December 2020 and was a former Deputy Secretary to the Treasury, a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

Meetings of the Audit Committee

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

As allowed by the CCPLC-Audit Committee Charter, CCPLC-Audit Committee held Five (05) virtual Meetings during the financial year to discuss matters relating to the Company.

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

	Meetings (virtual) Attended (out of five)
Mr. A.S. Amaratunga (Chairman)	05
Mr. D.C.R. Gunawardena	05
Mr. Y.H. Ong *	01
Mr. V.P. Malalasekera**	04
Mr. F. Mohideen***	04

*Appointed Member w.e.f. 1st January 2021

**Ceased to be Member/Chairman w.e.f. 31st December 2020

***Ceased to be a Member w.e.f. 31st December 2020

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, once during the year to deliberate the draft Financial Report and Accounts at the completion stage of the audit.

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 Chairman-Audit Committee issues a written update for circulation to the Board following the Audit Committee Meetings, as relevant, indicating the important matters discussed and decisions taken in respect of the Company. In addition, Minutes/extracts of the Minutes of Audit Committee Meetings are circulated to the Board of Directors.

Purpose of the Audit Committee

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.

Financial Statements

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.

Based on the audit reporting requirements, the Audit Committee discussed Audit Matters shared by Messrs. KPMG for reporting in the audit report at completion stages.

The financial statements of Guardian Capital Partners PLC for the year ended 31st March 2021 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.

Internal Audit

The objectives of the Group Internal Audit work is 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 Audit Committee approved the audit plan for the financial year 2020/2021 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.

External Audit

The External Auditors' Letter of Engagement, was reviewed and discussed by the Committee with them and management prior to the commencement of the audit, and the Committee followed up on the issues raised by the External Auditors.

The Members of the Audit Committee have determined that the independence of Messrs.KPMG, Chartered Accountants has not been impaired by any event or service that gives rise to a conflict of interest. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Members of the Audit Committee have 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 2022, subject to the approval of the shareholders of Guardian Capital Partners PLC at the Annual General Meeting.

(Sgd.)

A.S. Amaratunga

Chairman – Audit Committee
Carson Cumberbatch PLC

11th June 2021

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

Mr. V.P. Malalasekera, Member/Chairman and Mr. F. Mohideen, Member of the RPTRC resigned from the Board of CCPLC w.e.f. 31st December 2020 and ceased to be Members of the RPTRC w.e.f. 31st December 2020.

On 1st January 2021 Mr. W.M.R.S. Dias, Non-Executive, Independent Director of CCPLC was appointed Chairman of the RPTRC and Mr. R. Theagarajah, Non-Executive, Independent Director of CCPLC was appointed as a Member of the RPTRC.

The Members of the RPTRC are as follows :

RPTRC Members	Executive/Non-Executive/ Independent
Mr. W.M.R.S. Dias (Appointed Chairman w.e.f. 1st January 2021)	Non-Executive, Independent (CCPLC)
Mr. D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr. H. Selvanathan	Executive (CCPLC)
Mr. M. Selvanathan	Executive (CCPLC)
Mr. S.K. Shah	Executive (CCPLC)
Mr. R. Theagarajah (Appointed Member w.e.f. 1st January 2021)	Non-Executive, Independent (CCPLC)
Mr. V.P. Malalasekera (Ceased to be Member/Chairman w.e.f. 31st December 2020)	Non-Executive, Independent (CCPLC)
Mr. F. Mohideen (Ceased to be a Member w.e.f. 31st December 2020)	Non-Executive, Independent (CCPLC)

Meetings of the Related Party Transactions Review Committee

As allowed by the Carsons Group Related Party Transactions Compliance Code (Carsons Group RPT Code), CCPLC-RPTRC held Four (04) Virtual Meetings during the financial year. In addition, the approval of the RPTRC Members were sought via 15 Circular Resolutions, as well as 06 Circular Letters were circulated for their information during the financial year.

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

	Meetings (virtual) Attended (out of 04)
Mr. W.M.R.S. Dias (Chairman)*	01
Mr. D.C.R. Gunawardena	04
Mr. H. Selvanathan	01
Mr. M. Selvanathan	-
Mr. S.K. Shah	04
Mr. R. Theagarajah**	01
Mr. V.P. Malalasekera***	03
Mr. F. Mohideen****	01

*Appointed Chairman w.e.f. 1st January 2021

**Appointed Member w.e.f. 1st January 2021

***Ceased to be Member/Chairman w.e.f. 31st December 2020

****Ceased to be a Member w.e.f. 31st December 2020

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 Carsons Group 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 Carsons Group RPT Code need not be repeatedly approved, if within the broad thresholds.

The RPTRC in discharging its function endeavours to ensure that :

- there is compliance with the Carsons Group RPT 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 the KMPs so designated, as relevant.

The Related Party Transactions of the Company for the period 1st April 2020 to 31st March 2021 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.)

W.M.R.S. Dias

Chairman – Related Party Transactions Review Committee
Carson Cumberbatch PLC

Colombo

11th June 2021

FINANCIAL CALENDAR

Financial Year	31st March 2021
Announcement of Results	
1st Quarter	30th June 2020
Issued to Colombo Stock Exchange	14th August 2020
2nd Quarter	30th September 2020
Issued to Colombo Stock Exchange	13th November 2020
3rd Quarter	31st December 2020
Issued to Colombo Stock Exchange	27th January 2021
4th Quarter	31st March 2021
Issued to Colombo Stock Exchange	31st May 2021
Meetings	
100th Annual General Meeting	14th September 2020
101st Annual General Meeting	15th July 2021

INDEPENDENT AUDITOR'S REPORT



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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, 2021, 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 and other explanatory information as set out on pages 30 to 58.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, 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.

