

Ceylon Investment PLC

CONTENTS

Financial Highlights	2
Chairperson's Message	3
Management Discussion and Analysis	4
Risk Management	9
Annual Report of the Board of Directors on the affairs of the Company	14
Profiles of the Directors	25
Management Team Profiles	28
Audit Committee Report	29
Related Party Transactions Review Committee Report	31
Financial Calendar	33
Independent Auditor's Report	34
Statement of Profit or Loss and Other Comprehensive Income	36
Statement of Financial Position	37
Statement of Changes in Equity	38
Statement of Cash Flows	39
Notes to the Financial Statements	40
Five Year Summary	71
Information to Shareholders and Investors	72
Notice of Meeting	74
Notes	76
Form of Proxy	79
Corporate Information	Inner Back Cover



Ceylon Investment PLC

Ceylon Investment PLC has consistently executed a strategy of long term fundamental investing with a focus on wealth creation and maintaining high quality investments with an emphasis on a time horizon of medium to long term. The company holds a total investment portfolio of Rs. 9.36 Bn as at 31st March 2021.

The environment in which the company operated for the financial year was challenging. We are pleased to set out the review and performance of the business during the year in this report.

FINANCIAL HIGHLIGHTS

In Rupees Thousands

For the year ended / as at 31st March	2021	2020	Change (%)
Revenue	521,315	227,437	129
Profit / (loss) from operations	1,016,872	(499,970)	303
Share of profit / (loss) of equity accounted investees, net of tax	508,558	(131,114)	488
Profit / (loss) before taxation	1,503,665	(636,273)	336
Profit / (loss) for the year	1,484,197	(645,345)	330
Other comprehensive income / (expense) for the year	1,551,037	(186,077)	934
Total comprehensive income / (expense) for the year	3,035,234	(831,422)	456
Net cash generated from operating activities	398,091	373,797	6
Net increase in cash and cash equivalents during the year	27,691	334,317	(92)
Total assets	9,442,161	6,766,173	40
Total equity	9,409,914	6,395,638	47
Return on ordinary shareholders' funds (%)	15.77	(10.09)	256
Earnings / (loss) per share (Rs.)	14.65	(6.37)	330
Dividend per share (Rs.)*	0.70	1.00	(30)
Net assets value per share (Rs.)	92.86	64.31	44
Ceylon Investment actively managed portfolio **	3,690,953	2,789,092	32
Ceylon Investment total fund value **	9,364,634	6,419,959	46
Price to book value ratio (times)	0.69	0.45	53
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 capitalisation	6,455,233	2,894,026	123
Share price (Rs.)			
- Year end	63.70	29.10	119
- High	92.00	57.80	59
- Low	27.00	28.00	(4)

* Based on final / interim dividends

** Based on the fair value of the portfolios after adjusting for cash and cash equivalents and short term borrowings. Total fund value includes actively managed portfolio and investment in equity accounted investees.

CHAIRPERSON'S MESSAGE

It is with pleasure that I present to you the Annual Report of Ceylon Investment Company PLC (CINV) for the financial year ended 31 March 2021 and convey to you that your company has performed extremely well in another challenging year.

Covid-19 continues to take its toll across the globe with Sri Lanka also undergoing its share of the pandemic strain. The year began with a nationwide lockdown with Covid-19 which was well contained until another cluster was identified in October 2020 and thereafter we saw improvement again. However, with a more contagious variant spreading through Sri Lanka the daily count saw a sharp increase at the time of writing.

The Colombo Stock Exchange (CSE) on the contrary experienced an extraordinary year in performance with the All Share Price Index (ASPI) experiencing a buoyant gain of 55.76% and S&P SL20 too rising by 46.35%. Capitalizing on this movement CINV's total portfolio grew by 46.24% (dividend adjusted performance) and reported a consolidated profit after tax of Rs. 1,484 Mn for the financial year 2021 largely due to the upward movement of the equity market leading to a gain of Rs. 554 Mn from fair value through profit or loss financial assets.

Companies across the CSE have been affected by Covid-19 in differing ways with rapidly changing business dynamics. Varying industries have reacted with different strategies with some sectors more affected than others. This environment continues to emphasize the need for CINV's strategy of stock picking and we remain true to its long term investment philosophy of fundamental investing.

ECONOMY

Sri Lanka's economy shrank by a rate of 3.6% in 2020 with the second quarter having the largest decline. All sectors of the economy were affected with particular segments such as tourism still struggling to recover. Extraordinary monetary stimulus measures put in place by the Central Bank saw interest rates decline to extremely low levels. We expect a recovery to take place in 2021 and estimates of approximately 5% have been announced by the Central Bank. However, this will depend on the ability to contain the virus, the success of vaccination programs and further lockdowns that take place. Sri Lanka's sovereign rating experienced downgrades by global

rating agencies which included Fitch ratings downgrading Sri Lanka on two occasions from 'B' to 'CCC'. The main points of concern highlighted by the agencies include external debt repayments and lack of a credible fiscal consolidation strategy.

BUSINESS ENVIRONMENT

Despite the brief Colombo Stock Exchange (CSE) closure at the start of the financial year due to the initial lockdown it has been fully operational without interruptions thereafter. This has assisted in the strong upturn of the ASPI and facilitated the inflow of funds into the CSE. The sustainability of the performance of the CSE will depend on the fundamentals of its listed companies and macroeconomic stability. I hope to also see a reversal in the foreign outflows from the CSE which has experienced Rs. 63 Bn outflow through the financial year.

I would like to express my gratitude to staff for their strong efforts, commitment and diligence in managing the company throughout this pandemic. Furthermore, I would also like to thank our intermediaries and service providers for their support, and the regulators in their efforts and determination to take capital markets forward. My appreciation also goes out to our loyal clients, investors and shareholders who continue to place their trust and aspirations in Ceylon Investment's management to navigate these challenging times. Mr Timothy Chee Ming Chia stepped down from the board in May 2021 and I take this opportunity to thank him for his valuable contribution to the Company and wish him success in his future endeavors. I extend my gratitude to my fellow board members and the members of the Audit Committee, Remuneration Committee, Nomination Committee and Related Party Transactions Review Committee for their hard work and diligence.

(Sgd.)

M. A. R. C. Cooray (Mrs.)

Chairperson

Colombo

15th July 2021

MANAGEMENT DISCUSSION AND ANALYSIS

CEYLON INVESTMENT PORTFOLIO PERFORMANCE

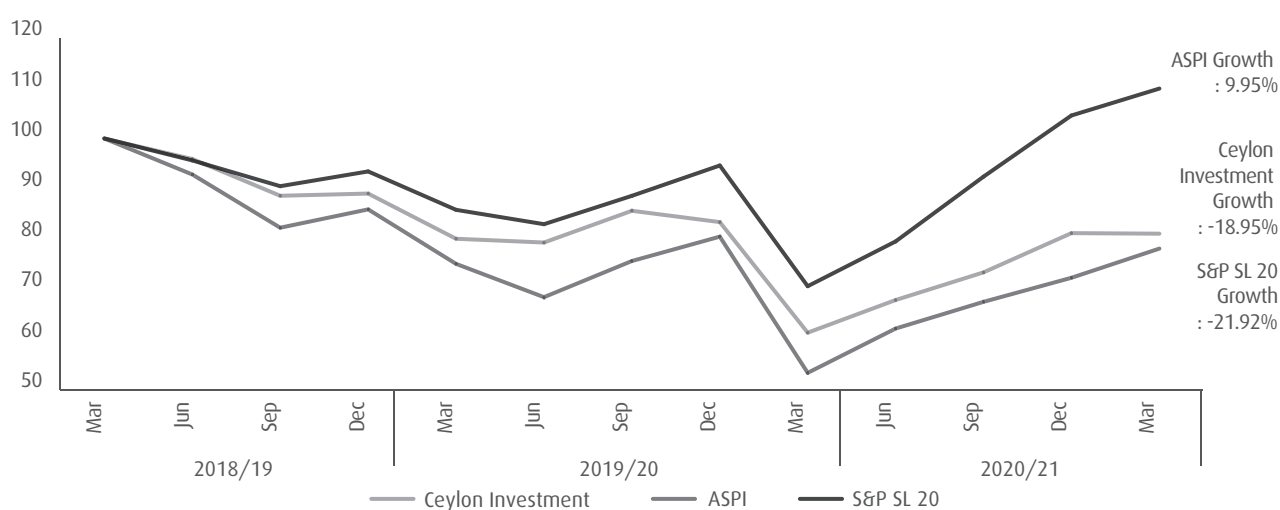
Despite the challenging year of enduring the global pandemic, the Colombo Stock Exchange had a very robust performance with the All Share Price Index rising by 55.76% for the Financial Year ending March 2021. Ceylon Investment's total portfolio benefitted from the market's surge and was able to increase value from Rs. 6.42 Bn to Rs. 9.36 Bn. The portfolio which is partly comprised of a strategic stakeholder Rubber Investment Trust Limited was valued at Rs. 5.28 Bn as at 31st March 2021 which rose sharply from Rs. 3.25 Bn a year ago.

The actively managed discretionary component of the portfolio which emphasizes on acquiring fundamentally strong stocks grew by 33.20% (dividend adjusted performance) and was valued at Rs. 3.69 Bn as at the financial year end. Despite the strong growth in the discretionary portfolio it was unable to keep pace with the ASPI growth as market euphoria saw higher share price movements in the retail oriented stocks while continuous foreign selling throughout the year was focused on the larger fundamentally strong counters.

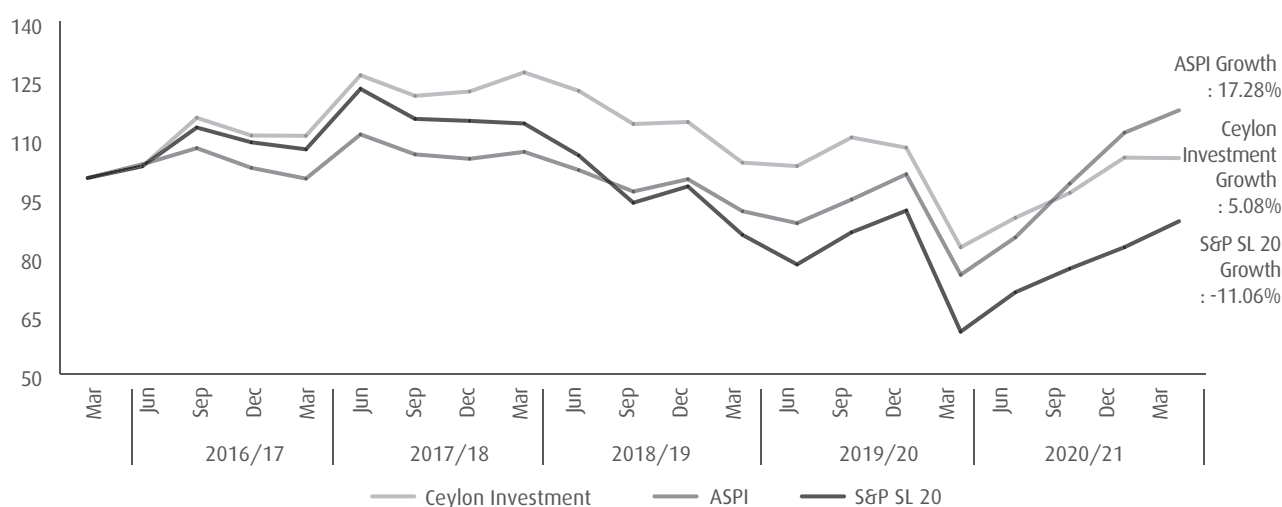
	As at		Change %	As at 31-Mar-21 (Dividend adjusted)*	Dividend adjusted performance
	31-Mar-21	31-Mar-20			
Discretionary portfolio (Rs. '000)*	3,690,953	2,789,092	32.34%	3,715,094	33.20%
Total Portfolio (Rs.'000)*	9,364,634	6,419,959	45.87%	9,388,775	46.24%
ASPI (Points)	7,121	4,572	55.76%		55.76%
S&P SL 20 (Points)	2,850	1,947	46.35%		46.35%

*After adding back the total cash outflow from the distribution of dividend by the Company which was Rs. 24 Mn during the period.

Three year track record - Ceylon Investment discretionary portfolio



Five year track record - Ceylon Investment discretionary portfolio



Banking is the highest sector weight for the portfolio accounting for 25% and is focused amongst Hatton National Bank, Commercial Bank and Sampath Bank in varying amounts. The banks were one of the highest impacted sectors with Non-performing loan ratios rising significantly relative to historic levels. Announcements of moratoriums on specific areas of the economy also created a lot of uncertainty as to the true position of non-performing loans within the sector. Substantial provisioning requirements adversely impacted the bottom lines throughout the financial year and we experienced net profit declines of 16% on average across these three banks. The profit declines along with capital raising has resulted in ROEs declining to 10% levels significantly lower compared to historical returns. The quarter ending March 2021 saw a return to better profitability which largely came about from lower impairment charges, reduced effective tax rates and higher non-interest income avenues. Going forward we expect better profitability in the longer term, but a transition period will be required to bring normalcy back to loan quality and deployment of excess liquidity and capital.

Central Finance PLC continues to be the highest exposure in the portfolio where we maintain an investment of Rs. 711 Mn as at 31st March 2021. Unfortunately, the leasing sector is another

sector that has been challenged due to the pandemic with import restrictions on vehicles and increasing non-performing assets in the lease books. Similar to the banking sector policy makers had responded by announcing loan moratoriums and concessionary working capital loans. The cautious growth strategy by the company and high capital adequacy will help the company absorb the industry pressures relative to its competitors. The company provides a strong value proposition in the long term supported by its good lending practices and experienced management team. We remain cautious on the NBF's sector non-performing assets and continue to monitor such risks along with the further Covid-19 waves and lockdowns.

We see a lot of potential in consumer oriented stocks with good product portfolios. Hemas is one such company which has a strong personal care portfolio fostered through innovation and product development. The company has benefitted from the shift in consumer preferences to personal hygiene and preventive healthcare. Hemas has done well competing in the domestic market and we continue to study the success of its overseas expansions where competition is more intense. The company also has a strong healthcare sector with a pharmaceutical business that maintains the

MANAGEMENT DISCUSSION AND ANALYSIS

highest domestic market share. The pharmaceutical distribution business continues to perform well but carries regulatory risk in the form of price controls and exchange rate fluctuations which can affect margins. Over the years the company has streamlined its business placing a larger emphasis on its core business segments. We view this positively and have increased our exposure to the company when its share price weakened.

Sunshine Holdings is another company we have in the portfolio that has an exposure to consumer goods along with healthcare, agribusiness and renewable energy. The larger drivers of the business are healthcare where it is the second largest player by market share and palm oil through the agribusiness where it enjoys high margins. The company's recent acquisition of Daintee demonstrates its intentions of expanding in the consumer goods space. We also hold an exposure to Cargills (Ceylon) PLC whose business is primarily focused around retail, fast moving consumer goods (FMCG), restaurants and banking (as an associate). We see strong growth in the company's product portfolio encompassing dairy, beverage & culinary and convenience foods.

