



BUILDING VALUE

**CEYLON
INVESTMENT PLC**
A CARSON CUMBERBATCH COMPANY

Annual Report 2015/16

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BUILDING VALUE

Ceylon Investment PLC is a part of the Ceylon Guardian Investment Trust Group. It is focused on investing in listed equity investment portfolios to create long term value to shareholders.

The Company looks at the business of growing investments in innovative and progressive ways, helping our shareholders discover the benefits of diversified growth and enduring value.

KEY HIGHLIGHTS

In Rupees Thousands

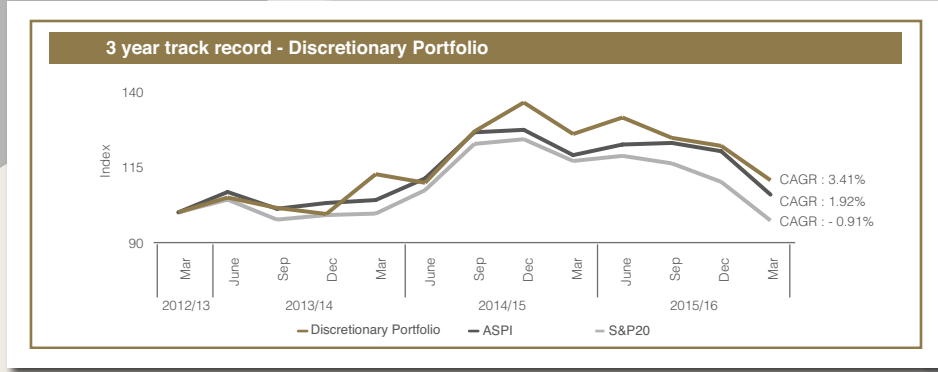
For the year ended / as at 31st March	2016	2015	Change (%)
Revenue	322,032	739,237	(56)
Profit from operations	131,859	701,534	(81)
Share of profit of equity accounted investee net of tax	162,922	299,714	(46)
Profit before taxation	294,763	1,001,114	(71)
Profit for the year	287,215	986,862	(71)
Other comprehensive income / (expense) for the year net of tax	(4,090,419)	781,179	(624)
Total comprehensive income / (expense) for the year	(3,803,204)	1,768,041	(315)
Net cash used in operating activities	(52,634)	(87,556)	(40)
Net decrease in cash & cash equivalents during the year	(216,279)	(254,026)	(15)
Total assets	9,290,708	13,376,987	(31)
Total equity	9,103,653	13,102,170	(31)
Return on ordinary shareholders' funds (%)	3.15	7.53	(58)
Earnings per share (Rs)	2.89	9.92	(71)
Dividend per share (Rs) - Cash*	1.50	2.50	(40)
Dividend per share (Rs) - Scrip*	-	1.00	(100)
Net assets value per share (Rs.)	91.54	133.00	(31)
Ceylon Investment PLC - Fund value **	9,278,745	13,351,117	(31)
Price to book value ratio (times)	0.58	0.68	(15)
Stock market data			
All share price index (points)	6,072	6,820	(11)
S&P SL 20 Index (points)	3,204	3,852	(17)
Market capitalisation (000')	5,241,071	8,964,854	(42)
Share price (Rs.)			
-Year end	52.70	91.00	(42)
-High	99.00	114.00	(13)
-Low	44.00	73.10	(40)

* Based on proposed / interim dividends

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

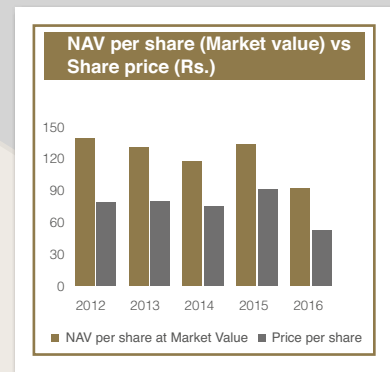
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4,067
Rs. Mn
Discretionary portfolio



91.54
Rs.
NAV per share

52.70
Rs.
Share Price



322
Rs. Mn
Revenue

287
Rs. Mn
Profit for the year

9,279
Rs. Mn
Total Portfolio

5,241
Rs. Mn
Market Capitalisation

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is with a sense of hope and expectation that I welcome you to the 70th Annual General Meeting of the Company. I mention this specifically because we believe that our country is at a critical turning point where its economic development is concerned. Having successfully overcome a debilitating civil conflict, Sri Lanka embarked on a concerted development effort, which now needs to be supported by deep rooted economic reforms and structural changes which would help take us to the next level of stability and prosperity.

As a country we need to have the courage to recognise that remaining entrenched in inefficiency, debt dependence and poor competitiveness in relation to the rest of the world would not help us to give our future generations a nation to be proud of. To create a better economic platform for the next generation, we have to improve the efficiencies of our institutions, undertake policy reforms that reduce the burden on tax payers and create a vibrant economy that offers diverse and high quality job opportunities for our youth, whilst taking care of our fundamental pillars of a good education and healthcare system for our people. There can be no more time lost in doing this.

As a part of the capital markets of Sri Lanka, we well recognise that capital markets are a facilitative industry in driving enterprise forward in a country. So if enterprises do not grow, expand and constantly demand new and innovative forms of capital, the capital markets cannot exist in isolation. Therefore, we feel compelled to comment on the general state of the economy and business, from which the demand for capital markets services is derived.

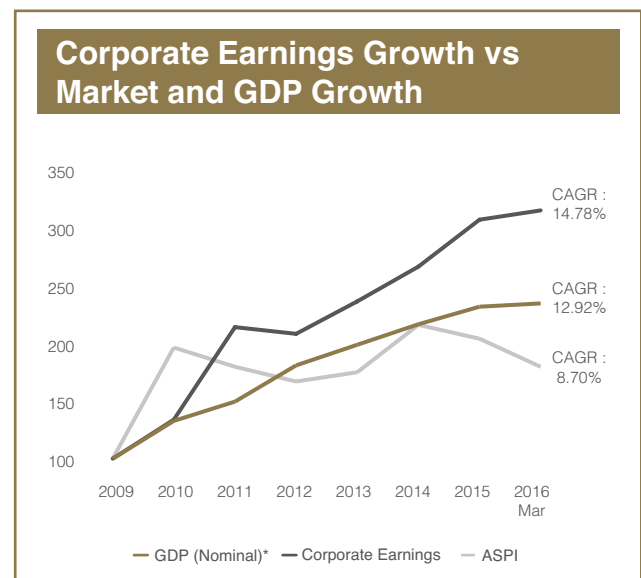
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Thus taxation and revenue generation policies that address the long term needs of the country have to be articulated and executed consistently. All other forms of state control over private enterprise should similarly be articulated and practised, namely price regulation, volume regulation, licensing regimes, and all forms of operating limits.

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Taxation policy is a key driver of business and hence should follow a consistent and predictable trend, driven by overarching policy objectives. This gives businesses an opportunity to plan their strategies in the context of predictable tax policies. Inconsistency in taxation policy creates havoc in the planning cycles of companies which have corporate plans that span well beyond the political terms of governments. Thus taxation and revenue generation policies that address the long term needs of the country have to be articulated and executed consistently. All other forms of state control over private enterprise should similarly be articulated and practised, namely price regulation, volume regulation, licensing regimes, and all forms of operating limits. They should not in any way be subject to short lived quick fixes that change for opportunistic political gains. Any government which truly believes that the private sector is the engine of growth should avoid creating uncertainty to investors who have committed tremendous amounts of capital on the basis of policy continuity.

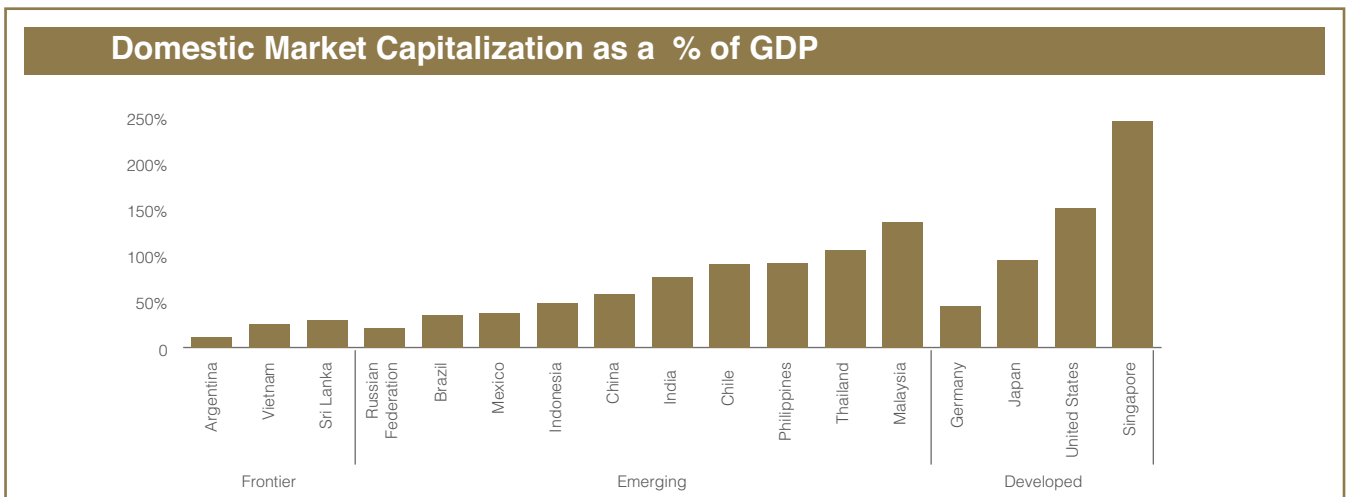
State owned enterprises that make losses, bleed tax payers of hard earned money. Losses of these entities essentially therefore constitute an exercise in passing the costs of waste and corruption and the burdens of one group of people to a different group of people, and serves no one in particular. So



* 2016 Q1 GDP figure was measured using a 5% growth rate as forecasted by the IMF

Sources : Central Bank of Sri Lanka / International Monetary Fund / Colombo Stock Exchange

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Source : World Federation of Exchanges Database

whilst giving due consideration to protection of worker rights and consumer interests, state enterprise reform will have to be undertaken to have a lasting impact on economic efficiency.

The chronic balance of payments deficits we have faced for decades is not an easily correctable problem. Essentially its end result is an impoverished nation vis a vis other developing countries whose citizens hold currencies that bring them more prosperity. In correcting this situation, we have become indebted to the rest of the world in a growing measure and this makes the cost of taking on more debt higher. To address the problem we need better quality, more diverse sources of foreign exchange other than from the export of cheap domestic workers which is now our main source of foreign earning. Going forward, these low level jobs should transform to manufacturing or service industry based jobs based locally that earn foreign exchange.

When these structural and deep rooted issues get properly addressed, along with other specific sector based reforms, we would naturally see a more predictable and stable environment which businesses would find conducive for investment. The catalyst for capital market growth thereby becomes automatically activated, with demand for capital increasing. Thus we would see critical indicators like market capitalisation to GDP ratio increasing to levels of 70%-80% as more economic activity gets translated to capital markets. Post war listed company earnings growth has overshoot both GDP and the index growth, thus demonstrating the potential of the market to grow.

The poor state of markets in 2015/16, reflected in our performance this year, with our discretionary portfolio (prior to distribution of dividend to shareholders) falling by 7.05%, although outperforming the market by 3.92%, and profits declining 70.89% to 287 mn. With our strategic holding declining 40.19% and the total portfolio value (prior to distribution of dividend to shareholders) declined 28.68%.

I wish to conclude by thanking the staff for their dedication & enthusiasm amidst difficult conditions, our intermediaries & service providers for their support, and the regulators for the efforts to develop the industry. Most importantly I thank our clients and investors who placed their faith in Ceylon Investment; and our shareholders who have remained confident of our ability to deliver results. I convey my appreciation to my Board Members and the Members of the Audit Committee, Remuneration Committee, Nominatoin Committee and Related Party Transactions Review Committee for their diligence. We will continue to build our business for long term opportunities whilst managing the volatilities of the short term with care.

(Sgd.)

I. Paulraj
Chairman
Colombo

7th June 2016

MANAGEMENT DISCUSSION & ANALYSIS

Ceylon Investment Portfolio

The Ceylon Investment portfolio consists of a discretionary segment which is actively managed and a non-discretionary segment which is factored in through its associate company Rubber Investment Trust Limited. The discretionary component amounts to Rs. 4.07 billion while total holding of the company is valued at Rs. 9.28 billion. The discretionary segment is actively managed using a bottom up stock selection approach where investee companies are evaluated by the fund management team using fundamental research and the team's extensive experience in capital markets.

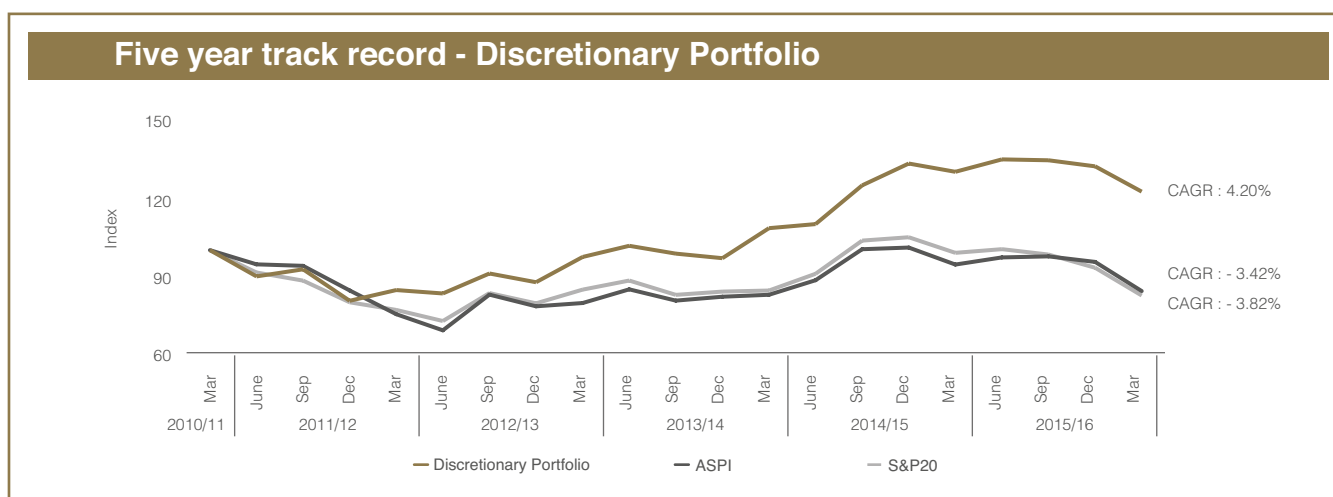
Ceylon Investment practices a disciplined investment process which promotes cross team collaboration and

individual experience. The fund managers and research team collectively scrutinise the portfolio holdings and potential trading opportunities when arriving at investment decisions. Fundamental research is conducted on companies using cash-flow and relative valuation models.

The total portfolio experienced a decline (prior to distribution of dividend to shareholders) of 28.68% to Rs. 9.28 billion for the financial year ending 31st March 2016. The discretionary portfolio amounting to Rs. 4.07 billion as at 31st March 2016 (prior to distribution of dividend to shareholders) declined by 7.05% compared to the benchmark All Share Price Index which fell by 10.97% for the review period. The discretionary portfolio despite falling in value was able to outperform the All Share Price Index by 3.92%.

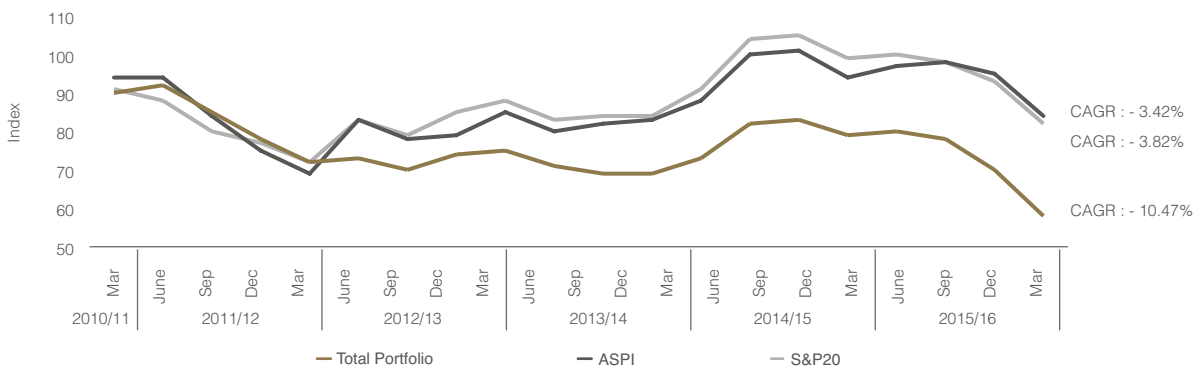
Figure 1: Portfolio Composition	As at			As at 31-Mar-16 (Dividend adjusted)*	Dividend adjusted performance
	31-Mar-16	31-Mar-15	Change %		
Discretionary portfolio (Rs. '000)	4,066,809	4,636,733	(12.29%)	4,309,631	(7.05%)
Strategic Investment (Rs. '000)	5,211,936	8,714,384	(40.19%)	5,211,936	(40.19%)
Total Portfolio (Rs.'000)	9,278,745	13,351,117	(30.50%)	9,521,567	(28.68%)
ASPI (Points)	6,071.88	6,820.34	(10.97%)		(10.97%)
S&P 20 (Points)	3,204.44	3,852.43	(16.83%)		(16.83%)

*After adding back the total cash outflow from the distribution of dividend by the Company which was Rs. 242.8 mn during the period.