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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
A.M.R.P. Alahakoon ACA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA
Ms. P. M. K. Sumanasekara FCA, W.A.A. Weerasekara CFA, ACMA, MRICS



Disposal of unlisted equity investments classified as Fair Value through Profit or Loss (FVTPL)

Refer Notes 3.1, 3.3 (ii), 11, 15.2 (Pages 36, 40, 44, 47) to these financial statements

Risk Description	Our Response
<p>The Company disposed its entire portfolio of unlisted equity investments to its parent company; Ceylon Guardian Investment Trust PLC. To arrive at the considerations, the Company obtained independent valuations.</p> <p>Valuation of unlisted equity instruments require the exercise of judgment and the use of estimates and assumptions as observable market prices or market parameters are not available. For such instruments, the fair value is determined through the use of valuation techniques or models applied by the Company.</p> <p>Due to the materiality of the proceeds from the disposal of unlisted equity instruments in the context of the financial statements, degree of judgement involved in making assumptions in arriving at valuations, we considered the disposal gain from unlisted equity instruments as a Key Audit Matter.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none">• Checking the valuation report of the independent valuer by evaluating the reasonability of the assumptions used for the valuation;• Checking the approval obtained from Board Members, Related Party Transaction Review Committee and CSE Announcement;• Checking the underline documents pertaining to the transaction including the cash settlement made between the related parties;• Assessing the adequacy of disclosure in the financial statements in relation to the disposal of the unlisted equity investment and related party transactions as required by the accounting standards.

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. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT



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
11th June 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Rupees Thousands

For the year ended 31st March	Note	2021	2020
Revenue	11	101,032	58,259
Net change in fair value of fair value through profit or loss financial assets		-	(44,318)
Profit on investment activities		101,032	13,941
Administrative and other operating expenses		(4,394)	(6,703)
Profit from operations	12	96,638	7,238
Income tax expense	13	(4,970)	(10,054)
Profit/(loss) for the year		91,668	(2,816)
Other comprehensive income			
Items that are or may be reclassified to profit or loss		-	-
Other comprehensive income/(expense) for the year		-	-
Total comprehensive income/(expense) for the year		91,668	(2,816)
Earnings/(loss) per share (Rs.)	14	3.55	(0.11)

The notes to the financial statements from pages 34 to 58 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	2021	2020
ASSETS			
Current assets			
Fair value through profit or loss financial assets	15	-	182,964
Other receivables	16	-	81
Investment in unit trusts	17	-	257,058
Cash and cash equivalents	18	787,938	257,936
Total current assets		787,938	698,039
Total assets		787,938	698,039
EQUITY AND LIABILITIES			
Equity			
Stated capital	19	513,656	513,656
Revenue reserves	20	271,170	178,686
Total equity		784,826	692,342
Current liabilities			
Other payables	21	2,428	4,944
Current tax payable		684	753
Total current liabilities		3,112	5,697
Total equity and liabilities		787,938	698,039
Net assets per share (Rs.)		30.38	26.80

The notes to the financial statements from pages 34 to 58 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

11th June 2021

(sgd.)

I Paulraj

Chairman

(sgd.)

D. C. R. Gunawardena

Director

STATEMENT OF CHANGES IN EQUITY

In Rupees Thousands

	Stated capital	Revenue reserves		Total equity
		General reserve	Retained earnings	
Balance as at 1st April 2019	513,656	619	180,883	695,158
Loss for the year	-	-	(2,816)	(2,816)
Other comprehensive income for the year	-	-	-	-
Total comprehensive expense for the year	-	-	(2,816)	(2,816)
Balance as at 31st March 2020	513,656	619	178,067	692,342
Balance as at 1st April 2020	513,656	619	178,067	692,342
Profit for the year	-	-	91,668	91,668
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	91,668	91,668
Forfeiture of unclaimed dividends	-	-	816	816
Balance as at 31st March 2021	513,656	619	270,551	784,826

The notes to the financial statements from pages 34 to 58 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	2021	2020
Cash flows from operating activities			
Profit from operations		96,638	7,238
Net change in fair value of fair value through profit or loss financial assets		-	44,318
Operating profit before changes in working capital		96,638	51,556
Decrease/(increase) in investments	15/17	440,022	(170,698)
Decrease in other receivables	16	81	561
Decrease in investment in fixed deposits		-	215,102
Increase/(decrease) in other payables	21	(1,700)	917
Cash generated from operating activities		535,041	97,438
Income tax paid		(5,039)	(14,572)
Net cash generated from operations		530,002	82,866
Cash flows from financing activities			
Dividend paid		-	(1,533)
Net cash used in financing activities		-	(1,533)
Net increase in cash & cash equivalents during the year		530,002	81,333
Cash & cash equivalents at the beginning of the year		257,936	176,603
Cash & cash equivalents at the end of the year	18	787,938	257,936

The notes to the financial statements from pages 34 to 58 from 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 during the year was to act as a specialized investment vehicle to undertake private equity investments.

However, at an Extraordinary General Meeting held on 7th January 2021 a special resolution was passed for the substantial alteration in the nature of the business carried on by the Company consequent to the disposal of the totality of private equity investments held by the Company in terms of Section 185(2) (d) of the Companies Act, No. 07 of 2007 and Article 87(1)(vi) of the Articles of Association of the Company.

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.

The parent entity Ceylon Guardian Investment Trust PLC entered into Share Sales and Purchase Agreement as disclosed in note 28 to the financial statements.