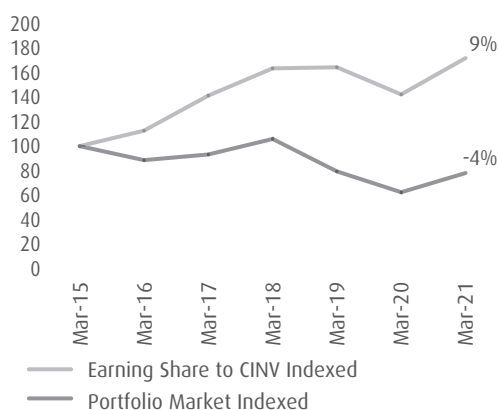
As at 31st March 2021, the portfolio had an exposure to Distilleries Company of Rs.118 Mn. The company is a dominant player in hard liquor with an estimated 65% market share in the core arrack segment. A bulk of its sales are derived from its 'extra special arrack' with a strong distribution network. Despite the lockdowns affecting the company's sales, upon travel restrictions being relaxed significant pent-up demand tends to bring the company's strong cash-flows back on track. We continue to study the political and regulatory risk that prevail around this industry.

The Table below shows the top holdings of the Ceylon Investment portfolio.

Company	Market value of the holding ('000)	Holding as a % of discretionary portfolio
Central Finance Company PLC	711,251	19.27%
Commercial Bank of Ceylon PLC	414,372	11.23%
Hemas Holdings PLC	275,732	7.47%
Hatton National Bank PLC	195,973	5.31%
Sampath Bank PLC	181,452	4.92%
Dialog Axiata PLC	179,369	4.86%
Ceylinco Insurance PLC - Non voting	154,011	4.17%
John Keells Holdings PLC	125,553	3.40%
Distilleries Company of Sri Lanka PLC	118,201	3.20%
Hatton National Bank PLC - Non voting	102,078	2.77%
Total	2,457,992	66.60%

The chart below illustrates the share of earnings from Ceylon Investment top holdings as at 31st March 2021 compared to the movement in market capitalization of those holdings over time. This illustrates that the growth in market capitalization of these companies has not kept pace with earnings growth and shows potential value in the companies held.

Earning Share vs Portfolio Value
(Index)



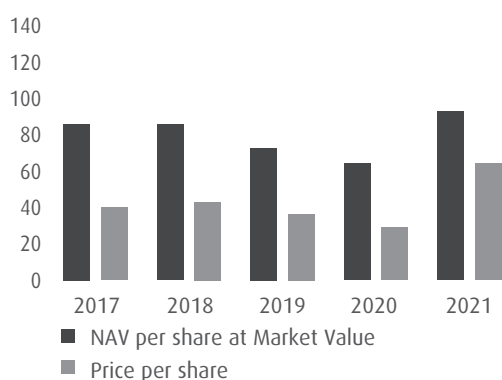
FINANCIAL REVIEW AND SHAREHOLDER RETURNS

Ceylon Investment PLC reported a profit after tax of Rs.1,484 Mn for the year ended 31st March 2021 compared to a loss of Rs. 645 Mn recorded for the previous year.

The positive financial performance was driven by the upward movement in the equity market resulting in a profit of Rs. 554 Mn from fair value through profit or loss financial assets.

The current year revenue increased by 129% relative to the previous year. The realized capital gains on disposal of stocks in the Company portfolio is the key contributor to the Company profit. During the period under review, “net profit from disposal of financial assets measured at fair value through profit or loss” was Rs. 321 Mn which included a net realized gain of Rs. 125 Mn from disposal of Melstacorp PLC and Rs 75 Mn from disposal Tokyo Cement Company (Lanka) PLC shares compared to a net profit from disposal of financial assets of Rs. 64 Mn in previous financial year.

NAV per share (Market value) vs Share price (Rs.)



As at 31st March	31/03/2021	31/03/2020	Change %
ASPI	7,121	4,572	55.76
NAV per share (Rs.)	92.86	64.31	44.39
Market price per share (Rs.)	63.70	29.10	118.90
Discount of NAV to market price per share	31%	55%	

In the year ended 31st March 2021 the Company's Net Asset Value (NAV) per share increased by 44.39% to Rs. 92.86. However, the market price of Rs. 63.70 for the Company's share price indicated a discount of 31% compared to the NAV per share.

ECONOMY

Global economy is expected to have a stronger recovery in 2021 and 2022 with the IMF projecting growth to be 6.0% and 4.4% respectively as it recovers and moderates from the collapse in the economic activity due to the onset of the pandemic. The pace of recovery however is expected to be severely divergent across countries depending on factors including access to medical interventions, effectiveness of policy support and structural characteristics. The global economy is estimated to have contracted by 3.3% as per IMF during 2020 and the contraction would have been three times as large if not for extraordinary policy support. The recovery is largely dependent on the path of the health crisis and vaccine dissemination, continued policy actions, evolving financial conditions and commodity prices. Expectations of vaccine led improvement in activities have a large role to play, but concerns remain on the economic recovery as the potential threats of new variants of the virus and re-emergence of Covid-19 waves occur globally.

The Sri Lankan economy contracted at a much faster rate due to the extraordinary circumstance surrounding the pandemic. The first wave of Covid-19 spread throughout the country in early March 2020 and as a result the 1st quarter recorded a relatively low negative growth. The 2nd quarter recorded the most impact due to nationwide lockdown as it recorded an unprecedented fall of -16.4% with industrial sector activity been severely disrupted. During the 3rd quarter the country experienced a recovery after contractions in the 1st half of 2020 and recorded a positive growth rate of 1.3%. However, a resurgence in the virus in the 4th quarter again curtailed any recovery for the country and the economy grew by a subdued 1.3% in the 4th quarter of 2020. Overall for the calendar year 2020, the economy shrank by 3.6% compared to a 2.3% growth in 2019. As per Central Bank estimates, GDP is expected to recover in 2021 to approximately 5% levels.

MANAGEMENT DISCUSSION AND ANALYSIS

In order to support the economy, the Central Bank of Sri Lanka (CBSL) introduced sweeping measures to support the economy and targeted sectors that were severely impacted by the pandemic. Some of the measures taken included a 200 basis point cut in policy rates since March 2020 to prevailing levels of 4.5%-5.5%. Furthermore, CBSL continuously engaged in infusing liquidity by increasing its holding of government securities. As at 31st March 2021 the total holding of government securities was Rs. 825.51 Bn showing the unprecedented amount of monetary stimulus applied by CBSL. Debt moratoriums were also introduced to identified struggling business sectors such as tourism. In order to increase the credit flows to economic sectors, a concessionary working capital loan scheme was established. These stimulus measures eased strain on key economic sectors from the pandemic to a certain extent and Central Bank has extended these programs to 2021 as well until growth indicates a steady recovery.

Due to the monetary stimulus measures, interest rates reached their lowest levels seen in the recent history. The average weighted prime lending rate was recorded at 5.78% by end March 2021 compared to 9.24% from a year earlier. Private sector credit growth which grew 7.5% YoY by March 2021 remained sluggish during most of the financial year as many industries grappled with non-performing loans and also due to persistence weakness in the economy and a feeble recovery.

While the domestic economy continues its battle to a recovery path, the external sector came under even more pressure with the pandemic putting significant on the BOP. The government took numerous actions to curtail trade deficit including restrictions on non-essential imports, while the drop in oil prices also reflected positively on the import bill during 2020. However, this did not suffice to mitigate to impact on the BOP from severe disruptions to Sri Lanka's USD earnings from all avenues including exports, remittances, tourism earnings, flows to the financial account & FDIs. The implications are expected to pressurize BOP during 2021 as well.

Another notable event during 2020 was Sri Lanka's sovereign rating being downgraded by global rating agencies. This included Fitch ratings downgrading Sri Lanka on two occasions from 'B' to 'CCC'. The key concerns cited around challenges in external debt repayments and lack of a credible fiscal consolidation strategy. Sri Lanka targeted a widening fiscal deficit during 2021 to 8.9% amidst a series of tax incentives introduced and also due to sizable increase in public investment. The government aims to fund the deficit primarily via local borrowings which is reflected in the substantial growth seen in the past few months in net credit to government from the private sector.

The external financing conditions of the Sri Lankan economy came under much scrutiny during 2020 and extending to 2021 as well with the strain added by the pandemic. Fitch ratings estimates the Sri Lankan government's external debt obligations at USD 29 Bn between June 2021 and 2026 against a USD reserve position of USD 4.5 Bn as at end April 2021. Sri Lanka's access to commercial financing has tightened materially amidst rating downgrades, whilst the country's sovereign bond yields are seen to increase substantially in the secondary market. Bilateral & multilateral funding lines so far have assisted the government to meet its debt obligations on time. To meet its obligations during 2021 the government has lined up several short term SWAP lines & other facilities mainly from China & India.

Guardian Fund Management Limited

Investment Managers

Colombo
15th July 2021

RISK MANAGEMENT

OVERVIEW OF RISK MANAGEMENT

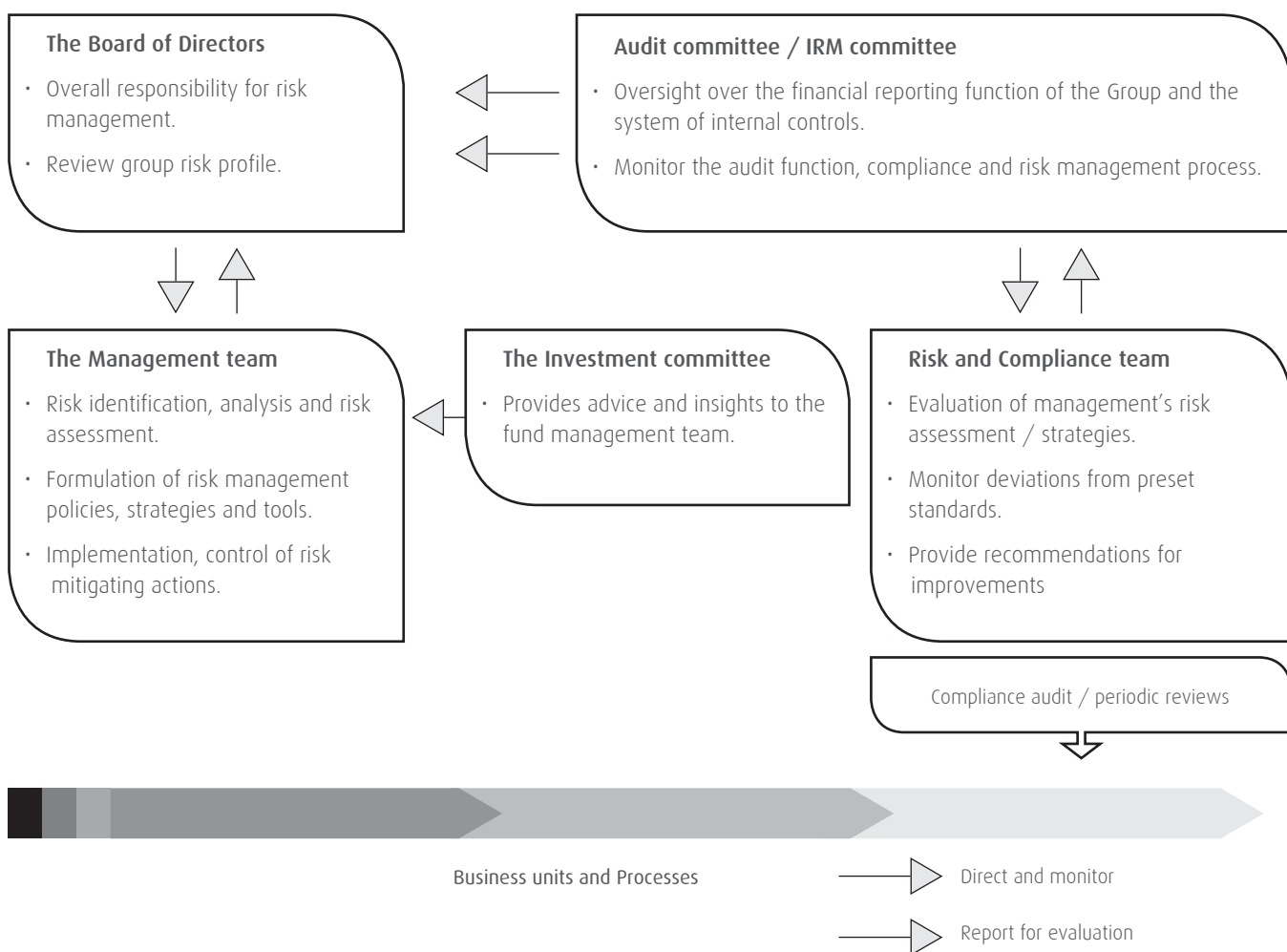
Risk Management is the process of identification and assessment of risks arising due to factors which are internal and external to the entity, and implementation of identified, mitigating actions to address such risks. Management of risk helps to avoid or minimise unanticipated losses being incurred. It is not just a one time or periodic assessment, but a continuous process, which is also an integral part of normal business operations and the management of the entity.

RISK MANAGEMENT STRUCTURE AT CEYLON INVESTMENT

The Risk Management structure established at Ceylon Guardian Group is applicable across the parent company and all other entities of the Group. The Board of Directors has

delegated oversight of risk management to the Integrated Risk Management (IRM) Committee which is a subcommittee of the Board. The purpose of the IRM Committee is to assist the Board in its oversight of the Group risk identification, risk assessment and risk management and the continuous monitoring of the adequacy and the effectiveness of the risk management process.

The Ceylon Guardian Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.



RISK MANAGEMENT

The Audit Committee of the Company has oversight over the financial reporting function of the Company, the system of internal controls as well as the audit and compliance. Group Internal Audit and compliance Department conduct periodic compliance audits / reviews and reports to the IRM Committee as well as Audit Committee, as appropriate. Further, an Investment Committee provides advice and insights to the fund management team to further sharpen and refine their decision making process. This organisation structure determines the objectives and policies of our risk management framework and promotes a culture of risk awareness and balanced risk-taking within the Company.

RISK CATEGORIES

Ceylon Investment PLC is within the Ceylon Guardian Group which operates the portfolio and asset management sector of the Carson's Group. The Company's business operations include holding an investment portfolio which consist of listed equity securities and fixed income securities. The Company faces various types of risks, some of which are applicable across all the asset classes under management while some are applicable to specific asset categories.

The key risks are monitored and managed as a continuous process.

The Covid-19 pandemic has caused disruption to many local and global businesses and economic activities as it forced to close country borders, lockdown cities and implement social distancing to ensure the 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. Further, activities of the Colombo Stock Exchange were halted from time to time in response to the emergency measures taken by the government.

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

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

Risk Category	Impact and mitigating strategies
<p>MACRO ENVIRONMENTAL RISKS: Overall macro-economic conditions and political factors affect the risk profile of the Company. The variations of macro-economic variables like Gross Domestic Product (GDP), interest rate, inflation, exchange rates and changes in the political environment and government policies affect the achievement of Company business and financial objectives.</p>	
<p>COUNTRY RISKS The risk associated with operations which are subject to various exchange control regulations, currency fluctuations, transaction costs & taxes and other actions that may be imposed by the government or policy making bodies of the particular foreign country or Sri Lanka.</p>	<ul style="list-style-type: none"> • This is a new risk area for which we are looking to build a framework as the company intends to explore new markets in the future. • Guardian Value Fund LLC and Guardian Fund Management LLC which are domiciled in Mauritius are subject to laws and regulations imposed by regulatory authorities there. Changes in regulatory environment in the context of these funds are continuously monitored with the assistance of the Fund's Lawyers who have the necessary expertise.
<p>CURRENCY RISKS The risk associated with any fluctuations of foreign exchange rates against the Sri Lankan Rupee.</p>	<ul style="list-style-type: none"> • Guardian Value Fund LLC and Guardian Fund Management LLC of which the reporting currency is US dollars, are exposed to risk of currency impact on translation.