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Five year track record - Total Portfolio

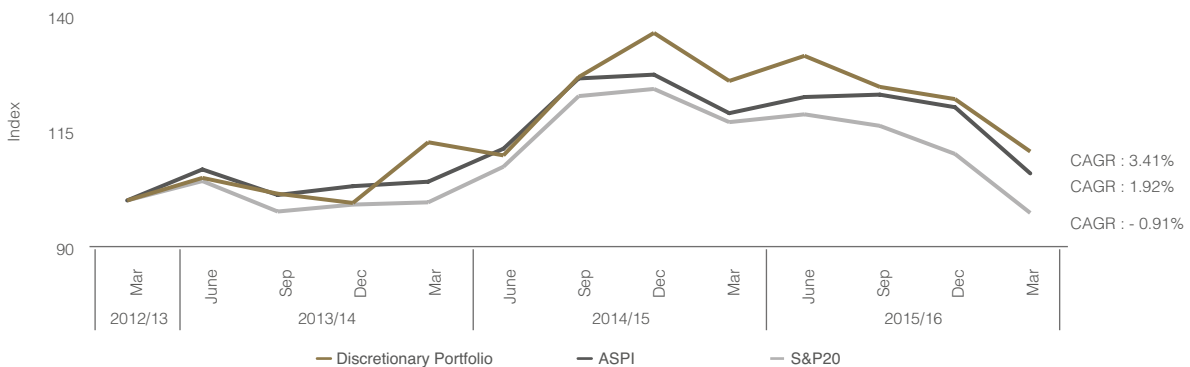


Investment Update

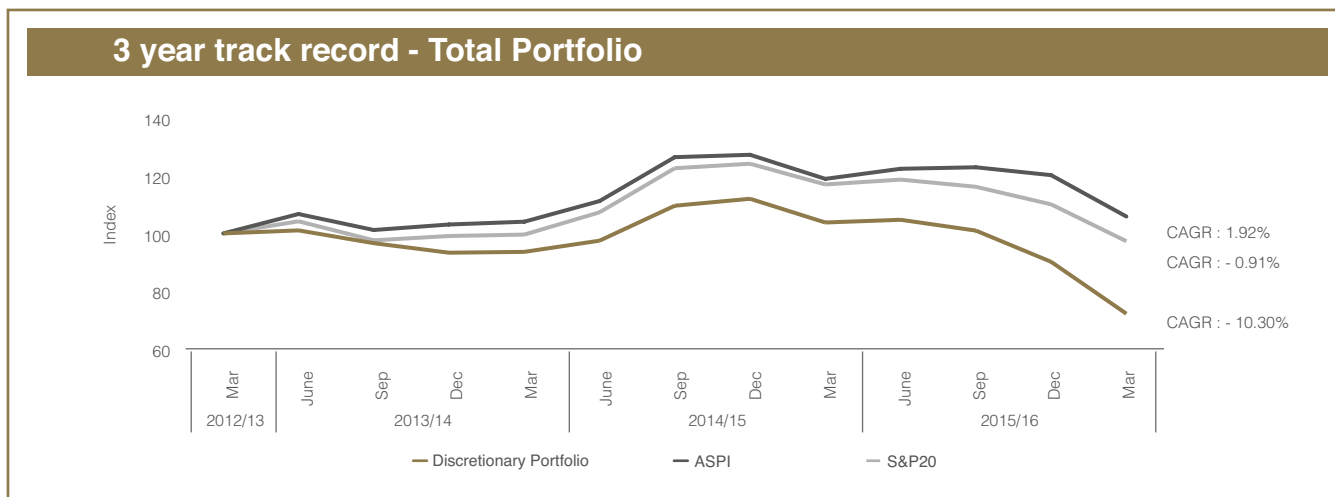
The financial year ending March 2016 proved to be a jittery year for global and domestic equities. Investor confidence was drained by a mix of domestic and international events leading markets into bearish territory. Domestic concerns focused on parliamentary elections, fiscal budget deficits and the economy navigating the edge of a balance of payments crisis. On the global front, persistent concerns about the state of the global economy, volatile oil prices and an initial hawkish US federal reserve tempered enthusiasm. All these factors led to the Colombo Stock Exchange enduring weak investor sentiment and lower activity.

Paradoxically, the equity market slow-down has improved return prospects for the medium to longer term as we see fundamental value on a cross section of stocks remaining intact. Ceylon Investment being a long term equity investor used the decline in markets as an opportunity to increase its equity exposures. However, during the year we were net seller in the Colombo Stock Exchange with sales for the review period totalling Rs. 844 million compared to purchase of Rs. 800 mn. But, Since the reporting period end, our purchases have further grown by a net of Rs. 397 mn.

3 year track record - Discretionary Portfolio



MANAGEMENT DISCUSSION & ANALYSIS

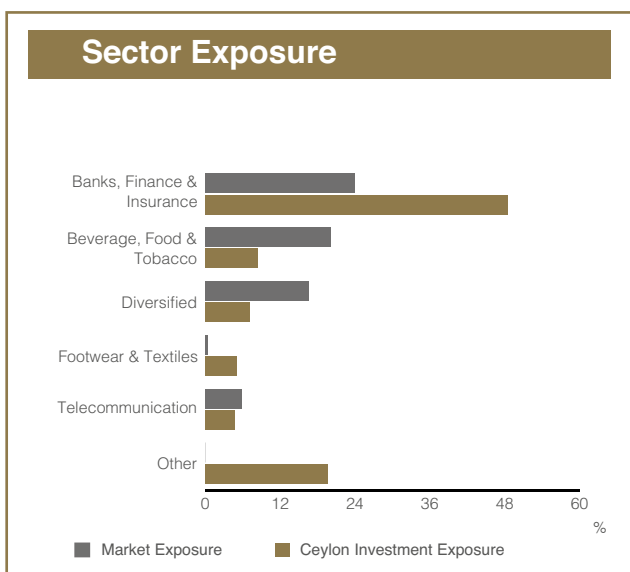


Looking at the portfolio, the banking stocks were significant detractors to both the portfolio and the All Share Price Index during the review period. Despite strong loan growth and improved cost management the banks especially came under large scale selling pressure from foreign investors due to the emerging market sell-off. Large weights in our portfolio from this sector being Commercial Bank, Hatton National Bank, Sampath Bank fell by 24.12%, 10.35% and 10.23% respectively compared to the All Share Price Index fall of 10.97%. Our investment approach helped us weather the storm and we maintain these investments which remain fundamentally sound and undervalued.

Top five holdings

As value investors, we saw this decline as an opportunity to accumulate shares with strong fundamentals while their share prices plunged. The portfolio maintains a large exposure to Commercial Bank and further bought Rs. 208 million over the period under review. Commercial Bank being the largest listed bank with 264 branches offers full scale banking solutions focused on SME and Trade Finance. The bank is positioned well to take advantage of the economic growth potential with a lending mix of 40% corporate and 60% retail and SME loans. Furthermore, the bank's lucrative expansion into Bangladesh which accounts for 10% of net profit makes it the only private bank to own branches out of Sri Lanka. We expect reduced loan growth next year after a bumper year of 25% growth in advances in 2015. The bank's large bond portfolio has recently experienced significant mark to market losses with the spike in interest rates. However, we feel this will normalise once the economy eventually recovers from its Balance of Payment concerns.

We remain upbeat with regard to our investment in Hatton National Bank and further increased exposure buying Rs. 69 million. With an asset base of Rs. 757 billion the bank is the second largest listed bank with a lending focus on SME and retail segment. The bank has performed well across its key indicators for 2015 relative to peers. A renewed focus on asset quality and overall efficiency of the bank had contributed well for the financial results for 2015.



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We had expected interest rates to increase as a result of higher consumption imports, capital outflows and external debt repayment. Although, this generally has a positive impact on bank net interest margins (NIMs) there are repercussions on its counterpart leasing sector NIMs. Furthermore, cyclical policy actions tended to focus on deterring vehicle imports through reducing Loan to Value ratios and increasing import duties on this sector. With this mind we exited our positions in Nations Trust Bank which had the largest leasing sector exposure in its loan book of 25% compared to other banks which averaged around 8%.

Some new additions to the portfolio from the Insurance sector included Ceylinco Insurance Non-voting and Peoples Insurance. Ceylinco Insurance is the market leader in Life insurance and second largest player in the Non-life market. The company displayed impressive improvements in its claims and expense ratio. Peoples Insurance shows significant competitive advantages by leveraging off its giant parent companies Peoples Leasing and Peoples Bank.

More recent positions which are currently being built in non-banking investments are Softlogic Holdings, a diversified conglomerate with a strong healthcare and retail business exposure, as well as a Tokyo Cement which will benefit from the construction drive.

Company	Market value of the Holding ('000)	Holding as a % of Discretionary portfolio
Commercial Bank of Ceylon PLC	452,443	11.13%
Hatton National Bank PLC	414,574	10.19%
Distilleries Company of Sri Lanka PLC	341,356	8.39%
Sampath Bank PLC	336,656	8.28%
Central Finance Company PLC	244,901	6.02%
Total	1,789,930	44.01%

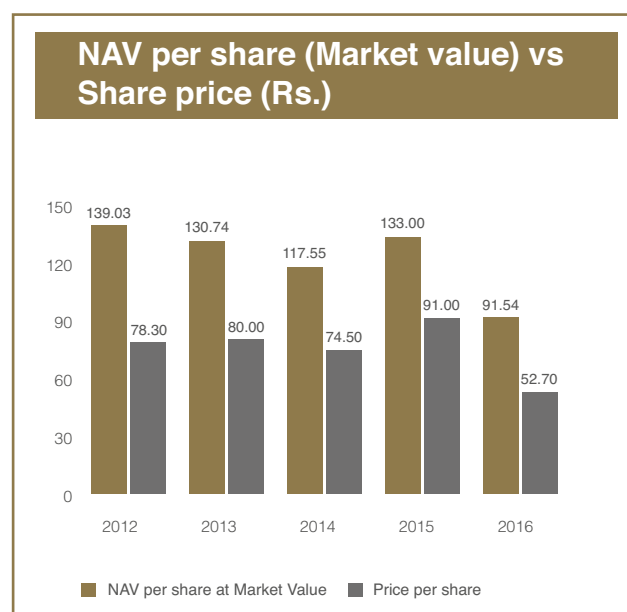
Distilleries Company of Sri Lanka now features amongst our top five holdings, with benefits expected to accrue to the alcohol industry due to the curtailment of non-tax paid spirits from infiltrating the market. Furthermore, the higher incidence of

tax on beer after the recent budget, has caused consumers to switch to harder alcohols, abandoning the movement previously shown towards softer alcohols. We have seen Distilleries volumes increase as a result. And although competition has increased due to new entrants to the industry and the resultant compression of margins, profitability overall is seen to be growing.

Financial Review and Shareholder Returns

Ceylon Investment together with its share of profit of equity accounted investee, reported a profit after tax of Rs. 287.2 mn for the year ended 31st March 2016 compared to Rs. 986.9 mn of the previous year. The decrease of Company profit by 71 % is a reflection of the subdued market activity when compared with last year. The realisation of capital gains on disposal of stocks in the Company portfolio is the key contributor towards the profit. During the period under review, Rs. 177.8 mn was recorded as "Net gain from disposal of available for sale financial assets" whereas, it was Rs. 538.3 mn in previous financial year.

The net fair value losses on Instruments held as "fair value through profit or loss financial assets" amounts to Rs. 89.9 mn for the current year, due to the fall in market prices of equity shares, as opposed to the net gain of Rs. 50.3 mn for last year. The impairment loss on account of fall in fair value of Instruments held as "available for sale financial assets" which is either significant or prolonged, amounts to Rs. 45.6 mn (2015 - Rs. 38.9 mn) for the period under review.

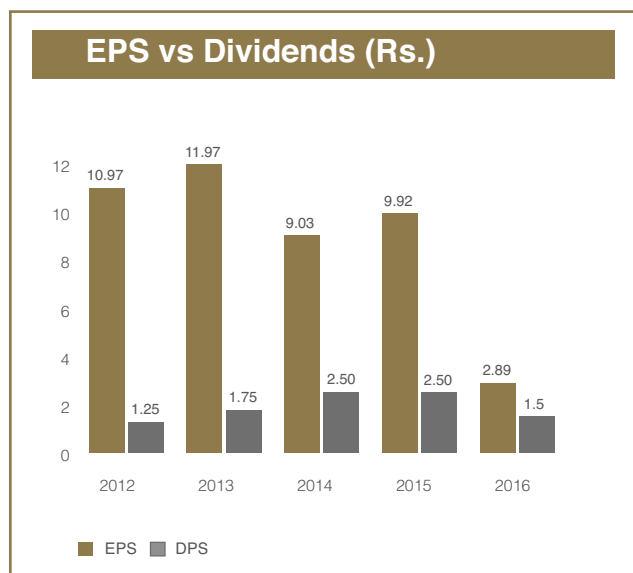


MANAGEMENT DISCUSSION & ANALYSIS

The Company's earnings per share (EPS) decreased to Rs. 2.89 from Rs. 9.92, a drop of 71%.

Share of other comprehensive income/(expense) of equity accounted investee net of tax, which is the main component of other comprehensive Income, amounts to negative Rs. 3.57 bn compared to positive Rs. 603.9 mn recorded in the previous year. This significant negative change is due to a share price drop of 48% in Strategic Investment in the portfolio of our associate company, Rubber Investment Trust Limited reflecting a loss of Rs. 6.7 bn in the mark to market valuation, recognised in the comprehensive Income of its financial statements.

This strategic investment represents the value of the Carsons oil palm business to which it has heavy exposure. The price drop reflects the weak state of global commodity markets and price levels hitherto not seen for palm oil, the reduced but still prevalent rupiah devaluation / dollar appreciation impact on foreign loans held by the Carsons plantation sector. The negatives affecting this sector and hence the investment, are mostly beyond the control of the management and subject to recovery resulting from global commodity and regional trends.



The Company declared a first interim dividend of Rs. 1.50/- per share as final. The Company has been maintaining a consistent dividend to match shareholder expectations.

The net asset value depreciation of the Company's total portfolio was Rs. 4.07 bn during the financial year under review (Rs 3.5 bn on account of strategic and Rs. 0.57 bn on account of the discretionary portfolio), against an appreciation of Rs. 1.49 bn recorded in last financial year (of which Rs. 0.82 bn was for the

strategic portfolio and Rs. 0.67 bn for the discretionary). The net asset value per share (NAV) amounted to Rs. 91.54 which is based on fair value of its portfolio.

As at 31st March	2016	2015	Change %
ASPI	6,072	6,820	(11)
NAV per share (Rs.)	91.54	133.00	(31)
Market price per share (Rs.)	52.70	91.00	(42)
Discount of NAV to market price per share	42%	32%	

However the Company's share has been trading at a discount in the CSE over the past years. As of 31st March 2016, the market price of the Company was at Rs. 52.70 recording a drop of 42% for the year, and still trades at a discount of 42% to the NAV. Shareholder wealth depreciation during the year was 40 % taking into account both share price movement and dividend for the year.

Our future view of markets

Looking ahead the global economic pick-up is expected to be very gradual with risks tilted towards the downside. The fragile recovery in advanced economies is expected to continue with emerging market economies to experience very divergent prospects. Three aspects will dominate global transitions which include China's shift to a more consumption and service economy (from current investment and manufacturing), price movements in commodities and gradual tightening in the US economy while other central banks delve further into monetary easing.

We expect the domestic economy to gradually emerge out of its balance of payment concerns. A drive on fiscal consolidation will also see the island creating a more sustainable platform for growth. With recent tightening policies introduced by the Monetary Board of Sri Lanka we expect credit growth to moderate and inflation to remain in mid-single digit levels. This should reduce upward pressure on the yield curve and as a result we expect to see interest rates moderate in the medium term.

With the Sri Lankan economy expected to stabilise in the next financial year we expect more confidence amongst investors. An increased appetite for risky assets can result in a recovery in the All Share Price Index from recent market corrections. In the medium term we expect a higher growth momentum for the economy with the implementation of proposed development plans which would flow through into capital markets. Uncertainty still prevails with the timing of global recovery and may result in mixed movements of foreign interest in the Colombo Stock Exchange.

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Economic Review

An arrow, as the saying goes, can only be shot by pulling it backward. Similarly, the year under review saw the economy and markets take a step back in the hope of restructuring itself to create a platform for future growth.

The Sri Lankan economy shows great potential with many avenues for expansion. The geographic location of the island brings with it advantages to develop tourism, maritime, logistics and integrate into regional supply chains. Furthermore, a vibrant service sector and domestic consumption (with increasing GDP per capita) have also proved to be strong contributors to Sri Lanka's economic growth story. The 30 year conflict which ended in 2009 left a vacuum of infrastructure development which the country now has to fast track. The implementation of such projects if financed appropriately will sustain economic growth on a higher trajectory. There lies a need for cohesive policy framework which can help Sri Lanka accelerate development in key sectors resulting in much needed diversity in exports, higher skilled labour force, foreign direct investment and a strategy to better integrate into regional economies.

The calendar year 2015 marked a year of change for Sri Lanka's political landscape. The presidential and parliamentary elections saw a transition in leadership of the country with new leaders articulating good governance and democratic platforms. Thus far, the new government has steered foreign policy in a more diverse direction and is in the process of implementing policies that will improve transparency. Much is expected of the new government with regard to introduction of reforms and providing economic direction. There lies a high expectation on economic and political reforms and the speed at which it is implemented.

Sri Lanka's GDP growth was registered at 4.8% for 2015 which was marginally down from the previous year. Favourable weather patterns saw agriculture perform better with a growth of 5.5%. The industrial sector slowed down to 3.0% as a result of the construction sector coming to a standstill as infrastructure projects were put on hold. The service sector grew by an improved 5.3% with broad-based growth across subsectors.