(d) Number of employees

The Company had no employees as at the reporting date (2020 - 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, statement of changes in equity and statement of 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 11th June 2021.

(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 as fair value through profit or loss which 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 entity operates (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 judgements

The preparation of the financial statements in conformity with LKAS/SLFRS requires management to make judgements, 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 Inland 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 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.

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

Level 1: 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 company'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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

A number of new standards are effective from 1st April 2020 that do not have a material effect on the Company's financial statements.

The following accounting policies have been applied consistently to all periods presented in these Financial Statements of the Company unless otherwise indicated.

3.1 Financial Instruments

(a) Financial assets

• 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 agreements and cash and cash equivalents.

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.

Company's investment in equity investments are classified as fair value through profit or loss.

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.

• 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 as 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 solely 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 statement of 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 statement of profit or loss. Any gain or loss on derecognition is recognised in statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(b) Financial liabilities

Classification, subsequent measurement and gains and losses

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 statement of 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 statement of profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

(c) Derecognition

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.

3.1.1 Impairment

(a) Financial assets

The Company recognises loss allowances for Expected Credit Losses (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 are 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 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 statement profit or loss and is recognised in statement of profit or loss and other comprehensive income.

- **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 recover the amounts due.

- (b) **Non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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.

3.2 Liabilities and Provisions

3.2.1 Liabilities

Liabilities classified as Current Liabilities in the statement of financial position are those obligations payable on demand or within one year from the reporting date. Items classified as non-current liabilities are those obligations, which expire beyond a period of one year from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

All known liabilities have been accounted for in preparing the Financial Statements. Provision and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.2.2 Provisions

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

3.2.3 Contingent liabilities and contingent assets

3.2.3.1 Contingent Liabilities

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.

In such event, the Company does not recognise a contingent liability but discloses its existence in the financial statements.

3.2.3.2 Contingent Assets

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.

3.3 Dividend income, interest income, gain/loss on disposal of financial instruments, gain/loss on redemption of units, gain/loss on fair valuation of financial instruments.

(i) Interest Income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. 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 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 financial liability.

(ii) Gain/(loss) on sale of Financial Investments measured at Fair Value through Profit or Loss

Gain/(loss) on sale of Financial Investments measured at fair value through profit or loss comprises realised trading gains on disposal of government securities, quoted shares, unquoted shares and listed debentures, are presented in direct income as sale of financial investments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

(iii) Gain/(loss) on redemption of Units

Gain/(loss) on redemption of units comprises realised trading gain/(loss) on disposal of investment in unit trust, is presented in direct income as sale of financial investments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

(iv) Gain/(loss) on disposal of Financial Investments – Fair Value through Other Comprehensive Income

Gain/(loss) on disposal of Financial Investments measured at fair value through other comprehensive income comprises realised capital gain/(loss) on disposal of investment in equity

securities classified as financial assets measured at fair value through other comprehensive income, is presented in other comprehensive income.

(v) Gain/(Loss) on Fair Valuation of Financial Investments – Fair Value through Profit or Loss

Gain/(loss) on Fair Valuation of Financial Investments is the unrealised gain/(loss) on fair valuation (marked to market valuation) of government securities, quoted shares, unquoted shares, investment in units and listed debentures. The fair valuation gain/(loss) is presented in profit or loss in the statement of profit or loss and other comprehensive income.

(vi) Dividend Income

Dividend income from financial investments held for trading is recognised in profit or loss on an accrual basis when the Company's right to receive the dividend is established. This is usually on the ex-dividend date for equity securities. Dividends are presented in net trading income or net gain/(loss) from financial investments based on the underlying classification of the equity investment.

3.4 Expenditure recognition

(i) Operating expenses

All expenses incurred in day-to-day operations of the business have been charged to revenue in arriving at the profit or loss for the year. A provision has also been made for impaired receivables and depreciation on property, plant & equipment.

(ii) Fee and commission expenses

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

3.5 Income tax expense

Income tax expense comprises of current and deferred tax. Current tax and deferred tax is recognised in the statement of 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.

NOTES TO THE FINANCIAL STATEMENTS

(iv) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. Accordingly, concluded that the Company's existing accounting policy for uncertain tax treatments is consistent the requirements in IFRIC 23 uncertainty Tax Treatments.

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.

(b) Other receivables

The fair values of 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. STATED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. The holders of ordinary shares are entitled to receive dividends as declared from time to time and on a poll are entitled to one vote per share at General Meetings of the Company.

10. NEW ACCOUNTING STANDARDS ISSUED

10.1 Changes in accounting policy

Company has adopted the following amendments to standards from 1st April 2020 but they do not have material effect on these financial statements.

- Amendments to References to Conceptual Framework in SLFRS Standards; and
- Definition of Material (Amendments to LKAS 1 “Presentation of Financial Statements” and LKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”).