Risk Category	Impact and mitigating strategies
<p>MARKET RISK - DOMESTIC</p> <p>The exposure to adverse movements in both equity / fixed income securities market, which can result in value loss as well as variations in the anticipated returns from those securities. This is mainly caused by macro variables such as interest rates, currency, inflation and availability of credit which affect both capital and money markets, and the value of securities.</p> <p>With the global spread of Covid-19, Central Bank of Sri Lanka initiated some policy changes to revive the economy and encourage banks and financial Institutions to reduce Interest rates and offer debt moratoriums.</p>	<ul style="list-style-type: none"> Market risks are inherent in every security and are thus collectively considered at the portfolio level to take into account the asset allocation decisions of the portfolio. The risks affecting a particular class of security are mitigated by switching to asset classes that are assessed to be less risky in a particular scenario. The sectoral and security exposure is continuously monitored. A sound research base to determine changing economic fundamentals of the country, determine the impact on equity vs fixed income investments and the prompt shifting of funds between asset classes. The sensitivity of stock valuations to changes in economic indicators are continuously monitored. The return of money market funds the Company has invested in, is sensitive to changes in the financial sector. Hence the behaviour of interest rate determinants are monitored, and anticipated interest rate trends are considered when pursuing investment strategy.
<p>MARKET RISK - INTERNATIONAL AND EXTERNAL</p> <p>The risk that the domestic market will have an indirect impact from other markets, international trade and capital inflows / outflows, changing economic indicators and policies in the global context. The entry and exit of foreign investors from the local market is also determined by the macro economic trends prevailing in foreign markets and relative valuations of our market vis-a-vis developed and other comparative Asian markets.</p>	<ul style="list-style-type: none"> Commodity risk is somewhat high for the domestic economy, since Sri Lanka is import dependent for vital commodities. We continuously monitor global developments in capital markets which is vital to assess and mitigate this risk. Building of expertise in foreign markets will take place going forward, as we would look to invest overseas gradually. In mitigating the risk we would tie up or collaborate with foreign entities that have expertise in such markets in order to gain knowledge.
<p>PORTFOLIO RISKS: The risk arising due to investment strategy, factors inherent to investment instruments and composition of the portfolio which affect the return of the portfolio.</p>	
<p>GENERAL SECURITIES RISK</p> <p>Inherent investment risks associated with the particular investment instrument or issuing entity of the security. The price or value of any security may fluctuate, resulting in possible loss not only of returns and profits, but even all or part of the principal sums.</p>	<ul style="list-style-type: none"> General securities risk is applicable, regardless of whether the instrument is equity listed / unlisted or fixed income, but the magnitude of risk will vary with the type of the instrument. Portfolio management and investment selection process which is a bottom up approach, is designed to optimise the risk/return trade off. Risk mitigating methodology is based on the internal research process, and prospective investments are selected from fundamental analysis and contact with corporate management of the issuing company through company visits. A continuous process of monitoring the performance of investee companies is adopted, after the investment is made.

RISK MANAGEMENT

Risk Category	Impact and mitigating strategies
<p>CONCENTRATION RISK</p> <p>This is the risk that the portfolio is over exposed to a particular sector / sectors or a security / securities resulting in the risk and return of the portfolio being over dependent on the performances / risk profiles of those sectors or securities.</p>	<ul style="list-style-type: none"> Monitoring sector exposure and single company / group exposure of the portfolio as a diversification and a mitigation strategy. Loss limits are set to monitor stocks performing below their cost of acquisition to determine whether temporary capital erosion is a concern. Monitoring by the compliance team takes place as a routine process.
<p>LIQUIDITY RISK</p> <p>Liquidity is the tradeability of the securities in the market or the ability realise cash with minimum loss of capital. The risk is that if the investment instruments of the portfolio are less liquid, execution of fund management decisions are affected.</p> <p>The Colombo Stock Exchange (CSE) continues to operate in a difficult environment with Covid-19 pandemic implications and economic concerns which affected its performance.</p>	<ul style="list-style-type: none"> Lower liquidity of securities could affect the fund manager’s ability to transact, which in turn, could affect the fund’s overall performance. This might be due to poor market sentiment of a security, or low levels of publicly traded quantities. On acquisition of shares, we consider the factors like size of free float, tradability of the stock, market turnover, major shareholders etc. As of the year end Guardian Group was carrying sufficient funds to Invest at an opportune time.
<p>REGULATORY AND COMPLIANCE RISK:</p> <p>The Company is operating in an industry under the supervision and monitoring of several regulatory authorities, especially Securities and Exchange Commission of Sri Lanka (SEC) and provisions of other regulatory requirements like the Companies Act, Listing Rules of The Colombo Stock Exchange, and the Central Bank of Sri Lanka.</p> <p>The conduct of operations of the Group should be in compliance with the legal and regulatory provisions and financial requirements applicable under these regulatory benchmarks. Non-compliance or violation of these requirement will cause risk of cancellation / suspension of some licences issued by SEC, facing actions being taken by respective regulatory authorities etc.</p>	<ul style="list-style-type: none"> The management together with the Carsons group legal division pro-actively identify and set up appropriate systems and processes for legal and regulatory compliance in respect of the Company’s operations. Periodic training programs for staff to improve the awareness of changes in applicable laws and regulations. Reviews on regular basis by the compliance team and the management certification of compliance with relevant laws and regulations on a periodic basis. Compliance team regularly audit monitors compliance with all regulatory provisions and internal operational procedures.
<p>STAFF RISKS</p> <p>A fund management operational unit requires qualified professionals with experience in the fund management industry. Knowledge of the operating mechanism of the market as well as its norms and ethics are of importance.</p>	<ul style="list-style-type: none"> Having diversity in the team, developing a strong second level, providing training and development opportunities, are standard practices of the industry with which we benchmark ourselves. A performance related incentive scheme for the staff is in place and is being reviewed regularly. The networking ability of key staff to source clients and deals is important in running a successful fund management operation by being shown important deals by market intermediaries.

Risk Category**Impact and mitigating strategies**

- The staff of the Group are all professionally qualified with a track record of experience in the industry. A strong research team has been developed to complement the fund management operation and raise the standard of the investment decision making process. Staff training and development is identified as an important area of concern, while retention is managed through a comprehensive reward structure and incentive scheme, opportunities for career progression and a culture of being HR oriented. Collectively these steps help us to work towards having an effective succession plan in place.

SYSTEMS AND PROCESS RISKS

The Company's business operations are structured in a way that, those are performed as interconnected / interdependent processes. The divisions of the company, either separately or collectively are responsible for the functions of these processes which utilise human / physical resources and information systems

- The management of systems and process risk consist of identifying risks and formulating plans promoting best practices, implementing internal controls / systems and monitoring compliance with these internal guidelines.
- The processes are continuously monitored to identify the areas of weakness and to implement improvements.
- Correct application of recommended practices where back up procedures are followed on a routine basis to ensure data and Information security. Our accounting systems and portfolio management systems are regularly backed up to prevent loss of data.
- Business continuity plan which describes how to resume business after a disruption occurs in business process, location and the system. A Disaster Recovery Plan is available at the Carson's Group level which deals with recovering Information Technology infrastructure, facilitating of critical operations to be in active in an alternate location etc. after a disastrous interruption.
- Systems support and the maintenance agreements for the portfolio management software is made available through an annual maintenance agreement with the software vendor which ensures online support for system issues and queries.
- The internal audit function and compliance team of the Carson's Group ensures the safeguarding of Company assets, recommends process improvements in areas where process control failures are noted and compliance with regulatory requirements etc.

REPUTATION RISK

This is a critical risk in that as a financial entity any loss / theft or misappropriation of cash / financial assets can cause permanent and long term loss of business.

- A sound system of internal controls and regular reviews are carried out by the compliance department.
- A code of ethics signed by all staff and constant education and awareness.
- Regular staff communication.

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

The Board of Directors of Ceylon Investment 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 15th July 2021.

1. GENERAL

Ceylon Investment PLC (the "Company") is a public limited liability Company incorporated in Sri Lanka in 1919. The shares of the Company have a primary listing on the Colombo Stock Exchange.

2. PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company, its associate companies and joint venture are to act as specialised investment vehicle focusing on listed equity and fixed income investments.

There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairperson's Statement and the Management Discussion and Analysis on pages 03 to 08 provide an overall assessment of the business performance of the Company and its future developments. These reports, together with the audited Financial Statements reflect the state of affairs of the Company.

4. FINANCIAL STATEMENTS

The Financial Statements which include the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flow, Statement of Changes in Equity and Notes to the Financial Statements of the Company for the year ended 31st March 2021 are set out on pages 36 to 70 of this Report. These Financial Statements do comply with the requirements of the Companies Act, No. 07 of 2007.

4.1 Revenue

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

4.2 Financial results and appropriations

An abridgement of the financial performance of the Company is presented in the table below:

(In Rupees Thousands)

For the year ended 31st March	2021	2020
Retained earnings brought forward from previous year	2,150,712	2,662,292
Profit / (loss) for the year	975,639	(514,231)
Dividend received from associate company	16,781	-
Forfeiture of unclaimed dividends	3,957	2,651
Dividend	(99,451)	-
Retained earnings carried forward	3,047,638	2,150,712

4.3 Significant accounting policies

The accounting policies adopted in the preparation of these financial statements are given on pages 40 to 49.

4.4 Investments

Investments represents investments in equity accounted investees, investments in fair value through profit or loss financial assets, and investments in unit trusts and fixed income instruments.

Details of investments in equity accounted investees are given in Note 18.

Details of investments in fair value through profit or loss financial assets are given in Note 20.

Details of investments in unit trust are given in Note 21.

Investments in fixed income instruments include investment in fixed deposits, placements with banking and financial institutions and securities purchased under resale agreements.

4.5 Reserves

The details and movements of the capital and revenue reserves are set out in the Statement of Changes in Equity and in note 24 to the financial statements.

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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 performance 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;
- reasonable and prudent judgments and estimates have been made; and
- provides 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 have been prepared and presented in accordance with the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and meet with the requirements of the Companies Act, No. 07 of 2007.

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 and effective operation 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 in operation, in the foreseeable future from the date of approving these financial statements.

The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

6. OUTSTANDING LITIGATION

There are no litigations currently pending against the Company.

7. INTERESTS REGISTER

The Company maintains the 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, No. 07 of 2007.

7.1 Remuneration of Directors

Directors' remuneration for the financial year ended 31st March 2021 is given in note 12 to the financial statements.

7.2 Directors' Interest in contracts and shares

Directors' interests 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;

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

Name of the Company	Common Directors	Nature of transactions	Value of the transactions ('000)
Ceylon Guardian Investment Trust PLC	D.C.R. Gunawardena Mrs. M.A.R.C. Cooray V.M. Fernando K. Selvanathan T.C.M. Chia (Resigned w.e.f 31st May 2021)	Dividend paid	65,577
Rubber Investment Trust Limited	D.C.R. Gunawardena A.P. Weeratunge	Dividends received	16,781
Guardian Fund Management Limited (GFM)	K. Selvanathan A.P. Weeratunge	Portfolio management fees paid	35,073
Carsons Management Services (Private) Limited (CMSL)	K. Selvanathan A.P. Weeratunge	Support service fees paid Computer fees paid Secretarial fees paid	8,919 420 444

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

Directors	No. of shares as at	
	31st March 2021	31st March 2020
Mrs. M.A.R.C. Cooray (Chairperson)	-	-
Mr. D.C.R. Gunawardena	2,157	257
Mr. A.P. Weeratunge	-	-
Mr. V.M. Fernando	-	-
Mr. K. Selvanathan	-	-
Mr. T.C.M. Chia (resigned w.e.f. 31/05/2021)	-	-

8. DIRECTORS

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

8.1 Changes to the Board

Mr. T.C.M. Chia, Non-Executive Independent Director resigned from the Board with effect from 31st May 2021.

8.2 Directors to Retire by Rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. A.P. Weeratunge retires by rotation and being eligible offer himself for re-election.

8.3 Appointment of Directors who have reached 70 years of age

8.3.1 Mrs. M.A.R.C. Cooray – Non-Executive Independent Director who was over 70 years of age and Mr. V.M. Fernando who had reached the age of 70 years were re-appointed as Directors of the Company in terms of Section 210 of the Companies Act, No.07 of 2007 at the AGM held on 14th September 2020 for a period of one year commencing from the conclusion of the said AGM, i.e. till 14th September 2021.

8.3.2 Upon the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Mrs. M.A.R.C. Cooray and Mr. V.M. Fernando 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.

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. CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange.

9.1 Regulatory Benchmarks

The Company's activities are regulated and are governed by the:

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

9.2 Board of Directors

The following Directors held office during the period under review and their brief profiles are given on pages 25 to 27 of the Annual Report:

Directors	Executive / Non-Executive / Independent
Mrs. M.A.R.C. Cooray (Chairperson)	Non-Executive/ Independent*
Mr. D.C.R. Gunawardena	Non-Executive
Mr. A.P. Weeratunge	Executive
Mr. V.M. Fernando	Non-Executive/ Independent**
Mr. K. Selvanathan	Executive
Mr. T.C.M. Chia (resigned w.e.f. 31/05/2021)	Non-Executive/ Independent

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 Meeting of the Board of Directors of the Company held on 15th July 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 Mrs. M.A.R.C. Cooray is an Independent / Non-Executive Director in spite of being on the Board for more than nine years and being a Director of Ceylon Guardian Investment Trust PLC, in which a majority of the other Directors of the Board are also Directors and which has a substantial shareholding in the Company, since she is not directly involved in the management of the Company.

** The Board has determined that Mr. V.M. Fernando is an Independent / Non-Executive Director in spite of being on the Board for more than nine years and being a Director of Ceylon Guardian Investment Trust PLC, in which a majority of the other Directors of the Board are also Directors and which has a substantial shareholding in the Company, since he is not directly involved in the management of the Company.

9.3 Directors' Meetings Attendance

As permitted by Article 80(1)(b) of the Articles of Association of the Company, during the period under review, the Board of Directors had four (04) virtual Board Meetings through Microsoft Teams and the attendance of the Directors were as follows;

Directors	Meetings Attended
Mrs. M.A.R.C. Cooray (Chairperson)	4/4
Mr. D.C.R. Gunawardena	4/4
Mr. A.P. Weeratunge	4/4
Mr. V.M. Fernando	3/4
Mr. K. Selvanathan	4/4
Mr. T.C.M. Chia (resigned w.e.f. 31/05/2021)	4/4

9.4 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.

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

9.5 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 and comprises of the following Members:

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

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

The Audit Committee Report is given on pages 29 to 30 of this Annual Report.

9.6 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 and comprises of the following Members:

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

The Chief Executive Officer, Director-in-charge and other members of the 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 is considered necessary.

The Remuneration Committee meets 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	Meetings Attended
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 is disclosed under note 12 to the financial statements. Executive Directors are not compensated for their role on the Board.

9.7 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 nomination of members to represent the Company in group companies/investee companies.

Functions and Proceedings

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

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

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

The Nomination Committee meets at least twice a year.

As allowed by the Nomination Committee Charter, the Committee held three (03) virtual meetings during the period under review.

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

9.8 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 and comprises of the following Members:

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

Related Party Transactions Review Committee Members

Related Party Transactions Review Committee Members	Executive / Non-Executive / Independent
Mr. W.M.R.S. Dias (Appointed Chairman & Member w.e.f. 01/01/2021)	Non-Executive/Independent Director of CCPLC
Mr. R. Theagarajah (Appointed w.e.f. 01/01/2021)	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 until 30/06/2021 & Non-Executive Director of CCPLC w.e.f. 01/07/2021
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

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 31 to 32 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 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.