The year also marked the start of the typical monetary tightening cycle in Sri Lanka. The trade deficit tends to widen with growth in import led consumption, which is in turn spurred by accommodative monetary policy for prolonged periods. With inadequate capital inflows the foreign reserves fluctuate unnervingly and hasten currency depreciation. Furthermore, an increasing exposure to foreign debt (currently 54% of total debt) leaves the economy susceptible to global shocks. The flight from emerging markets in the last quarter of the financial year led to capital outflows from Sri Lanka intensifying and heightened the drain on Sri Lanka's reserves.

The Central Bank of Sri Lanka in order to address excessive growth in credit, reigned in the trade deficit and reduced pressure on the Rupee, tightened monetary policy by increasing policy rates by 50 basis points in February 2016 and increase the SRR by 150 basis points in December 2015. Interest rates meanwhile have increased by 2-3% across secondary market bond yields and primary auctions resulting in a 'risk-off' attitude by investors.

The country's high debt to GDP levels of around 76% and low levels of revenue collection of approximately 13% in 2015 reveal a need for urgent re-structuring on the fiscal policy front. A recent round of proposed fiscal budgets saw the county unable to address its deepening fiscal deficit. Fitch Ratings downgraded Sri Lanka one notch to B+ citing amongst other reasons frail finances, precarious external position, high rising government debt and no credible fiscal consolidation plan. The sovereign credit rating has grown in significance over the years due to higher levels of foreign participation in the Sri Lankan debt markets. The country will be burdened with higher interest costs if markets continue to factor in further credit downgrades.

We believe that the Sri Lankan economy is navigating through the financial storm and will move into calmer and more productive territory based on its present course. The intervention of IMF can restore confidence amongst domestic and international investors and ease pressure on capital flows. Furthermore, fiscal tightening measures currently proposed can indicate a more determined step in the direction of much needed fiscal consolidation.

MANAGEMENT DISCUSSION & ANALYSIS

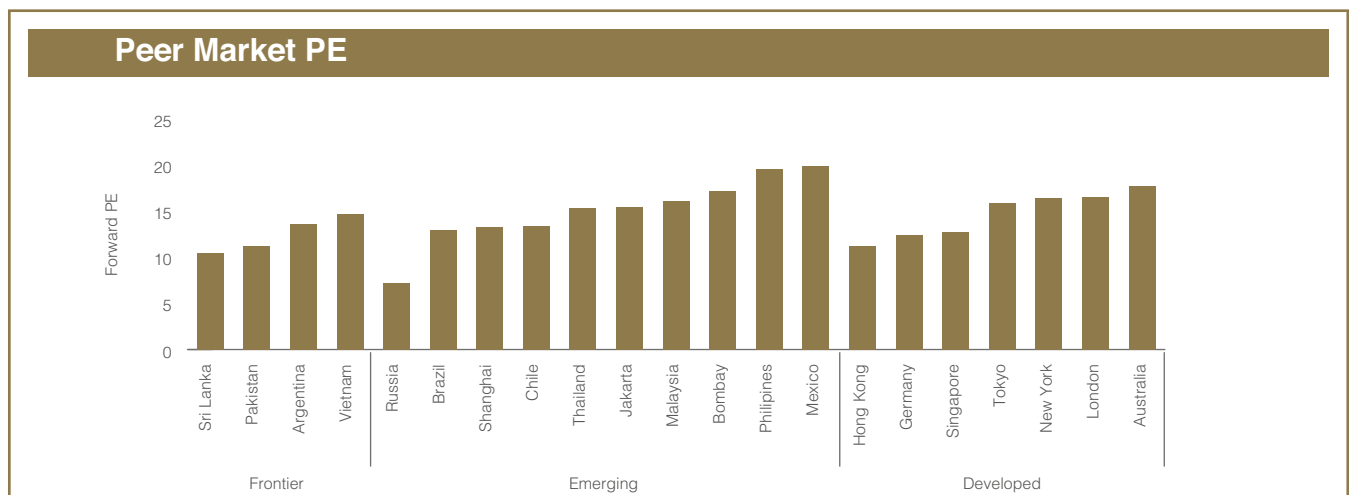
Equity Market Review

Equity markets underwent a correction for the financial year ending March 2016 with the All Share Price Index (ASPI) recording -10.97% and the S&P SL20 falling -16.82%. The first half of the financial year was dominated by an overall sense of uncertainty prevailing in anticipation of general elections to be held in August 2015. Investors were intently watching the transitional period after the presidential elections in January 2015 and implications on policies that were expected to follow thereafter.

The growth story of emerging economies came into question by global investors during the year which resulted in a sell off across emerging markets. Key issues that unsettled foreign investors included a slow-down in China's economy, collapse in oil prices and the increase in the US Fed's policy rate. After the initial Fed rate hike announced in December 2015 the Fed took a more dovish view due to lower expectations in global growth and more sluggish US economic numbers. Sri Lanka too witnessed significant foreign outflows throughout the period under review which amounted to Rs. 9.4 billion. Much of the selling was focused on the large cap stocks resulting in the All Share Price Index taking a severe beating. Key sectors such as banking, finance & insurance sector, diversified sector and manufacturing fell by 15.4%, 14.0% and 7.4%. In recent months global markets have settled with oil prices recovering and emerging markets seeing a significant net inflow.

Foreign outflows from the CSE have stabilised compared to the start of the calendar year but the CSE has not benefitted from renewed interest in emerging markets. This is largely because domestic macroeconomic concerns came into the spotlight. The higher interest rates, external debt repayment and depreciation of the rupee led to bearish sentiment surrounding the CSE. The high debt burden and inadequate strides towards fiscal consolidation further led rating agencies to downgrade and place the island economy on rating watch which further dampen spirits.

Market capitalisation as at 31st March 2016 stood at Rs. 2.58 trillion compared with Rs. 2.89 trillion a year ago. Daily average turnover remained at subdued levels of Rs. 986 million for the financial year with reduced participation by domestic institutional and retail investors. The 1 year and 2 year forward PE for the CSE based on our universe of coverage is currently at 11x and 9x with an anticipated growth in corporate earnings of 12% and 11% respectively. Corporate earnings remains moderate but particular companies show strong potential to consistently outperform the general market. The ability to select these companies and buy at correct pricing effectively reveals the need for fundamental research. The dividend yield of the CSE increased to 2.5% as at March 2016 compared to 2.2% in the previous year. Relative to regional markets the CSE looks more attractive from a valuation perspective and we are confident the foreign interest will return once macroeconomic stability is achieved.



Source : Bloomberg (20th June 2016)

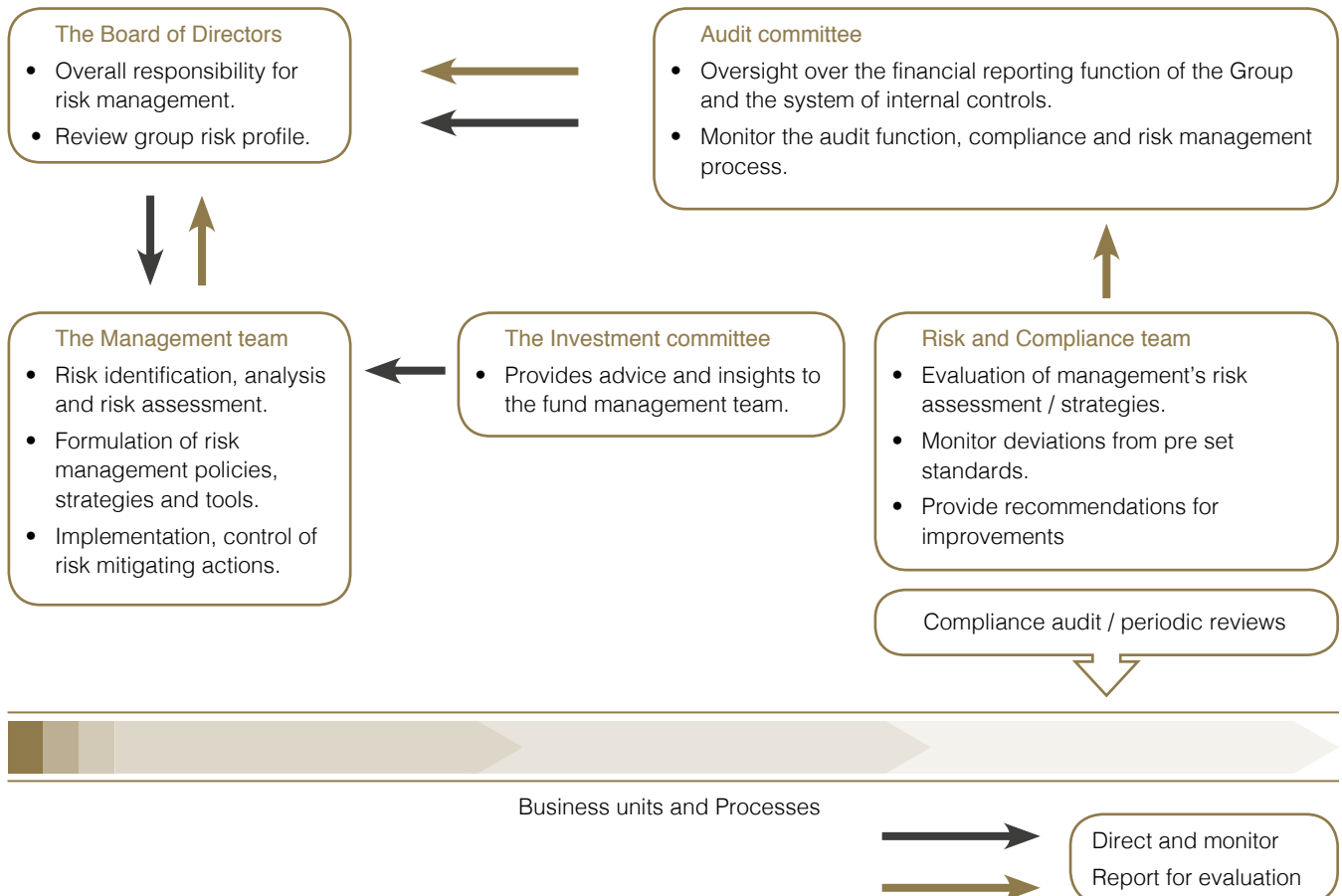
Overview of Risk Management

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 a one time or periodic assessment, rather it is 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 which includes Ceylon Investment PLC. The Company's Board of Directors has

overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has delegated this function to the Management of Guardian Fund Management Limited (GFM) which is a fully owned subsidiary of the parent company, the Fund Managers and Carsons Management Services (Private) Limited (CMSL), the Managers; who are responsible for developing and monitoring the Ceylon Guardian Group's risk management policies and reports regularly to the Board of Directors on its activities. 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, compliance and risk management processes. 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 Guardian Group operates the portfolio and asset management sector of the Carson's Group. The group business operations include management of the Ceylon Guardian group portfolio which consist of listed equity / private equity and fixed income securities, management of unit trusts with equity / debt instruments and providing of portfolio management services to external customers. The Group faces various types of risk, some of which are applicable across all the assets classes under management while some are applicable to specific business operations or an asset category.

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

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.

Risk Category	Impact and mitigating strategies
<p>Country risks</p> <p>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 Group intends to exploit new markets in the future, when regulations permit. Company has invested in The Sri Lanka Fund, which is domiciled in Cayman Island and is subject to laws and regulations imposed by regulatory authorities there. Changes in Cayman Island regulatory environment, in the context of The Sri Lanka Fund is continuously monitored with the assistance of the Fund's Lawyers who have the necessary expertise.
<p>Currency risks</p> <p>The risk associated with any fluctuations of foreign exchanges rates against Sri Lanka Rupee.</p>	<ul style="list-style-type: none"> The Sri Lanka Fund, of which the reporting currency is US dollars, is exposed to risk of currency impact on translation.

Market risk - domestic

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.

- 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 sectorial 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 returns 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 in pursuing investment strategy.

Market risk - international and external

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.

- Commodity risk is somewhat high for the domestic economy, since Sri Lanka is an 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.

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.

Risk Category	Impact and mitigating strategies
<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 maximise 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 a 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 tradability 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>	<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 on the factors like size of free float, tradability of the stock, market turnover, major shareholders etc.

Regulatory and compliance risk Company is operating in an industry where the supervision and monitoring of several regulatory authorities, specially 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, Central Bank of Sri Lanka are applicable.

- The conduct of operations of the Company should be in compliance with the legal and regulatory provisions, 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 being taken by respective regulatory authorities etc.
- The management together with the Carson's group legal division pro-actively identifies and sets up appropriate systems and processes for legal and regulatory compliance in respect of Company's operations.
- Periodic training programs for staff to improve the awareness of changes in applicable laws and regulations.
- Quarterly basis reviews conducted by compliance team and the management certification of compliance with relevant laws and regulations on a periodic basis.

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Operational Risks : This is the risk of losses being incurred resulting from disruptions, disturbance of business operations caused by events due to inadequate or failed internal processes, people and systems within the organisation. The management of operational risk is a continuous process which includes identification, assessment of risk and implementation of measures to address such risk, which specifically covers following key areas which are significant in the context of Investment and asset management operations.

Risk Category	Impact and mitigating strategies
<p>Systems and process risks</p> <p>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 process which utilise human / physical resources and information systems</p>	<ul style="list-style-type: none"> • 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 with for the portfolio management software is made available through an annual maintenance agreement with the software vendor which ensures on line support for system issues and queries. • The internal audit function 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.

RISK MANAGEMENT

Risk Category	Impact and mitigating strategies
<p>Reputation risk</p> <p>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</p>	<ul style="list-style-type: none"> • A sound system of internal controls and quarterly internal audits are carried out by the outsourced auditors BDO Partners. • A code of ethics signed by all staff and constant education and awareness. • Regular staff communication.
<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 is 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. • The staff of GFM 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.

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The Board of Directors of Ceylon Investment PLC have pleasure in presenting to the shareholders this Report, together with the Audited Financial Statements for the year ended 31st March 2016.

The details set out herein provide the pertinent information required by the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and are guided by recommended best Accounting Practices.

The Annual Report was approved by the Board of Directors on 7th June 2016.

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 ACTIVITY OF THE COMPANY

The principal activities of the Company and its associate company are to act as specialised investment vehicle focusing on listed equity investments.

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

3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement and the Management Discussion and Analysis on pages 4 to 12 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 2016 are set out on pages 40 to 74 of this Report. These Financial Statements do comply with the requirements of the Companies Act, No. 07 of 2007.

4.1 Revenue

The Company generated a revenue of Rs. 322 mn (2015 – Rs.739.2 mn). A detailed analysis of the 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	2016	2015
Retained earnings brought forward from previous year	2,648,757	2,161,963
Super Gain Tax for the year of Assessment 2013/14	(26,856)	-
Adjusted retained earnings brought forward from previous year	2,621,901	2,161,963
Profit for the year	124,293	687,148
Dividend received from associate company	79,957	83,235
Forfeiture of unclaimed dividends	4,214	-
Scrip Dividend	(98,514)	-
Dividend	(149,177)	(246,287)
Transfers	51,828	(37,302)
	2,634,502	2,648,757

4.3 Significant accounting policies

The accounting policies adopted in the preparation of these financial statements are given on pages 44 to 51.

4.4 Investment in Financial Instruments

Available for sale financial assets / fair value through profit or loss financial assets.

Investments in financial instruments of the Company represents investments in available for sale financial assets and investments in fair value through profit or loss financial assets, categorised into,

- Fair value hierarchy Level 1 - quoted securities / unit trusts
- Fair value hierarchy Level 3 – private equity (unlisted equity)

The details of financial instruments categorised into levels in the fair value hierarchy are given in note 27.5 to the financial statements.

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4.5 Reserves.

As at 31st March 2016, the total reserves of the Company stood at Rs. 8,340.2 Mn (2015 - Rs. 12,428.6 Mn).

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

4.6 Fair value through profit or loss financial assets reserve

During the year an amount of Rs. 51.8mn was transferred from (2015 - Rs. 37.3 mn was transferred to) "Fair value through profit or loss financial assets reserve" resulting from the change in fair value of fair value through profit or loss financial asset.

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

4.7 Available for sale financial assets reserve

During the year, the net negative movement of 'Available for sale financial assets reserve' amounted to Rs. 519.9 mn (2015 - net positive movement of Rs. 177.2 mn) arising out of transfer of realised gains and adjustment on fair valuation of investments in Available for sale financial assets.

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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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 2016 is given in note 12 to the financial statements on page 52 of the Annual Report.

7.2 Directors' Interest in contracts and shares

Directors' interests in contracts of the Company are disclosed in note 26 to the Financial Statements and have been declared at Meetings of the Board of Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interests in the ordinary shares of the Company, as shown in the table below:

Directors	No. of shares as at	
	31st March 2016	1st April 2015
Mr. I. Paulraj (Chairman)	257	255
Mr. D. C. R. Gunawardena	257	255
Mr. A. P. Weeratunge	-	-
Mrs. M. A. R. C. Cooray	-	-
Mr. V. M. Fernando	-	-
Mr. K. Selvanathan	-	-
Mr. T. C. M. Chia	-	-

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 Directors to retire by rotation

In terms of Articles 89, 90 and 91 of the Articles of Association of the Company, Mr. A.P. Weeratunge, Mrs. M.A.R.C. Cooray and Mr. K. Selvanathan retire by rotation and being eligible offer themselves for re-election.

8.2 Appointment of Director who is over 70 years of age

Upon the recommendation of the Nomination Committee of Ceylon Guardian Investment Trust PLC (the Parent Company), which acts as the Nomination Committee of the Company and the Board, it is recommended that Mr. I. Paulraj who is over 70 years of age be re-appointed as a Director of the Company for a further period of 01 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
- 3) Rules of the Securities and Exchange Commission of Sri Lanka (SEC)
- 4) Central Bank of Sri Lanka

Ceylon Investment PLC is registered as an Underwriter with the Securities and Exchange Commission of Sri Lanka (SEC).

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The above registration is renewed on an annual basis and the Company has to fulfil the criteria stipulated by the SEC for such renewal. These include, amongst many other provisions, the maintenance of a minimum capital, employment of qualified staff, setting in place clear systems and procedures for handling investor and regular reporting and filings with the Regulator.