10.2 New accounting standards issued but not effective as at reporting date

A number of new standards are effective for annual periods beginning after 1st January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Forthcoming effective standards

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

Effective date	New standards or amendment
1st January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to LKAS 37) Annual Improvements to SLFRS Standards 2018-2020 Reference to the Conceptual Framework (Amendments to SLFRS 3)
1st January 2023	Classification of Liabilities as Current and Non-Current (Amendments to LKAS 1)

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

For the year ended 31st March		2021	2020
11.	REVENUE		
	Net gain from disposal of investments in unit trusts	5,798	23,333
	Interest income on financial assets carried at amortized cost (note 11.1)	19,470	17,154
	Net gain from disposal of investment in equity securities	71,787	12,202
	Dividend income	3,977	5,570
		101,032	58,259
11.1	Interest income on financial assets carried at amortized cost		
	Fixed deposits	11,890	16,627
	Securities purchased under resale agreements	209	390
	Savings deposits	7,371	137
		19,470	17,154
12.	PROFIT FROM OPERATIONS		
12.1	Profit from operations is stated after charging all expenses including the following:		
	Auditors' remuneration & expenses		
	- Audit and related fees	189	189
	- Non-audit fees	-	-
	Directors' fees & emoluments (note 22.2)	-	-
	Legal and professional services (note 12.2)	532	643
	Personnel cost (note 12.3)	-	-
	Support service fees (note 12.4)	-	393
12.2	Legal and professional services		
	Legal expenses	105	622
	Professional services	427	21
		532	643

12.3 The Company had no employees of its own during the financial year under review (2020 - nil).

12.4 Support service fees 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.

For the year ended 31st March		2021	2020
13.	INCOME TAX EXPENSE		
	Provision for the year (note 13.1)	6,021	12,836
	Over provision for previous years	(1,051)	(2,782)
	Total tax expense for the year	4,970	10,054
13.1	Reconciliation between accounting profit/(loss) and taxable profit		
	Accounting profit before taxation	96,638	7,238
	Dividend income (Exempt) (note 13.3)	(2,330)	(5,570)
	Exempt profits on disposal of equity securities (note 13.4)	(71,787)	(12,202)
	Net change in fair value of fair value through profit or loss financial assets	-	44,318
	Unit Trust - interest income - unrealised	-	10,698
	Aggregate disallowable expenses	3,223	3,059
	Taxable profit for the year	25,744	47,541
	Tax at 28 %	-	9,984
	Tax at 24 %	5,800	2,852
	Tax on dividend income @ 14 %	221	-
	Current taxation thereon (note 13.2)	6,021	12,836

- 13.2** In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto, the Company is liable to income tax at 24% (2020-28% & 24%).
- 13.3** Dividend received from another resident company is subject to income tax at a concessionary rate of 14% and an exemption is available on dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company.
- 13.4** In terms of item (h) of third schedule of the Inland Revenue Act, No. 24 of 2017 and amendments thereto, 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.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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	2021	2020
Amount used as the numerator		
Profit/(loss) for the year (Rs '000)	91,668	(2,816)
Amount used as the denominator		
Weighted average number of ordinary shares outstanding during the year	25,833,808	25,833,808
Earnings/(loss) per share (Rs.)	3.55	(0.11)

15. FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

15.A Summary

As at 31st March	Note	2021 Fair value	2020 Fair value
Investment in Equity Securities - Quoted Shares	15.1	-	43,313
Investment in Equity Securities - Private Equity	15.2	-	139,651
		-	182,964

Information about the Company's exposure to credit and market risks and fair value measurement is included in Note 23 & 24.

15.B Movement of Investment in Equity Securities- 2021

	Note	Fair Value as at 1st April 2020	Additions	Disposals	Change in fair value*	Fair Value as at 31st March 2021
Investment in Equity Securities - Quoted Shares	15.1	43,313	-	(43,313)	-	-
Investment in Equity Securities - Private Equity	15.2	139,651	-	(139,651)	-	-
		182,964	-	(182,964)	-	-

Movement of Investment in Equity Securities- 2020

	Note	Fair Value as at 1st April 2019	Additions	Disposals	Change in fair value*	Fair Value as at 31st March 2020
Investment in Equity Securities - Quoted Shares	15.1	111,592	-	(30,123)	(38,156)	43,313
Investment in Equity Securities- Private Equity	15.2	149,761	6,751	-	(16,861)	139,651
		261,353	6,751	(30,123)	(55,017)	182,964

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

15.1 Investment in equity securities- Quoted Shares

As at 31st March	2021			2020		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Utilities						
LVL Energy Fund PLC	-	-	-	10,312,500	82,500	43,313
					82,500	43,313
Total investments in equity securities - Quoted Shares					82,500	43,313

The fair value of the Company's listed investment portfolio as at 31st March 2020 was based on the last traded volume weighted average price as at 20th March 2020, published by the Colombo Stock Exchange.

15.2 Investment in equity securities - Private equity

As at 31st March	2021			2020		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Education						
Swiss Institute For Service Industry Development (Private) Limited						
- Ordinary shares	-	-	-	847	16,827	-
- 10% cumulative preference shares	-	-	-	1,273	25,291	-
					42,118	-
Travel						
Findmyfare (Pvt) Ltd	-	-	-	302,791	51,751	33,179
					51,751	33,179
Information Technology						
hSenid Business Solutions (Pvt) Ltd	-	-	-	163,419	40,005	106,472
					40,005	106,472
Total investment in equity securities - Private equity					133,874	139,651

Valuation of Private Equity Investments

The fair value of the Company's unlisted investment portfolio as at 31st March 2020 is based on the valuations carried out by the investment manager, Guardian Fund Management Limited. Information about the valuation techniques and significant unobservable inputs used in the said valuations are given in note 24.2.

Write-off of the investment in Swiss Institute

During the year, the Company has written off its investment in Swiss Institute for Service Industry Development (Private) Limited, which was fully impaired during the financial year 2017/2018, as the Investee Company completely ceased operations in 2017.