9.8.1 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, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2021. The details of the Related Party Transactions are given in note 27 to the Financial Statements.

1. Non-Recurrent Related Party Transactions

There were no Non-recurrent related party transactions entered into by the Company, where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the Shareholders' equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2021.

2. Recurrent Related Party Transactions

There were no Recurrent related party transactions where the aggregate value of the Recurrent Related Party Transactions exceeded 10% of the Gross Revenue/ Income of the Company, as per the latest Audited Financial Statements.

9.9 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.

Composition

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

Scope and objectives

To assist the Board of Directors of the company by overseeing the risk identification, risk assessment, risk identification and continuous monitoring of the adequacy and the effectiveness of risk management processes.

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

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.

To review and assess adequacy of risk mitigation practices and procedures of the Company.

To review the Investment Sector risk matrix to oversee and advise the Board, on the current risk exposures and future risk strategy.

To set standards, assess and monitor the principle risks faced by the Company.

To 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.

To review the group's capability to identify and manage new risk types in conjunction with the Audit Committee.

To report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

To make recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.

To develop a robust process to update the knowledge of new risks continuously in the industry and understand how such risk is applicable to the company.

10. INTERNAL CONTROL AND RISK MANAGEMENT

The ultimate responsibility to establish, monitor and review a Company-wide internal control system rests with the Board of Directors. The intensity, depth and the tolerance limits for each component of the internal control system would be based on the weight of the element of risk imposed on the sustenance of the business by the respective area of operation. Whilst a strong internal control system would mitigate the crystallization of risk elements to a greater extent, employment of external support structures would also be necessary based on the risk assessments made thereon.

Effective maintenance of internal controls, risk identification and mitigation is handed down to the respective members of the 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 Committee. 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. A more detailed description of the risk management strategies of the Company's given on pages 09 to 13.

11. INDEPENDENT AUDITORS

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

A sum of Rs. 424,867/- was paid to them by the Company as audit fees for the year ended 31st March 2021 (2020 – Rs. 424,867/-). In addition to the above, the Auditors were paid Rs. 50,000/- (2020 – Rs. Nil) as fees for audit related services. No further amounts were paid to the auditors as professional fees for non-audit services (2020 – Nil) during the year.

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

The retiring Auditors have expressed their willingness to continue in office. A Resolution to re-appoint them as 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.

11.1 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.

12. INDEPENDENT AUDITOR'S REPORT

The Independent Auditors' Report on the financial statements is given on pages 34 to 35 of the Annual Report.

13. SIGNIFICANT EVENTS DURING THE YEAR

There were no significant events during the year.

14. 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.

GFM continued to invest in human capital development and implement effective human resource practices and policies to develop and build an efficient and effective workforce aligned around new business priorities of the Company and to ensure that its employees are developing the skills and knowledge required for the future success of the Company, centered around the core competencies required by an investment house.

15. EQUITABLE TREATMENT TO SHAREHOLDERS

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

16. DIVIDENDS

16.1 The Company paid a Final Dividend of Rs.1/- per ordinary share which consisted of Cents 25 (Rs.0.25) per share as a Cash Dividend and Cents 75 (Rs.0.75) per share in the form of a Scrip Dividend for the financial year ended 31st March 2020, which was distributed entirely out of dividend income received by the Company which was part of the retained earnings as at 31st March 2020. The said Final Dividend was approved at the Annual General Meeting held on 14th September 2020.

Shareholders who have provided accurate dividend disposal instructions to the CDS or to the Company by providing their bank account number(s) were paid on 17th September 2020.

The Company paid the said Cash Dividend and the fractional amount arising from the Scrip Dividend on 06th October 2020 being the fourteenth market day from and excluding the 'XD' date, to the ordinary Shareholders of the Company who had not provided accurate bank account details or have not provided any bank account details.

The direct uploads to the relevant CDS Accounts were completed on 22nd September 2020 which was within seven market days from and excluding the date on which the relevant resolution was passed by the Shareholders of the Company at the Annual General Meeting held on 14th September 2020.

16.2 Subject to the approval of the Shareholders at the Annual General Meeting, the Board of Directors recommended a First & Final Dividend of Cents 70 (Rs.0.70) per ordinary share amounting to Rs.70,936,628/70 for the year ended 31st March 2021. The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

The details of the dividends paid during the year are set out in note 17 to the Financial Statements.

17. SOLVENCY TEST

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

The Company's Auditors, KPMG, Chartered Accountants have issued Certificates of Solvency of Solvency for the dividends mentioned above, confirming same.

18. STATED CAPITAL

The Stated Capital of the Company as at 31st March 2021 was Rs. 838 Mn comprising of 101,338,041 Ordinary Shares. The movement in Stated Capital of the Company is given in note 23 to the Financial Statements.

19. STATUTORY PAYMENTS

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

20. GOING CONCERN

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

21. EVENTS 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 30 to the financial statements, if any.

22. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities and commitments made on account of capital expenditure as at 31st March 2021 are given in note 32 to the financial statements, if any.

23. DONATIONS

There were no donations made during the year ended 31st March 2021. (2020 - Nil).

24. SHARE INFORMATION

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 72 to 73 of the Annual Report.

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

25. TWENTY MAJOR SHAREHOLDERS

The Parent Company, Ceylon Guardian Investment Trust PLC holds 65.94% of the total Ordinary Shares in issue of the Company.

Names of shareholders	31 March 2021		31 March 2020	
	No. of shares	%	No. of shares	%
1 CEYLON GUARDIAN INVESTMENT TRUST PLC A/C NO. 03	66,822,185	65.94	65,577,052	65.94
2 MR. K.C. VIGNARAJAH	1,358,095	1.34	1,312,788	1.32
3 MRS. M.L. DE SILVA	1,342,922	1.33	1,317,899	1.33
4 MISS G.I.A. DE SILVA	1,314,088	1.30	1,289,602	1.30
5 ASSOCIATED ELECTRICAL CORPORATION LTD	1,000,078	0.99	1,700,000	1.71
6 THURSTON INVESTMENTS LIMITED	940,416	0.93	1,052,515	1.06
7 MR. G.J.W. DE SILVA	878,519	0.87	862,150	0.87
8 MR. Y.H. ABDULHUSSEIN	830,984	0.82	815,500	0.82
9 OAKLEY INVESTMENTS (PRIVATE) LIMITED	818,421	0.81	803,171	0.81
10 HATTON NATIONAL BANK PLC/SASHIMAAL RUHASH FERNANDO	690,188	0.68	-	-
11 MISS R.H. ABDULHUSSEIN	686,510	0.68	673,718	0.68
12 BANK OF CEYLON NO. 1 ACCOUNT	649,593	0.64	446,206	0.45
13 MISS N.K.R.H. DE SILVA	562,721	0.56	552,236	0.56
14 COMMERCIAL BANK OF CEYLON LTD/K.C.VIGNARAJAH	510,352	0.50	500,843	0.50
15 PEOPLE S LEASING & FINANCE PLC/MR.M.A.N.YOOSUFALI	505,000	0.50	507,000	0.51
16 MR. N.K.A.D. DE SILVA	504,644	0.50	495,241	0.50
17 MERCANTILE BANK (AGENCY) PRIVATE LIMITED	412,939	0.41	412,937	0.42
18 PEOPLE S LEASING & FINANCE PLC/MR.H.M. ABDULHUSSEI	404,299	0.40	396,766	0.40
19 MISS G.N.A. DE SILVA	391,980	0.39	384,677	0.39
20 MR. L.H. ABEYSUNDERA	388,225	0.38	380,991	0.38

26. ANNUAL REPORT

The information provided herein is in pursuance of the requirements of the Companies Act, No.07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors on 15th July 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.

27. ANNUAL GENERAL MEETING

As permitted by Article 43(b) of the Articles of Association of the Company, the 75th Annual General Meeting of the Company will be held on Tuesday, 17th August 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 page 74 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)
M. A.R.C. Cooray (Mrs.)
Chairperson

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

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

Carsons Management Services (Private) Limited
Secretaries

15th July 2021

PROFILES OF THE DIRECTORS

MRS. ROSE COORAY

(Chairperson)

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.

CHANDIMA GUNAWARDENA

Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of most of the Carsons Group Companies in Sri Lanka and overseas. He is also a Director of Bukit Darah PLC. Since assuming Non-Executive status in the Group, he serves as an advisor to the Group's Strategic Planning and Management forums in Sri Lanka and serves on Board Committees, including the Audit Committees of the Group in Sri Lanka and overseas covering all operating sectors of the Group.

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.

MANILAL FERNANDO

Manilal Fernando is a Director of Ceylon Investment PLC, Ceylon Guardian Investment Trust PLC and is currently the Chairman of Shipping Cargo Logistics (Pvt) Ltd., Hyundai Lanka (Pvt) Ltd., Dynamic AV Technologies (Pvt) Ltd, Stallion Holdings (Pvt) Ltd, Ortho Lanka (Pvt)Ltd and Swiss Ceylon Associates (Pvt.) Ltd.

He is also the Managing Director at Melsta Gama Ltd (Cement).

He is a Director of Eco Corp Asia Private Limited, Ariyana Investment (Pvt)Ltd and Hospital Management Melsta Health (Pvt) Ltd and a Management Trustee of Joseph Fraser Memorial.

He has been the Past President of the Football Federation of Sri Lanka from 1979 to 1999, as well as the Vice President of the National Olympic Committee of Sri Lanka from 1990 to 2014.

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

PROFILES OF THE DIRECTORS

AJITH WEERATUNGE

Ajith Weeratunge is an executive director of Carsons Management Services (Private) limited, which is the management arm of Carson Cumberbatch PLC.

He is also a Director of Group's Real Estate Sector's Equity One Limited and Equity Two PLC, the Group's Investment Holding Sector's Ceylon Investment PLC, Rubber Investment Trust Limited and Guardian Fund Management Limited and Leisure Sector's Equity Hotels Limited. He has been recently appointed as a Director of Group's plantation sector holding company, Goodhope Asia Holdings Ltd.

He carries approximately 40 years of finance related experience in several leading companies in the mercantile sector.

He is a Fellow member of the Chartered Institute of Management Accountants of UK.

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.

TIMOTHY CHEE MING CHIA

(Resigned w.e.f. 31/05/2021)

Mr Timothy C. M. Chia is Chairman of Hup Soon Global Corporation Private Limited and Gracefield Holdings Limited.

He was the President of PAMA Group Inc. (previously known as Prudential Asset Management Asia Limited, the Asian investment and asset management arm of The Prudential Insurance Company of America). He retired from PAMA Group of Companies on 31 December 2004. In 2007, he founded Hup Soon Global Corporation and became its founding Chairman.

Prior to joining PAMA, as one of the original principals in 1986, Mr Chia was Vice President - Investment of American International Assurance Company Limited (AIA), a major subsidiary of the American International Group, Inc., New York (AIG).

Mr Chia is currently a Director of Banyan Tree Holdings Ltd, Fraser and Neave Limited, Singapore Power Ltd, The Straits Trading Company Limited, Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC, Vertex Venture Holdings Ltd, Malaysia Smelting Corporation Berhad and Thai Beverage Public Company Limited. In 2020, he was appointed Chairman of InnoVen Capital Private Limited and its group of companies.

He was made Chairman of UBS AG – Asia in October 2009 and retired in September 2011. He stepped down as Senior Advisers to JM Financial Singapore Pte Ltd and EQT Funds Management Limited in 2015. He was Chairman - Asia of Coutts & Co Ltd, the wealth management arm of the Royal Bank of Scotland Group, from January 2012 to March 2016.

Amongst his past appointments, Mr Chia was director of SP PowerAsset Ltd, Power Gas Ltd, SPI (Australia) Assets Pty Ltd, Singapore Post Ltd, FJ Benjamin Holdings Ltd, Frasers Centrepoint Ltd, Macquarie Pacific Star Prime REIT Management Ltd, The Hour Glass Ltd, KorAm Bank Co. (Korea), Meritz Securities Co., Ltd (Korea) and Magnecomp Precision Technology Public Co., Ltd (Thailand).

Mr Chia stepped down as Trustee of the Singapore Management University in January 2019 but is currently serving as Chairman of its Committee for Institutional Advancement. In April 2021, Mr Chia is appointed as Member of the Singapore Management University.

In 2010, The Singapore Venture Capital and Private Equity Association inducted Mr Chia into the "SVCA Hall of Fame" as its inaugural member by naming him "Pioneer Venture Capitalist & Private Equity Investor since 1986".

In October 2015, Mr Chia has been appointed as Advisory Council Member of the ASEAN Business Club ("ABC") and the co-chair of ABC Singapore.

In January 2016, Mr Chia has been appointed as Member of the Advisory Board of the Asian Civilization Museum and serves on the Investment Committee of the National Heritage Board.

In July 2017, Mr Chia was named a Term Trustee of the Singapore Indian Development Association (“SINDA”) and is a member of its Investment Committee.

In February 2019, Mr Chia had been appointed as Member of the Corporate Governance Advisory Committee of the Monetary Authority of Singapore.

He is currently a Fellow of the Singapore Institute of Directors and a member of the World Presidents’ Organization. In 1996, Mr Chia was elected a Director of the Singapore Dance Theatre until he stepped down in March 2004 and in September 2004, was conferred the Arts Supporter Award by the National Arts Council.

Mr Chia graduated with a cum laude in Management from Fairleigh Dickinson University in the United States.

MANAGEMENT TEAM

PROFILES

KRISHNA SELVANATHAN

(BA. Accounting & finance and Business Administration)

Director / CEO of Guardian Fund Management Limited. He is also a Director of Ceylon Guardian Investment Trust PLC. Refer page 26 for his detailed profile.

SUMITH PERERA

Bsc (Hons) Economics and Business Finance, ACMA

Director/Head of Portfolio Management, Guardian Fund Management Ltd. has over 16 years' experience in the field of Asset Management working as a Fund Manager for CAAM Saudi Fransi LLC (Kingdom of Saudi Arabia), Investment Analyst for Eagle NDB Fund Management (Sri Lanka) and as a Financial Analyst for John Keells Stockbrokers. He holds a BSc (Hons) in Economics and Business Finance from Brunel University, UK and is an Associate Member of the Chartered Institute of Management Accountants.

ASANKA JAYASEKERA

(CFA, B.Sc. Finance (Hons), ACMA)

Head of Research, Guardian Fund Management Limited/ Guardian Acuity Asset Management Ltd. He has over 14 years' experience in asset management and investment research and worked as a research analyst at JB Securities (Pvt) Ltd before joining Ceylon Guardian group. He holds a B.Sc. Finance (Hons) degree from the University of Sri Jayewardenepura, Sri Lanka. He is a chartered financial analyst (CFA) and an associate member of the Chartered Institute of Management Accountants, UK. He was a visiting lecturer at department of finance, University of Sri Jayewardenepura.

DINUPA PEIRIS

(ACMA (UK), LL.B (Col), MBA (PIM-USJ), MSC (UK), Attorney-at-Law)

Head of Marketing, Guardian Fund Management Limited. A multi-disciplinary professional qualified in management accounting, law and business management with over 11 years of experience in corporate finance, marketing & business development, strategy and business analytics having served for two leading hospitals in Sri Lanka namely Lanka Hospitals Corporation PLC and Hemas Hospitals Pvt Ltd holding managerial positions. She holds a LL.B from Faculty of Law, University of Colombo, MBA (Merit) from Postgraduate Institute of Management, University of Sri Jayewardenepura and a MSC (Distinction) in Business Analytics from Robert Gordon University Scotland. She is an Attorney-at-Law and also an Associate Member of the Chartered Institute of Management Accountants (UK).

