



CEYLON INVESTMENT PLC

A CARSON CUMBERBATCH COMPANY

Annual Report 2017/18



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Ceylon Investment PLC has consistently focused on value investing and wealth creation, with opportunities for intelligent, high quality investments that promise growing and consistent returns in the medium to long term. Our equity selections are done with a long term horizon.

The Company holds a total investment portfolio of Rs. 8.58 Bn as at 31st March 2018.

The year under review was a challenging one. We are pleased to set out the review and performance of the business during the year in this report.

FINANCIAL HIGHLIGHTS

In Rupees Thousands

For the year ended / as at 31st March	2018	2017	Change (%)
Revenue	449,610	297,938	51
Profit from operations	385,812	149,706	158
Share of profit of equity accounted investee net of tax	134,638	510,433	(74)
Profit before taxation	520,447	660,068	(21)
Profit for the year	512,245	652,814	(22)
Other comprehensive expense for the year	(349,468)	(1,032,420)	(66)
Total comprehensive income / (expense) for the year	162,777	(379,606)	(143)
Net cash generated from / (used in) operating activities	297,965	(179,000)	(266)
Net increase / (decrease) in cash and cash equivalents during the year	84,769	(222,192)	(138)
Total assets	8,599,305	8,755,877	(2)
Total equity	8,520,787	8,553,140	-
Return on ordinary shareholders' funds (%)	6.01	7.63	(21)
Earnings per share (Rs)	5.15	6.56	(21)
Dividend per share (Rs)*	2.00	1.75	14
Net assets value per share (Rs.)	85.68	86.00	-
Ceylon Investment actively managed portfolio **	4,698,132	4,358,886	8
Ceylon Investment total fund value **	8,580,609	8,727,181	(2)
Price to book value ratio (times)	0.50	0.47	6
Stock market data			
All share price index (points)	6,476.78	6,061.94	7
S&P SL 20 Index (points)	3,650.10	3,438.88	6
Market capitalisation	4,276,396	3,978,042	7
Share price (Rs.)			
- Year end	43.00	40.00	8
- High	62.00	69.90	(11)
- Low	39.50	39.10	1

* Based on final / interim dividends

** Based on the fair value of the portfolios after adjusting for cash and cash equivalents. Total fund value include actively managed portfolio and investment in associate Company.

CHAIRPERSON'S MESSAGE

It is with pleasure that I welcome you to the 72nd Annual General Meeting of the Ceylon Investment PLC and present to you the Annual Report of the company for the financial year ended 31 March 2018.

You would be pleased to note that the Ceylon Investment has reported a profit after tax of Rs. 512.2 Mn for the year ended 31st March 2018. Despite the challenging environment faced by the Colombo Stock Exchange, the company was able to grow its discretionary portfolio by Rs. 658.39 million which is a 15.10% growth relative to the All Share Price Index return of 6.84%, prior to dividend payment to shareholders. Ceylon Investment's long term investment philosophy has also resulted in the discretionary portfolio growing by 58.48% over 5 years again outpacing the All Share Price Index which has grown by 12.92%.

ECONOMY

The economy in 2018 is projected to grow at above 4%. This is an improvement over the rate of growth of 3.1% registered in 2017. Despite the complex political environment, with the expected foreign investment inflows, the structural reforms that are in place, low inflationary position and a competitive exchange rate regime, the economy, in the medium term, is expected to achieve sustained growth.

Export earnings have recorded nearly 8% growth in the first quarter of the current year over that of last year. Imports too registered an increase of 13%. Restoration of EU-GSP+ facility, increased commodity prices and the demand, together with the conducive exchange rate policy, are expected to boost export earnings further in the current year. Remittances and earnings from tourism which showed strong increases in the first quarter are expected to grow further. By the end of March 2018 official reserves indicated a healthy position. The fiscal front improved in the first quarter and with the new tax regime coming into effect from the second quarter government revenue is projected to increase noticeably. A marginal increase in monetary expansion was witnessed in the current years' first quarter while credit to the private sector was at more or less same levels of last year, around 15%.

BUSINESS ENVIRONMENT

The development of Sri Lankan capital markets is considered a strategically important aspect of planning by authorities. The

newly drafted Securities Exchange Commission Act is integral in building a foundation for new product development such as Real Estate Investment Trusts (REITs), derivatives and to also strengthen the much needed regulatory aspects of the market. The Guardian group remains buoyant in participating in new capital market development initiatives where we can create further value for our shareholders.

The Colombo Stock Exchange (CSE) is a proxy to the general investment climate within Sri Lanka and foreign investors will look to its performance before considering direct investment into the country. There is a need to expedite development of the capital market framework and deepen the offerings by the CSE to reflect a more conducive investment environment.

I would like to thank the staff for their unwavering enthusiasm, commitment and striving hard to better the company in a volatile environment, our intermediaries and service providers for their support, and the regulators in taking the industry forward. I would also like to thank our clients and investors who continue to place their trust and belief in Guardian; also our shareholders who trust in our ability to deliver. Ms Ruvini Fernando stepped down from the board during the year. Whilst thanking her for her valuable contribution to the Company, I wish her all the success in her future endeavours. I also express my appreciation to fellow board members and the members of the Audit Committee, Remuneration Committee, Nomination Committee and Related Party Transactions Review Committee for their diligence.

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

Chairperson

19th June 2018
Colombo

MANAGEMENT DISCUSSION AND ANALYSIS

CEYLON INVESTMENT PORTFOLIO PERFORMANCE

Ceylon Investment holds a portfolio of Rs. 8.58 billion as at 31st March 2018 consisting of a strategic holding of Rs. 3.88 billion and a discretionary holding of Rs. 4.69 billion. The total portfolio has declined to Rs. 8.58 billion from the start of the financial year of Rs. 8.73 billion due to the reduced value of the strategic holding. The discretionary component invests in listed companies which are thoroughly analyzed using fundamental analysis and selected into the portfolio based on their value proposition. The discretionary portfolio continues to perform well and has grown by Rs. 658.39 million, prior

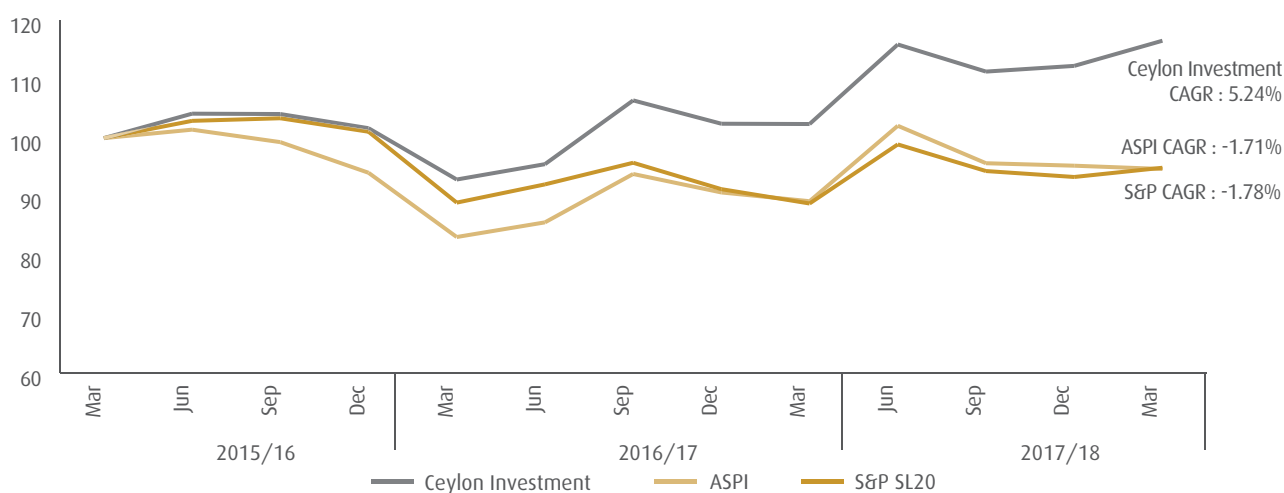
to dividend payment to shareholders. This translates to a growth of 15.10% compared to the All Share Price Index growth of 6.84% for the financial year. Over a 3 year period the discretionary portfolio has grown by 16.57% thereby outperforming the ASPI which has fallen by -5.04%. Over a 5 year time horizon the discretionary performance has been 58.48% for the last five years and outperforming the market by approximately 45.56%.