Disposal of Private equity investments

Subsequent to obtaining the shareholder approval for substantially altering the nature of the business of the Company under section 185(2)(d) of the Companies Act No. 07 of 2007 and Article 87(1)(vi) of the Articles of Association of the Company, during the year the Company disposed its investments in Findmyfare (Pvt) Ltd, valued based on forward Enterprise Value (EV) to Gross Bookings Value (GBV) multiple, and hSenid Business Solutions (Pvt) Ltd, valued based on discounted cash flow method, at considerations of Rs. 28,948,112 and Rs. 123,157,487 respectively to the parent company, Ceylon Guardian Investment Trust PLC. The considerations were arrived at based on an Independent Valuation carried out by PricewaterhouseCoopers Sri Lanka, which was reviewed by KPMG Sri Lanka. Similarly, the shares of the fully written off investment in Swiss Institute for Service Industry Development (Private) Limited too were transferred to the parent Company at zero consideration.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

As at 31st March		2021	2020
16.	OTHER RECEIVABLES		
	Non financial		
	Prepayments and advances	-	81
		-	81
17.	INVESTMENT IN UNIT TRUSTS		
17.1	Movement in investment in unit trusts		
	Balance as at the beginning of the year	257,058	52,289
	Investments during the year	-	795,200
	Disposals during the year	(257,058)	(600,016)
	Fair value adjustment	-	9,585
	Balance as at the end of the year	-	257,058

17.2 Investment in unit trusts - unquoted

As at 31st March	2021			2020		
	No. of Units	Cost	Fair value	No. of Units	Cost	Fair value
Guardian Acuity Money Market Fund	-	-	-	13,229,019	247,019	257,058
Total investment in unit trusts - unquoted		-	-		247,019	257,058

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		2021	2020
18.	CASH AND CASH EQUIVALENTS		
	Cash at bank	787,938	1,868
	Placements with banking institutions	-	250,223
	Securities purchased under resale agreements	-	5,845
	Net cash and cash equivalents for the cash flow statement purpose	787,938	257,936
19.	STATED CAPITAL		
	Ordinary shares - Issued and fully paid	513,656	513,656
		513,656	513,656
19.1	Number of shares		
	Ordinary shares - Issued and fully paid	25,833,808	25,833,808
		25,833,808	25,833,808
20.	REVENUE RESERVES		
	General reserve (note 20.1)	619	619
	Retained earnings	270,551	178,067
		271,170	178,686

The movement in above reserves are given in the statement in changes in equity.

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

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

As at 31st March		2021	2020
21.	OTHER PAYABLES		
	Financial		
	Unclaimed dividends	334	1,150
	Other payables	-	1,685
		334	2,835
	Non Financial		
	Accruals and provisions	2,094	2,109
		2,094	2,109
		2,428	4,944

22. 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.

22.1 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.

22.2 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, Directors of Guardian Fund Management Limited, Director -Finance and Director of Carsons Management Service (private) Limited, have been classified as Key Management Personnel of the Company.

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

For the year ended 31st March	2021	2020
Short-term employee benefits	-	-
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
Non cash benefits	-	-
	-	-

22.3 Transactions with related companies

Name of the company	Relationship	Nature of the transactions	Value of the transactions	
			2021	2020
Ceylon Guardian Investment Trust PLC	Parent Company	Sale of private equity investments*	152,106	-
Carsons Management Services (Private) Limited (CMSL)	Fellow Subsidiary	Support service fees paid	-	393
		Secretarial fees paid	370	444
		Computer charges paid	25	30

*Subsequent to obtaining the shareholder approval for substantially altering the nature of the business of the Company under section 185(2)(d) of the Companies Act No. 07 of 2007 and Article 87(1)(vi) of the Articles of Association of the Company, during the year the Company disposed its investments in Findmyfare (Pvt) Ltd, valued based on forward Enterprise Value (EV) to Gross Bookings Value (GBV) multiple, and hSenid Business Solutions (Pvt) Ltd, valued based on discounted cash flow method, at considerations of Rs. 28,948,112 and Rs. 123,157,487 respectively to the parent company, Ceylon Guardian Investment Trust PLC. The considerations were arrived at based on an Independent Valuation carried out by PricewaterhouseCoopers Sri Lanka, which was reviewed by KPMG Sri Lanka. Similarly, the shares of the fully written off investment in Swiss Institute for Service Industry Development (Private) Limited too were transferred to the parent Company at zero consideration.

23. 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 risks, and the Company's management of capital. Page 05 also carry a review of risks faced by the Company and the approach of managing such risks.

Risk management framework

The Company's Board of Directors has the overall responsibility for the establishment and 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.

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.

23.1 Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

23.1.1 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	
		2021	2020
Cash and cash equivalents - Placements with banking institutions	18	-	250,223
Cash and cash equivalents - Securities purchased under resale agreements	18	-	5,845
Investments in unit trusts	17	-	257,058
Cash and cash equivalents - Cash at bank	18	787,938	1,868
		787,938	514,994

Investment in 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 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	2021	2020
Credit rating		
AAA	-	247
AA+	-	257,184
AA-	50	-
A+	787,888	-
BBB-	-	505
	787,938	257,936

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

23.2 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.

23.2.1 Exposure to liquidity risk

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

As at 31st March 2021	Carrying amount	Contractual cash flows			
		Total	Up to 3 months	3-12 months	More than a year
Non derivative financial liabilities					
Other payables *	334	334	334	-	-
	334	334	334	-	-

As at 31st March 2020	Carrying amount	Contractual cash flows			
		Total	Up to 3 months	3-12 months	More than a year
Non derivative financial liabilities					
Other payables*	2,835	2,835	2,835	-	-
	2,835	2,835	2,835	-	-

* 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	2021	2020
Cash and cash equivalents	787,938	257,936
Investments in unit trusts	-	257,058
Total liquid assets	787,938	514,994
Liquid assets as a % of total net assets	100%	74%

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

23.2.2 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 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 market opportunities and to meet its contractual obligations during the normal course of its operations.