9.2 Board of Directors

The following Directors held office during the period under review and their brief profiles are given on pages 30 to 32 of the Annual Report :

Directors	Executive/ Non-Executive / Independent
Mr. I. Paulraj (Chairman)	Non-Executive
Mr. D.C.R. Gunawardena	Non-Executive
Mr. A.P. Weeratunge	Executive
Mrs. M.A.R.C. Cooray	Non-Executive/ Independent*
Mr. V.M. Fernando	Non-Executive/ Independent**
Mr. K. Selvanathan	Executive
Mr. T.C.M. Chia	Non-Executive/ Independent***

Each of the Non-Executive Directors of the Company has 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 7th June 2016, in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

* The Board has determined that Mrs. M.A.R.C. Cooray is an Independent Director in spite of 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 Director in spite of 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.

*** The Board has determined that Mr. T.C.M. Chia is an Independent Director in spite of 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.

The Managers of the Company is Carsons Management Services (Private) Limited.

9.3 Directors' Meetings Attendance

Five (05) Board Meetings were convened during the financial year and the attendance of the Directors was as follows:

Directors	Meetings attended (out of 5)
Mr. I. Paulraj (Chairman)	05
Mr. D. C. R. Gunawardena	05
Mr. A. P. Weeratunge	05
Mrs. M. A. R. C. Cooray	05
Mr. V. M. Fernando	03
Mr. K. Selvanathan	05
Mr. T. C. M. Chia	04

9.4 Board Evaluation

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

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

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

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. V. P. Malalasekera (Chairman)	Non-Executive/ Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. F. Mohideen	Non-Executive/ Independent Director of CCPLC

The Audit Committee Report is given on pages 34 to 35 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. I. Paulraj (Chairman)	Non-Executive Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah	Non-Executive/ Independent Director of CCPLC
Mr. W.M.R.S. Dias *	Non-Executive/ Independent Director of CCPLC
Mr.T. de Zoysa **	Non-Executive/ Independent Director of CCPLC

* Appointed to the Remuneration Committee with effect from 18th May 2015

**Appointed to the Remuneration Committee with effect from 28th July 2015

Scope and Objective

The primary objective of the Remuneration Committee is to lead to establish a formal and transparent procedure for the development of a remuneration policy and the establishment of a remuneration structure.

A remuneration policy has been formulated based on market and industry factors and individual performance for all group Companies.

Functions and Proceedings

The Remuneration Committee recommends to the Board the remuneration to be paid to the 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.

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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.

During the period under review the Committee had two meetings and the attendance of the Members was as follows

Remuneration Committee Members	Meetings attended (out of 2)
Mr. I. Paulraj (Chairman)	1
Mr. D. C. R. Gunawardena	2
Mr. R. Theagarajah	2
Mr. W. M. R. S. Dias *	2
Mr.T. de Zoysa **	2

* Appointed to the Remuneration Committee with effect from 18th May 2015

** Appointed to the Remuneration Committee with effect from 28th July 2015

Reporting and Responsibilities

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

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under note 12 on page 52 of the Annual Report. 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
Mr. I. Paulraj (Chairman)	Non-Executive Director of CGIT
Mrs. M. A.R. C. Cooray	Non-Executive/ Independent Director of CGIT
Mr. D.C.R. Gunawardena	Non-Executive Director of CGIT

Scope and Objective

The primary objective of the Nomination Committee is to lead the process for Board appointments of new Directors to the Board and the 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.

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

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

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 :

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

The Related Party Transactions Review Committee Report is given on page 36 of this Annual Report.

Declaration

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

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

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

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

The details of the Related Party Transactions are given in Note 26.

1. Non-Recurrent Related Party Transactions

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

2. Recurrent Related Party Transactions

There were no Recurrent related party transactions entered into by the Company where the aggregate value of the Recurrent Related Party Transactions exceeded 10% of the Gross Revenue/ Income of 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 crystallisation of risk elements to a greater extent, employment of external support structures would also be necessary based on the risk assessments made thereon.

Effective maintenance of internal controls, risk identification and mitigation is handed down to the respective members of the senior management within the guidelines of benchmark policies, procedures and authority limits clearly laid down.

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

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 13 to 18.

11. INDEPENDENT AUDITORS

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

A sum of Rs. 365,000/- was paid to them by the Company as audit fees for the year ended 31st March 2016 (2015 – Rs. 338,000/-). In addition to the above, the Auditors were paid Rs. 170,000/- (2015 – Rs.215,000/-) as professional fees for audit related services.

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 AUDITORS' REPORT

The Independent Auditors' Report on the financial statements is given on page 39 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

The Company paid a Second Interim Dividend of Rs.1/- per Ordinary Share for the year ended 31st March 2015, in the form of a Scrip Dividend (in the ratio of 01 share for every 105.083934) amounting to Rs.98,514,874/-. The direct uploads arising from the Scrip Dividend of shares were uploaded to the respective CDS Accounts of the shareholders on 5th August 2015 and the payments in respect of the fractional shares arising from the Scrip Dividend were made to the shareholders on 7th August 2015.

The Company also paid a First Interim Dividend of Rs.1/50 per Ordinary Share for the year ended 31st March 2016, amounting to Rs.149,176,588/50 on 8th April 2016.

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

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17. SOLVENCY TEST

Taking into account the said distributions, the Directors were satisfied that the Company met the Solvency Test requirement under Section 56 (2) of the Companies Act, No.07 of 2007 immediately after the distributions. The Company's Auditors, Messrs. KPMG, Chartered Accountants have issued Certificates of Solvency confirming same.

18. STATED CAPITAL

The Stated Capital of the Company as at 31st March 2016 was Rs. 763.4 mn comprising of 99,451,059 Ordinary Shares. The movement in Stated Capital of the Company is given in Note 23 to the Financial Statements.

19. INVESTMENTS

Investments represent, investments in associates, investments in available for sale financial assets and investments in fair value through profit or loss financial assets.

- Details on investment in associate company is given in note 18.
- Details on available for sale financial assets are disclosed in note 19 comprising those investments which are held for a longer tenure, usually over 3-5 years. The fair value of the said investment portfolio stood at Rs. 2,937.1 mn (2015 - Rs. 3,418.7 mn) at the end of the financial year.
- The fair value through profit or loss financial assets portfolio engaged in active trading to realise the benefits of the movements in the stock market and is carried in the Statement of financial position at fair value as given in note 21. The carrying value of the fair value through profit or loss financial assets of the Company as at 31st March 2016 was Rs. 793.4 mn (2015 - Rs. 665.4 mn).

20. CAPITAL EXPENDITURE

The Company has not incurred any capital nature expenditure during the year under review (2015 - Nil).

21. 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.

22. 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.

23. 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 29 to the financial statements.

24. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities and commitments made on account of capital expenditure as at 31st March 2016 are given in note 30 to the financial statements.

25. EXPENSES ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Company incurred Rs. 2.7 Mn (2015 - Rs. 2.5 Mn) as CSR related expense by contributing towards "Youth to Nation Foundation", a Company limited by guarantee of which the main objective is to enhance the entrepreneurial, technical and business management skills of young entrepreneurs that would promote the socio economic development of Sri Lanka in a sustainable manner. The members of the said Company are Ceylon Guardian Investment Trust PLC and Ceylon Investment PLC.

26. SHARE INFORMATION

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 75 to 76 and pages 84 to 85 of the Annual Report.

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

27. TWENTY MAJOR SHAREHOLDERS

The Parent Company, Ceylon Guardian Investment Trust PLC holds 64.36% of the total Ordinary Shares in issue of the Company.

Twenty major shareholders with comparatives :

Name of Shareholder	As at 31st March			
	2016		2015	
	No. of shares	%	No. of shares	%
Ceylon Guardian Investment Trust PLC A/c No.3	64,010,916	64.36	63,407,518	64.36
Mrs. M. L. De Silva	1,317,802	1.33	1,305,380	1.33
Associated Electrical Corporation Ltd	1,306,500	1.31	1,200,000	1.22
Mr. K. C. Vignarajah	1,297,320	1.30	1,284,779	1.30
Miss. G. I. A. De Silva	1,289,578	1.30	1,277,422	1.30
Mellon Bank N. A. - Commonwealth of Massachusetts	1,169,046	1.18	783,946	0.80
Thurston Investments Limited	1,062,031	1.07	1,052,020	1.07
Mr. Y. H. Abdulhussein	966,170	0.97	752,110	0.76
Mr. G. J. W. De Silva	862,126	0.87	854,000	0.87
Oakley Investments Limited	803,171	0.81	795,600	0.81
Mrs. S. E. Lokhandwalla	576,558	0.58	566,171	0.57
Mr. H. A. Van Starrex	538,729	0.54	466,923	0.47
Waldock Mackenzie Ltd/Mr.H.M.S. Abdulhussein	537,177	0.54	917,365	0.93
Commercial Bank of Ceylon Ltd/ Mr.K.C. Vignarajah	500,843	0.50	496,122	0.50
Waldock Mackenzie Ltd/Mr.M.A.N. Yoosufali	464,244	0.47	446,053	0.45
Bank of Ceylon No. 1 Account	446,206	0.45	442,000	0.45
Aitken Spence PLC-A/c No. 2	444,529	0.45	440,339	0.45
Mercantile Bank (Agency) Private Limited	412,937	0.42	409,045	0.42
Mellon Bank N.A.-The Frontier Emerging Markets Fund	397,090	0.40	393,347	0.40
Miss.N.K.R.H. De Silva	387,941	0.39	384,285	0.39

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28 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 have approved the Financial Statements of the Company together with the Reviews which form part of the Annual Report on 7th June 2016. The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies, within applicable time frames.

29. ANNUAL GENERAL MEETING

The 70th Annual General Meeting of the Company will be held on Tuesday, the 26th day of July 2016 at 2.00 p.m. at "Kings Court", Cinnamon Lakeside Colombo, No.115, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, Sri Lanka.

The Notice of the Annual General Meeting setting out the business which will be transacted thereat is on page 86 of the Annual Report.

Signed on behalf of the Board

(Sgd.)
I. Paulraj
Chairman

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

(Sgd.)
K. D. De Silva (Mrs.)
Director
Carsons Management Services (Private) Limited
Secretaries

Colombo
7th June 2016

PROFILES OF THE DIRECTORS

ISRAEL PAULRAJ

Israel Paulraj is the Chairman of Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC, Guardian Capital Partners PLC and Rubber Investment Trust Limited. He serves as a Director of several subsidiary companies within the Carsons Group.

He served as Past Chairman of the Federation of Exporters Associations of Sri Lanka and The Coconut Products Traders Association. He was a member of the Executive Committee of the Ceylon Chamber of Commerce, National Chamber of Commerce of Sri Lanka and Shippers Council. He served on the Board of Arbitrators of the Ceylon Chamber of Commerce. He has served as Hony. General Secretary of the Central Council of Social Services, Hony. Treasurer of The Christian Conference in Asia, President of the Church of Ceylon Youth Movement and Hony. Treasurer of the National Christian Council of Sri Lanka. He has also served as Chairman of the Incorporated Trustees of the Church of Ceylon.

He also served on the Presidential Task Force on Non-Traditional Export and Import Competitive Agriculture set up by President R. Premadasa. He served as Chairman of the Ecumenical Loan Fund of Sri Lanka and on its International Board in Geneva. He was a member of the Commercial Law Reform Commission and has served on the Parliamentary Consultative Committee on Internal and International Trade.

He holds a Bachelor of Law Degree and an Executive Diploma in Business Administration.

CHANDIMA GUNAWARDENA

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

Mr. Gunawardena has over four decades of experience in varied fields of business and commercial activities and has held senior positions in Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990.

He has served in the Management Committee of The Ceylon Chamber of Commerce for over 10 years and was a Founder Council member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years.

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

AJITH WEERATUNGE

Ajith Weeratunge is a Director of the Carson Cumberbatch Group's Management Company, Carsons Management Services (Private) Limited and holds the position of Head of Finance.

He is also a Director of Group's Real Estate Sector-Equity One PLC and Equity Two PLC and the Group's Investment Holding Sector-Ceylon Investment PLC, Rubber Investment Trust Limited and Guardian Fund Management Limited and Leisure Sector-Equity Hotels Limited. He carries more than 35 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.

ROSE COORAY

Rose Cooray is a Director of Ceylon Guardian Investment Trust PLC, Hatton National Bank PLC, HNB Grameen Finance Limited. She is the Chairperson of HNB Assurance PLC, HNB General Ltd and Sithma Development (Pvt) Ltd. She functions as the Chairperson of the Board Integrated Risk Committees of Hatton National Bank and HNB Grameen Finance and is a

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Member of several other Board sub-committees at both these institutions. She is a retired Deputy Governor of the Central Bank of Sri Lanka where she served for over 35 years.

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 and 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.

MANILAL FERNANDO

Manilal Fernando is a Director of Ceylon Guardian Investment Trust PLC and is currently the Chairman of Shipping Cargo Logistics (Pvt) Ltd., Hyundai Lanka (Pvt) Ltd. and Dynamic AV Technologies (Pvt) Ltd. He is also a Director of Aitken Spence & Co. PLC and Eco Corp Asia Private Limited. He is a Trustee of Joseph Fraser Memorial Hospital.

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.

KRISHNA SELVANATHAN

Krishna Selvanathan is a Director of Carsons Management Services (Private) Limited, Lion Brewery (Ceylon) PLC, Pegasus Hotels of Ceylon PLC and the Investment Sector Companies of the Carsons Group.

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

TIMOTHY CHEE MING CHIA

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 31st 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, Vertex Venture Holdings Ltd and Malaysia Smelting Corporation Berhad.

PROFILES OF THE DIRECTORS

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

He was a board member of Singapore Power Ltd joining the board in September 1998 until his retirement in July 2004. He served as Chairman of one of Singapore Power's major subsidiaries, Power Gas Ltd from 1998 to 2002.

Amongst his past appointments, Mr. Chia was a 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).

Since January 2004, Mr. Chia was named a Trustee of the Singapore Management University. He is currently a member of its Audit and Investment Committees and Chairman of its Committee for Institutional Advancement.

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 was appointed as Advisory Council Member of the ASEAN Business Club ("ABC") and the co-chair of ABC Singapore.

In January 2016, Mr. Chia was appointed as a Member of the Advisory Board of the Asian Civilisation Museum.

He is currently a Fellow of the Singapore Institute of Directors and a member of the World Presidents' Organisation.

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.

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RUVINI FERNANDO

Ruvini Fernando is CEO of Guardian Fund Management Limited, Investment Managers of the Ceylon Guardian Group and a Director of The Sri Lanka Fund, a country fund dedicated to Sri Lankan equities. She is also a Director of Guardian Acuity Asset Management Limited. She counts approximately 25 years' experience in diverse fields of accounting, finance, strategic planning and investment management, of which 10 years have been with the Ceylon Guardian Group. She was a former visiting faculty member of the MBA program of the Postgraduate Institute of Management (PIM). She is a Fellow of the Chartered Association of Certified Accountants (ACCA), UK and the Chartered Institute of Management Accountants (CIMA), UK and holds a Master's in Business Administration from the PIM, University of Sri Jayewardenepura. She currently serves as member of the Banking, Finance and Capital Markets Committee of the Ceylon Chamber of Commerce.

THARINDA JAYAWARDANA

Director & Head of Research, Guardian Fund Management Ltd. Has over 10 years of experience in investment research. Before joining the Carsons group, he worked as a Research Analyst at JB Securities (Pvt) Ltd. Is a CFA charter holder and an Associate Member of the Chartered Institute of Management Accountants. Also holds a BSc Degree from the University of Sri Jayewardenepura specializing in Finance.

SUMITH PERERA

Head of Portfolio Management, Guardian Fund Management Ltd. Has over 11 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 JAYASEKARA

Fund Manager, Guardian Fund Management Limited/ Guardian Acuity Asset Management Ltd and Manager-Research, Guardian Fund Management Limited. Has over 9 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 and is an associate member of the Chartered Institute of Management Accountants, UK. He is a visiting lecturer at department of finance, University of Sri Jayewardenepura.

LAKMAL WICKRAMAARACHCHI

Accountant, Guardian Fund Management Limited. Commenced career at KPMG, Chartered Accountants, prior to joining the Carsons Group. Counts over 8 years of experience in auditing and accounting. Associate Member of the Institute of Chartered Accountants of Sri Lanka. Holds a B.Sc. Finance (Special) Degree from the University of Sri Jayewardenepura, Sri Lanka.

CHAMPA PERERA

Manager - Portfolio Operations, Guardian Fund Management Ltd with over 9 years experience in operations, auditing, accounting and financial reporting. She worked as Finance Manager at Hada Group, Dubai & Hayleys Group and as an Assistant Manager at KPMG. Holds a Bsc Accounting (Special) degree from University of Sri Jayewardenepura, Sri Lanka and is an Associate Member of the Institute of Chartered Accountants of 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.

The Audit Committee consists of the following Members :

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

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

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

Mr. Faiz Mohideen, a Non-Executive, Independent Director of CCPLC, was a former Deputy Secretary to the Treasury and a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

The purpose of the Audit Committee of CCPLC is as follows :

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.

To ensure that the internal audit activity is well managed, so that it adds value to the organisation by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

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

CCPLC-Audit Committee held 06 Meetings during the financial year to discuss matters relating to the Company and the attendance of the Members of the Audit Committee was as follows :

Meetings attended (out of six)	
Mr. Vijaya Malalasekera (Chairman)	06
Mr. Chandima Gunawardena	06
Mr. Faiz Mohideen	06

The Chief Executive Officer-Investment Sector, Financial Controller-Carsons Management Services (Private) Limited-Managers, internal auditors and senior management staff members of the Investment Sector also attended the Audit Committee Meetings by invitation.