CEYLON INVESTMENT PORTFOLIO PERFORMANCE

	As at		Change %	As at 31-Mar-18 (Dividend adjusted)*	Dividend adjusted performance*
	31-Mar-18	31-Mar-17			
Discretionary portfolio (Rs. '000)	4,698,132	4,358,886	7.78%	5,017,282	15.10%
Total Portfolio (Rs.'000)	8,580,609	8,727,181	-1.68%	8,899,759	1.98%
ASPI (Points)	6,476.78	6,061.94	6.84%		6.84%
S&P 20 (Points)	3,650.10	3,438.88	6.14%		6.14%

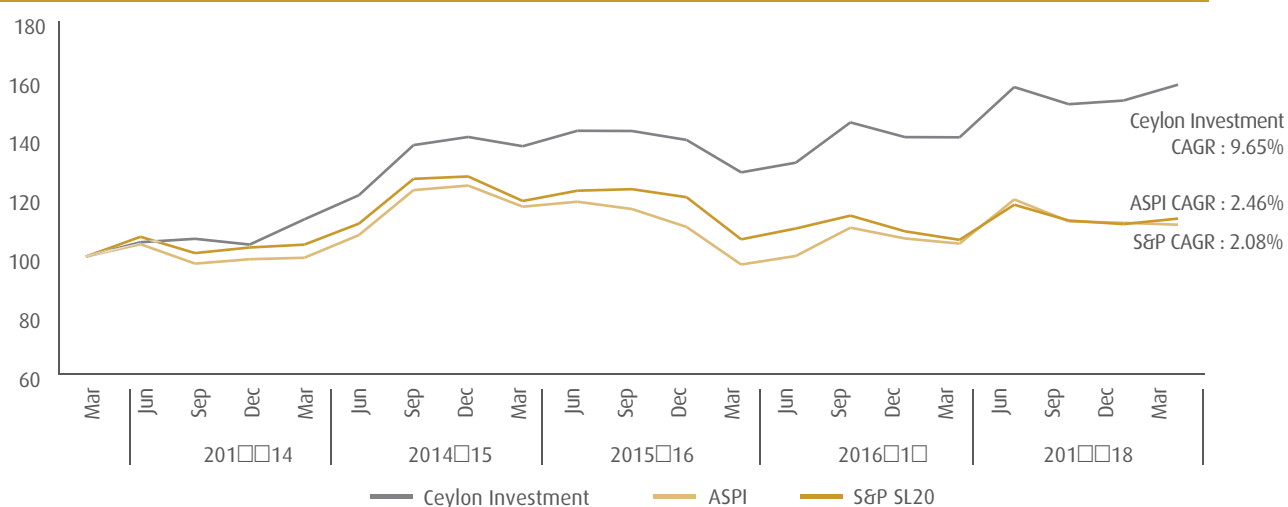
*After adding back the total cash out flow from the distribution of dividend by the Company which was Rs. 319.2 Mn.

Three year track record - Ceylon Investment discretionary portfolio



Indexed performance (base point as at 31-Mar-2015)

Five year track record - Ceylon Investment discretionary portfolio



Indexed performance (base point as at 31-Mar-2013)

The local equity market began the financial year with a strong start buoyed by higher foreign participation and improved macroeconomic prospects arising from recent sovereign bond issuance (March 2017) and fiscal consolidation plans. However, declining economic growth which seeped into consumption related company results along with rising commodity trends affecting manufacturing companies resulted in market performance slowing down. Furthermore, high interest rates and unclear policy direction has also deterred investor participation from the Colombo Stock Exchange. However, the stock market shows significant potential in the medium term as it trades at a discount to historical valuations and we feel the realization of this value will occur as the economy develops. Ceylon Investment will continue to invest in fundamentally strong undervalued companies with the intention of increasing value in the long term. With the enactment of foreign exchange control laws in Sri Lanka we will explore opportunities of investing in foreign markets.

One of the top contributors to the portfolio performance has been Sampath Bank which gave a return of 15.8% for the financial year. The bank being the 5th largest amongst the licensed commercial banks continues to achieve above industry average loan growth rates, improving cost efficiencies

and non-performing loans being reported at 1.64% for 2017. The continuous improvement in all these aspects has resulted in the bank reaching attractive ROE of 23.35% for 2017. A prior concern with Sampath bank was the lower levels of capital adequacy relative to peers, however, this has been addressed with an aggressive capital mobilization where the bank announced and successfully completed two rights issues amounting to Rs.20 billion. We continue to hold our investment with the bank to capture further medium term growth prospects

The largest sector holding within the portfolio Ceylon Investment is the banking, finance and insurance sector which accounts for 54% or a Rs. 2.6 billion allocation. Within this holding, investments in banks account for Rs. 1.7 billion spread mainly amongst HNB, Commercial Bank and Sampath Bank. The share price performance amongst these financial institutions for the financial year has ranged from moderate to high with large capital calls due Basel III implementation. The increased capital requirements from the Basel III implementation spurred numerous rights issues to the value of Rs. 48 billion thereby pressuring ROE's of these institutions.

MANAGEMENT DISCUSSION AND ANALYSIS

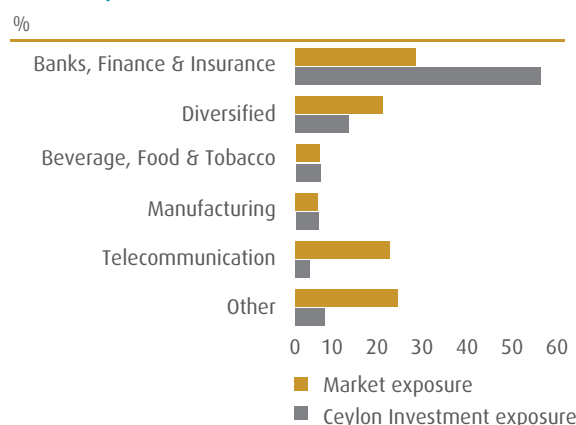
TOP FIVE HOLDINGS

Company	Market value of the holding ('000)	Holding as a % of discretionary portfolio
Hatton National Bank PLC	576,003	12.26%
Commercial Bank of Ceylon PLC	558,890	11.90%
Central Finance Company PLC	545,923	11.62%
Sampath Bank PLC	449,776	9.57%
Melstacorp PLC	338,830	7.21%
Total	2,469,422	52.56%

The portfolio also holds exposures to Commercial Bank and HNB Bank which amounts to Rs. 2.7 billion as at 31st March 2018. The banks are the two largest licensed private sector commercial banks with a 11.9% and 10.5% market share of banking sector loans respectively. The current stressful economic environment means we are very watchful of the impact on deteriorating asset quality and increased provisioning. The industry will also face challenges when introducing SLFRS 9 which comes into effect for annual periods beginning on or after 1st January 2018. SLFRS 9 will result in a significant jump in provisioning due to the concept of expected credit losses. It is expected that new calculations for impairment provisions required under SLFRS 9 can result in an approximate 40% increase, which will have a significant one off impact on the retained earnings. Subsequent changes will however be through the net profit. The impact of implementation of SLFRS 9 and Basel III capital requirements will also need to be constantly monitored going forward.