During the year under review, the Company's equity portfolio was fully liquidated and the Company is holding all its assets in cash and cash equivalents as at 31st March 2021.

23.3 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 etc. which have an impact on systematic risk factors such as interest rates, currency parity, inflation and availability of credit etc.

23.3.1 Interest rate risk

The Company is exposed to interest rate risk, arising from its demand deposits with commercial banks and short term loan 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	
		2021	2020
Variable rate instruments			
Financial assets - Cash at bank	18	787,938	1,868
- Securities purchased under resale agreements	18	-	5,845
- Investments in unit trusts	17	-	257,058
		787,938	264,771
Fixed rate instruments			
Financial assets - Placements with banking institutions	18	-	250,223
		-	250,223

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

As at 31st March	2021	2020
Commercial Banks Averaged Weighted Prime Lending Rate (AWPLR) *	5.67%	9.29%
Commercial Banks Averaged Weighted Deposit Rate (AWDR) *	5.20%	7.90%

* 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%
As at 31st March 2021		
- On interest earning assets	7,879	(7,879)
	7,879	(7,879)
As at 31st March 2020		
- On interest earning assets	2,648	(2,648)
	2,648	(2,648)

24. ACCOUNTING CLASSIFICATIONS 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 2021	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
Financial assets not measured at fair value				
Cash and cash equivalents	787,938	-	787,938	
Total financial assets	787,938	-	787,938	
Financial liabilities not measured at fair value				
Other payables	-	334	334	
Total financial liabilities	-	334	334	

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

As at 31st March 2020	Fair value through profit or loss financial assets	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
Financial assets measured at fair value					
Quoted shares - Fair value through profit or loss financial assets	43,313	-	-	43,313	43,313
Private equity - Fair value through profit or loss financial assets	139,651	-	-	139,651	139,651
Investment in Unit trusts	257,058	-	-	257,058	257,058
Financial assets not measured at fair value					
Cash and cash equivalents	-	257,936	-	257,936	
Total financial assets	440,022	257,936	-	697,958	
Financial liabilities not measured at fair value					
Other payables	-	-	2,835	2,835	
Total financial liabilities	-	-	2,835	2,835	

24.1 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
As at 31st March 2021				
Fair value through profit or loss financial assets	-	-	-	-
Investment in unit trusts	-	-	-	-
	-	-	-	-
As at 31st March 2020				
Fair value through profit or loss financial assets	43,313	-	139,651	182,964
Investment in unit trusts	-	257,058	-	257,058
	43,313	257,058	139,651	440,022

Reconciliation of Level 3 - Investment in equity securities - private equity

For the year ended 31st March	2021	2020
Balance as at the beginning of the year	139,651	149,761
Additions	-	6,751
Disposals	(139,651)	-
Change in fair value	-	(16,861)
Balance as at end of the year	-	139,651

24.2 Valuation techniques and significant unobservable inputs

The valuation techniques and assumptions used to value above private equity investments are given below.

Company	Valuation Technique	Assumptions/ Unobservable inputs	Values/ Percentages	Inter-relationship between significant Unobservable inputs and fair value measurement
In March 2020				
Findmyfare (Pvt) Ltd	Enterprise Value(EV) to Gross Booking Value(GBV) Multiple	GBV Growth rate	CAGR - 16-17%	The estimated fair value would increase/(decrease) if: - the growth rate was higher/(lower)
		Discount Rate	22%	- the discount rate was lower/(higher)
hSenid Business Solutions (Pvt) Ltd	Free cash flow valuation using Adjusted Present Value Method (APV)	Discount Rate	20%	The estimated fair value would increase/(decrease) if: - the discount rate was lower/(higher)
		Revenue growth rate	CAGR 13-14%	- the growth rates of products were higher/(lower)
		Operating Margin	Range - 14-19%, average - 17%	- the operating margin was higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

25. SEGMENTAL REPORTING

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

26. EVENTS AFTER THE REPORTING PERIOD

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

27. IMPACT OF COVID-19

The outbreak of COVID-19 has caused disruption to business and economic activities, and uncertainty to the economy. Subsequent to the outbreak of COVID-19 in Sri Lanka, the Company has adhered to the guidelines and directions issued by Government. The management has considered the potential downsides that the COVID-19 pandemic could bring to the business operation of the Company. However, the company is holding 100% of assets in cash and cash equivalents invested in deposits in banking institutions, hence, the possible downsides to the Company is minimal.

28. ENTERING INTO A SHARE SALES AND PURCHASE AGREEMENT ("SSPA") FOR DISPOSAL OF MAJORITY HOLDING IN GUARDIAN CAPITAL PARTNERS PLC BY CEYLON GUARDIAN INVESTMENT TRUST PLC

The Company together with its parent Company, Ceylon Guardian Investment Trust PLC ("CGIT"), have entered into a Share Sales and Purchase Agreement ("SSPA") with Gazelle Asset Management Pte Ltd ("GAZELLE"), a Company incorporated in Singapore, for the sale of 21,692,800 ordinary shares being 83.97% stake held by CGIT of the Company to GAZELLE. The purchase consideration per share will be determined based on the net asset value of the Company as at a date mutually agreed by the parties prior to the transaction plus a premium of Rs. 40,000,000. NDB investment Bank Limited is the exclusive Financial Advisors to the Transaction. Shareholder approval was duly obtained at an Extraordinary General Meeting held on 7th January 2021 for substantially altering the nature of the business carried on by the Company under section 185 (2) (d) of the Companies Act, No 07 of 2007 and Article 87(1)(vi) of the Articles of Association of the Company which was one of the conditions precedents. The transaction is yet to be completed as at the date of signing these Financial Statements and have taken a longer period than anticipated at the time of signing the Share Sale and Purchase Agreement.