PRABATH EKANAYAKE

(BBA(SP), FCA)

Finance Manager, Guardian Fund Management Limited, commenced career at KPMG Sri Lanka and then worked at Ernst & Young and Qatar Alpha Beton Ready-mix Company in State of Qatar.

Prior to joining Carsons Group, possesses over 10 years of overseas and local experience in the fields of accounting and auditing. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka and holds a Bachelor's degree specialized in Business Administration from the University of Colombo, Sri Lanka.

AUDIT COMMITTEE REPORT

The Parent Company of Ceylon Investment 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.

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 Ceylon Investment PLC are conducted within the Agenda of CCPLC-Audit Committee.

As allowed by the CCPLC-Audit Committee Charter, CCPLC-Audit Committee held Six (06) virtual Meetings during the financial year to discuss matters relating to the Company.

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

Audit Committee Members	Meetings (virtual) Attended (out of 6)
Mr. A.S. Amaratunga (Chairman)	6/6
Mr. D.C.R. Gunawardena	6/6
Mr. Y.H. Ong *	2/6
Mr. V.P. Malalasekera**	4/6
Mr. F. Mohideen***	4/6

*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, twice during the year to discuss the audit scope, including Key Audit Matters and to deliberate the draft Financial Report and Accounts at the completion stage of the audit.

AUDIT COMMITTEE REPORT

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 Ceylon Investment 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 tabled by Messrs. KPMG for inclusion in the audit report.

The financial statements of Ceylon Investment 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 carried out audits on the Investment Sector companies based on the plan.

The findings and contents of 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 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 observations noted 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 Ceylon Investment PLC at the Annual General Meeting.

(Sgd.)

A.S. Amaratunga

Chairman – Audit Committee

Carson Cumberbatch PLC

15th July 2021

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Parent Company of Ceylon Investment 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*	Non-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)

*Executive Director of CCPLC upto 30th June 2021 and Non-Executive Director of CCPLC w.e.f. 1st July 2021

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 and 06 Circular Letters were circulated for their information during the financial year.

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

RPTRC Members	Meetings (virtual) attended (out of 4)
Mr. W.M.R.S. Dias (Chairman)*	1/4
Mr. D.C.R. Gunawardena	4/4
Mr. H. Selvanathan	1/4
Mr. M. Selvanathan	-
Mr. S.K. Shah	4/4
Mr. R. Theagarajah**	1/4
Mr. V.P. Malalasekera***	3/4
Mr. F. Mohideen****	1/4

*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.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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.

32 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

15th July 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 15th February 2021

4th Quarter 31st March 2021

Issued to Colombo Stock Exchange 31st May 2021

Meetings

74th Annual General Meeting 14th September 2020

75th Annual General Meeting 17th August 2021

INDEPENDENT AUDITOR'S REPORT



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

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

TO THE SHAREHOLDERS OF CEYLON INVESTMENT PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ceylon Investment 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 36 to 70.

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.

Valuation of financial investments classified as Fair Value through Profit or Loss (FVTPL)

Refer Notes 3.3, 20, 21, 28 and 31 (Pages 42, 55, 58, 62, 70) to these financial statements

Risk Description	Our Response
<p>The financial investments of the Company as at March 31, 2021 comprises FVTPL financial assets amounting to Rs. 2,978 Mn which represents 32% of the total assets. As at the reporting date, the Company's FVTPL portfolio is made up of listed equity investments amounting to Rs. 2,872 Mn and unit trust investments amounting to Rs. 105 Mn.</p> <p>Investment in equity and unit trust investments are measured based on quoted market prices.</p> <p>As a result of the COVID-19 pandemic, volatility in the financial markets has increased. Subsequent to relaxation of government restrictions during the reporting period, the market gradually improved and the market prices have drastically increased compared to the prior period. The Company has recorded a fair value gain of Rs. 554 Mn, compared to the fair value loss of Rs. 655 Mn recorded in the previous year. As the country is experiencing the third wave of the pandemic, there is still an uncertainty with regard to market conditions.</p> <p>Due to the materiality of the FVTPL financial instruments in the context of the financial statements, and measurement uncertainty created due to COVID-19 outbreak, we considered valuation of FVTPL financial instruments as a Key Audit Matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key controls in relation to the investment valuation process; Checking the CDS statement to verify the existence, completeness and accuracy of the number of quoted shares and agreeing the market price as of March 31, 2021 with the CSE prices; Checking the number of units and the unit price as at March 31, 2021 with the external confirmations received from the Unit Trust Management Company to verify the existence, accuracy and completeness; Assessing the adequacy of disclosure in the financial statements in relation to the fair valuation of the financial investments as required by the accounting standards.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

M.R. Mihular FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel ACA

C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera 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



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.

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.

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
July 15, 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Rupees Thousands

For the year ended 31st March	Note	2021	2020
Revenue	11	521,315	227,437
Net change in fair value through profit or loss financial assets		554,393	(655,281)
Profit / (loss) on investment activities		1,075,708	(427,844)
Administrative and other operating expenses		(58,836)	(72,126)
Profit / (loss) from operations	12	1,016,872	(499,970)
Finance expense	13	(21,765)	(5,189)
Profit / (loss) from operations after finance expense		995,107	(505,159)
Share of profit / (loss) of equity accounted investees, net of tax	14	508,558	(131,114)
Profit / (loss) before taxation		1,503,665	(636,273)
Income tax expense	15	(19,468)	(9,072)
Profit / (loss) for the year		1,484,197	(645,345)
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Share of other comprehensive income / (expense) of equity accounted investees, net of tax	14	1,551,037	(186,077)
Other comprehensive income / (expense) for the year		1,551,037	(186,077)
Total comprehensive income / (expense) for the year		3,035,234	(831,422)
Earnings / (loss) per share (Rs.)	16	14.65	(6.37)
Dividend per share (Rs.)	17	0.70	1.00

The notes to the financial statements from pages 40 to 70 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			
Non-current assets			
Investment in equity accounted investees	18	5,673,681	3,630,867
Total non-current assets		5,673,681	3,630,867
Current assets			
Other receivables	19	77,527	752
Fair value through profit or loss financial assets	20	2,872,413	2,428,330
Investment in unit trusts	21	105,462	155,050
Current tax assets		-	4,187
Investment in fixed deposits		256,580	118,180
Cash and cash equivalents	22	456,498	428,807
Total current assets		3,768,480	3,135,306
Total assets		9,442,161	6,766,173
EQUITY AND LIABILITIES			
Equity			
Stated capital	23	838,033	763,497
Capital reserves	24.1	187,141	187,141
Revenue reserves	24.2	8,384,740	5,445,000
Total equity		9,409,914	6,395,638
Current liabilities			
Trade and other payables	25	30,541	29,260
Current tax payable		1,706	-
Short term borrowings	26	-	341,275
Total current liabilities		32,247	370,535
Total liabilities		32,247	370,535
Total equity and liabilities		9,442,161	6,766,173
Net assets value per share (Rs.)		92.86	64.31

The notes to the financial statements from pages 40 to 70 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. 07 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

15th July 2021

(Sgd.)

M. A. R. C. Cooray (Mrs.)

Chairperson

(Sgd.)

D. C. R. Gunawardena

Director

STATEMENT OF CHANGES IN EQUITY

In Rupees Thousands

	Stated capital	Capital reserves		Revenue reserves			Total equity
		Investment reserve	Other capital reserve	Associate Companies reserve	General reserve	Retained earnings	
Balance as at 1st April 2019	763,497	8,401	178,740	3,584,262	27,217	2,662,292	7,224,409
Loss for the year	-	-	-	(131,114)	-	(514,231)	(645,345)
Other comprehensive expense for the year	-	-	-	(186,077)	-	-	(186,077)
Total comprehensive expense for the year	-	-	-	(317,191)	-	(514,231)	(831,422)
Forfeiture of unclaimed dividends	-	-	-	-	-	2,651	2,651
Balance as at 31st March 2020	763,497	8,401	178,740	3,267,071	27,217	2,150,712	6,395,638
Balance as at 1st April 2020	763,497	8,401	178,740	3,267,071	27,217	2,150,712	6,395,638
Profit for the year	-	-	-	508,558	-	975,639	1,484,197
Other comprehensive income for the year	-	-	-	1,551,037	-	-	1,551,037
Total comprehensive income for the year	-	-	-	2,059,595	-	975,639	3,035,234
Dividend received from associate company	-	-	-	(16,781)	-	16,781	-
Forfeiture of unclaimed dividends	-	-	-	-	-	3,957	3,957
Dividend (Note 17)	74,536	-	-	-	-	(99,451)	(24,915)
Balance as at 31st March 2021	838,033	8,401	178,740	5,309,885	27,217	3,047,638	9,409,914

The notes to the financial statements from pages 40 to 70 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 / (loss) before taxation		1,503,665	(636,273)
Adjustments for:			
Net change in fair value through profit or loss financial assets		(554,393)	655,281
Finance expense	13	21,765	5,189
Share of profit / (loss) of equity accounted investees, net of tax	14	(508,558)	131,114
Operating profit before changes in working capital		462,479	155,311
(Increase) / decrease in other receivables	19	(76,775)	10,220
Decrease in investments	20	159,898	83,104
(Increase) / decrease in investment in fixed deposits		(138,400)	145,314
Increase / (decrease) in trade and other payables		4,464	(14,335)
Cash generated from operations		411,666	379,614
Current tax paid		(13,575)	(5,817)
Net cash generated from operating activities		398,091	373,797
Cash flows from investing activities			
Dividend received from equity accounted investees	11	16,781	-
Investments in equity accounted investees	18	-	(363,500)
Net cash generated from / (used in) investing activities		16,781	(363,500)
Cash flows from financing activities			
Finance expense paid		(23,040)	(3,914)
Short term borrowings (net movement)	26	(340,000)	340,000
Dividend paid		(24,141)	(12,066)
Net cash generated from / (used in) financing activities		(387,181)	324,020
Net increase in cash and cash equivalents during the year		27,691	334,317
Cash and cash equivalents at the beginning of the year		428,807	94,490
Cash and cash equivalents at the end of the year	22	456,498	428,807

The notes to the financial statements from pages 40 to 70 form an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

(a) Domicile and Legal form

Ceylon Investment PLC (the "Company") is a limited liability company which is incorporated in Sri Lanka. The shares of the Company have a primary listing on the Colombo Stock Exchange.

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 activities of the Company is to act as a specialised investment vehicle to undertake listed equity and fixed income investments.

There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

The investment activities of the Company are managed by Guardian Fund Management Limited (the investment manager) and Carsons Management Services (Private) Limited functions as Managers and Secretaries of the Company.

(c) Parent entity and Ultimate parent entity

Ceylon Guardian Investment Trust PLC is the immediate Parent Company of Ceylon Investment PLC. Carson Cumberbatch PLC is the Parent Company of Ceylon Guardian Investment Trust PLC and Bukit Darah PLC is the Ultimate Parent and Controlling entity of Ceylon Guardian Investment Trust PLC.

(d) Number of employees

The Company had no employees as at the reporting date (2020 - Nil).

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company comprise the statement of financial position, statement 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 15th July 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 Company 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 Company.

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES

Company has adopted 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") from 1st April 2020, but they do not have material effect on the Company's financial statements.

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

3.1 Investments in associates and jointly controlled entities (equity-accounted investees)

Jointly controlled entities are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity.

NOTES TO THE FINANCIAL STATEMENTS

Investments in Associates and jointly controlled entities are accounted for under the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates as at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate as at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in the statement of profit or loss. However, foreign currency differences arising from the retranslation of the following items are recognised in other comprehensive income.

Fair value through other comprehensive income investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to the statement of profit or loss).

3.3 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.

The Company's financial assets classified and measured at amortized cost are limited to its other receivables, investment in fixed deposits, 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.

The Company's investment in equity investments and unit trusts 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

NOTES TO THE FINANCIAL STATEMENTS

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 recognized 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.
------------------------------------	--

- (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.

Other financial liabilities comprise short term borrowings, bank overdrafts and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

- (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.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

3.3.1 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 significantly increased 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 Company 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 (other than contract assets and deferred tax 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. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

3.4 Liabilities and Provisions

3.4.1 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.

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.

3.4.2 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.

3.4.3 Contingent liabilities and contingent assets

3.4.3.1 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 disclose its existence in the financial statements.

3.4.3.2 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.

3.5 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 though 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.

3.6 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 all known liabilities.

(ii) Finance income and finance expense

Finance expense comprise interest expense on borrowings and bank overdrafts.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(iii) Fee and commission expenses

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

3.7 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 comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) Deferred taxation

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

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.

NOTES TO THE FINANCIAL STATEMENTS

(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.

3.8 Related party transactions

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

3.9 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.

3.10 Events after the reporting period

All material and important events which occur after the reporting date have been considered and disclosed in notes to the financial statements.

4. 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.

5. 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.

6. 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.

7. 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.

Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash balances that are subject to insignificant risk of changes in fair value and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

8. 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.

9. DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and presentation of the Financial Statements. This is more fully described under the relevant clause in the Directors' Report.

10. NEW ACCOUNTING STANDARDS ISSUED

10.1 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 investment in equity securities		319,637	42,645
Net gain from disposal of investment in unit trusts		1,687	21,588
Dividend income		172,121	134,368
Interest income on financial assets carried at amortised cost (note 11.1)		44,651	28,836
		538,096	227,437
Dividend received from equity accounted investee		(16,781)	-
		521,315	227,437
11.1 Interest income on financial assets carried at amortised cost			
Savings deposits		5,284	797
Securities purchased under resale agreements		2,355	2,681
Placements with banking and financial institutions		37,012	25,358
		44,651	28,836
12. PROFIT / (LOSS) FROM OPERATIONS			
Profit / (loss) from operations is stated after charging all expenses including the following:			
Auditors' remuneration and expenses			
- Audit and related fees		474	424
- Non audit fees		-	-
Directors' fees (note 27.3)		7,913	7,679
Personnel cost (note 12.a)		-	-
Support service fees (note 12.b)		8,919	10,259
Portfolio management fee (note 12.c)		35,073	38,118

12.a The Company had no employees of its own during the financial year under review (2020-nil) and the relevant services are received by Carsons Management Services (Private) Limited and Guardian Fund Management Limited.

12.b Support service fees are paid to Carsons Management Services (Private) Limited, a related company, which functions as the managers and secretaries of the Company, on receiving of respective services (note 27).

12.c Portfolio management fees are paid to Guardian Fund Management Limited, a related Company, which functions as the investment managers of the Company, on receiving of respective services (note 27).

13. FINANCE EXPENSE

For the year ended 31st March		2021	2020
On short-term borrowings		21,406	5,188
On bank overdraft		359	1
		21,765	5,189

14. SHARE OF PROFIT / (LOSS) OF EQUITY ACCOUNTED INVESTEEES, NET OF TAX

For the year ended 31st March	Company's share of profit / (loss) of equity accounted investees, net of tax		Company's share of other comprehensive income / (expense) of equity accounted investees, net of tax	
	2021	2020	2021	2020
Rubber Investment Trust Limited	508,657	(129,208)	1,531,306	(202,317)
Guardian Value Fund LLC	554	(1,347)	19,452	15,978
Guardian Fund Management LLC	(653)	(559)	279	262
	508,558	(131,114)	1,551,037	(186,077)

Summarised financial information of Equity Accounted Investees are given in note 18.3.