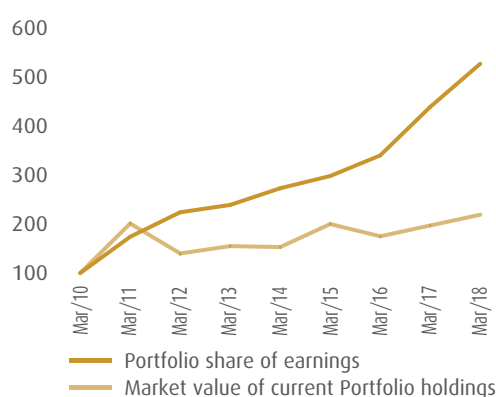
The portfolio invested a further Rs. 305 million into Central Finance PLC this year resulting in a total exposure to the company of Rs. 546 million as at 31st March 2018. The industry remains under pressure with regard to growing their leasing/loan books with the slowdown in new vehicle registrations with high vehicle taxes and tight LTV regulations. The re-pricing of loan book at the high lending rates prevalent, which outpaced the growth in cost of deposit and borrowings led to improved net interest margins (NIMs) during FY18 and is expected to continue through to FY19. Despite the improvement in cost efficiency ratios we are watchful of growing non-performing loans in the current economic climate.

Sector Exposure



The tough environment for leasing has brought the share price of Central Finance PLC to very attractive levels of current P/BV of 0.6x levels. From a long term value perspective, we believe Central Finance PLC has substantial upside potential provided its stronghold in retail/SME segments, deposit franchise that enables low cost funding, low operating cost model and maintaining a relatively high NIM model.

Portfolio share of earnings vs Market value of current Portfolio holdings



Indexed base point as at 31-Mar-2010

Historic earnings growth of the positions held in the portfolio have increased more rapidly than share price growth resulting in the valuations of these holdings becoming more attractive over time. We expect the share prices to eventually catch up to growth levels displayed by earnings and hence result in portfolio value increases.

Another significant contributor to Ceylon Investment's performance has been Dialog Axiata which is an 83% subsidiary of Axiata group (Malaysia) and is the leading mobile operator in Sri Lanka. The company holds the largest market share of 45% in SIM cards and is expected to benefit significantly with the growing demand for telecommunication needs of the country. The company's continuous investment in technology has laid a foundation for it to benefit from the increasing internet and smartphone penetration levels in the country. Data revenue has increased from 12% in 2014 to 31% in 2017 showing the company's ability to address declining international termination revenue and potential declines in voice revenue. The company has also made initial entry steps into digital financial services via its acquisition of a finance company providing it access to a finance company license. The constant need to upgrade its technology to remain competitive means we need to monitor its capex intensity and also regulatory changes such as taxation.

The insurance sector holdings in the portfolio remain intact and we continue to feel that under-penetration of insurance and profitability in the life segment of the business will continue to provide upside in the medium term. The general insurance industry saw consolidation taking place with a few strategic transactions giving us the opportunity to dispose of trading positions the portfolio had taken. The cyclical nature of the leasing sector has resulted in challenging times for these companies but poses opportunity for increasing positions due to underpricing of some businesses such as Central Finance Company PLC which show long term potential.

Significant detractors to the portfolio performance include investments made in Aitken Spence Holdings and Aitken Spence Hotel Holdings. The group's large exposure to hotels has been affected negatively with the lower demand for rated hotels in Sri Lanka and higher competition in both Sri Lanka and Maldives. Aitken Spence Hotel Holdings owns and manages a star class room inventory of 1,530 rooms in Sri Lanka, 620 rooms in Maldives and 516 rooms collectively in India and Oman. Recent investments into properties such as RIU in Ahungalla, India and Oman have each met with challenges and not performed in line with initial expectations. Furthermore, rising finance costs for funds borrowed to carry out these expansions have also impacted company profits.

However, 4Q 2018 quarterly results have shown a reversal of trend with occupancies across Sri Lankan and Maldivian properties showing significant improvement. In the event of a recovery within these tourist arrival segments we expect the Aitken Spence group which holds and maintains a strong hotel property portfolio to benefit immensely. We maintain our investment in the group and will be tracking future performances of the company closely and also monitoring its rising debt levels.

FINANCIAL REVIEW AND SHAREHOLDER RETURNS

Ceylon Investment PLC together with its share of profit of equity accounted investee, reported a profit after tax of Rs. 512.24 Mn for the year ended 31st March 2018 compared to Rs. 652.81 Mn of the previous year. This decrease in profit is mainly due to drop in Share of net profit of equity accounted investee ("Associate Company"), "Rubber Investment Trust Limited". Last year, associate company's profit included a significant gain from the transaction of selling JKH PLC shares which generated Rs. 778 Mn of net realized gains, thus boosting the share of profit of Ceylon Investment PLC.

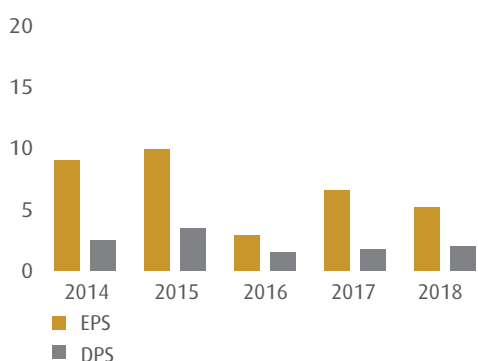
The net fair value gain on Instruments held as "fair value through profit or loss financial assets" amounted to Rs. 2.25 Mn for the year under review, as opposed to the net fair value losses of Rs. 2.78 Mn for last year. The impairment loss on account of fall in fair value of Instruments held as "available for sale financial assets" which is either significant or prolonged, amounted to Rs. 13.23 Mn (2017 - Rs. 95.21 Mn) for the period under review on account of investments in Aitken Spence PLC and Aitken Spence Hotel Holding PLC, where share prices dipped due to reasons mentioned elsewhere in this report.

Share of other comprehensive income / (expense) of equity accounted investee net of tax, which is the main component of other comprehensive Income, amounted to negative Rs. 507.92 Mn compared to negative of Rs. 1,245.49 Mn recorded in the previous year. This is mainly due to fair value losses recognised in other comprehensive income of the associate company, resulting from further negative fair value change of the strategic investment in Bukit Darah PLC, which experienced a share price drop of 21% (2017: 26%).

MANAGEMENT DISCUSSION AND ANALYSIS

EPS vs Dividends

(Rs.)

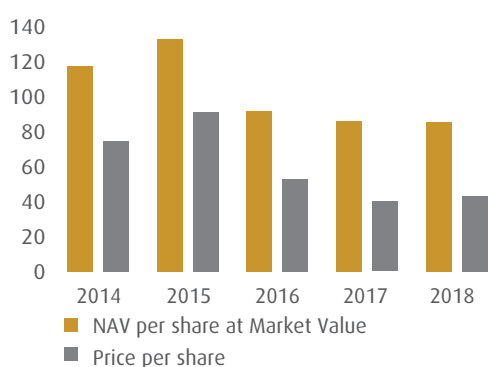


The Company's earnings per share (EPS) decreased to Rs. 5.15 from Rs. 6.56, recording a drop of 21%.

The Company declared an interim dividend of Rs. 2/- per share which is the final dividend for the year. The Company has been maintaining a consistent dividend to match shareholder expectations and this year sees an increase of 14% in the dividend per share compared to last year.

NAV per share (Market value) vs Share price

(Rs.)



The net asset value per share (NAV) amounted to Rs. 85.68 which is based on fair value of the portfolio.

As at 31st March	2018	2017	Change %
ASPI	6,476.78	6,061.94	6.84
NAV per share (Rs.)	85.68	86.00	(0.38)
Market price per share (Rs.)	43.00	40.00	7.50
Discount of NAV to market price per share	49.81%	53.49%	

The Company's share has been trading at a discount in the CSE over the past years. As of 31st March 2018, the market price of the Company was at Rs. 43.00 recording a YOY drop of 7.5% compared to the end of last year, and share trades at a discount of 49.81% to the NAV. Shareholder wealth appreciation during the year was 12.5% taking into account both share price movement and dividend for the year.