29. COMMITMENTS AND CONTINGENT LIABILITIES

29.1 Commitments

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

29.2 Contingent liabilities

There were no contingent liabilities as at the reporting date.

29.2.1 Litigation and claims

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

30. DIVIDENDS

The Company has not declared dividends during the financial year under review (2020 - nil).

31. 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	2021	2020	2019	2018	2017	
Operating results						
Revenue	101,032	58,259	45,988	42,383	48,342	
Impairment loss on available for sale equity securities	-	-	-	(52,374)	-	
Net change in fair value of fair value through profit or loss financial assets	-	(44,318)	(9)	1,381	839	
Profit/(loss) on investment activities	101,032	13,941	45,979	(8,610)	49,181	
Profit/(loss) from operations	96,638	7,238	25,597	(22,347)	35,960	
Income tax (expense)/reversal	(4,970)	(10,054)	(11,228)	(299)	172	
Profit/(loss) for the year	91,668	(2,816)	14,369	(22,646)	36,132	
Statement of financial position						
Stated capital	513,656	513,656	513,656	513,656	513,656	
Reserves	271,170	178,686	181,502	177,467	219,873	
Total equity	784,826	692,342	695,158	691,123	733,529	
Assets Employed						
Current assets	787,938	698,039	705,989	395,902	372,180	
Current liabilities	(3,112)	(5,697)	(10,831)	(2,893)	(5,342)	
Net current assets	784,826	692,342	695,158	393,009	366,838	
Available for sale financial assets	-	-	-	298,114	366,691	
Net assets	784,826	692,342	695,158	691,123	733,529	
Cash Flow Statements						
Net cash generated from/(used in) operations	530,002	82,866	170,899	10,163	(157,520)	
Net cash used in financing activities	-	(1,533)	(8,678)	(6,398)	(6,407)	
Net increase/(decrease) in cash & cash equivalents	530,002	81,333	162,221	3,765	(163,927)	
Ratios & statistics						
Earnings/(loss) per share	(Rs.)	3.55	(0.11)	0.56	(0.88)	1.40
Dividend per share*	(Rs.)	-	-	0.40	-	0.25
Dividend growth	(%)	-	(100)	100	(100)	-
Dividend yield	(%)	-	-	1.97	-	0.91
Dividend payout ratio	(%)	-	-	71.43	-	17.86
Net assets per share	(Rs.)	30.38	26.80	26.91	26.75	28.39
Market price per share**	(Rs.)	28.50	18.70	20.30	27.90	27.50
Price to book value	(times)	0.94	0.70	0.75	1.04	0.97
Fair value of investment portfolio***	(Rs.'000)	787,938	697,958	705,347	686,552	738,147
Market capitalisation	(Rs.'000)	736,264	483,092	524,426	720,763	710,430
All Share Price Index (points)	(points)	7,121	4,572	5,557	6,477	6,062
S&P SL 20 (points)	(points)	2,850	1,947	2,739	3,650	3,439

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

** As at 31st March

*** 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 "WAPO".

2. ORDINARY SHAREHOLDERS

As at 31st March	2021	2020
Number of Shareholders	2,091	2,112

3. FREQUENCY DISTRIBUTION OF SHAREHOLDINGS AS AT 31ST MARCH 2021

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	1,634	392,218	1.52	25	6,728	0.03	1,659	398,946	1.55
1001 - 10,000	353	1,145,789	4.43	9	32,863	0.13	362	1,178,652	4.56
10,001 - 100,000	64	1,655,996	6.41	3	214,464	0.83	67	1,870,460	7.24
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	2,054	25,579,753	99.01	37	254,055	0.99	2,091	25,833,808	100.00

4. CATEGORIES OF SHAREHOLDERS

As at 31st March 2021	No. of Shareholders	No. of Shares	%
Individuals	1,987	2,695,849	10.44
Institutions	104	23,137,959	89.56
Total	2,091	25,833,808	100.00

5. The number of shares held by non-residents as at 31st March 2021 was 254,055 (2020 - 308,238) which amounts to 0.99% (2020 - 1.19%) of the total number of shares in issue.

6. MARKET PERFORMANCE - ORDINARY SHARES

For the year ended 31st March	2021	2020
Share price as at 31st March (Rs.)	28.50	18.70
Highest (Rs.)	44.70	37.00
Lowest (Rs.)	18.00	16.70
Value of shares traded (Rs. 000)	55,984	12,818
No. of shares traded	1,631,141	463,415
Volume of transactions (Nos.)	4,564	1,664
Market capitalization (Rs 000)	736,264	483,092

7. PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diri 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 of 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 2021

Market Capitalization of the Public Holding	Rs. 95.08 Million
Percentage of ordinary shares held by the public	12.91%
Number of Public Shareholders	2,081

8. DIVIDENDS

There were no distributions made during the financial year.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the **101st Annual General Meeting of Guardian Capital Partners PLC** will be held on Thursday, 15th July 2021 at 9.30 a.m. at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 7, Sri Lanka by means of audio or audio and visual technology 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 2021, together with the report of the Auditors thereon.
2. To re-elect Mr. S. Mahendrarajah 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 84 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 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 Mrs. M. A. R. C. Cooray who is 72 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 Mr. D. C. R. Gunawardena 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 Mr. D. C. R. Gunawardena who is 70 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.”