For the year ended 31st March	2021	2020
15. INCOME TAX EXPENSE		
Provision for the year (note 15.1)	20,657	10,923
Over provision for previous years	(1,189)	(1,851)
Total tax expense for the year	19,468	9,072
15.1 Reconciliation between accounting profit / (loss) and taxable profit		
Accounting profit / (loss) before taxation	1,503,665	(636,273)
Share of (profit) / loss of equity accounted investees, net of tax	(508,558)	131,114
Dividend income - exempt (note 15.2 (ii))	(48,437)	(118,854)
Exempt profit on sale of shares (note 15.2 (iii))	(319,637)	(42,645)
Net change in fair value through profit or loss financial assets	(554,393)	655,281
Unit Trust - interest income - unrealised	2,124	5,045
Aggregate disallowable expenses / dividend received from equity accounted investees	57,218	50,809
Taxable profit for the year	131,982	44,477
Tax at 28 %	-	7,052
Tax at 24 %	5,231	2,351
Tax on dividend income at 14 %	15,426	1,520
Current taxation thereon (note 15.2 (i) & (ii))	20,657	10,923

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

15.2 Current taxation on profits

- i) 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%).
- ii) Dividend received from another resident company is subject to income tax at a concessional 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.
- iii) In terms of item (h) of third schedule of the Inland Revenue Act, No. 24 of 2017, gains made on the realization 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.

16. EARNINGS / (LOSS) PER SHARE

The Company's basic earnings / (loss) per share is calculated on the profit/(loss) attributable to the shareholders of Ceylon Investment 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)	1,484,197	(645,345)
Amount used as the denominator		
Weighted average number of ordinary shares outstanding during the year		
No. of shares as at the beginning of the year	99,451,059	99,451,059
Issue of ordinary shares as scrip dividends (note 23.1)	1,886,982	1,886,982
Weighted average number of ordinary shares outstanding during the year	101,338,041	101,338,041
Earnings / (loss) per share (Rs.)	14.65	(6.37)

For the year ended 31st March		2021	2020
17. DIVIDENDS			
17.1 Dividends paid during the year			
Final dividend - cash			
Total dividend paid		24,863	-
Dividend per share (Rs.)		0.25	-
Final dividend - scrip*			
Total dividend		74,588	-
Dividend per share (Rs.)		0.75	-
Total dividend paid during the year		99,451	-
<i>* Including payment for fractional entitlement of shares on the scrip issue.</i>			
17.2 Dividend proposed during the year			
Final dividend - cash		70,937	24,863
Dividend per share (Rs.)		0.70	0.25
Final dividend - scrip		-	74,588
Dividend per share (Rs.)		-	0.75
Total dividend per share (Rs.)		0.70	1.00

After satisfying the solvency tests in accordance with Section 57 of the Company's Act, No. 7 of 2007, the directors of the Company have recommended to declare a final cash dividend of Rs. 0.70 per Ordinary share for the year ended 31st March 2021 amounting to Rs. 70,936,628.70 subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

According to the Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period" the proposed final dividend has not been recognised as a liability as at 31st March 2021.

18. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

18.1 Summary

As at 31st March	2021				2020			
	Holding %	No. of shares	Cost	Carrying value	Holding %	No. of shares	Cost	Carrying value
Rubber Investment Trust Limited	49.95%	3,948,495	296	5,276,216	49.95%	3,948,495	296	3,253,034
Guardian Value Fund LLC	44.36%	1,965,000	357,139	391,776	44.36%	1,965,000	357,139	371,769
Guardian Fund Management LLC	50.00%	35,000	6,361	5,689	50.00%	35,000	6,361	6,064
			363,796	5,673,681			363,796	3,630,867

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

18.2 Movement in equity accounted investees

For the year ended / As at 31st March	2021 Carrying value	2020 Carrying value
Investment at cost		
Opening balance	363,796	296
Investments made during the year (note 18.5)	-	363,500
Closing balance	363,796	363,796
Investors' share of reserves		
At the beginning of the year	3,267,071	3,584,262
Share of profit / (loss) of equity accounted investees, net of tax (note 14)	508,558	(131,114)
Share of other comprehensive income / (expense) of equity accounted investees, net of tax (note 14)	1,551,037	(186,077)
Dividend received from equity accounted investees (gross)	(16,781)	-
At the end of the year	5,309,885	3,267,071
The carrying value of investment in associates on equity method of accounting	5,673,681	3,630,867

18.3 Summarised financial information of the Associate / Joint Venture Companies

For the year ended 31st March / as at 31st March	2021			2020		
	Rubber Investment Trust Limited	Guardian Value Fund LLC	Guardian Fund Management LLC	Rubber Investment Trust Limited	Guardian Value Fund LLC	Guardian Fund Management LLC
Revenue	512,682	10,476	4,186	259,542	559	843
Net change in fair value through profit or loss financial assets	582,418	3,685	-	(434,187)	-	-
Profit / (loss) for the year	1,018,347	1,250	(1,322)	(258,679)	(3,036)	(1,118)
Other comprehensive income / (expense) for the year	3,065,719	-	-	(405,042)	-	-
Total comprehensive income / (expense) for the year	4,084,066	1,250	(1,322)	(663,721)	(3,036)	(1,118)
Current assets	3,727,631	885,863	16,308	2,869,130	842,252	14,463
Non - current assets	6,839,203	-	-	3,773,484	-	-
Current liabilities	3,694	2,622	1,250	129,944	4,115	2,335
Total equity	10,563,140	883,241	15,058	6,512,670	838,137	12,128

18.4 The deferred tax effect on undistributed reserves of the associate companies have not been recognised in the financial statements since the Company and the parent entity of the Company, Ceylon Guardian Investment Trust PLC, have the ability to control the timing of the reversal of these temporary differences.

18.5 Ceylon Investment PLC together with its parent company Ceylon Guardian Investment Trust PLC, and Rubber Investment Trust Limited commenced overseas investment initiative during the year 2019/20. In order to facilitate the venture, a fund structure was set up in Republic of Mauritius. The structure is fully regulated by the Financial Services Commission of Mauritius, the regulatory authority responsible for the regulation, supervision and inspection of all financial services other than banking institutions and global businesses in Mauritius. The contribution of the Company for this investment was USD 2 Mn.

19. OTHER RECEIVABLES

As at 31st March	2021	2020
Financial		
Cash receivable on pending allotments	30,146	-
Dividend receivable	42,429	578
	72,575	578
Non financial		
Advances and prepaid expenses	4,952	174
	4,952	174
	77,527	752

20. FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

20.a Summary

As at 31st March	Note	2021 Fair value	2020 Fair value
Investment in Equity Securities - Quoted Shares	20.1	2,872,403	2,428,320
Investment in Equity Securities - Unquoted Shares	20.2	10	10
		2,872,413	2,428,330

Valuation of Listed Equity Investments

The fair value of the Company's listed investment portfolio as at 31st March 2021 was based on the last traded price as at 31st March 2021 and as at 31st March 2020 was based on the last traded price as at 20th March 2020, published by the Colombo Stock Exchange.

20.b Movement in fair value through profit or loss financial assets

For the year ended 31st March 2021	Fair value as at 1st April 2020	Additions	Disposals / write-off	Change in fair value	Fair value as at 31st March 2021
Investment in Equity Securities - Quoted Shares	2,428,320	399,681	(506,111)	550,513	2,872,403
Investment in Equity Securities - Unquoted Shares	10	-	-	-	10
	2,428,330	399,681	(506,111)	550,513	2,872,413

For the year ended 31st March 2020	Fair value as at 1st April 2019	Additions	Disposals / write-off	Change in fair value	Fair value as at 31st March 2020
Investment in Equity Securities - Quoted Shares	3,144,906	161,734	(216,779)	(661,541)	2,428,320
Investment in Equity Securities - Unquoted Shares	10	-	-	-	10
	3,144,916	161,734	(216,779)	(661,541)	2,428,330

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

20.1 Investments in equity securities - Quoted Shares

As at 31st March	2021		2020	
	No. of shares	Fair value	No. of shares	Fair value
Banks				
Commercial Bank of Ceylon PLC	4,846,452	414,372	3,535,040	212,456
Hatton National Bank PLC	1,555,345	195,973	1,483,221	155,888
Hatton National Bank PLC - Non voting	1,050,185	102,078	990,383	99,335
National Development Bank PLC	89,595	7,239	89,595	5,931
Sampath Bank PLC	3,372,720	181,452	1,618,740	192,630
Seylan Bank PLC	197,665	9,686	242,568	8,126
		910,800		674,366
Diversified Financials				
Central Finance Company PLC	8,813,520	711,251	8,790,002	711,990
Peoples' Leasing & Finance PLC	6,743,564	79,574	6,615,458	80,709
		790,825		792,699
Insurance				
HNB Assurance PLC	447,590	26,542	380,561	46,048
Peoples' Insurance PLC	-	-	1,215,200	20,780
Ceylinco Insurance PLC - Non voting	140,010	154,011	140,010	110,608
		180,553		177,436
Food Beverage & Tobacco				
Distilleries Company of Sri Lanka PLC	5,939,727	118,201	6,959,727	90,477
Melstacorp PLC	2,254,899	99,216	5,351,828	126,303
Sunshine Holdings PLC	1,650,000	43,725	-	-
		261,142		216,780
Food & Staples Retailing				
Cargills (Ceylon) PLC	306,972	72,138	561,072	95,382
		72,138		95,382
Capital Goods				
Aitken Spence PLC	-	-	1,394,800	42,820
Hemas Holdings PLC	3,306,142	275,732	2,351,142	132,134
John Keells Holdings PLC	845,478	125,553	80,500	9,290
		401,285		184,244

As at 31st March	2021		2020	
	No. of shares	Fair value	No. of shares	Fair value
Consumer Durables & Apparel				
Hayleys Fabric PLC	-	-	5,126,810	44,603
				44,603
Health Care Equipment & Services				
The Lanka Hospital Corporation PLC	-	-	398,000	10,945
				10,945
Consumer Services				
Aitken Spence Hotel Holdings PLC	2,269,575	68,541	2,269,575	34,271
		68,541		34,271
Real Estate				
Overseas Realty (Ceylon) PLC	500,000	7,750	500,000	6,000
		7,750		6,000
Materials				
Alumex PLC	-	-	1,352,489	9,738
Tokyo Cement Company (Lanka) PLC	-	-	2,107,374	47,416
Tokyo Cement Company (Lanka) PLC - Non Voting	-	-	858,000	17,160
				74,314
Telecommunication Services				
Dialog Axiata PLC	13,797,647	179,369	13,797,647	117,280
		179,369		117,280
Total investments in equity securities - Quoted Shares - FVTPL		2,872,403		2,428,320

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

20.2 Investment in equity securities - Unquoted Shares

As at 31st March	2021		2020	
	No. of shares	Fair value	No. of shares	Fair value
Guardian Fund Management Limited	7	-	7	-
Kandy Private Hospitals Limited	600	10	600	10
Total investment in equity securities - Unquoted shares - FVTPL		10		10

21. INVESTMENT IN UNIT TRUSTS

21.1 Movement in investment in unit trusts

As at 31st March	2021	2020
Balance as at the beginning of the year	155,050	176,849
Investments during the year	86,000	704,200
Disposals during the year	(139,468)	(731,151)
Fair value adjustment	3,880	5,152
Balance as at the end of the year	105,462	155,050

21.2 Investment in unit trusts - unquoted

As at 31st March	2021		2020	
	No. of units	Fair value	No. of units	Fair value
The Sri Lanka Fund	-	-	611,153	66,157
Guardian Acuity Equity Fund	310,079	5,602	310,079	3,844
Guardian Acuity Money Market Fund	4,883,134	99,860	4,376,896	85,049
		105,462		155,050

Valuations of unit trusts are based on the unit prices published by the unit trust managers, Guardian Acuity Asset Management Limited, as at 31st March.

22. CASH AND CASH EQUIVALENTS

As at 31st March	2021	2020
Cash at bank	56,209	177,331
Placements with banking and financial institutions	388,142	-
Securities purchased under resale agreements	12,147	251,476
Net cash and cash equivalents for the cash flow statement purpose	456,498	428,807

23. STATED CAPITAL

As at 31st March	Note	2021		2020	
		No. of shares	Value	No. of shares	Value
Ordinary shares					
Issued and fully paid	23.1	101,338,041	838,033	99,451,059	763,497
			838,033		763,497
23.1 Ordinary share - Issued and fully paid					
Balance as at beginning of the year		99,451,059	763,497	99,451,059	763,497
Issue of shares (note 23.1.1)		1,886,982	74,536	-	-
Balance as at end of the year		101,338,041	838,033	99,451,059	763,497

23.1.1 With the approval of the shareholders, during the year the Company paid a final dividend in the form of Scrip dividend of Rs. 0.75 per ordinary share for the year ended 31st March 2020 amounting to Rs. 74,535,789. Accordingly the Company issued 1,886,982 ordinary shares in the ratio of 1 share for every 52.6666735511 existing shares at a value of Rs. 39.50 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on a show of hands by individuals present in person or by proxy at a meeting of shareholders or one vote per share in the case of a poll.

As at 31st March	Note	2021	2020
24. CAPITAL AND REVENUE RESERVES			
24.1 Capital reserves			
Investment reserve	24.1.1	8,401	8,401
Other capital reserve	24.1.1	178,740	178,740
		187,141	187,141
24.1.1 Investment reserve and other capital reserve			
These represent the amounts set aside to meet any contingencies.			
24.2 Revenue reserves			
General reserve	24.2.1	27,217	27,217
Retained earnings		3,047,638	2,150,712
Associate Companies reserve	24.2.2	5,309,885	3,267,071
		8,384,740	5,445,000

24.2.1 General reserve

This represents the amounts set aside to meet any contingencies.

24.2.2 Associate Companies reserve

This represents the Company's share of net assets of the equity accounted investees. The movement of this reserve is given in the statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

25. TRADE AND OTHER PAYABLES

As at 31st March	2021	2020
Financial		
Trade payables	4,991	-
Other payables	22,696	26,000
	27,687	26,000
Non Financial		
Provisions and accrued expenses	2,854	3,260
	2,854	3,260
	30,541	29,260

26. SHORT TERM BORROWINGS

As at 31st March	2021	2020
Balance as at the beginning of the year	341,275	-
Loans obtained during the year	100,000	340,000
Accrued interest	-	1,275
Payments made during the year	(441,275)	-
Balance as at the end of the year	-	341,275

The unsecured short term facilities were obtained from Commercial Bank of Ceylon PLC and interest rates are determined based on AWPLR.

27. 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.

27.1 Parent and ultimate controlling entity

Ceylon Guardian Investment Trust PLC is the immediate Parent Company of Ceylon Investment PLC. 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 Investment PLC.

27.2 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 and Director - Finance of Carsons Management Services (Private) Limited have been classified as Key Management Personnel of the Company.

27.3 Compensation paid to the Key management personnel of the company comprised the following;

For the year ended 31st March	2021	2020
Short-term benefits	7,913	7,679
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
Non cash benefits	-	-
	7,913	7,679

27.4 Transactions with the Related Companies

Name of the related company	Relationship	Nature of the transactions	Value of the transactions	
			2021	2020
Ceylon Guardian Investment Trust PLC	Parent company	Dividend paid	65,577	-
Rubber Investment Trust Limited	Associate Company	Dividends received	16,781	-
Guardian Fund Management Limited (GFM)	Fellow subsidiary	Portfolio management fees paid*	35,073	38,118
Carsons Management Services (Private) Limited (CMSL)	Fellow subsidiary	Support service fees paid**	8,919	10,259
		Computer fees paid	420	420
		Secretarial fees paid	444	444

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

**Support service fee is based on the services provided by CMSL.

27.5 Significant Holdings

	Holding %	
	2021	2020
Associate Companies		
Rubber Investment Trust Limited	49.95%	49.95%
Guardian Value Fund LLC	44.36%	44.36%
Joint Ventures		
Guardian Fund Management LLC	50.00%	50.00%

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

28. 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 such risks, and the Company's management of capital. Pages 09 to 13 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 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 such limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

Further, an Investment Committee provides advice and insights to the fund management team to further sharpen and refine their decision making process. This comprehensive management structure determines the objectives and policies of the Company's risk management framework and promotes a culture of risk awareness and balanced risk-taking within the Company.