ECONOMY

Sri Lanka's GDP growth experienced a broad-based slow down to 3.1% in 2017 with all three subsectors experiencing challenges. Agriculture witnessed another year with adverse weather patterns affecting production. Although we expect a recovery off a low base in 2018, erratic weather conditions again may hamper such a recovery. The industry sector also experienced deceleration with a consumer led slowdown despite ongoing construction of large scale projects. The service sector which contributes the highest to GDP also decelerated to 3.1% for 2017 with wholesale/retail trade, transportation and financial services all displaying docile growth levels.

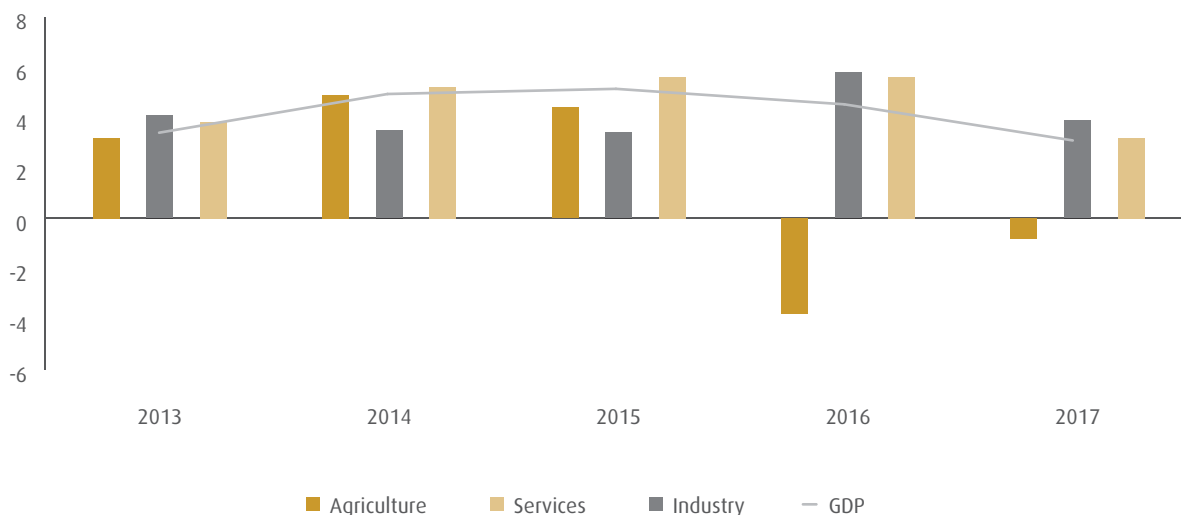
A generally tight monetary policy prevailed within the economy and was required to reduce excessive credit growth and curtail trade imbalances. As credit growth and inflation eased throughout the year, the Central Bank and government were able to grow much needed Gross Official Reserves to US\$9.9bn by April 2018. Foreign investment in the domestic equity and government security market was impressive in calendar year 2017 but gradually lost steam in 2018 with global risks arising and local political concerns being highlighted.

The IMF reviews for the three-year Extended Fund Facility remains on track with commitments made by the government progressing towards achievement. Some of the key commitments which have gained ground include fiscal consolidation, strengthening reserves and curtailing demand led inflation. The implementation of the inland revenue act was a significant step in the country's much needed fiscal consolidation and we hope to see steps taken toward widening the tax net in the next few years.

External debt repayments over the next 5 years with sovereign bonds maturing will put pressure on the country's balance of payments. However, the country was able to raise USD 2.5bn sovereign issue in April 2018 at commendable premiums and shows that as long as Sri Lanka's macroeconomic fundamentals do not deteriorate approaching the international market is possible to rollover the maturities ahead. However, interest rates may experience upward pressure depending on how the country is able to navigate the debt repayments with the strengthening global economy and upward trend in policy rates of developing nations.

Sector Wise GDP Growth Rate

(Rs.)



MANAGEMENT DISCUSSION AND ANALYSIS

EQUITY MARKET REVIEW

The All Share Price Index (ASPI) provided a moderate 6.84% return for the financial year ended March 2018. Improvement in economic conditions relative to the previous year helped the ASPI along into positive territory. The lackluster growth was influenced by numerous factors which included a sub-par collective normalized earnings growth of 5% by the listed firms in the CSE for review period. A tight economic environment with higher interest rates although necessary for macroeconomic stability, curtailed bottom line growth of consumer related sector stocks and also reduced domestic participation levels within the equity market. Furthermore, rising global commodity prices negatively influenced GP margins of manufacturing companies which dampened growth within this sector too. Despite the relatively muted returns of the ASPI, there was opportunity for bottom-up stock pickers to make significant above market returns where the Ceylon Investment discretionary portfolio provided a return of 15.10% for the financial year, prior to dividends paid to shareholders.

Global stocks closed the calendar year 2017 with some of its best performances since the post-crisis recovery with improved global economic growth rates. The growth was seen accelerating in the US, Europe and Asia thereby boosting investor confidence. Net foreign flow from this global 'risk-on' sentiment for 2017 was robust with Rs.18.4 billion inflow helping sustain the CSE in positive territory. Despite global equity markets remaining in positive territory in 2018 thus

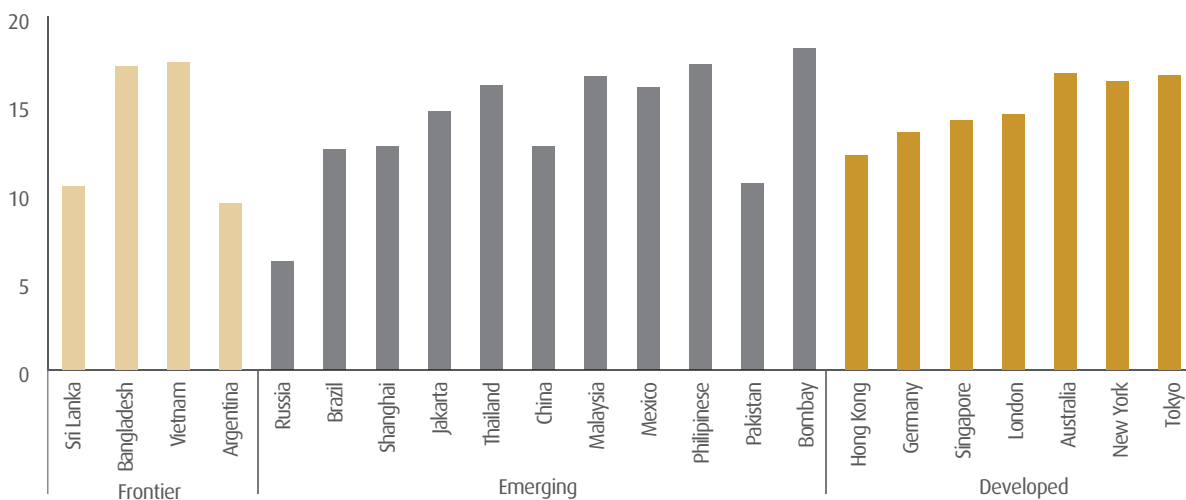
far, concerns on tightening monetary policy adopted by some advanced economies and geo-political stability to affect security and commodity prices particularly oil may result in a more constrained global equity performance in 2018. Net foreign flows as at 31st March 2018 showed an outflow of Rs. 2.6 bn, however after adjusting for strategic transactions, there is actually an inflow of Rs. 7.1 bn.

Sectors that performed well for the financial year included Diversified (+17.7%), Bank Finance & Insurance (+16.5%) and beverage food and tobacco (+8.9%). Sectors that didn't perform included Manufacturing (-10.2%) on account of rising commodity prices and lower demand conditions. Construction sector returns (-1.65%) is largely account of escalating cost conditions eroding margins. As the economy eventually recovers we expect individual sector earnings to improve and thereby resulting in increasing sector returns.