The Committee met the External Auditors, Messrs. KPMG, twice during the year to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The Audit Committee also discussed the draft Financial Report and Accounts, with the External Auditors, without the management being present to foster an unbiased, independent dialogue.

The Audit Committee approved the audit plan for the financial year 2015/2016 and the Group Internal Audit (GIA) carried out 05 audits on the Investment Sector companies based on the plan.

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

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

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As approved by the Audit Committee, Messrs. KPMG, as part of their regular audit scope has commenced a comprehensive external IT security and process audit covering the entire Carsons Management Services (Private) Limited (Managers to the Company) - IT environment, which extends to the Investment Sector, as well.

The interim financial statements of 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.

The draft financial statements of Ceylon Investment PLC for the year ended 31st March 2016 were reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by the Managers, Carsons Management Services (Private) Limited that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

The Audit Committee has determined that Messrs. KPMG, Chartered Accountants, Auditors were independent on the basis that they did not carry out any management related functions of the Company.

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2017, subject to the approval of the shareholders of Ceylon Investment PLC at the Annual General Meeting.

(Sgd.)

V.P. Malalasekera

Chairman – Audit Committee

Carson Cumberbatch PLC

Colombo

7th June 2016

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

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

Composition of the Committee

The Members of the RPTRC are as follows :

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

Purpose of the Committee

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

Policies and procedures

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

- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

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

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

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

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

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

(Sgd.)

V.P. Malalasekera

Chairman – Related Party Transactions Review Committee
Carson Cumberbatch PLC

Colombo

7th June 2016

FINANCIAL STATEMENTS

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FINANCIAL CALENDAR

Financial year end	31st March 2016
70th Annual General Meeting to be held on	26th July 2016

ANNOUNCEMENT OF RESULTS

Interim Financial Statements published in terms of the Listing Rules of the Colombo Stock Exchange

1st Quarter ended 30th June 2015	14th August 2015
2nd Quarter ended 30th September 2015	13th November 2015
3rd Quarter ended 31st December 2015	12th February 2016
4th Quarter ended 31st March 2016	31st May 2016

INDEPENDENT AUDITORS' REPORT



KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF CEYLON INVESTMENT PLC Report on the Financial Statements

We have audited the accompanying financial statements of Ceylon Investment PLC, ("the Company"), which comprise the statement of financial position as at March 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity and, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 40 to 74.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

- The basis of opinion and scope and limitations of the audit are as stated above.
- In our opinion we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act No 07 of 2007.

CHARTERED ACCOUNTANTS

Colombo
7th June 2016

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

M.R. Mihular FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne ACA
R.H. Rajan ACA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne ACA
R.M.D.B. Rajapakse ACA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Rupees Thousands

For the year ended 31st March	Note	2016	2015
Revenue	11	322,032	739,237
Impairment loss on available for sale financial assets		(45,661)	(38,890)
Net change in fair value of fair value through profit or loss financial assets		(89,878)	50,330
Profit on investment activities		186,493	750,677
Other operating income		99	-
Administrative and other operating expenses		(54,733)	(49,143)
Profit from operations	12	131,859	701,534
Finance expense	13	(18)	(134)
Profit from operations after finance expense		131,841	701,400
Share of profit of equity accounted investee net of tax	14	162,922	299,714
Profit before taxation		294,763	1,001,114
Income tax expense	15	(7,548)	(14,252)
Profit for the year		287,215	986,862
Other comprehensive income			
Items that are / or may be reclassified to profit or loss			
Share of other comprehensive income / (expense) of equity accounted investee net of tax	18	(3,570,466)	603,963
Net change in fair value of available for sale financial assets		(360,276)	584,415
Transfer of realised gains on disposal of available for sale financial assets		(173,444)	(409,689)
Foreign currency differences arising on translation of available for sale financial assets		13,767	2,490
Other comprehensive income / (expense) for the year net of tax		(4,090,419)	781,179
Total comprehensive income / (expense) for the year		(3,803,204)	1,768,041
Earnings per share (Rs.)	16	2.89	9.92

The notes to the financial statements from pages 44 to 74 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

In Rupees Thousands

As at 31st March	Note	2016	2015
ASSETS			
Non-current assets			
Investment in equity accounted investee	18	5,211,936	8,714,384
Available for sale financial assets	19	2,937,166	3,418,774
Total non-current assets		8,149,102	12,133,158
Current assets			
Trade and other receivables	20	10,138	16,226
Fair value through profit or loss financial assets	21	793,451	665,488
Cash and cash equivalents	22	338,017	562,115
Total current assets		1,141,606	1,243,829
Total assets		9,290,708	13,376,987
EQUITY AND LIABILITIES			
Equity			
Stated capital	23	763,497	673,530
Capital reserves	24.1	187,141	187,141
Revenue reserves	24.2	8,153,015	12,241,499
Total equity		9,103,653	13,102,170
Current liabilities			
Trade and other payables	25	183,841	264,674
Current tax liabilities		1,389	499
Bank overdraft	22	1,825	9,644
Total current liabilities		187,055	274,817
Total liabilities		187,055	274,817
Total equity and liabilities		9,290,708	13,376,987
Net assets value per share (Rs.)		91.54	133.00
The notes to the financial statements from pages 44 to 74 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			
Financial Controller			
Carsons Management Services (Private) Limited			
The Board of Directors is responsible for the preparation and presentation of these financial statements.			
Approved and signed on behalf of the Investment Managers,		Approved and signed on behalf of the Board	
(Sgd.)			
W.Y.R. Fernando (Mrs.)		I. Paulraj	
Director		Chairman	
Guardian Fund Management Limited		D.C.R. Gunawardena	
Colombo		Director	
07th June 2016			

STATEMENT OF CHANGES IN EQUITY

In Rupees Thousands

	Capital reserves		Revenue reserves				Total equity		
	Stated capital	Investment reserve	Other capital reserve	Associate company's reserve	Fair value through profit or loss financial assets reserve	Available for sale financial asset reserve		General reserve	Retained earnings
Balance as at 1st April 2014	673,530	8,401	178,740	7,893,646	14,526	622,393	27,217	2,161,963	11,580,416
Profit for the year	-	-	-	299,714	-	-	-	687,148	986,862
Other comprehensive income for the year	-	-	-	603,963	-	177,216	-	-	781,179
Total comprehensive income for the year	-	-	-	903,677	-	177,216	-	687,148	1,768,041
Dividend received from associate company	-	-	-	(83,235)	-	-	-	83,235	-
Dividend	-	-	-	-	-	-	-	(246,287)	(246,287)
Transfers	-	-	-	-	37,302	-	-	(37,302)	-
Balance as at 31st March 2015	673,530	8,401	178,740	8,714,088	51,828	799,609	27,217	2,648,757	13,102,170
Balance as at 1st April 2015	673,530	8,401	178,740	8,714,088	51,828	799,609	27,217	2,648,757	13,102,170
Super Gain Tax for the year of Assessment 2013/14*	-	-	-	(14,947)	-	-	-	(26,856)	(41,803)
Adjusted balance as at 1st April 2015	673,530	8,401	178,740	8,699,141	51,828	799,609	27,217	2,621,901	13,060,367
Profit for the year	-	-	-	162,922	-	-	-	124,293	287,215
Other comprehensive expense for the year	-	-	-	(3,570,466)	-	(519,953)	-	-	(4,090,419)
Total comprehensive income / (expense) for the year	-	-	-	(3,407,544)	-	(519,953)	-	124,293	(3,803,204)
Dividend received from associate company	-	-	-	(79,957)	-	-	-	79,957	-
Forfeiture of unclaimed dividends	-	-	-	-	-	-	-	4,214	4,214
Scrip Dividend	89,967	-	-	-	-	-	-	(98,514)	(8,547)
Dividend	-	-	-	-	-	-	-	(149,177)	(149,177)
Transfers	-	-	-	-	(51,828)	-	-	51,828	-
Balance as at 31st March 2016	763,497	8,401	178,740	5,211,640	-	279,656	27,217	2,634,502	9,103,653

The notes to the financial statements from pages 44 to 74 form an integral part of these financial statements.

Figures in brackets indicate deductions.

*As per the provisions of Part III of the Finance Act, No. 10 of 2015, although the Company did not become liable to pay Super Gain Tax as a stand-alone entity, Rs. 26,856,393/- has been paid as Super Gain Tax on the basis that the Company is part of the Bukit Darah PLC group, of which the consolidated profit before tax exceeded the threshold as stipulated in the aforesaid Act. Further on the same basis, the Super Gain Tax applicable for Associate Company, Rubber Investment Trust Limited, on equity method of accounting amounted to Rs. 14.9 Mn. According to the Act, the Super Gain Tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards and hence the expense of Super Gain Tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24th November 2015.

STATEMENT OF CASH FLOWS

In Rupees Thousands

For the year ended 31st March	Note	2016	2015
Cash flows from operating activities			
Profit before taxation		294,763	1,001,114
Adjustments for:			
Impairment loss on available for sale financial assets		45,661	38,890
Net change in fair value of fair value through profit or loss financial assets		89,878	(50,330)
Finance expense	13	18	134
Share of profit of equity accounted investee net of tax	14	(162,922)	(299,714)
Operating profit before changes in working capital		267,398	690,094
(Increase) / decrease in trade and other receivables		6,088	(9,199)
Net increase in investments		(301,847)	(730,479)
Increase / (decrease) in trade and other payables		8,479	(8,424)
Cash used in operations		(19,882)	(58,008)
Super gain tax paid		(26,856)	-
Income tax paid		(5,896)	(29,548)
Net cash used in operating activities		(52,634)	(87,556)
Cash flows from investing activities			
Dividend received from equity accounted investee	11	79,195	83,235
Net cash generated from investing activities		79,195	83,235
Cash flows from financing activities			
Finance expense paid		(18)	(134)
Dividend paid		(242,822)	(249,571)
Net cash used in financing activities		(242,840)	(249,705)
Net decrease in cash and cash equivalents during the year		(216,279)	(254,026)
Cash and cash equivalents at the beginning of the year		552,471	806,497
Cash and cash equivalents at the end of the year	22	336,192	552,471

The notes to the financial statements from pages 44 to 74 form an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

1. Reporting Entity

(a) Domicile and legal form

Ceylon Investment PLC 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 function 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. 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 Investment PLC.

(d) Number of Employees

The Company had no employees as at the reporting date (2015 - Nil).

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Company comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statements 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 the Companies Act, No. 7 of 2007.

The financial statements were authorised for issue by the Board of Directors on 7th June 2016.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position;

- Non-derivative financial instruments classified as fair value through profit or loss are measured at fair value;
- Available-for-sale financial assets are measured at fair value;

These financial statements have been prepared on the basis that the Company would continue as a going concern for the foreseeable future.

(c) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Assumptions and estimation uncertainties:

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 arise to the Company in various jurisdictions. These liabilities are provided for in the financial statements applying the relevant tax statutes and regulations which the management believes reflect the actual liability. There can be instances where the stand taken by the Company on transactions is contested by revenue authorities. Any additional costs on account of these issues are accounted for as a tax expense at the point the liability is confirmed on the entity.

Measurement of fair values

iii. Fair value of financial instruments

Where the fair values of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(e) Materiality and aggregation

Each material class of similar items is presented in aggregate in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

(f) Comparative figures

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

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the Financial Statements.

(a) Investments in associates (equity-accounted investees)

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.

Investments in associates are accounted for under the equity method and are recognised 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 commences until the date that significant influence 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.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of entity at exchange rates as at the dates of the transactions. Monetary assets and

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);

(c) Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

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

Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss (FVTPL) or is designated as such on initial recognition if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented investment or risk management strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated as fair values through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Specific instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Investment in reverse repurchase agreement

The company purchases a financial asset and simultaneously enter into an agreement to re sell the same or a substantially similar asset at a fixed price on a future date. The arrangement is accounted for as a loan and receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the "Available-for-sale financial assets reserve" in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(ii) Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

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

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise overdrafts and trade and other payables.

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

(iii) Stated capital

Ordinary shares

Ordinary shares are classified as equity. Costs attributable to the issue of ordinary shares are recognised as a deduction from equity.

(d) Impairment

(i) Non derivative financial assets

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

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

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

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

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

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount.

An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Provisions

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

(i) Contingent liabilities and contingent assets

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

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes.

The following specific criteria are used for the purpose of recognition of revenue;

(i) Dividend Income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(ii) Gain on disposal of financial assets (categorised as available for sale / fair value through profit or loss)

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

(iii) Interest income

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

(iv) Other income

On accrual basis.

(g) Expenditure recognition

(i) Operating expenses

All expenses incurred in day-to-day operations of the business has been charged to revenue in arriving at the profit or loss for the year. Provision has also been made for 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.

(h) Fee and commission expenses

Fee and commission expenses are recognised in profit or loss when the related services are received.

(i) Income tax expense

Income tax expense comprises current tax and deferred tax. Current tax is recognised in profit or loss.

(i) Current taxation

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

(ii) 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.

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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.

(iii) Economic service charge (ESC)

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

(j) 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.

4. Earnings per share

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

5. 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.

6. 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.

7. Segment reporting

Segment results that are reported to the Board of directors include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly audit, directors and legal fee and other operating expense.

8. Presentation

Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. Where appropriate, the significant accounting policies are disclosed in the succeeding notes.

(i) Off setting income and expenses

Income and expenses are not offset unless required or permitted by accounting standards.

(ii) Off setting 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

9. Statement of cash flows

Indirect Method of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, "Statement of cash flows".

Cash and cash equivalents as referred to in the statement of cash flows are comprised of those items as explained in note 22.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

10. Determination of fair values

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Company uses market observable 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- Input that are quoted market prices (unadjusted) in active markets for identifiable assets and liabilities
- Level 2- Inputs other than quoted prices included in Level 1 that are observable from the asset or liability either directly (as prices) or indirectly (derived prices)
- Level 3 – Inputs from the asset or liability that are not based on observable market data (unobservable inputs) This category includes all financial instruments for which the valuation techniques include inputs not based on observable data and unobservable inputs have significant effect on the instrument's valuation.

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

(a) Equity and debt securities

The fair values of investments in equity and debt securities are determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

(b) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(c) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date.

Directors' responsibility

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

New Accounting Standards issued but not effective as at reporting date

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

SLFRS 9 Financial Instruments

SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

Effective date of IFRS 9 is 01st January 2018.

The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 9.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, and LKAS 11 Construction Contracts.

SLFRS 15 is effective for annual reporting periods beginning on or after 01st January 2018.

The above new standard (SLFRS 15) is not expected to have a significant impact of the Company's financial statements.

The following new or amended standards are not expected to have an impact of the Company's financial statements.

- SLFRS 14 Regulatory Deferral Accounts – effective from 01st January 2016
- Agriculture: Bearer Plants (Amendments to LKAS 16 and LKAS 41) – effective from 01st January 2016

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For the year ended 31st March		2016	2015
11	Revenue		
	Net gain from disposal of fair value through profit or loss financial assets	19,095	46,765
	Net gain from disposal of available for sale financial assets (note 11.1)	177,775	538,290
	Dividend income	176,425	183,292
	Interest income on financial assets carried at amortised cost (note 11.2)	27,932	54,125
		401,227	822,472
	Dividend received from equity accounted investee	(79,195)	(83,235)
		322,032	739,237
11.1	Net gain from disposal of available for sale financial assets		
	Proceeds from disposal of available for sale financial assets	581,614	984,651
	Carrying value of available for sale financial assets disposed	(577,283)	(856,050)
	Transfer of realised gains on disposal of available for sale financial assets	173,444	409,689
		177,775	538,290
11.2	Interest income on financial assets carried at amortised cost		
	Cash at bank	498	798
	Securities purchased under resale agreements	19,180	46,073
	Placements with banking institutions	8,254	7,254
		27,932	54,125
12	Profit from operations		
	Profit from operations is stated after charging all expenses including the following :		
	Auditors' remuneration and expenses		
	- Audit and related fees	535	553
	- Non-audit fees	-	-
	Directors' fees (note 26.3)	6,149	3,875
	Personnel cost (note 12.a)	-	-
	Professional services cost (note 12.b)	-	317
	Expenses on CSR activities	2,750	2,500
	Support service fees (note 12.c)	11,222	11,132
12.a	The Company had no employees of its' own during the financial year under review (2015 - nil).		
12.b	Professional services cost		
	Valuation services	-	291
	Other professional service	-	26
		-	317
12.c	Support service fee refers to the fee payable to Carsons Management Services (Private) Limited, a related company, which acts as the Managers and Secretaries of the Company.		

For the year ended 31st March		2016	2015
13	Finance expense		
	Interest on bank overdraft and borrowings	18	134
		18	134
14	Share of profit of equity accounted investee net of tax		
		Company's share of profit net of tax	
		Company's share of other comprehensive income/(expense) net of tax	
	For the year ended 31st March	2016	2015
	Rubber Investment Trust Limited	162,922	299,714
		(3,570,466)	603,963
		162,922	299,714
		(3,570,466)	603,963
15	Income tax expense		
	For the year ended 31st March	2016	2015
	Provision for the year (note 15.1)	6,803	14,270
	Dividend tax on dividend received from equity accounted investee	762	-
	Over provision for previous years	(17)	(18)
	Total tax expense for the year	7,548	14,252
15.1	Reconciliation between accounting profit and taxable profits		
	For the year ended 31st March	2016	2015
	Accounting profit before taxation	294,763	1,001,114
	Less: share of profit of equity accounted investee net of tax	(162,922)	(299,714)
	Dividend income (excluding dividend received from the Associate company)	(97,230)	(100,057)
	Exempt net profit on sale of quoted public shares (note 15.2 (ii))	(196,870)	(585,055)
	Net change in fair value of fair value through profit or loss financial assets	89,878	(50,330)
	Impairment loss on available for sale financial assets	45,661	38,890
	Disallowed expenses	4,262	3,381
	Expenses attributable to exempt profits	46,753	42,737
	Taxable profit for the year	24,295	50,966
	Less: Utilisation of brought forward tax losses (note 15.2 (iii))	-	-
	Taxable income	24,295	50,966
	Current taxation thereon (note 15.2 (i))	6,803	14,270
15.2	Current taxation on profits		
	i) In accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and amendments thereto, the Company is liable to income tax at 28% (2015 - 28%).		
	ii) In terms of Section 13 (t) of the Inland Revenue Act, No. 10 of 2006 and amendments thereto, profits derived on the sale of shares on which Share Transaction Levy (STL) has been paid is exempt from income tax.		
	iii) Utilisation of brought forward tax losses is restricted to 35% of current year's Statutory Income. Unabsorbed tax losses can be carried forward indefinitely.		