28.1 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 and financial institutions and receivables from market intermediaries and other counter parties that the Company has dealings with.

28.1.1 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
Other receivables*	19	72,575	578
Investment in unit trusts	21	105,462	155,050
Investment in fixed deposits		256,580	118,180
Cash and cash equivalents - Securities purchased under resale agreements	22	12,147	251,476
Cash and cash equivalents - Placements with banking and financial institutions	22	388,142	-
Cash and cash equivalents - Cash at bank	22	56,209	177,331
		891,115	702,615

* Advances and prepaid expense which are non financial assets are excluded.

Investment in unit trusts

The Company has invested in following unit trusts;

Name of the fund	Fund category	Fund's investment instruments
Guardian Acuity Money Market Fund	Money market fund	Fixed income securities within the maturity period less than 365 days
Guardian Acuity Equity Fund	Equity fund	Listed equity securities

Guardian Acuity Asset Management Limited, a joint venture company of Ceylon Guardian Investment Trust PLC (the parent entity of the Company) 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.

Other receivables

A significant portion of the other receivable comprise of cash receivable on pending allotments and dividends receivable.

Settlement procedures surrounding the listed equity market in Sri Lanka are highly structured and regulated. The "T+3" settlement cycle is in place with the involvement of a custodian bank, which is being duly monitored by the regulator, hence provides an assurance on the realisation of the balances. Further, a due evaluation process, including a continuous assessment mechanism is in place in selecting the market intermediaries that the Company transacts with, which involves prior approval from the Board of Directors.

Dividend receivable is accounted for when the right to receive the dividend is established. The balances are settled within a maximum period of fourteen (14) market days and no risk of default, based on past experience in the industry.

Age profile of other receivables

The aging of other receivables at the end of the reporting period that were not impaired was as follows,

As at 31st March	2021	2020
Less than 30 days	72,575	578
	72,575	578

The Company has neither recognised an impairment loss nor an allowance for impairment of its other receivables during recent past.

Investment in fixed deposits

The Company has invested in fixed deposits with banking and financial 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 equivalents in the form of demand deposits with Commercial banks, placements with banking and financial institutions and securities purchased under resale agreements. Hence, the Company is exposed to risk of such counter-parties failing to meet their contractual obligations.

The Company minimises credit risk by monitoring the creditworthiness of the underlined counter-parties periodically.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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	111,449	-
AA+	-	346,757
AA-	431,385	-
A+	83,091	198,515
A	80,856	-
BBB+	6,297	-
BBB-	-	1,715
	713,078	546,987

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

28.2 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.

28.2.1 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					
Trade and other payables*	27,687	27,687	27,687	-	-
	27,687	27,687	27,687	-	-

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					
Trade and other payables*	26,000	26,000	26,000	-	-
Short-term borrowings	341,275	341,275	341,275	-	-
	367,275	367,275	367,275	-	-

*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
Investment in unit trusts	105,462	155,050
Cash and cash equivalents	456,498	428,807
Total liquid assets	561,960	583,857
Liquid assets as a % of total net assets	6.0%	9.1%

28.2.2 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking the Company's reputation.

The Company maintains a portion of its assets in highly liquid form; demand deposits with commercial banks, placements with banking and financial institutions, securities purchased under resale agreements and short term investments in money market funds, in order to capitalise the market opportunities and to meet its contractual obligations during the normal course of its operations.

A significant portion of the Company's investment portfolio comprises of listed equity investments which provides the Company with exposure to adequate liquidity, given the ability to convert in to cash and cash equivalents within a very short period of time if required.

28.3 Market risk

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

28.3.1 Interest rate risk

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

Exposure and management of interest rate risk

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

As at 31st March	Carrying Amount	
	2021	2020
Variable rate instruments		
Financial assets - Cash at bank	56,209	177,331
- Investments under resale agreements	12,147	251,476
- Investments in unit trusts	99,860	85,049
	168,216	513,856
Fixed rate instruments		
Financial assets - Placement with banking and financial institutions	388,142	-
- Investment in fixed deposits	256,580	118,180
Financial liabilities - Short term borrowings	-	(341,275)
	644,722	(223,095)

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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

As at 31st March	2021	2020
Commercial Banks Average Weighted Prime Lending Rate (AWPLR) *	5.67%	9.35%
Commercial Banks Average Weighted Deposit Rate (AWDR) *	5.20%	7.90%

* Monthly average rate as at reporting date

Sensitivity Analysis

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

Movement in interest rate	Profit or loss	
	Increase by 1%	Decrease by 1%
As at 31 March 2021		
Variable rate instruments	1,682	(1,682)
As at 31 March 2020		
Variable rate instruments	5,139	(5,139)

28.3.2 Exposure and management of other market price risks

Equity price risk

The Company is holding an investment portfolio which includes listed equity securities.

Having 78% (2020 - 87%) of its discretionary portfolio as equity investments designated as listed investments in the Colombo Stock Exchange, market volatilities bring in substantial variations to the Company's earnings and value of its asset base.

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

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

As at 31st March	Note	Carrying Amount	
		2021	2020
Investment in Equity Securities - Fair value through profit or loss	20	2,872,413	2,428,330
Investment in Unit Trusts - Unquoted	21		
- Guardian Acuity Equity Fund		5,602	3,844
- The Sri Lanka Fund		-	66,157
		2,878,015	2,498,331

An analysis of the investments in equity securities made by the Company, based on the industry / sector is given in note 20.

28.3.3 Currency risk

The Company is exposed to currency risk on its investments denominated in a currency other than the respective functional currency of the Company, which is Sri Lankan Rupees. Accordingly, the Company is exposed to currency risk primarily arising from its investments in "Guardian Value Fund LLC" and "Guardian Fund Management LLC", to which the Company has infused promoters capital.

The net exposure to currency risk, as at the reporting date is as follows.

As at 31st March	Carrying Amount 2021		Carrying Amount 2020	
	LKR (000')	USD	LKR (000')	USD
Investments in Unit Trusts - The Sri Lanka Fund	-	-	66,157	348,360
Investment in equity accounted investee - Guardian Value Fund LLC	391,776	1,960,546	371,769	1,957,756
Investment in equity accounted investee - Guardian Fund Management LLC	5,689	28,469	6,064	31,932
Exchange rates applied as at the reporting dates - LKR / USD		199.83		189.89

Sensitivity Analysis

A strengthening / (weakening) of the USD against the Sri Lanka Rupee would have increased / (decreased) the investment as at the end of the periods by the amounts shown below. The analysis assumes that all other variables remain constant and ignores any impact of further investments or withdrawals.

Movement in exchange rate	Equity	
	Strengthening	Weakening
As at 31 March 2021		
- United State Dollars (1% movement)	3,975	(3,975)
	3,975	(3,975)
As at 31 March 2020		
- United State Dollars (1% movement)	4,440	(4,440)
	4,440	(4,440)

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

28.4 Accounting classification and fair values

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

As at 31st March 2021	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					
Fair value through profit or loss financial assets	2,872,413	-	-	2,872,413	2,872,413
Investment in unit trusts	105,462	-	-	105,462	105,462
Financial assets not measured at fair value					
Investment in fixed deposits	-	256,580	-	256,580	
Other receivables	-	72,575	-	72,575	
Cash and cash equivalents	-	456,498	-	456,498	
Total financial assets	2,977,875	785,653	-	3,763,528	
Financial liabilities not measured at fair value					
Trade and other payables	-	-	27,687	27,687	
Total financial liabilities	-	-	27,687	27,687	

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					
Fair value through profit or loss financial assets	2,428,330	-	-	2,428,330	2,428,330
Investment in unit trusts	155,050	-	-	155,050	155,050
Financial assets not measured at fair value					
Investment in fixed deposits	-	118,180	-	118,180	
Other receivables	-	578	-	578	
Cash and cash equivalents	-	428,807	-	428,807	
Total financial assets	2,583,380	547,565	-	3,130,945	
Financial liabilities not measured at fair value					
Trade & other payables	-	-	26,000	26,000	
Short term borrowings	-	-	341,275	341,275	
Total financial liabilities	-	-	367,275	367,275	

28.5 Fair value hierarchy

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

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

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

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

	Level 1	Level 2	Level 3	Total
As at 31 March 2021				
Fair value through profit or loss financial assets	2,872,403	-	10	2,872,413
Investments in unit trusts	-	105,462	-	105,462
	2,872,403	105,462	10	2,977,875
As at 31 March 2020				
Fair value through profit or loss financial assets	2,428,320	-	10	2,428,330
Investments in unit trusts	-	155,050	-	155,050
	2,428,320	155,050	10	2,583,380

There were no movements during the year in the fair value measurements in Level 3 financial instruments of the fair value hierarchy (2020 - Nil).

29. 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 (Investments holding) for the purpose of making decisions about the resource allocation and performance. Therefore no disclosure is made on operating segments.

30. EVENTS AFTER THE REPORTING DATE

After satisfying the solvency tests in accordance with Section 57 of the Company's Act, No. 7 of 2007, the directors of the Company have recommended to declare a final cash dividend of Rs. 0.70 per ordinary share for the year ended 31st March 2021 amounting to Rs. 70,936,628.70 subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

According to the Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period" this proposed final dividend has not been adjusted and the final dividend has not been recognised as a liability as at 31st March 2021.

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements, other than the above.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

31. IMPACT OF COVID-19

With the Government imposed island-wide curfew on 20th March 2020 aimed at controlling the spread of COVID-19 in the country, the Colombo Stock Exchange was closed for trading activities during the first one and a half months of the financial year ended 31st March 2021. With the subsequent relaxation of curfew, the Colombo Stock Exchange resumed trading activities on 11th May 2020 and since then, both the All Share Price Index (ASPI) and S&P SL20 recorded substantial gains during the year under review to surpass pre-COVID (31st December 2020) index levels.

Nevertheless, management will continue to monitor new developments and events in the present market dynamics and take appropriate and timely actions as and when required. Further, the Company maintains a strict disciplined approach of picking fundamentally strong stocks that have potential to grow in the medium to long term.

The Board of Directors is satisfied that the Company has adequate liquidity and business plans to continue to operate the business and mitigate the risks for the next 12 months from the date of approval of these financial statements. Further, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on going concern basis.

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Capital expenditure commitments

There were no material capital commitments as at the reporting date.

32.2 Contingent liabilities

There were no material contingent liabilities as at the reporting date.

32.3 Litigations and claims

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

33. COMPARATIVE FIGURES

Previous year figures and phrases have been rearranged wherever necessary to conform to the current year's presentations.

34. RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and presentation of the financial statements. This is more fully described under the relevant clause in the Directors' report.

FIVE YEAR SUMMARY

In Rupees Thousands

For the year ended / As at 31st March	2021	2020	2019	2018	2017
Financial highlights					
Revenue					
Net gain / (loss) on disposal of investments	321,324	64,233	(4,887)	304,600	108,783
Dividend income	172,121	134,368	142,753	244,456	284,674
Interest income	44,651	28,836	55,830	6,511	7,672
	538,096	227,437	193,696	555,567	401,129
Less :					
Dividend received from equity accounted investee	(16,781)	-	(24,678)	(105,957)	(103,191)
	521,315	227,437	169,018	449,610	297,938
Net fair value adjustment - unrealised	554,393	(655,281)	(1,054,018)	(10,979)	(97,997)
Profit / (loss) on investment activities	1,075,708	(427,844)	(885,000)	438,631	199,941
Profit / (loss) before taxation	1,503,665	(636,273)	(1,173,128)	520,447	660,068
Income tax expense	(19,468)	(9,072)	(13,174)	(8,202)	(7,254)
Profit / (loss) for the year	1,484,197	(645,345)	(1,186,302)	512,245	652,814
Statement of Financial Position					
Capital employed					
Stated capital	838,033	763,497	763,497	763,497	763,497
Reserves	8,571,881	5,632,141	6,460,912	7,757,290	7,789,643
Total equity	9,409,914	6,395,638	7,224,409	8,520,787	8,553,140
Assets employed					
Non current assets	5,673,681	3,630,867	3,584,558	7,521,382	7,644,474
Current assets	3,768,480	3,135,306	3,701,957	1,077,923	1,111,403
Total assets	9,442,161	6,766,173	7,286,515	8,599,305	8,755,877
Current liabilities	(32,247)	(370,535)	(62,106)	(78,518)	(202,737)
Net assets	9,409,914	6,395,638	7,224,409	8,520,787	8,553,140
Cash Flow Statements					
Net cash generated from / (used in) operating activities	398,091	373,797	(41,108)	297,965	(179,000)
Net cash generated from / (used in) investing activities	16,781	(363,500)	24,678	105,957	103,191
Net cash generated from / (used in) financing activities	(387,181)	324,020	(87,849)	(319,153)	(146,383)
Net increase / (decrease) in cash & cash equivalents	27,691	334,317	(104,279)	84,769	(222,192)
Ratios & statistics					
Operational ratio					
Return on ordinary shareholders funds (%)	15.77	(10.09)	(16.42)	6.01	7.63
Liquidity ratio					
Current ratio (times)	116.86	8.46	59.61	13.73	5.48
Investor ratio					
Earnings / (loss) per share (Rs.)	14.65	(6.37)	(11.93)	5.15	6.56
Dividend per share final/ Interim (Rs.)*	0.70	1.00	0.50	2.00	1.75
Dividend cover (times)	20.93	N/A	N/A	2.58	3.75
Dividend growth (%)	(30)	100	(75)	14	17
Dividend yield (%)	1.10	3.43	1.37	4.65	4.38
Dividend payout ratio (%)	4.78	N/A	N/A	38.83	26.68
Net assets value per share (Rs.)	92.86	64.31	72.64	85.68	86.00
Market value per share (Rs.)**	63.70	29.10	36.50	43.00	40.00
Price earning ratio (times)	4.35	(4.57)	(3.06)	8.35	6.10
Price to book value ratio (times)	0.69	0.45	0.50	0.50	0.47
Ceylon investment total fund value	9,364,634	6,419,959	7,264,307	8,580,609	8,727,181
Market capitalisation	6,455,233	2,894,026	3,629,964	4,276,396	3,978,042
All Share Price Index (points)	7,121	4,572	5,557	6,477	6,062
S&P 5L 20 Index (points)	2,850	1,947	2,739	3,650	3,439

* Based on final / interim dividends

**As at 31st March.

INFORMATION TO SHAREHOLDERS AND INVESTORS

1. STOCK EXCHANGE LISTING

Ceylon Investment PLC is a Public Quoted Company, the Ordinary Shares of which are listed on the Main Board of the Colombo Stock Exchange.

Stock Exchange code for Ceylon Investment PLC shares is "CINV".

2. ORDINARY SHAREHOLDERS

As at 31st March	2021	2020
Number of Shareholders	2,878	2,595

The number of ordinary shares held by non-residents as at 31st March 2021 was 2,889,175 which amounts to 2.85% (2020 - 3,002,826 / 3.02%) of the total number of Ordinary Shares in issue.