Market capitalization as at 31st March 2018 was Rs. 3.03 trillion compared with Rs. 2.66 trillion a year ago. As highlighted in our previous annual review, earnings growth continues to outpace market price growth over the last 5 years based on our universe of stocks that we track. Earnings growth is expected to be 10-11% in FY19E compared to around 5% in FY18E. The All Share Price Index remains attractive at current levels with a 1 year forward PER of 9.3X based on our coverage which accounts for 72% of the market capitalization.

Peer Market PE (Forward PE)

Ratio



RISK MANAGEMENT

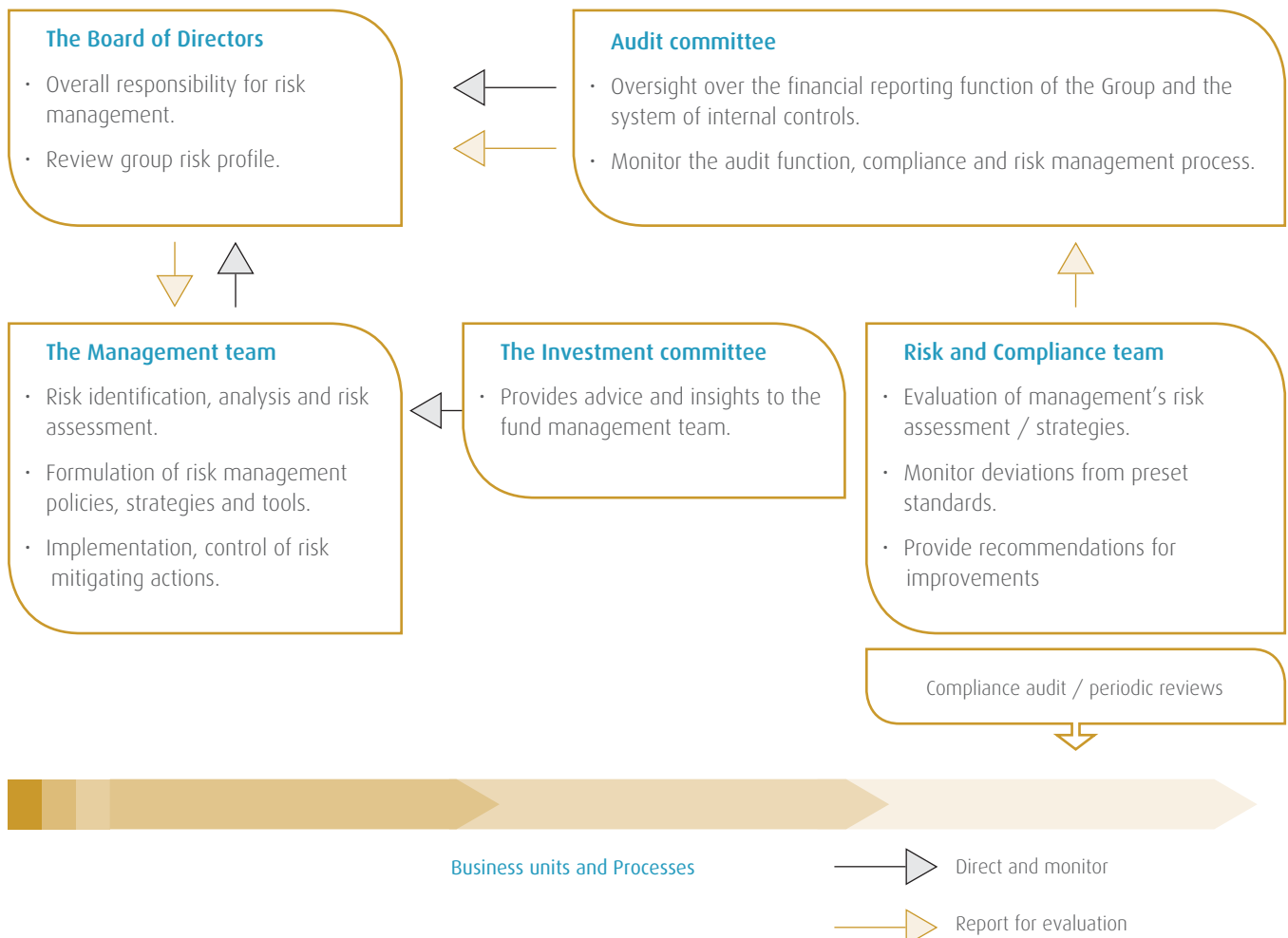
OVERVIEW OF RISK MANAGEMENT

Risk Management is the process of identification and assessment of risks arising due to factors which are internal and external to the entity, and implementation of identified, mitigating actions to address such risks. Management of risk helps to avoid or minimise unanticipated losses being incurred. It is not 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. Group Internal Audit conducts periodic compliance audits / review and reports to the Audit Committee. 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 Investments PLC is within the Ceylon Guardian Group which operates the portfolio and asset management sector of the Carson's Group. The Company's business operations include holding an investment portfolio which consist of listed equity securities and fixed income securities. The Company faces various types of risk, some of which are applicable across all the assets classes under management while some are applicable to specific asset category.

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

Risk Category	Impact and mitigating strategies
Macro environmental risks: Overall macro-economic conditions and political factors affect the risk profile of the Company. The variations of mascro-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.	
COUNTRY RISKS The risk associated with operations which are subject to various exchange control regulations, currency fluctuations, transaction costs & taxes and other actions that may be imposed by the government or policy making bodies of the particular foreign country or Sri Lanka.	<ul style="list-style-type: none"> This is a new risk area for which we are looking to build a framework as the company intends to exploit new markets in the future. Company has invested in The Sri Lanka Fund, which is domiciled in Cayman Island, 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.
CURRENCY RISKS The risk associated with any fluctuations of foreign exchanges rates against the Sri Lanka Rupee.	<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.

Risk Category**Impact and mitigating strategies****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 sectoral and security exposure is continuously monitored.
- A sound research base to determine changing economic fundamentals of the country, determine the impact on equity vs fixed income investments and the prompt shifting of funds between asset classes. The sensitivity of stock valuations to changes in economic indicators are continuously monitored.
- The return of money market funds the Company has invested in, is sensitive to changes in the financial sector. Hence the behaviour of interest rate determinants are monitored, and anticipated interest rate trends are considered 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 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.

GENERAL SECURITIES RISK

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.

- General securities risk is applicable, regardless of whether the instrument is equity listed / unlisted or fixed income, but the magnitude of risk will vary with the type of the instrument.
- Portfolio management and investment selection process which is a bottom up approach, is designed to optimise the risk/return trade off. Risk mitigating methodology is based on the internal research process, and prospective investments are selected from fundamental analysis and contact with corporate management of the issuing company through company visits. A continuous process of monitoring the performance of investee companies is adopted, after the investment is made.

RISK MANAGEMENT

Risk Category	Impact and mitigating strategies
<p>CONCENTRATION RISK</p> <p>This is the risk that the portfolio is over exposed to a particular sector / sectors or a security / securities resulting in the risk and return of the portfolio being over dependent on the performances / risk profiles of those sectors or securities.</p>	<ul style="list-style-type: none"> Monitoring sector exposure and single company / group exposure of the portfolio as a diversification and a mitigation strategy. Loss limits are set to monitor stocks performing below their cost of acquisition to determine whether temporary capital erosion is a concern. Monitoring by the compliance team takes place as a routine process.
<p>LIQUIDITY RISK</p> <p>Liquidity is the 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 the factors like size of free float, tradability of the stock, market turnover, major shareholders etc.
<p>Operational Risks : Guardian Fund Management Limited (GFM), the Investment manager is responsible for the Company’s investment management operations, hence the operational risk arises within the process and systems of GFM. 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 risks, which specifically covers the following key areas which are significant in the context of Investment operations.</p>	
<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.
	<ul style="list-style-type: none"> 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.

Risk Category

Impact and mitigating strategies

SYSTEMS AND PROCESS RISKS

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

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

REPUTATION RISK

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

- A sound system of internal controls and 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.

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

The Board of Directors of Ceylon Investment PLC have pleasure in presenting to the shareholders their Report, together with the Audited Financial Statements for the year ended 31st March 2018.