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16 Earnings per share

The Company's basic earnings per share is calculated on the profit 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 per share:

For the year ended 31st March	2016	2015
Amount used as the numerator		
Profit for the year (Rs'000)	287,215	986,862
Amount used as the denominator		
Weighted average number of ordinary shares outstanding during the year		
No of shares as at beginning of the year	98,514,874	98,514,874
Issue of ordinary shares as scrip dividends (note 23.1)	936,185	936,185
Weighted average number of ordinary shares outstanding during the year	99,451,059	99,451,059
Earnings per share (Rs.)	2.89	9.92

17 Dividends

17.1 Dividend paid during the year

Interim dividend - scrip

- Total dividend paid	98,514	-
- Dividend per share (Rs.)	1.00	-

Interim dividend - cash

- Total dividend paid	149,177	246,287
- Dividend per share (Rs.)	1.50	2.50

17.2 Dividend proposed during the year

Proposed and paid dividends

Interim dividend - cash

- Total dividend paid	149,177	246,287
- Dividend per share (Rs.)	1.50	2.50

Proposed dividends

Interim dividend - scrip

- Total dividend	-	98,514
- Dividend per share (Rs.)	-	1.00
Total dividend per share (Rs.)	1.50	3.50

18 Investment in equity accounted investee

18.a Investment in associate

As at 31st March	2016			2015		
	No. of shares	Cost	Carrying value	No. of shares	Cost	Carrying value
Rubber Investment Trust Limited	3,948,445	296	5,211,936	3,948,445	296	8,714,384
		296	5,211,936		296	8,714,384

18.b Movement of investment in associate

For the year ended 31st March	2016		2015	
	Holding %	Carrying value	Holding %	Carrying value
Investment at cost		296		296
Investors' share of reserves				
At the beginning of the year	49.95	8,714,088	49.95	7,893,646
Share of Super Gain Tax for the year of Assessment 2013/14		(14,947)		-
Adjusted investors' share of reserves at the beginning of the year		8,699,141		7,893,646
Share of profit of equity accounted investee net of tax		162,922		299,714
Share of other comprehensive income / (expense) of equity accounted investee net of tax		(3,570,466)		603,963
Dividend received from equity accounted investee (gross)		(79,957)		(83,235)
At the end of the year		5,211,640		8,714,088
The carrying value of investment in associate on equity method of accounting		5,211,936		8,714,384

18.c Summarised financial information of the Associate Company - Rubber Investment Trust Limited

For the year ended / As at 31st March	2016	2015
Revenue	437,049	609,804
Profit for the year	326,179	600,043
Other comprehensive income / (expense) for the year	(7,148,265)	1,216,437
Total comprehensive income / (expense) for the year	(6,822,086)	1,816,480
Current assets	1,151,203	2,060,273
Non - current assets	9,351,020	15,433,890
Current liabilities	67,643	47,495
Total equity	10,434,580	17,446,668

18.d The deferred tax effect on undistributed reserves of the associate company has not been recognized, since the Company and the parent entity of the Company, Ceylon Guardian Investment Trust PLC, can control the timing of the reversal of these temporary differences.

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19 Available for sale financial assets

19.a Summary

As at 31st March	Note	2016		2015	
		Cost	Fair value	Cost	Fair value
Investments in equity securities					
Quoted	19.1	2,686,080	2,718,648	2,604,007	3,187,634
Unquoted	19.2	10	10	973	973
Total investment in equity securities		2,686,090	2,718,658	2,604,980	3,188,607
Investments in unit trusts					
Unquoted	19.3	166,105	218,507	164,718	230,166
Total investment in unit trusts		166,105	218,507	164,718	230,166
Investments in debentures					
Unquoted	19.4	1	1	1	1
Total investment in debentures		1	1	1	1
Total investment in available for sale financial assets		2,852,196	2,937,166	2,769,699	3,418,774

- The fair values of the investments in equity securities - quoted : are based on the volume weighted average prices as at 31st March, published by the Colombo Stock Exchange.
- The fair values of investments in equity securities - unquoted and Private equity : are arrived based on valuation techniques such as discounted cash flow method, net asset valuation, earnings based valuation or expected realisable values in an arm's length transaction as appropriate.
- The fair values of investments in unit trusts unquoted: are based on the "redemption unit prices" published by the Unit Trust Managers / Fund Managers as at 31st March.

19.b Movement in available for sale financial assets

For the year ended 31st March 2016	Fair value as at 1st April 2015	Additions	Disposals	Change in Fair value	Fair value as at 31st March 2016
Investments in equity securities	3,188,607	486,458	(577,283)	(379,124)	2,718,658
Investments in unit trusts	230,166	1,387	-	(13,046)	218,507
Investments in debentures	1	-	-	-	1
	3,418,774	487,845	(577,283)	(392,170)	2,937,166

For the year ended 31st March 2015	Fair value as at 1st April 2014	Additions	Disposals	Change in Fair value	Fair value as at 31st March 2015
Investments in equity securities	2,334,385	1,204,046	(856,050)	506,226	3,188,607
Investments in unit trusts	185,939	2,438	-	41,789	230,166
Investments in debentures	1	-	-	-	1
	2,520,325	1,206,484	(856,050)	548,015	3,418,774

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

Due to significant / prolonged decline in fair value of identified equity securities in available for sale financial assets below its cost, an impairment loss which amounted to Rs. 45.66 Mn has been recognised against profit or loss for the year (2015 - Rs. 38.89 Mn) as required by LKAS – 39 “Financial Instruments; recognition and measurement”. LKAS - 39 also requires to recognise fair value gains and losses arising from assets classified as available for sale, other than impairment losses, in other comprehensive income. Accordingly, a loss of Rs. 360.28 Mn and a gain of Rs. 584.41 Mn have been recognised in financial years ended 31st March 2016 and 2015 respectively.

NOTES TO THE FINANCIAL STATEMENTS

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19.1 Investments in equity securities - quoted

As at 31st March	2016			2015		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Banks, Finance & Insurance						
Central Finance Company PLC	1,166,195	235,798	244,901	1,347,795	272,516	337,083
Ceylinco Insurance PLC - Non voting	126,010	85,300	98,540	-	-	-
Commercial Bank of Ceylon PLC	3,355,121	345,516	421,068	2,039,677	136,618	337,363
DFCC Bank PLC	-	-	-	25,000	5,309	5,070
Hatton National Bank PLC	1,723,625	351,487	343,518	1,590,971	322,797	353,196
Hatton National Bank PLC - Non voting	614,227	109,092	105,033	384,721	68,733	63,479
Nations Trust Bank PLC	-	-	-	3,173,595	201,826	317,677
Peoples' Insurance PLC	1,765,200	26,478	29,832	-	-	-
Peoples' Leasing & Finance PLC	5,050,536	88,807	80,809	5,050,536	88,807	111,617
Sampath Bank PLC	1,489,627	344,120	336,656	1,478,367	342,450	372,696
		1,586,598	1,660,357		1,439,056	1,898,181
Beverage, Food & Tobacco						
Distilleries Company of Sri Lanka PLC	1,345,061	316,857	277,352	1,345,061	316,857	323,487
		316,857	277,352		316,857	323,487
Construction & Engineering						
Access Engineering PLC	2,000,000	73,225	41,600	2,000,000	73,225	38,400
		73,225	41,600		73,225	38,400
Diversified						
Aitken Spence PLC	1,674,000	168,425	123,039	1,674,000	168,425	166,563
John Keells Holdings PLC	160,732	8,466	23,788	140,641	8,466	28,044
		176,891	146,827		176,891	194,607
Footwear & Textiles						
Hayleys Fabric PLC	11,265,372	132,437	202,777	14,152,954	166,384	250,507
		132,437	202,777		166,384	250,507
Health Care						
Ceylon Hospitals PLC	313,378	17,623	28,204	313,378	17,623	35,694
		17,623	28,204		17,623	35,694
Hotels & Travels						
Aitken Spence Hotel Holdings PLC	2,269,575	146,144	120,286	1,959,575	128,634	131,292
Serendib Hotels PLC	549,890	19,462	15,122	549,890	19,462	15,397
		165,606	135,408		148,096	146,689
Motors						
Diesel & Motor Engineering PLC	62,556	31,443	34,387	62,556	31,443	39,410
		31,443	34,387		31,443	39,410
Telecommunication						
Dialog Axiata PLC	18,797,647	185,400	191,736	25,063,413	234,432	260,659
		185,400	191,736		234,432	260,659
Total investment in equity securities - quoted		2,686,080	2,718,648		2,604,007	3,187,634

19.2 Investments in equity securities - unquoted

As at 31st March	2016			2015		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Guardian Fund Management Limited	7	-	-	7	-	-
Kandy Private Hospitals Limited	600	10	10	600	10	10
DFCC Vardhana Bank PLC - unlisted ordinary shares	-	-	-	55,253	963	963
Total investment in equity securities - unquoted		10	10		973	973
Total investment equity securities		2,686,090	2,718,658		2,604,980	3,188,607

19.3 Investments in unit trusts - unquoted

As at 31st March	2016			2015		
	No. of Units	Cost	Fair value	No. of Units	Cost	Fair value
The Sri Lanka Fund	1,265,823	112,280	147,543	1,265,823	112,280	161,499
Guardian Acuity Equity Fund	1,250,000	12,500	19,138	1,250,000	12,500	20,425
Guardian Acuity Money Market Fund	4,080,788	41,325	51,826	3,964,004	39,938	48,242
Total investment in unit trusts - unquoted		166,105	218,507		164,718	230,166

19.4 Investments in debentures - unquoted

As at 31st March	2016			2015		
	No. of Debentures	Cost	Fair value	No. of Debentures	Cost	Fair value
Redeemable unsecured debentures						
Ocean View Limited - 6%	120	1	1	120	1	1
Total investments in debentures - unquoted		1	1		1	1

20 Trade and other receivables

As at 31st March	2016	2015
Financial		
Dividend receivable	9,836	16,201
	9,836	16,201
Non financial		
Prepaid expenses	302	25
	302	25
	10,138	16,226

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21 Fair value through profit or loss financial assets

21.a. Summary

As at 31st March	Note	Fair value	
		2016	2015
Investments in equity securities			
Quoted	21.1	639,092	665,488
Total investment in equity securities		639,092	665,488
Investments in unit trusts			
Unquoted	21.2	154,359	-
Total investment in unit trusts		154,359	-
Total investment in fair value through profit or loss financial assets		793,451	665,488

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

- The fair values of investments in unit trusts - unquoted : are based on the "redemption unit prices" published by the Unit Trust Manager Guardian Acuity Asset Management Limited as at 31st March.

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

For the year ended 31st March 2016	Fair value as at 1st April 2015	Additions	Disposals	Change in Fair value	Fair value as at 31st March 2016
Investments in equity securities	665,488	314,374	(246,533)	(94,237)	639,092
Investments in unit trust	-	150,000	-	4,359	154,359
	665,488	464,374	(246,533)	(89,878)	793,451

For the year ended 31st March 2015	Fair value as at 1st April 2014	Additions	Disposals	Change in Fair value	Fair value as at 31st March 2015
Investment in equity securities	644,802	464,707	(494,351)	50,330	665,488
	644,802	464,707	(494,351)	50,330	665,488

The change in fair value represent unrealised gains / (losses) on fair value adjustment of fair value through profit or loss financial assets.

21.1 Investments in equity securities - quoted

As at 31st March	2016		2015	
	No. of shares	Fair value	No. of shares	Fair value
Banks, Finance and Insurance				
Commercial Bank of Ceylon PLC	250,000	31,375	274,243	45,360
DFCC Bank PLC	157,616	21,594	157,616	31,965
Hatton National Bank PLC	356,530	71,056	330,000	73,260
Hatton National Bank PLC- Non voting	331,625	56,708	262,953	43,387
Janashakthi Insurance Company PLC	1,500,000	24,000	-	-
Seylan Bank PLC	400,000	34,400	400,000	40,000
Seylan Bank PLC - Non voting	393,000	24,759	-	-
Singer Finance (Lanka) PLC	500,000	9,050	-	-
Softlogic Capital PLC	600,000	3,600	600,000	3,600
Union Bank of Colombo PLC	1,940,775	32,217	1,128,971	27,208
		308,759		264,780
Beverage, Food & Tobacco				
Distilleries Company of Sri Lanka PLC	310,396	64,004	277,896	66,834
		64,004		66,834
Construction and Engineering				
Access Engineering PLC	409,609	8,520	2,000,000	38,400
MTD Walkers PLC	320,104	10,659	-	-
		19,179		38,400
Diversified				
Aitken Spence PLC	410,000	30,135	510,000	50,745
Hemas Holdings PLC	654,000	52,712	633,600	46,696
John Keells Holdings PLC	100,000	14,800	-	-
John Keells Holdings PLC - Warrants 2015	-	-	257,900	8,279
Softlogic Holdings PLC	3,671,578	48,832	2,965,000	39,138
		146,479		144,858
Health Care				
The Lanka Hospital Corporation PLC	448,000	22,848	448,000	17,875
		22,848		17,875
Hotels & Travels				
Serendib Hotels PLC - Non voting	266,296	4,660	266,296	5,725
		4,660		5,725

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As at 31st March	2016		2015	
	No. of shares	Fair value	No. of shares	Fair value
Land & Property				
Overseas Realty (Ceylon) PLC	2,090,859	48,926	1,047,050	24,606
		48,926		24,606
Manufacturing				
Kelani Tyres PLC	249,432	15,964	250,000	19,500
Piramal Glass Ceylon PLC	-	-	2,000,000	11,400
		15,964		30,900
Power and Energy				
Lanka IOC PLC	-	-	293,000	11,808
Vallibel Power Erathna PLC	1,034,117	8,273	2,900,000	22,910
		8,273		34,718
Telecommunications				
Dialog Axiata PLC	-	-	3,537,695	36,792
		-		36,792
Total investment in equity securities - quoted		639,092		665,488

21.2 Investments in unit trusts - unquoted

As at 31st March	2016		2015	
	No. of units	Fair value	No. of units	Fair value
Guardian Acuity Money Market Fund	3,990,423	50,678	-	-
Guardian Acuity Money Market Gilt Fund	973,805	103,681	-	-
Total investment in unit trusts - unquoted		154,359		-
Total investment fair value through profit or loss financial assets		793,451		665,488

22 Cash and cash equivalents

As at 31st March	2016	2015
Cash at bank	600	1,759
Placements with banking institutions	155,381	-
Securities purchased under resale agreements	182,036	560,356
Total cash and cash equivalents	338,017	562,115
Bank overdraft	(1,825)	(9,644)
Total bank overdrafts	(1,825)	(9,644)
Net cash and cash equivalents for the cash flow statement purpose	336,192	552,471

23	Stated capital					
As at 31st March		Note	2016		2015	
			No. of shares	Value	No. of shares	Value
Ordinary shares						
	Issued and fully paid	23.1	99,451,059	763,497	98,514,874	673,530
				763,497		673,530

23.1	Ordinary share - Issued and fully paid					
	Balance as at beginning of the year		98,514,874	673,530	98,514,874	673,530
	Issue of shares (note 23.1.1)		936,185	89,967	-	-
	Balance as at end of the year		99,451,059	763,497	98,514,874	673,530

23.1.1 With the approval of the shareholders, during the year the Company paid an interim dividend in the form of Scrip dividend of Rs. 1/- per ordinary share for the year ended 31st March 2015 amounting to Rs. 98,514,874/-. Accordingly the Company issued 936,185 ordinary shares in the ratio of 1 share for every 105.083934 existing shares at a value of Rs. 96.10 per share.

24 Capital and revenue reserves

24.1	Capital reserves					
As at 31st March		Note	2016		2015	
	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**
This represents the amounts set aside by the Directors to meet any contingencies.

24.2	Revenue reserves					
As at 31st March		Note	2016		2015	
	Fair value through profit or loss financial assets reserve	24.2.1		-		51,828
	Available for sale financial assets reserve	24.2.2		279,656		799,609
	General reserve	24.2.3		27,217		27,217
	Retained earnings			2,634,502		2,648,757
	Associate company's reserve	24.2.4		5,211,640		8,714,088
				8,153,015		12,241,499

24.2.1 **Fair value through profit or loss financial assets reserve**
Net unrealised gains arising from fair value adjustment of fair value through profit or loss financial assets will be transferred from retained earnings to "Fair value through profit or loss financial assets reserve" as at the reporting date and any realised gains and / or losses arising from fair value adjustment of such assets will be transferred from "Fair value through profit or loss financial assets reserve" to retained earnings to the extent that transfer does not exceed the balance held in the said reserve as at that date.
During the year, an amount of Rs. 51.8 Mn was transferred from (2015 - Rs. 37.3 Mn was transferred to) "Fair value through profit or loss financial assets reserve" as shown in the Statement of Changes in Equity.

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24.2.2 Available for sale financial assets reserve

This consists of accumulated net unrealised gains arising from fair valuation of available for sale financial assets, excluding the impact arising from impairment of such assets.

24.2.3 General reserve

This represents the amounts set aside by the Directors to meet any contingencies.