Frequency Distribution of Shareholding 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	1,647	367,291	0.36	5	597	0.00	1,652	367,888	0.36
1001 - 10,000	853	2,940,059	2.90	21	96,537	0.10	874	3,036,596	2.99
10,001 - 100,000	263	7,630,095	7.53	26	739,602	0.73	289	8,369,697	8.26
100,001 - 1,000,000	52	15,674,053	15.47	6	2,052,439	2.02	58	17,726,492	17.49
Above 1,000,000	5	71,837,368	70.88	-	-	-	5	71,837,368	70.88
Total	2,820	98,448,866	97.15	58	2,889,175	2.85	2,878	101,338,041	100.00

Categories of Shareholders As at 31st March 2021	No. of Shareholders	No. of Shares	%
Individuals	2,641	21,960,001	21.67
Institutions	237	79,378,040	78.33
Total	2,878	101,338,041	100.00

3. PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.13.1(a) of the Listing Rules of the Colombo Stock Exchange, under Option 5, i.e. Float-Adjusted Market Capitalization of less than Rs.2.5 Bn with 500 Public Shareholders and a Public Holding percentage of 20%.

The Company's Public Holding as at 31st March 2021

Market Capitalization of the Public Holding	Rs. 2.20 Bn
Percentage of Public Holding	34.06%
Number of Public Shareholders	2,865

4. MARKET PERFORMANCE-ORDINARY SHARES

For the year ended 31st March	2021	2020
Share price as at 31 March (Rs.)	63.70	29.10
Highest (Rs.)	92.00	57.80
Lowest (Rs.)	27.00	28.00
Value of the shares traded (Rs.000)	1,010,432	207,785
No. of shares traded	14,497,924	4,494,528
Volume of transactions (Nos.)	14,969	4,235
Market Capitalisation (Rs.)	6,455,233,212	2,894,025,817

5. RECORD OF BONUS ISSUES, RIGHTS ISSUES, REPURCHASE AND SUBDIVISION OF SHARES

The undermentioned share issues/repurchase have been made by the Company to date, in relation to its ordinary shares.

Year ended 31st March	Month	Issue	Basis	No. of shares	Cumulative No. of shares
1919		Initial Capital	-	547,343	547,343
1954		Bonus	1:10	54,734	602,077
1956		Bonus	1:10	60,208	662,285
1988		Bonus	1:1	662,285	1,324,570
1991		Bonus	1:5	264,914	1,589,484
1999		Bonus	1:4	397,371	1,986,855
2000		Bonus	1:4	496,714	2,483,569
2002	April	Rights	1:4	620,892	3,104,461
	May	Bonus	1:4	776,115	3,880,576
2003	June	Rights	1:3	1,293,525	5,174,101
	August	Bonus	1:6	862,350	6,036,451
2004	July	Rights	1:2	3,018,225	9,054,676
	September	Bonus	1:2	4,527,338	13,582,014
2005	March	Rights	1:3	4,527,338	18,109,352
	June	Bonus	1:3	6,036,451	24,145,803
2009	October	Repurchase	1:5	(4,829,161)	19,316,642
2010	October	Subdivision	5:1	77,266,568	96,583,210
	October	Capitalisation of reserves	1:50	1,931,664	98,514,874
2015	August	Scrip Dividend	1:105.083934	936,185	99,451,059
2020	September	Scrip Dividend	1: 52.6666735511	1,886,982	101,338,041

6. DIVIDENDS

6.1 The Company paid a Final Dividend of Rs.1/- per ordinary share which consists of Cents 25 (Rs.0.25) per share as a Cash Dividend and Cents 75 (Rs.0.75) per share in the form of a Scrip Dividend for the financial year ended 31st March 2020, which was distributed entirely out of dividend income received by the Company which was part of the retained earnings as at 31st March 2020. The said Final Dividend was approved at the Annual General Meeting held on 14th September 2020.

6.2 Subject to the approval of the Shareholders at the Annual General Meeting, the Board of Directors recommended a First & Final Dividend of Cents 70 (Rs.0.70) per ordinary share amounting to Rs.70,936,628/70 for the year ended 31st March 2021. The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

7. MAJOR SHAREHOLDERS

A list of major shareholders of the Company as at 31st March 2021 is provided in the Annual Report of the Board of Directors, on page 24.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 75th Annual General Meeting of **Ceylon Investment PLC** will be held on Tuesday, 17th August 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 declare a dividend as recommended by the Directors.
3. To re-elect Mr. A. P. Weeratunge who retires by rotation in term of Articles 72, 73 and 74 of the Articles of Association of the Company.
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 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. V. M. Fernando 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. V. M. Fernando who is 71 years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

6. To re-appoint 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 a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

By Order of the Board

(Sgd)

K. D. De Silva (Mrs.)

Director

Carsons Management Services (Private) Limited
Secretaries

Colombo

15th July 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 17th August 2021', which is enclosed with the Notice convening the AGM.
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 notice convening the AGM together with the procedure to be followed at the AGM will be posted to the Shareholders. 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/ceylon-investment-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 15th July 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 17th August 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 15th August 2021,
 - via email to CINVAGM2021@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.

FORM OF PROXY

*I/We
of
being *a Shareholder / Shareholders of **Ceylon Investment PLC** hereby appoint
.....
of
bearing NIC No./ Passport No. or failing him/her

Mirihana Arachchige Rose Chandralatha Cooray or failing her,
Don Chandima Rajakaruna Gunawardena or failing him,
Ajith Prashantha Weeratunge or failing him,
Vernon Manilal Fernando or failing him
Krishna Selvanathan

as *my/our proxy to attend at the 75th Annual General Meeting of the Company to be held on Tuesday, 17th August 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
(1) To declare Cents 70 (Rs.0.70) per ordinary share as a First & Final dividend for the financial year ended 31st March 2021 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
(2) To re-elect Mr. A. P. Weeratunge who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(3) 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"/>
(4) To re-appoint Mr. V. M. Fernando who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(5) 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"/>
(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.	<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 15th August 2021**,
 - via email to CINVAGM2021@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 **not later than 4.45 p.m. on 15th August 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 17th August 2021'**, attached with this Notice.
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)**, attached 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 COMPANY

Ceylon Investment PLC
(A Carson Cumberbatch Company)

COMPANY REGISTRATION NO.

PQ 68

DOMICILE AND LEGAL FORM

Ceylon Investment PLC is a Public Quoted Company with limited liability domiciled in Sri Lanka.

The Company was incorporated in Sri Lanka in 1919.

PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS

During the year, the principal activity of the Company was holding and managing of an investment portfolio.

PARENT ENTERPRISE

Ceylon Guardian Investment Trust PLC is the immediate Parent Company of Ceylon Investment 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

Mrs. M.A.R.C. Cooray (Chairperson)
Mr. D.C.R. Gunawardena
Mr. A.P. Weeratunge
Mr. V.M. Fernando
Mr. K. Selvanathan
Mr. T.C.M. Chia (resigned w.e.f. 31/05/2021)

BANKERS

Standard Chartered Bank
Commercial Bank of Ceylon PLC
Deutsche Bank AG
Hatton National Bank PLC

AUDITORS

Messrs. KPMG
Chartered Accountants,
No. 32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3,
Sri Lanka.

Telephone No.: + 94 11 5426 426
Fax No.: +94 11 2445 872

MANAGERS & SECRETARIES

Carsons Management Services (Private) Limited
No. 61, Janadhipathi Mawatha,
Colombo 1.
Sri Lanka

Telephone No.: +94-11-2039200
Fax No.: +94-11-2039300

INVESTMENT MANAGERS

Guardian Fund Management Limited
No. 61, Janadhipathi Mawatha,
Colombo 1,
Sri Lanka.

Telephone No.: +94-11-2039200
Fax No.: +94-11-2039385

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 61, Janadhipathi Mawatha,
Colombo 1,
Sri Lanka

Telephone No.: +94-11-2039200
Fax No.: +94-11-2039300

CORPORATE WEBSITE

www.carsoncumberbatch.com

Designed & produced by

emagewise

Printed by Printage (Pvt) Ltd

CEYLON INVESTMENT PLC - PQ 68

ADDITIONAL INFORMATION TO SHAREHOLDERS

We are herewith circulating the portfolio of the company's associate company, Rubber Investment Trust Limited.

INVESTMENT PORTFOLIO OF RUBBER INVESTMENT TRUST LIMITED

(In Rupee thousands)

1 INVESTMENTS IN FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

1.1 Summary

As at 31st March	Note	2021 Fair value	2020 Fair value
Investment in Equity Securities - Quoted Shares	1.2	6,739,514	3,678,886
Investment in Equity Securities - Unquoted Shares	1.3	99,689	94,598
		6,839,203	3,773,484

1.1.1 Movement in investments in fair value through other comprehensive income

	Fair value as at the beginning of the year	Additions	Fair value adjustment	Fair value as at the end of the year
For the year ended 31st March 2021				
Investment in equity securities	3,773,484	-	3,065,719	6,839,203
	3,773,484	-	3,065,719	6,839,203
For the year ended 31st March 2020				
Investment in equity securities	4,087,651	90,875	(405,042)	3,773,484
	4,087,651	90,875	(405,042)	3,773,484

1.2 Investment in equity securities - quoted shares

As at 31st March	2021		2020	
	No. of Shares	Fair value	No. of Shares	Fair value
Food Beverage & Tobacco				
Bukit Darah PLC	20,438,250	6,739,513	20,438,250	3,678,885
Bukit Darah PLC -Preference Shares 8% participative cumulative	31,875	1	31,875	1
Total investment in equity securities - quoted shares		6,739,514		3,678,886

Valuation of Listed Equity Investments

The fair value of Bukit Darah PLC as at 31st March 2021 was based on the last traded as at 31st March 2021 and as at 31st March 2020 was based on the last traded price as at 20th March 2020, published by the Colombo Stock Exchange.

1.3 Investment in equity securities - unquoted shares

As at 31st March	2021		2020	
	No. of Shares	Fair value	No. of Shares	Fair value
Guardian Value Fund LLC	500,000	99,689	500,000	94,598
Total investment in equity securities - unquoted shares		99,689		94,598

2 INVESTMENTS IN EQUITY AND DEBT SECURITIES

2.1 Summary

As at 31st March	Note	2021	2020
		Fair value	Fair value
Investment in Equity Securities - Quoted Shares - Fair value through profit or loss (FVTPL)	2.2	2,971,156	2,138,326
Investments in Debt Securities - Debentures at amortised cost	2.3	-	102,964
		2,971,156	2,241,290

Valuation of Listed Equity Investments

The fair value of the Company's listed investment portfolio as at 31st March 2021 was based on the last traded price as at 31st March 2021 and as at 31st March 2020 was based on the last traded price as at 20th March 2020, published by the Colombo Stock Exchange.

2.1.1 Movement in investments in equity and debt securities

	Fair value as at the beginning of the year	Additions	Disposals / write off	Amortised interest	Change in fair value	Fair value as at the end of the year
For the year ended 31st March 2021						
Investment in equity securities	2,138,326	658,552	(408,140)	-	582,418	2,971,156
Investment in debentures	102,964	-	(99,265)	(3,699)	-	-
	2,241,290	658,552	(507,405)	(3,699)	582,418	2,971,156
For the year ended 31st March 2020						
Investment in equity securities	1,920,299	851,422	(194,459)	-	(438,936)	2,138,326
Investment in treasury bonds	207,101	299,201	(500,343)	(5,959)	-	-
Investment in debentures	-	99,265	-	3,699	-	102,964
	2,127,400	1,249,888	(694,802)	(2,260)	(438,936)	2,241,290

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

2.2 Investment in equity securities - quoted shares

As at 31st March	2021		2020	
	No. of Shares	Fair value	No. of Shares	Fair value
Banks				
Commercial Bank of Ceylon PLC	1,749,158	149,555	783,069	47,062
Hatton National Bank PLC - Non voting	1,541,787	149,862	1,453,990	145,835
Hatton National Bank PLC	1,483,084	186,869	888,312	93,362
National Development Bank PLC	332,376	26,856	207,519	13,738
Sampath Bank PLC	1,389,312	74,745	240,104	28,573
Seylan Bank PLC	308,823	15,132	-	-
		603,019		328,570
Diversified Financials				
Central Finance Company PLC	6,113,409	493,352	7,106,573	575,633
Peoples' Leasing & Finance PLC	17,713,821	209,023	16,914,702	206,359
		702,375		781,992
Insurance				
Ceylinco Insurance PLC - Non Voting	70,000	77,000	70,000	55,300
HNB Assurance PLC	46,524	2,759	15,508	1,877
People's Insurance PLC	-	-	1,960,760	33,529
Union Assurance PLC	199,000	62,188	199,000	59,700
		141,947		150,406

As at 31st March	2021		2020	
	No. of Shares	Fair value	No. of Shares	Fair value
Food Beverage & Tobacco				
Distilleries Company of Sri Lanka PLC	15,653,921	311,513	13,653,921	177,501
Melstacorp PLC	1,732,769	76,242	2,631,220	62,097
Sunshine Holdings PLC	3,696,996	97,970	1,300,000	49,270
Ceylon Cold Stores PLC	15,000	9,326	-	-
		495,051		288,868
Capital Goods				
Hemas Holding PLC	6,791,308	566,395	5,382,525	302,499
John Keells Holdings PLC	1,167,287	173,342	218,287	25,190
		739,737		327,689
Consumer Services				
Aitken Spence Hotel Holdings PLC	826,548	24,962	826,548	12,481
John Keells Hotels PLC	760,206	7,222	-	-
		32,184		12,481
Food & Staples Retailing				
Cargils (Ceylon) PLC	6,814	1,601	56,814	9,658
		1,601		9,658
Materials				
Chevron Lubricants Lanka PLC	555,944	50,035	828,746	44,339
Swisstek (Ceylon) PLC	-	-	260,000	7,020
Tokyo Cement Company (Lanka) PLC - Non voting	-	-	2,297,872	45,957
Tokyo Cement Company (Lanka) PLC	-	-	926,620	20,849
		50,035		118,165
Utilities				
LVL Energy Fund PLC	1,257,100	12,194	1,257,100	5,280
		12,194		5,280

As at 31st March	2021		2020	
	No. of Shares	Fair value	No. of Shares	Fair value
Telecommunication Services				
Dialog Axiata PLC	13,554,973	176,215	13,554,973	115,217
		176,215		115,217
Power and Energy				
Vallible Power Erathna PLC	2,270,000	16,798	-	-
		16,798		-
Total investment in equity securities - quoted shares		2,971,156		2,138,326

2.3 Investments in debt securities - debentures

As at 31st March	2021			2020		
	No of debentures	Face value	Amortised cost	No of debentures	Fair value	Amortised cost
Sampath Bank PLC	-	-	-	1,000,000	100,000	102,964
Total investment in debentures					100,000	102,964

3 INVESTMENT IN UNIT TRUSTS

3.1 Movement in investment in unit trusts

As at 31st March	2021	2020
Balance as at the beginning of the year	98,248	37,612
Investments during the year	143,500	1,527,400
Disposals during the year	(241,683)	(1,470,161)
Fair value adjustment	-	3,397
Balance as at the end of the year	65	98,248

3.2 Investment in unit trusts - unquoted

As at 31st March	2021		2020	
	No. of units	Fair value	No. of units	Fair value
Guardian Acuity Money Market Fund	3,186	65	5,056,140	98,248
Total investment in unit trusts - unquoted		65		98,248

Valuations of unit trusts are based on the unit prices published by the unit trust managers, Guardian Acuity Asset Management Limited, as at 31st March.