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 19th June 2018.

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 Chairperson's Statement and the Management Discussion and Analysis on pages 3 to 10 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 2018 are set out on pages 38 to 70 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. 449.6 Mn (2017 – Rs. 297.9 Mn). A detailed analysis of revenue for the period is given in note 11 to the financial statements.

4.2 Financial results and appropriations

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

(In Rupees Thousands)

For the year ended 31st March	2018	2017
Retained earnings brought forward from previous year	2,714,560	2,634,502
Profit for the year (excluding share of Profit of associate company)	377,607	142,381
Dividend received from associate company	112,532	108,584
Forfeiture of unclaimed dividends	3,772	3,132
Dividend	(198,902)	(174,039)
	3,009,569	2,714,560

4.3 Significant accounting policies

The accounting policies adopted in the preparation of these financial statements are given on pages 42 to 48.

4.4 Investment in Financial Instruments – Available for Sale Financial Assets and Fair value through profit or loss financial assets

Investments in financial instruments of the Company represents investments in available for sale financial assets and 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 – unlisted equity

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

4.5 Reserves

As at 31st March 2018, the total reserves of the Company stood at Rs. 7,757.3 Mn (2017 - Rs. 7,789.6 Mn).

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

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The financial statements comprise of *inter alia*:

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

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

- appropriate accounting policies have been selected and applied consistently, while material departures, if any, have been disclosed and explained;
- all applicable Accounting Standards have been complied with;
- reasonable and prudent judgments and estimates have been made; and
- provides information required by and otherwise comply with the Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company in order to ensure that its Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and meet with the requirements of the Companies Act, No. 07 of 2007.

They are also responsible for taking reasonable measures to safeguard the assets of the Company and in this regard to give proper consideration to the establishment and effective operation of appropriate systems of internal control with a view to prevent, detect and rectify frauds and other irregularities.

These Financial Statements have been prepared on a going concern basis, since the Directors are of the view that the Company has adequate resources to continue in operation, in the foreseeable future from the date of approving these financial statements.

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

6. OUTSTANDING LITIGATION

There are no litigations currently pending against the Company.

7. INTERESTS REGISTER

The Company maintains the Interests Register conforming to the provisions of the Companies Act, No.07 of 2007.

All Directors have made declarations as provided for in Section 192(2) of the Companies Act aforesaid.

The relevant details as required by the Companies Act, No. 07 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act, No. 07 of 2007.

7.1 Remuneration of Directors

Directors' remuneration for the financial year ended 31st March 2018 is given in note 12 to the financial statements.

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

7.2 DIRECTORS' INTEREST IN CONTRACTS AND SHARES

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

Name of the Company	Common directors	Nature of transactions	Value of the transactions ('000)
Ceylon Guardian Investment Trust PLC	D. C. R. Gunawardena Mrs. M. A. R. C. Cooray V. M. Fernando K. Selvanathan T. C. M. Chia	Dividend paid	128,022
Rubber Investment Trust Limited	D. C. R. Gunawardena A. P. Weeratunge	Dividends received	105,957
Guardian Fund Management Limited (GFM)	K. Selvanathan A. P. Weeratunge	Portfolio management fees paid	20,870
Carsons Management Services (Private) Limited (CMSL)	K. Selvanathan A. P. Weeratunge	Support service fees paid Computer fees paid Secretarial fees paid	12,576 420 444
Hatton National Bank PLC	Mrs. M. A. R. C. Cooray	Placement in demand deposits Bank charges paid	79 2

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

Directors	No. of shares as at	
	31st March 2018	31st March 2017
Mrs. M. A. R. C. Cooray (Chairperson)	-	-
Mr. D. C. R. Gunawardena	257	257
Mr. A. P. Weeratunge	-	-
Mr. V. M. Fernando	-	-
Mr. K. Selvanathan	-	-
Mr. T. C. M. Chia	-	-
Mrs. W. Y. R. Fernando*	-	-

*Resigned w.e.f. 30th September 2017

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 Change in the Directorate

Mrs. W. Y. R. Fernando, Executive Director resigned from the Board with effect from 30th September 2017.

8.2 Directors to retire by rotation

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

9. CORPORATE GOVERNANCE

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

9.1 Regulatory Benchmarks

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

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

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

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, 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 27 to 29 of the Annual Report:

Directors	Executive / Non-Executive / Independent
Mrs. M. A. R. C. Cooray (Chairperson)	Non-Executive/Independent*
Mr. D. C. R. Gunawardena	Non-Executive
Mr. A. P. Weeratunge	Executive
Mr. V. M. Fernando	Non-Executive/Independent**
Mr. K. Selvanathan	Executive
Mr. T. C. M. Chia	Non-Executive/Independent***
Mrs. W. Y. R. Fernando	Executive (resigned w.e.f. 30th September 2017)

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/ Non-

Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Meeting of the Board of Directors of the Company held on 19th June 2018, 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.

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	Attended Meetings
Mrs. M. A. R. C. Cooray (Chairperson)	5/5
Mr. D. C. R. Gunawardena	5/5
Mr. A. P. Weeratunge	4/5
Mr. V. M. Fernando	5/5
Mr. K. Selvanathan	4/5
Mr. T. C. M. Chia	3/5
Mrs. W. Y. R. Fernando*	2/2

* Resigned with effect from 30th September 2017

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

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

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. F. Mohideen	Non-Executive/Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC

The Audit Committee Report is given on pages 31 to 32 of this Annual Report.

9.6 Remuneration Committee

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

As per Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of CCPLC functions as the Remuneration Committee of the Company and comprises of the following Members:

Remuneration Committee Members	Executive / Non-Executive / Independent
Mr. T. de Zoysa (Chairman)*	Non-Executive/Independent Director of CCPLC
Mr. I. Paulraj**	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

* (Appointed as Chairman w.e.f. 01/11/2017)

** (Resigned from the CCPLC Board and Remuneration Committee w.e.f. 01/11/2017)

Scope and Objective

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

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

Functions and Proceedings

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

The Chief Executive Officer, Director-in-charge and other members of the senior management may be invited to attend meetings to discuss the performance of the Executive Directors and make proposals as necessary. Neither Executive nor Non-Executive Directors are involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Directors.

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

The Remuneration Committee meets at least twice a year. During the period under review the Committee had 02 meetings and the attendance of the Members was as follows:-

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

* (Appointed as Chairman w.e.f. 01/11/2017)

** (Resigned from the CCPLC Board and Remuneration Committee w.e.f. 01/11/2017)

Reporting and Responsibilities

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

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under note 12 to the financial statements. Executive Directors are not compensated for their role on the Board.

9.7. Nomination Committee

The Nomination Committee of Ceylon Guardian Investment Trust PLC (CGIT), the Parent Company functions as the Nomination Committee of the Company and comprises of the following Members:

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

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

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

9.8. Related Party Transactions Review Committee

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

As per Rule 9.2.3 of the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee of CCPLC functions as the Related Party Transactions Review Committee of the Company and comprises of the following Members:

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

The Related Party Transactions Review Committee Report is given on pages 33 to 34 of this Annual Report.

Declaration

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

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

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

In terms of the requirements of the Listing Rules of the Colombo Stock Exchange, the transactions carried out by the Company with its Related Parties during the year ended 31st March 2018, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2018. The details of the Related Party Transactions are given in note 26 to the Financial Statements.

1. Non-Recurrent Related Party Transactions

There were no Non-recurrent related party transactions entered into by the Company, where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the Shareholders' equity or 5% of the total assets, of the Company as at 31st March 2018.

2. Recurrent Related Party Transactions

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

10. 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.

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 11 to 15.

11. INDEPENDENT AUDITORS

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

A sum of Rs. 385,000 /- was paid to them by the Company as audit fees for the year ended 31st March 2018 (2017 – Rs. 365,000/-). In addition to the above, the Auditors were paid Rs. 175,000 /- (2017 – Rs. 150,000/-) 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 pages 36 to 37 of the Annual Report.