24.2.4 Associate Company's reserve

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

25 Trade and other payables

As at 31st March	2016	2015
Financial		
Trade payables	8,544	-
Dividend payable (note 25.1)	149,177	238,583
Other payables	24,048	23,867
	181,769	262,450
Non Financial		
Provisions and accrued expenses	2,072	2,224
	2,072	2,224
	183,841	264,674

25.1 Dividend payable

Dividend payable includes dividend payable to parent Company Ceylon Guardian Investment Trust PLC, amounting to Rs. 96 mn (2015 - Rs. 153.6 mn).

26 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.

26.1 Parent and ultimate controlling entity

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 Investment PLC.

26.2 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard (LKAS 24) - "Related Party Disclosures", Key Management Personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity directly or indirectly. Accordingly, the Directors of the Company (including executive and non-executive directors), the Chief Executive Officer of Investment Managers, Guardian Fund Management Limited and the Director - Finance of Managers and Secretaries, Carsons Management Services (Private) Limited have been classified as Key Management Personnel of the Company.

No transactions have taken place between the company and its KMP during the year, except as disclosed below.

26.3 Key management personnel compensation comprised the following;

For the year ended 31st March	2016	2015
Short-term employee benefits	6,149	3,875
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
Non cash benefits	-	-
	6,149	3,875

26.4 Transactions with the related companies

Name of the related company	Relationship and name/s of the common director/s	Nature of transactions	Value of the transaction	
			2016	2015
Ceylon Guardian Investment Trust PLC	Parent company I. Paulraj D.C.R. Gunawardena Mrs. M.A.R.C Cooray V.M. Fernando K. Selvanathan T.C.M. Chia	Dividend paid	154,003	153,560
Rubber Investment Trust Limited	Associate I. Paulraj D.C.R. Gunawardena A.P. Weeratunge	Dividends received	79,195	83,235
Guardian Fund Management Limited (GFM)	Fellow subsidiary K. Selvanathan A.P. Weeratunge	Portfolio management fees paid*	19,835	19,601
Carsons Management Services (Private) Limited (CMSL)	Fellow subsidiary A.P. Weeratunge K. Selvanathan	Support service fees paid** Computer fees paid Secretarial fees paid	11,222 420 403	11,132 420 360
Hatton National Bank PLC	Other entity Mrs. M.A.R.C Cooray	Interest income received Placement in demand deposits Placements with banking institutions Investment in re-sale agreements Bank charges paid	11,618 82 150,000 - 213	10,313 854 - 534,318 -

Amounts due to related entities are disclosed in note 25.1.

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

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

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

26.5 Significant holdings

As at 31st March	Holding %	
	2016	2015
Associate		
Rubber Investment Trust Limited	49.95%	49.95%

27 Financial instruments

Financial risk management - Overview

The Company has exposure to the following risks arising from financial instruments:

Credit risk

Liquidity risk

Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Pages 13 to 18 also carry a review of risks faced by the Company and the approach of managing such risks.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has delegated this function to the Management of Guardian Fund Management Limited, the Fund Managers and Carsons Management Services (Private) Limited, the Managers; who are responsible for developing and monitoring the Group's risk management policies and regularly reporting to the Board of Directors on its activities.

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

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

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

27.1 Credit risk

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

27.1.1 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	
		2016	2015
Available for sale financial assets - Investment in unit trusts	19.3	218,507	230,166
Available for sale financial assets - Investment debentures	19.4	1	1
Fair value through profit or loss financial assets - Investment in unit trusts	21.2	154,359	-
Trade and other receivables*	20	9,836	16,201
Cash and cash equivalents - Cash at bank	22	600	1,759
Cash and cash equivalents - Placements with banking institutions	22	155,381	-
Cash and cash equivalents - Securities purchased under resale agreements	22	182,036	560,356
		720,720	808,483

* Prepaid expenses which are non financial assets are excluded.

Debentures

These represents investment in debentures, which yields interest income on a continuing basis. However the Company's exposure to credit risk, arising from these investments is insignificant, considering the net investment value.

Investment in unit trusts

The Company has invested in following unit trusts;

Name of the fund	Fund category	Funds investment instruments
The Sri Lanka Fund	Equity fund	Listed equity securities
Guardian Acuity Money Market Fund	Money market fund	Fixed income securities with in the maturity period less than 365 days
Guardian Acuity Equity Fund	Equity fund	Listed equity securities
Guardian Acuity Money Market Gilt Fund	Money market fund	Government securities with in the maturity period less than 365 days

The investment manager of "The Sri Lanka Fund" is Guardian Fund Management Limited which is also the Investment manager of the Company. Guardian Acuity Asset Management Limited, a joint venture of Ceylon Guardian Investment Trust PLC (the parent entity of the Company) and Acuity Partners Limited, is the Investment Manager of other 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.

NOTES TO THE FINANCIAL STATEMENTS

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Trade and other receivables

A significant portion of the trade and other receivable comprise of proceeds receivable on disposal of quoted securities 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 4-6 weeks and no risk of default, based on past experience in the industry.

Age profile of trade and other receivables

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

As at 31st March	2016	2015
Less than 30 days	9,836	16,201
	9,836	16,201

The Company has neither recognised an impairment loss nor an allowance for impairment on its trade and other receivables over the past 5 years period.

Cash and cash equivalents

The Company held cash and equivalents in the form of demand deposits with Commercial banks, placements with banking 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.

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

As at 31st March	2016	2015
Credit rating		
Risk free	-	21,321
AAA	152	231
AA	182,036	4,623
AA-	155,464	535,266
Unrated	365	674
	338,017	562,115

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

27.2 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.

27.2.1 Exposure to liquidity risk

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

As at 31st March 2016	Carrying amount	Total	Contractual cash flows		
			up to 3 months	3-12 months	More than a year
Non derivative financial liabilities					
Trade and other payables*	181,769	181,769	181,769	-	-
Bank overdraft	1,825	1,825	1,825	-	-
	183,594	183,594	183,594	-	-

As at 31st March 2015	Carrying amount	Total	Contractual cash flows		
			up to 3 months	3-12 months	More than a year
Non derivative financial liabilities					
Trade and other payables*	262,450	262,450	262,450	-	-
Bank overdraft	9,644	9,644	9,644	-	-
	272,094	272,094	272,094	-	-

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

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

As at 31st March	2016	2015
Fair value through profit or loss financial assets - Investment in unit trusts	154,359	-
Cash and cash equivalents	338,017	562,115
Total liquid assets	492,376	562,115
Liquid assets as a % of total net assets	5.3%	4.2%

27.2.2 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, placements with banking institutions, investments in units trusts and securities purchased under resale agreements in order to capitalise on the opportunities arising in volatile market conditions and to meet its contractual obligations during the normal course of its operations.

NOTES TO THE FINANCIAL STATEMENTS

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

In addition, the Company has access to approved financing arrangements in the form of an interchangeable overdraft facility with Ceylon Guardian Investment Trust PLC, the parent company, an analysis of which as at each of the reporting dates are given below.

As at 31st March	2016	2015
Unutilised short term credit facilities	1,050,000	1,050,000
	1,050,000	1,050,000

27.3 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.

27.3.1 Interest rate risk

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

Exposure and management of interest rate risk

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

As at 31st March	Carrying Amount	
	2016	2015
Financial assets		
Placements with banking institutions	155,381	-
Securities purchased under resale agreements	182,036	560,356
	337,417	560,356
Financial liabilities		
Bank overdraft	1,825	9,644
	1,825	9,644

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

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

* Monthly average rate

Sensitivity Analysis

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

Movement in interest rate	Profit or Loss	
	Increase in 1%	Decrease in 1%
As at 31st March 2016		
- On interest earning assets	3,374	(3,374)
- On interest bearing liabilities	(18)	18
	3,356	(3,356)
As at 31st March 2015		
- On interest earning assets	5,604	(5,604)
- On interest bearing liabilities	(96)	96
	5,508	(5,508)

27.3.2 Exposure and management other market price risks

Equity price risk

The Company is holding an investment portfolio which includes listed and unlisted equity securities. Having a substantial portion 83% (2015 - 83%) 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.

Listed equity investments

The Company monitors the mix of debt and equity securities in 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	
		2016	2015
Available for sale financial assets - investments in equity securities	19.1/19.2	2,718,658	3,188,607
Available for sale financial assets - investments in unit trusts	19.3		
- Guardian Acuity Equity Fund		19,138	20,425
- The Sri Lanka Fund		147,543	161,499
Fair value through profit or loss financial assets - investments in equity securities	21.1	639,092	665,488
		3,524,431	4,036,019

A broad analysis of the investments in listed equity securities made by the Company, based on the industry / sector is given in notes 19.1 and 21.1.

NOTES TO THE FINANCIAL STATEMENTS

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27.3.3 Currency risk

The Company is exposed to currency risk on its investments made that are 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 investment in 'The Sri Lanka Fund' – a country fund incorporated in Cayman Islands, 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	Currency	Carrying amount	
		2016	2015
Investments in unit trusts - The Sri Lanka Fund	LKR (000')	147,543	161,499
	USD	1,019,718	1,211,364
Exchange rates applied as at the reporting dates - USD / LKR		144.69	133.32

Sensitivity Analysis

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

Movement in exchange rate	Equity	
	Strengthening	Weakening
As at 31 March 2016		
- United State Dollars (1% movement)	1,475	(1,475)
	1,475	(1,475)
As at 31 March 2015		
- United State Dollars (1% movement)	1,615	(1,615)
	1,615	(1,615)

No impact to profit or loss arises from a movement in the foreign exchange rates, provided such movements are related to equity instruments classified under 'Available for sale financial assets'. Such movements are required to be recognised in other comprehensive income as required by the Sri Lanka Accounting Standard (LKAS - 39) "Financial Instruments; Recognition and measurement".

27.4 Accounting classification and fair values

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

As at 31st March 2016	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total carrying amount	Fair value
Financial assets measured at fair value							
Available for sale financial assets	-	-	-	2,937,166	-	2,937,166	2,937,166
Fair value through profit or loss financial assets	793,451	-	-	-	-	793,451	793,451
Financial assets not measured at fair value							
Trade and other receivables	-	-	9,836	-	-	9,836	-
Cash and cash equivalents	-	-	338,017	-	-	338,017	-
Total financial assets	793,451	-	347,853	2,937,166	-	4,078,470	
Financial liabilities not measured at fair value							
Trade and other payables	-	-	-	-	181,769	181,769	-
Bank overdraft	-	-	-	-	1,825	1,825	-
Total financial liabilities	-	-	-	-	183,594	183,594	
As at 31st March 2015							
As at 31st March 2015	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total carrying amount	Fair value
Financial assets measured at fair value							
Available-for-sale financial assets	-	-	-	3,418,774	-	3,418,774	3,418,774
Fair value through profit or loss financial assets	665,488	-	-	-	-	665,488	665,488
Financial assets not measured at fair value							
Trade and other receivables	-	-	16,201	-	-	16,201	-
Cash and cash equivalents	-	-	562,115	-	-	562,115	-
Total financial assets	665,488	-	578,316	3,418,774	-	4,662,578	
Financial liabilities not measured at fair value							
Trade & other payables	-	-	-	-	262,450	262,450	-
Bank overdraft	-	-	-	-	9,644	9,644	-
Total financial liabilities	-	-	-	-	272,094	272,094	

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

27.5 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 2016				
Available for sale financial assets	2,937,155	-	11	2,937,166
Fair value through profit or loss financial assets	793,451	-	-	793,451
	3,730,606	-	11	3,730,617
As at 31 March 2015				
Available for sale financial assets	3,417,800	-	974	3,418,774
Fair value through profit or loss financial assets	665,488	-	-	665,488
	4,083,288	-	974	4,084,262

There was a disposal of available for sale financials assets classified under the Level 3 of the fair value hierarchy, which was valued at Rs. 0.963 mn during the period under review (2015 – nil).

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

28 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 resource allocation and performance. Therefore no disclosure is made on operating segments.

29 Events after the reporting date

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

30 Commitments and contingent liabilities

30.1 Capital expenditure commitments

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

30.2 Contingent liabilities

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

31 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	2016	2015	2014	2013	2012
Financial highlights					
Revenue					
Net gain on disposal of investments	196,870	585,055	323,900	282,639	671,129
Dividend income	176,425	183,292	252,761	134,591	129,763
Interest income	27,932	54,125	115,046	72,180	36,126
	401,227	822,472	691,707	489,410	837,018
Less :					
Dividend received from associate company	(79,195)	(83,235)	(194,928)	(43,433)	(40,970)
	322,032	739,237	496,779	445,977	796,048
Net fair value adjustment - unrealised	(135,539)	11,440	303	52,667	(322,893)
Profit on investment activities	186,493	750,677	497,082	498,644	473,155
Profit before taxation	294,763	1,001,114	919,541	1,200,571	1,087,196
Income tax expense	(7,548)	(14,252)	(30,059)	(18,603)	(6,129)
Profit for the year	287,215	986,862	889,482	1,181,968	1,081,067
Dividend paid	247,691	246,287	418,688	123,144	98,515
Statement of financial position					
Capital employed					
Stated capital	763,497	673,530	673,530	673,530	673,530
Reserves	8,340,156	12,428,640	10,906,886	8,050,259	7,093,279
Total equity	9,103,653	13,102,170	11,580,416	8,723,789	7,766,809
Assets employed					
Non current assets	8,149,102	12,133,158	10,414,267	7,234,368	6,719,319
Current assets	1,141,606	1,243,829	1,461,023	1,515,020	1,065,141
Total assets	9,290,708	13,376,987	11,875,290	8,749,388	7,784,460
Current liabilities	(187,055)	(274,817)	(294,874)	(25,599)	(17,651)
Net assets	9,103,653	13,102,170	11,580,416	8,723,789	7,766,809
Cash Flow Statements					
Net cash generated from / (used in) operating activities	(52,634)	(87,556)	(178,891)	449,453	841,237
Net cash generated from investing activities	79,195	83,235	194,928	43,433	40,970
Net cash used in financing activities	(242,840)	(249,705)	(171,515)	(122,305)	(96,272)
Net (decrease) / increase in cash & cash equivalents	(216,279)	(254,026)	(155,478)	370,581	785,935

FIVE YEAR SUMMARY

In Rupees Thousands

For the year ended / As at 31st March	2016	2015	2014	2013	2012
Ratios & statistics					
Operational ratio					
Return on ordinary shareholders funds (%)	3.15	7.53	7.68	13.55	13.91
Liquidity ratio					
Current ratio (Times)	6.10	4.53	4.95	59.18	60.34
Investor ratio					
Earnings per share (Rs.)	2.89	9.92	9.03	12.00	10.97
Dividend per share proposed/ Interim (Rs.)*	1.50	3.50	2.50	1.75	1.25
Dividend cover (times)	1.93	2.83	3.61	6.84	8.78
Dividend growth (%)	(57)	40	43	40	25
Dividend yield (%)	2.85	3.85	3.36	2.19	1.60
Dividend payout ratio (%)	51.90	35.28	27.69	14.62	11.39
Net assets value per share (Rs.)	91.54	133.00	117.55	130.74	139.03
Market value per share (Rs.) **	52.70	91.00	74.50	80.00	78.30
Price earning ratio (times)	18.25	9.17	8.25	6.67	7.14
Price to book value ratio (times)	0.58	0.68	0.63	0.61	0.56
Fair value of investments portfolio	9,278,745	13,351,117	11,865,566	12,855,629	13,697,271
Market capitalisation (Rs. 000')	5,241,071	8,964,854	7,339,358	7,881,190	7,713,715
All Share Price Index (points)	6,072	6,820	5,968	5,736	5,420
S&P SL 20 Index (points)	3,204	3,852	3,280	3,294	2,986
* Based on proposed / interim dividends					
**As at 31st March.					

US\$ FINANCIALS

PREPARATION OF US DOLLAR FINANCIAL STATEMENTS

**The Financial Statements of the Company are stated in Sri Lankan Rupees.
The translation of Sri Lankan Rupee amounts into US Dollar amounts is included solely for the
convenience of Shareholders, Investors, Bankers and other users of Financial Statements.**

**US Dollar Financial do not form part of the audited
Financial Statements of the Company.**

FINANCIAL HIGHLIGHTS - US \$

In United State Dollars

For the year ended / as at 31st March	2016	2015	Change %
Revenue	2,315,944	5,634,428	(59)
Profit from operations	948,285	5,347,057	(82)
Share of profit of equity accounted investees net of tax	1,171,679	2,284,405	(49)
Profit before taxation	2,119,835	7,630,441	(72)
Profit for the year	2,065,552	7,521,814	(73)
Total other comprehensive income / (expense) for the year	(29,416,893)	5,954,108	(594)
Total comprehensive income / (expense) for the year	(27,351,341)	13,475,922	(303)
Net cash used from operating activities	(378,526)	(667,345)	(43)
Total equity	62,918,329	98,276,101	(36)
Return on ordinary shareholders' funds (%)	1.86	7.65	(76)
Earnings per share (USD)	0.02	0.08	(73)
Dividend per share (USD) *	0.01	0.03	(60)
Net assets value per share (USD)	0.63	1.00	(37)
Ceylon Investment PLC - Fund value **	64,128,447	100,143,392	(36)
Market capitalisation	36,222,758	67,243,126	(46)

* Based on proposed / interim dividends

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

STATEMENT OF COMPREHENSIVE INCOME

In United State Dollars

For the year ended 31st March	2016	2015
Revenue	2,315,944	5,634,428
Impairment loss on available for sale financial assets	(328,378)	(296,418)
Net change in fair value of fair value through profit or loss financial assets	(646,372)	383,613
Profit on investment activities	1,341,194	5,721,623
Other income	712	-
Administrative and other operating expenses	(393,621)	(374,566)
Profit from operations	948,285	5,347,057
Finance expense	(129)	(1,021)
Profit from operations after finance expense	948,156	5,346,036
Share of profit of equity accounted investee net of tax	1,171,679	2,284,405
Profit before taxation	2,119,835	7,630,441
Income tax expense	(54,283)	(108,627)
Profit for the year	2,065,552	7,521,814
Other comprehensive income		
Items that are / or may be reclassified to profit or loss		
Share of other comprehensive income / (expense) of equity accounted investee net of tax	(25,677,570)	4,603,377
Net change in fair value of available for sale financial assets	(2,590,982)	4,454,383
Transfer of realised gains on disposal of available for sale financial assets	(1,247,349)	(3,122,631)
Foreign currency differences arising on translation of available for sale financial assets	99,008	18,979
Other comprehensive income / (expense) for the year net of tax	(29,416,893)	5,954,108
Total comprehensive income / (expense) for the year	(27,351,341)	13,475,922
Earnings per share (USD)	0.02	0.08

STATEMENT OF FINANCIAL POSITION

In United State Dollars

As at 31st March	2016	2015
ASSETS		
Non-current assets		
Investment in equity accounted investee	36,021,397	65,364,416
Available for sale financial assets	20,299,717	25,643,369
Total non-current assets	56,321,114	91,007,785
Current assets		
Trade and other receivables	70,067	121,707
Fair value through profit or loss financial assets	5,483,800	4,991,659
Cash and cash equivalents	2,336,146	4,216,284
Total current assets	7,890,013	9,329,650
Total assets	64,211,127	100,337,435
EQUITY AND LIABILITIES		
Equity		
Stated capital	5,868,428	5,868,428
Capital reserves	1,431,508	1,431,508
Revenue reserves	55,618,393	90,976,165
Total equity	62,918,329	98,276,101
Current liabilities		
Trade and other payables	1,270,585	1,985,254
Current tax liabilities	9,600	3,743
Bank overdraft	12,613	72,337
Total current liabilities	1,292,798	2,061,334
Total liabilities	1,292,798	2,061,334
Total equity and liabilities	64,211,127	100,337,435
Net assets value per share (USD)	0.63	1.00

NOTES TO THE FINANCIAL STATEMENTS

In United State Dollars

1 Basis of conversion

The translation of Sri Lankan Rupee amounts in to US Dollar amounts is solely for the convenience of the shareholders, investors, bankers and other users of financial statements.