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

By Order of the Board

(Sgd)

K. D. De Silva (Mrs.)

Director

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED
Secretaries

Colombo

11th June 2021

Notes:

1. This Notice and the submission of the Form of Proxy should be read in conjunction with the **'Procedure to be followed at the Annual General Meeting of the Company scheduled for 15th July 2021'**, which is enclosed with the Annual Report.
2. The Annual Report 2020/21 and the Notice convening the Annual General Meeting (AGM) together with the procedure to be followed at the AGM will be posted to the Shareholders, provided that, the postal department is in operation at the time of posting the said documents. Due to the restrictions imposed to control the COVID-19 pandemic and the postal operations being curtailed at the time of posting, the Notice convening the AGM will be published in one issue of a daily newspaper/e-newspaper in Sinhala, English and Tamil languages.
3. The documents will also be made available on the Colombo Stock Exchange website www.cse.lk and on the Group's website www.carsoncumberbatch.com and you may access same directly through the URL link http://www.carsoncumberbatch.com/investor_information/annual_reports_2020_2021/guardian-capital-partners-plc-annual-report-2020-21.pdf
4. Having considered the prevailing COVID-19 pandemic situation in the country and the health and safety guidelines issued by the Health Authorities in order to prevent the spread of COVID-19, the Board of Directors decided on 11th June 2021 to convene the AGM of the Company through an "audio-visual" technology in conformity with the applicable regulatory provisions and Article 43(b) of the Articles of Association of the Company.
5. Shareholders who wish to participate at the AGM through the online platform are kindly requested to complete and forward the **"Registration Form (Annexure 1)"** as morefully explained in the said **"Procedure to be followed at the Annual General Meeting of the Company scheduled for 15th July 2021"** enclosed with the Annual Report.
6. 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.
7. The completed **Form of Proxy and Registration Form (Annexure 1)**, as relevant, must be submitted to the Company **not later than 4.45 p.m. on 13th July 2021**,
 - via email to GCPAGM2021@carcumb.com, or
 - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
 - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
8. A person representing a Corporation is required to submit a certified copy of the resolution authorizing him/her to act as the representative of the Corporation. A representative need not be a member.
9. The transfer books of the Company will remain open.

NOTES

A series of horizontal dotted lines for taking notes.

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 **101st Annual General Meeting** of the Company to be held on Thursday, 15th July 2021 at 9.30 a.m., at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 07, Sri Lanka by means of audio or audio and visual technology and at any adjournment thereof and at every poll which may be taken in consequence thereof.

For **Against**

- | | | |
|---|--------------------------|--------------------------|
| (i) To re-elect Mr. S. Mahendrarajah 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 over seventy years of age as a Director of the Company. | <input type="checkbox"/> | <input type="checkbox"/> |
| (iv) To re-appoint Mr. D. C. R. Gunawardena who is seventy years of age as a Director of the Company. | <input type="checkbox"/> | <input type="checkbox"/> |
| (v) 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 Twenty One.

.....
Signature/s

Note:

- * Please delete the inappropriate words.
- 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.
- A Shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- 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** together with the **Registration Form (Annexure 1)** should be submitted to the Company **not later than 4.45 p.m. on 13th July 2021**,
 - via email to GCPAGM2021@carcumb.com, or
 - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
 - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
6. Shareholders who are unable to participate at the meeting through the online meeting platform (i.e. Zoom platform) may appoint a proxy as his/her/its proxy by forwarding the duly completed Form of Proxy together with the Registration Form (Annexure 1) **not later than 4.45 p.m. on 13th July 2021**, clearly indicating their vote under each matter set out in the Form of Proxy as per the instructions set out in the 'Procedure to be followed at the Annual General Meeting of the Company scheduled for 15th July 2021', enclosed with the Annual Report.
7. Shareholders could also appoint a member of the Board to act as their proxy if they so choose. The Shareholders who wish to appoint a Director as his/her/its proxy must forward the duly completed Form of Proxy clearly indicating their vote under each matter set out in the Form of Proxy and forward same together with the **Registration Form (Annexure 1)**, enclosed herewith to the Company.

Please fill in the following details:

Name & contact no. of Shareholder :

CDS Account No./Folio No. :

Name & contact no. of Proxyholder :

NIC No. of the Proxyholder :

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.

THE PRINCIPAL ACTIVITY OF THE COMPANY

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

However, at an Extraordinary General Meeting held on 07th January 2021 a Special Resolution was passed for the substantial alteration in the nature of the business carried on by the Company consequent to the disposal of the totality of private equity investments held by the Company in terms of Section 185(2)(d) of the Companies Act, No. 07 of 2007 and Article 87(1)(vi) of the Articles of Association of the Company.

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) [vacated office w.e.f. 31/05/2020 & appointed w.e.f. 17/07/2020]

Mr. D. C. R. Gunawardena

Mr. S. Mahendrarajah [Director/ceased to be an Alternate Director to Mr. I. Paulraj w.e.f. 31/05/2020]

Mrs. M.A.R.C. Cooray [vacated office w.e.f. 31/05/2020 & appointed w.e.f. 17/07/2020]

Mr. K. Selvanathan

BANKERS

Standard Chartered Bank
Commercial Bank of Ceylon PLC

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
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REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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CORPORATE WEBSITE

www.carsoncumberbatch.com

Designed & produced by

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Printed by Gunaratne Offset (Pvt) Ltd