13. SIGNIFICANT EVENTS DURING THE YEAR

There were no significant events during the year.

14. HUMAN RESOURCES

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

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

15. EQUITABLE TREATMENT TO SHAREHOLDERS

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

16. DIVIDENDS

16.1 A first Interim Dividend of Rs. 1.75 per Ordinary Share amounting to Rs. 174,039,353/25 for the year ended 31st March 2017 was paid on 6th April 2017.

16.2 A First Interim Dividend of Rs. 2/- per Ordinary Share amounting to Rs. 198,902,118/- for the year ended 31st March 2018 was paid on 23rd March 2018.

17. SOLVENCY TEST

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

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

18. STATED CAPITAL

The Stated Capital of the Company as at 31st March 2018 was Rs.763.5 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.
- Details on fair value through profit or loss financial assets are disclosed in note 21.

20. CAPITAL EXPENDITURE

The Company has not incurred any capital nature expenditure during the year under review (2017 - 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, if any.

24. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities and commitments made on account of capital expenditure as at 31st March 2018 are given in note 30 to the financial statements, if any.

25. EXPENSES ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

During the year, no expenses were incurred on CSR activities. However, the Company incurred Rs. 2.5 Mn as CSR related expenses for the year ended 31st March 2017 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 XXX to XXX of the Annual Report.

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.

As at 31st March Name of shareholders	2018		2017	
	No. of shares	%	No. of shares	%
1 CEYLON GUARDIAN INVESTMENT TRUST PLC A/C NO 3	64,010,916	64.36	64,010,916	64.36
2 ASSOCIATED ELECTRICAL CORPORATION LTD	1,624,000	1.63	1,345,000	1.35
3 MRS. M.L. DE SILVA	1,317,802	1.33	1,317,802	1.33
4 MR. K.C. VIGNARAJAH	1,312,760	1.32	1,309,295	1.32
5 MISS G.I.A. DE SILVA	1,289,578	1.30	1,289,578	1.30
6 MELLON BANK N.A.-COMMONWEALTH OF MASSACHUSETTS	1,169,046	1.18	1,169,046	1.18
7 THURSTON INVESTMENTS LIMITED	1,052,515	1.06	1,062,031	1.07
8 MR. Y.H. ABDULHUSSEIN	966,170	0.97	966,170	0.97
9 MR. G.J.W. DE SILVA	862,126	0.87	862,126	0.87
10 OAKLEY INVESTMENTS (PRIVATE) LIMITED	803,171	0.81	803,171	0.81
11 MISS R.H. ABDULHUSSEIN	783,461	0.79	206,903	0.21
12 MISS N.K.R.H. DE SILVA	552,236	0.56	387,941	0.39
13 PEOPLE S LEASING & FINANCE PLC/MR.M.A.N.YOOSUFALI	501,026	0.50	-	0.00
14 COMMERCIAL BANK OF CEYLON LTD/K.C.VIGNARAJAH	500,843	0.50	500,843	0.50
15 PEOPLE S LEASING & FINANCE PLC/MR.H.M. ABDULHUSSEIN	500,659	0.50	-	0.00
16 MR. N.K.A.D. DE SILVA	495,241	0.50	330,947	0.33
17 BANK OF CEYLON A/C NO. 1	446,206	0.45	446,206	0.45
18 MERCANTILE BANK (AGENCY) PRIVATE LIMITED	412,937	0.42	412,937	0.42
19 MELLON BANK N.A.-THE FRONTIER EMERGING MARKETS FUND	397,090	0.40	397,090	0.40
20 MISS G.N.A. DE SILVA	384,652	0.39	384,652	0.39

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

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 forms part of the Annual Report on 19th June 2018. 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 72nd Annual General Meeting of the Company will be held on Thursday, 26th July 2018 at 9.30 a.m. at the "Auditorium", of Institute of Chartered Accountants of Sri Lanka, (Ground Floor), 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka.

The Notice of the Annual General Meeting setting out the business which will be transacted thereat is on page 74 of the Annual Report.

Signed on behalf of the Board,

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

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

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

Carsons Management Services (Private) Limited
Secretaries

19th June 2018

PROFILES OF THE DIRECTORS

ROSE COORAY

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

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

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

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

CHANDIMA GUNAWARDENA

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

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

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

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

AJITH WEERATUNGE

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

He is also a Director of Group's Real Estate Sector Equity One Limited 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 was recently appointed as a Director of Group's plantation sector holding company, Goodhope Asia Holdings Ltd. He is also the nominee Director at Ceybank Asset Management Ltd. 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

PROFILES OF THE DIRECTORS

MANILAL FERNANDO

Manilal Fernando is a Director of Ceylon Investment PLC, Ceylon Guardian Investment Trust PLC and is currently the Chairman of Shipping Cargo Logistics (Pvt) Ltd., Hyundai Lanka (Pvt) Ltd. and Dynamic AV Technologies (Pvt) Ltd. and also Director of Eco Corp Asia Private Limited. He is also 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. He also serves as the CEO of Guardian Fund Management Limited & serves as a board member of other investment sector companies within the Ceylon Guardian 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 31 December 2004. In 2007, he founded Hup Soon Global Corporation and became its founding Chairman.

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

Mr. Chia is currently a Director of Banyan Tree Holdings Ltd, Fraser and Neave Limited, Singapore Power Ltd, The Straits

Trading Company Limited, Ceylon Guardian Investment Trust PLC, Vertex Venture Holdings Ltd and Malaysia Smelting Corporation Berhad.

He was made Chairman of UBS AG - Asia in October 2009 and retired in September 2011. He stepped down as Senior Advisor 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 has been a Trustee of the Singapore Management University. He is currently a member of its Audit Committee 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.

On 1st July 2017 Mr. Chia was appointed as the Team Trustee of the Singapore Indian Development Association (SINDA).

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

RUVINI FERNANDO

(Resigned with effect from 30th September 2017)

Ruvini Fernando was a Director and CEO of Guardian Fund Management Limited, Investment Managers of the Ceylon Guardian Investment Trust PLC Group and a Director of Guardian Acuity Asset Management Limited, the Group's licensed Joint Venture for unit trust management up to 30th September 2017. She was appointed to the Ceylon Guardian Group listed company boards as an Executive Director in 2016, which position she held until 30 September 2017. She was also a Director of The Sri Lanka Fund, a country fund dedicated to Sri Lankan equities until the same date.

MANAGEMENT TEAM

PROFILE

KRISHNA SELVANATHAN

Director / CEO of Guardian Fund Management Limited. He is also a Director of Ceylon Investment PLC. Refer page 28 for his detailed profile.

THARINDA JAYAWARDENA (CFA,ACMA,B.SC FINANCE (HONS))

Director / Head of Research, Guardian Fund Management Ltd. Has over 12 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 specialising in Finance.

SUMITH PERERA (B.SC (HONS), ACMA)

Head of Portfolio Management, Guardian Fund Management Ltd. Has over 13 years' experience in the field of Asset Management working as a Fund Manager for CAAM Saudi Fransi LLC (Kingdom of Saudi Arabia), Investment Analyst for Eagle NDB Fund Management (Sri Lanka) and as a Financial Analyst for John Keells Stockbrokers. He holds a BSc (Hons) in Economics and Business Finance from Brunel University, UK and is an Associate Member of the Chartered Institute of Management Accountants.

ASANKA JAYASEKERA (CFA, B.SC. FINANCE (HONS), ACMA)

Senior Fund Manager, Guardian Fund Management Limited/ Guardian Acuity Asset Management Ltd. He has over 11 years' experience in asset management and investment research and worked as a research analyst at JB Securities (Pvt) Ltd before joining Ceylon Guardian group. He holds a B.Sc. Finance (Hons) degree from the University of Sri Jayewardenepura, Sri Lanka. He is a chartered financial analyst (CFA) and an associate member of the Chartered Institute of Management Accountants, UK. He was a visiting lecturer at department of finance, University of Sri Jayewardenepura.