The translation of the financial statements in to US Dollar were effected based on the following exchange rates.

	2016	2015
Income statement - Average rate	139.45	131.20
Monetary assets and liabilities - Closing rate	144.69	133.32
Non-monetary assets and liabilities - Closing rate	144.69	133.32
Ordinary share capital - Historical rate		

Gains or losses on conversion are accounted for in the revenue reserve.

Revenue reserve

For the year ended 31st March	2016 US \$	2015 US \$
Beginning of the year	90,976,165	81,282,761
Net movement during the year	(28,455,332)	11,598,735
	62,520,833	92,881,496
Currency fluctuations	(6,902,440)	(1,905,331)
As at the end of the year	55,618,393	90,976,165

FIVE YEAR SUMMARY

In United State Dollars

For the year ended / As at 31st March	2016	2015	2014	2013	2012
Financial highlights					
Revenue					
Net gain on disposal of investments	1,415,822	4,459,261	2,489,432	2,181,186	5,982,608
Dividend income	1,268,788	1,397,043	1,942,672	1,038,668	1,156,739
Interest income	200,877	412,538	884,221	557,029	322,036
	2,885,487	6,268,842	5,316,325	3,776,883	7,461,383
Less :					
Dividend received from associate company	(569,543)	(634,413)	(1,498,179)	(335,171)	(365,216)
	2,315,944	5,634,429	3,818,146	3,441,712	7,096,167
Fair value adjustment - unrealised	(974,750)	87,195	2,329	406,444	(2,878,348)
Profit on investment activities	1,341,194	5,721,624	3,820,475	3,848,156	4,217,819
Profit before taxation	2,119,835	7,630,441	7,067,412	9,265,096	9,691,531
Income tax expense	(54,283)	(108,628)	(231,027)	(143,564)	(54,635)
Profit for the year	2,065,552	7,521,813	6,836,385	9,121,532	9,636,896
Dividend paid	1,781,306	1,877,188	3,217,954	1,330,460	961,308
Statement of financial position					
Capital employed					
Stated capital	5,868,428	5,868,428	5,868,428	5,868,428	5,868,428
Reserves	57,049,901	92,407,673	82,714,269	62,904,051	54,762,399
Total equity	62,918,329	98,276,101	88,582,697	68,772,479	60,630,827
Assets employed					
Non current assets	56,321,114	91,007,785	79,662,411	57,030,887	52,453,701
Current assets	7,890,013	9,329,650	11,175,882	11,943,398	8,314,918
Total assets	64,211,127	100,337,435	90,838,293	68,974,285	60,768,619
Current liabilities	(1,292,798)	(2,061,334)	(2,255,596)	(201,806)	(137,792)
Net Assets	62,918,329	98,276,101	88,582,697	68,772,479	60,630,827
Statement of cash flow					
Net cash generated from / (used in) operating activities	(378,526)	(667,345)	(1,374,921)	3,468,525	7,457,159
Net cash generated from operating activities	569,543	634,413	1,498,178	355,183	365,217
Net cash used in financing activities	(1,746,422)	(1,903,242)	(1,318,231)	(943,854)	(831,592)
Net (decrease) / increase in cash & cash equivalents	(1,555,405)	(1,936,174)	(1,194,974)	2,879,854	6,990,784

RATIOS & STATISTICS

For the year ended / As at 31st March	2016	2015	2014	2013	2012
Operating ratio					
Return on ordinary shareholders' funds (%)	3.28	7.65	7.72	13.23	15.89
Liquidity ratio					
Current ratio (times)	6.10	4.53	4.95	59.18	60.34
Investor ratios					
Earnings per share	0.02	0.08	0.07	0.09	0.08
Net assets per share - Book value	0.63	1.00	0.90	1.03	1.09

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. Share Valuation

The market price of the Company's shares as at 31st March 2016 was Rs. 52/70 per share (2015 – Rs.91/-).

3. Ordinary Shareholders

As at 31st March	2016	2015
Number of shareholders	2,625	2,646

The number of Ordinary Shares held by non-residents as at 31st March, 2016 was 4,637,767 which amounts to 4.66% (2015 – 4,376,004 / 4.44%).

Distribution of shares	Residents			Non – Residents			Total		
	No. of shareholders	No. of Shares	%	No. of shareholders	No. of Shares	%	No. of shareholders	No. of Shares	%
1 - 1,000	1,445	328,291	0.33	04	457	0.00	1,449	328,748	0.33
1001 - 10,000	819	2,588,850	2.60	25	102,373	0.10	844	2,691,223	2.71
10,001 - 100,000	235	7,037,145	7.08	32	834,680	0.84	267	7,871,825	7.91
100,001 - 1,000,000	52	15,636,890	15.72	06	1,469,180	1.48	58	17,106,070	17.20
Above - 1,000,000	05	69,222,116	69.60	02	2,231,077	2.24	07	71,453,193	71.85
Total	2,556	94,813,292	95.34	69	4,637,767	4.66	2,625	99,451,059	100.00

Categories of shareholders	No. of Shareholders	No. of Shares	%
Individuals	2,393	21,431,790	21.55
Institutions	232	78,019,269	78.45
Total	2,625	99,451,059	100.00

3.1 Public Shareholding

Percentage of Ordinary Shares held by the public as at 31st March 2016 was 35.19% and the number of public shareholders were 2,610 (2015 – 35.19%).

4 Market performance - Ordinary shares

For the year ended as at 31st March	2016	2015
Share price as at 31st March (Rs.)	52.70	91.00
Highest (Rs.)	99.00	114.00
Lowest (Rs.)	44.00	73.10
Value of shares traded (Rs. 000)	157,616	1,084,063
No. of shares traded	1,937,082	11,226,373
Volume of transactions (Nos.)	2,752	7,385

5 Market capitalisation

Market capitalisation of the Company, which is the number of Ordinary Shares in issue multiplied by the market value of an Ordinary Share was Rs. 5,241,070,809/- as at 31st March 2016 (as at 31st March 2015 – Rs. 8,964,853,534/-)

6 Record of Bonus Issues, Rights Issues, Repurchase, Subdivision of shares and Scrip Dividend 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

7 Dividends

7.1 The Company paid a Second Interim Dividend of Rs.1/- per Ordinary Share for the financial year ended 31st March 2015, in the form of a Scrip Dividend amounting to Rs.98,514,874/-.

7.2 The Company also paid a First Interim Dividend of Rs.1/50 per Ordinary Share for the year ended 31st March 2016, amounting to Rs.149,176,588/50.

8 Major shareholders

A list of major shareholders of the Company as at the balance sheet date is provided in the Annual Report of the Board of Directors, on page 28.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the SEVENTIETH Annual General Meeting of CEYLON INVESTMENT PLC will be held on Tuesday, the 26th day of July 2016 at 2.00 p.m. at "Kings Court", Cinnamon Lakeside Colombo, No.115, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, Sri Lanka for the following purposes :

1. To receive and adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2016, together with the Independent Auditors' Report thereon.
2. To re-elect Mr.A.P. Weeratunge who retires by rotation in terms of Articles 89, 90 and 91 of the Articles of Association of the Company.
3. To re-elect Mrs.M.A.R.C. Cooray who retires by rotation in terms of Articles 89, 90 and 91 of the Articles of Association of the Company.
4. To re-elect Mr.K. Selvanathan who retires by rotation in terms of Articles 89, 90 and 91 of the Articles of Association of the Company.
5. To re-appoint Mr. I. Paulraj who is over Seventy years of age as a Director of the Company and to consider and if deemed fit to pass the following resolution :
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Mr. I. Paulraj who is 79 years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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 authorise the Directors to determine their remuneration.

By Order of the Board

(Sgd.)

K.D. De Silva (Mrs.)

Director

Carsons Management Services (Private) Limited

Secretaries

Colombo,

7th June 2016

Notes

1. A member is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy accompanies this notice.
2. The completed Form of Proxy must be deposited at the Registered Office, No.61, Janadhipathi Mawatha, Colombo 1, not later than 4.45 p.m. on 24th July 2016.
3. A person representing a Corporation is required to carry a certified copy of the resolution authorising him/ her to act as the representative of the Corporation. A representative need not be a member.
4. The transfer books of the Company will remain open.
5. Security Check

We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.

FORM OF PROXY

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

Israel Paulraj	or failing him,
Don Chandima Rajakaruna Gunawardena	or failing him,
Ajith Prashantha Weeratunge	or failing him,
Mirihana Arachchige Rose Chandralatha Cooray	or failing her,
Vernon Manilal Fernando	or failing him,
Krishna Selvanathan	or failing him,
Timothy Chee Ming Chia	

as *my/our proxy to attend at the 70th Annual General Meeting of the Company to be held on Tuesday, the 26th day of July 2016 at 2.00 p.m. at "Kings Court", Cinnamon Lakeside Colombo, No.115, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, Sri Lanka and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
(1) To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2016, together with the Independent Auditors' Report thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(2) To re-elect Mr.A.P. Weeratunge who retires by rotation in terms of Articles 89, 90 and 91 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(3) To re-elect Mrs.M.A.R.C. Cooray who retires by rotation in terms of Articles 89, 90 and 91 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(4) To re-elect Mr.K. Selvanathan who retires by rotation in terms of Articles 89, 90 and 91 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(5) To re-appoint Mr.I. Paulraj who is over Seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(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 authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>

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

.....
Signature /s

Note:

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

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 71 of the Articles of Association of the Company:
The 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 Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer. A proxy need not be a member of the Company.
4. In terms of Article 66 of the Articles of Association of the Company:
In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stands in the Register of members in respect of the joint holding.
5. To be valid the completed form of proxy should be deposited at the Registered Office of the Company situated at No.61, Janadhipathi Mawatha, Colombo 1, Sri Lanka not later than 4.45 p.m. on 24th July 2016.

Please fill in the following details

Name :

Address :

Jointly with :

Share Folio No. :

CORPORATE INFORMATION

NAME OF THE 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

Mr.I. Paulraj (Chairman)
Mr.D.C.R. Gunawardena
Mr.A.P. Weeratunge
Mrs.M.A.R.C. Cooray
Mr.V.M. Fernando
Mr.K. Selvanathan
Mr.T.C.M. Chia

BANKERS

Standard Chartered Bank
HSBC
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.

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.: +94-11-2439777

REGISTERED OFFICE & 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

www.carsoncumberbatch.com

CEYLON INVESTMENT PLC - PQ 68

In Rupees Thousands

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

Summary

As at 31st March	Note	2016		2015	
		Cost	Fair value	Cost	Fair value
Available for sale financial assets	1	1,524,025	9,351,020	454,725	15,433,890
Fair value through profit or loss financial assets	2	-	946,602	-	1,354,575
		1,524,025	10,297,622	454,725	16,788,465

1 Available for sale financial assets

1.1 Investment in equity securities - quoted

As at 31st March	2016			2015		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Banks, Finance & Insurance						
Hatton National Bank PLC - Non voting	1,184,341	210,853	202,522	269,000	48,197	44,384
Hatton National Bank PLC	123,977	28,613	24,709	122,000	28,229	27,084
People's Insurance PLC	2,689,400	40,341	45,451	-	-	-
Sampath Bank PLC	545,924	127,569	123,379	-	-	-
Seylan Bank PLC	703,790	63,582	60,526	-	-	-
Seylan Bank PLC - Non voting	355,035	23,273	22,367	-	-	-
Commercial Bank of Ceylon PLC	306,200	43,578	38,428	-	-	-
		537,809	517,382		76,426	71,468
Beverage, Food & Tobacco						
Distilleries Company of Sri Lanka PLC	889,027	214,276	183,317	-	-	-
		214,276	183,317		-	-
Diversified						
John Keells Holdings PLC	7,083,485	308,418	1,048,355	7,544,237	375,405	1,504,321
Hemas Holdings PLC	1,138,685	89,590	91,778	-	-	-
Softlogic Holdings PLC	5,144,707	79,405	68,425	-	-	-
		477,413	1,208,558		375,405	1,504,321
Manufacturing						
Tokyo Cement Company (Lanka) PLC	552,166	20,496	20,430	-	-	-
		20,496	20,430		-	-
Oil palm						
Bukit Darah PLC	20,438,250	1,928	7,153,388	20,470,125	1,928	13,857,135
		1,928	7,153,388		1,928	13,857,135
Telecommunication						
Dialog Axiata PLC	26,268,830	272,100	267,942	-	-	-
		272,100	267,942		-	-
Total investment in equity securities - quoted		1,524,022	9,351,017		453,759	15,432,924

1.2 Investments in equity securities - unquoted

As at 31st March	2016			2015		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
DFCC Vardhana Bank PLC - unlisted ordinary shares	-	-	-	55,253	963	963
Total investment in equity securities - unquoted					963	963

1.3 Investments in debentures

As at 31st March	2016			2015		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Riverina Hotels Limited	56	1	1	56	1	1
Ocean View Limited - 6%	120	1	1	120	1	1
Total investments in debentures		2	2		2	2

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In Rupees Thousands

1.4 Investments in preference shares

As at 31st March	2016			2015		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Bukit Darah PLC - 8% participative cumulative	31,875	1	1	31,875	1	1
Total investment in preference shares	1	1	1	31,875	1	1
Total investment in available for sale financial assets	1,524,025	9,351,020		454,725	15,433,890	

2 Fair value through profit or loss financial assets

2.1 Investment in equity securities - quoted

As at 31st March	2016		2015	
	No. of shares	Fair value	No. of shares	Fair value
Banks, Finance & Insurance				
Commercial Bank of Ceylon PLC	-	-	40,418	6,685
DFCC Bank PLC	139,699	19,139	39,699	8,051
Hatton National Bank PLC	289,620	57,721	285,000	63,270
Seylan Bank PLC	370,000	31,820	400,000	40,000
Seylan Bank PLC - Non voting	198,755	12,522	-	-
Sinhaputhra Finance PLC	100,000	1,670	20,000	3,598
Union Bank of Colombo PLC	1,832,145	30,414	1,178,975	28,413
		153,286		150,017
Beverage, Food & Tobacco				
Distilleries Company of Sri Lanka PLC	201,278	41,504	201,278	48,407
		41,504		48,407
Construction and Engineering				
Access Engineering PLC	1,700,000	35,360	1,750,000	33,600
MTD Walkers PLC	428,242	14,260	-	-
		49,620		33,600
Diversified				
Aitken Spence PLC	370,218	27,211	370,218	36,837
Hemas Holdings PLC	604,986	48,762	634,488	46,762
Hayleys PLC	12,457	3,061	-	-
Softlogic Holdings PLC	2,656,410	35,330	2,406,410	31,765
		114,364		115,364
Hotels & Travels				
Aitken Spence Hotel Holdings PLC	792,093	41,981	229,193	15,356
Serendib Hotels PLC	270,067	7,427	270,067	7,562
		49,408		22,918
Land & Property				
Overseas Reality (Ceylon) PLC	400,000	9,360	-	-
		9,360		-
Manufacturing				
Kelani Tyres PLC	267,316	17,108	211,816	16,522
Lanka Tiles PLC	-	-	259,765	27,535
Chevron Lubricants Lanka PLC	75,381	22,991	-	-
		40,099		44,057
Power and Energy				
Lanka IOC PLC	-	-	131,862	5,314
		-		5,314
Telecommunications				
Dialog Axiata PLC	3,400,000	34,680	1,629,448	16,946
		34,680		16,946
Total investment in equity securities - quoted		492,321		436,623

2.2 Investment in unit trusts - unquoted

As at 31st March	2016		2015	
	No. of shares	Fair value	No. of shares	Fair value
Guardian Acuity Money Market Fund	26,205,435	332,809	42,517,007	517,432
Guardian Acuity Money Market GILT Fund	1,140,906	121,472	4,000,000	400,520
Total investment in unit trusts - unquoted		454,281		917,952
Total investment in fair value through profit or loss financial assets		946,602		1,354,575