LAKMAL WICKRAMAARACHCHI (B.SC. FINANCE (SPECIAL),ACA)

Financial Controller, Guardian Fund Management Limited. Commenced career at KPMG, Chartered Accountants, prior to joining the Carsons Group. Counts over 11 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.

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

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

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

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

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

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

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

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

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

Meetings attended (out of six)	
Mr.V. P. Malalasekera (Chairman)	6/6
Mr.D. C. R. Gunawardena	6/6
Mr.F. Mohideen	6/6

Director-Guardian Fund Management Limited-Investment Managers, Head of Finance-Carsons Management Services (Private) Limited-Managers, internal auditors and senior management staff members of the Investment Sector also attended the Audit Committee Meetings by invitation.

The Audit Committee met the External Auditors, Messrs. KPMG, twice during the year to discuss the audit scope, including Key Audit Matters and to deliberate the draft Financial Report and Accounts at the completion stage of the audit. 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 2017/2018 and the Group Internal Audit (GIA) carried out 04 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.

AUDIT COMMITTEE REPORT

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.

With the introduction of the new audit report this year, the Audit Committee has introduced a process to discuss the areas which are identified as Key Audit Matters by Messrs. KPMG for reporting in the audit report, at the audit planning and completion stages.

The draft financial statements of Ceylon Investment PLC for the year ended 31st March 2018 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 2019, 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
19th June 2018

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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

COMPOSITION OF THE COMMITTEE

The Members of the RPTRC are as follows :

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

MEETINGS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

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

Meetings attended (out of four)	
Mr.V.P. Malalasekera	4/4
Mr.F. Mohideen	3/4
Mr.D.C.R. Gunawardena	4/4
Mr.H. Selvanathan	2/4
Mr.M. Selvanathan	4/4
Mr.S.K. Shah	3/4

PURPOSE OF THE COMMITTEE

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

POLICIES AND PROCEDURES

- The RPTRC reviews the relevant Related Party Transactions of the Listed Companies of the Carsons Group and where the Committee decides that the approval of the Board of Directors of the respective Companies are necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.
- When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether it is recurrent or non-recurrent in nature.
- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.
- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

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

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The RPTRC in discharging its function endeavours to ensure that:

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

The Committee has a criteria for designating Carsons Group Key Management Personnel (KMP) and quarterly disclosures are made by KMPs so designated, as relevant.

The Related Party Transactions of the Company for the period 1st April 2017 to 31st March 2018 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
19th June 2018

FINANCIAL CALENDAR

Financial year end	31st March 2018
72nd Annual General Meeting to be held on	26th July 2018

Announcement of results

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

1st Quarter ended 30th June 2017	14th August 2017
2nd Quarter ended 30th September 2017	14th November 2017
3rd Quarter ended 31st December 2017	14th February 2018
4th Quarter ended 31st March 2018	30th May 2018

INDEPENDENT AUDITORS' REPORT



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

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Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF CEYLON INVESTMENT PLC Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Ceylon Investment PLC ("the Company"), which comprise the statement of financial position as at March 31, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 38 to 70 of this Annual Report.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Carrying amount of Financial Investments

Refer to Note 3 (c) (i) (accounting policy), Note 19 and 21 (financial statement disclosures) to these financial statements.

Valuation of Investments classified as Available-for-Sale (AFS) financial assets and Fair Value through Profit or Loss (FVTPL) financial assets.

The Investments of the Company as at 31st March 2018 comprise AFS financial assets of Rs.3.64 billion (2017: Rs.3.28 billion) and FVTPL financial assets of Rs.860.46 million (2017: Rs.968.71 million) and, represent 42% and 10% of total assets respectively. As at the reporting date, the Company's AFS portfolio was made up of listed

equity shares amounting Rs.3.45 billion (2017: Rs.3.1 billion) and Unit trust investments amounting Rs.186.68 million (2017: Rs.177.87 million), while the FVTPL portfolio was made up of listed equity shares amounting Rs.620.79 million (2017: Rs.712.37 million) and Unit trust investments amounting Rs.239.67 million (2017: Rs.256.34 million).

Risk Description

Due to materiality in the context of the financial statements as a whole and market volatility, this is considered to be an area which could have the greatest effect on the financial statements;

Our responses - Our audit procedures included:

- Documenting and assessing the design, implementation and operating effectiveness of the investment valuation processes and controls;
- Assessing the investment realizations during the period, comparing with actual sales proceeds to prior year valuations to understand the reasons for significant variances and determining whether they are indicative of bias or error in the Company's approach;
- Assessing whether there is any significant or prolonged decline in fair value of investments classified as AFS financial assets and impairment, if any has been adequately provided for; and Assessing the adequacy of disclosures in the financial statements and inherent degree of subjectivity and key assumptions in the estimates as required by the relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 2294.

KPMG
CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
19th June 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Rupees Thousands

For the year ended 31st March	Note	2018	2017
Revenue	11	449,610	297,938
Impairment loss on available for sale financial assets		(13,233)	(95,215)
Net change in fair value of fair value through profit or loss financial assets		2,254	(2,782)
Profit on investment activities		438,631	199,941
Administrative and other operating expenses		(52,819)	(50,235)
Profit from operations	12	385,812	149,706
Finance expense	13	(3)	(71)
Profit from operations after finance expense		385,809	149,635
Share of profit of equity accounted investee net of tax	14	134,638	510,433
Profit before taxation		520,447	660,068
Income tax expense	15	(8,202)	(7,254)
Profit for the year		512,245	652,814
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Share of other comprehensive expense of equity accounted investee net of tax	14	(507,924)	(1,245,490)
Net change in fair value of available for sale financial assets		256,652	200,791
Transfer of realised (gains) / losses on disposal of available for sale financial assets		(102,007)	4,835
Foreign currency differences arising on translation of available for sale financial assets		3,811	7,444
Other comprehensive expense for the year		(349,468)	(1,032,420)
Total comprehensive income / (expense) for the year		162,777	(379,606)
Earnings per share (Rs.)	16	5.15	6.56

The notes to the financial statements from pages 42 to 70 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

In Rupees Thousands

As at 31st March	Note	2018	2017
ASSETS			
Non-current assets			
Investment in equity accounted investee	18	3,882,477	4,368,295
Available for sale financial assets	19	3,638,905	3,276,179
Total non-current assets		7,521,382	7,644,474
Current assets			
Trade and other receivables	20	5,727	22,733
Fair value through profit or loss financial assets	21	860,458	968,707
Current tax assets		10,264	3,315
Cash and cash equivalents	22	201,474	116,648
Total current assets		1,077,923	1,111,403
Total assets		8,599,305	8,755,877
EQUITY AND LIABILITIES			
Equity			
Stated capital	23	763,497	763,497
Capital reserves	24.1	187,141	187,141
Revenue reserves	24.2	7,570,149	7,602,502
Total equity		8,520,787	8,553,140
Current liabilities			
Trade and other payables	25	75,813	200,089
Bank overdraft	22	2,705	2,648
Total current liabilities		78,518	202,737
Total liabilities		78,518	202,737
Total equity and liabilities		8,599,305	8,755,877
Net assets value per share (Rs.)		85.68	86.00

The notes to the financial statements from pages 42 to 70 form an integral part of these financial statements.
I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 7 of 2007.

(Sgd.)

V. R. Wijesinghe

Head of Finance

Carsons Management Services (Private) Limited

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

Approved and signed on behalf of the Investment Managers,

Approved and signed on behalf of the Board,

(Sgd.)

K. Selvanathan

Director

Guardian Fund Management Limited

Colombo

19th June 2018

(Sgd.)

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

Chairperson

(Sgd.)

D. C. R. Gunawardena

Director

STATEMENT OF CHANGES IN EQUITY

In Rupees Thousands

	Stated capital	Capital reserves			Revenue reserves			Total equity
		Investment reserve	Other capital reserve	Associate Company's reserve	Available for sale financial assets reserve	General reserve	Retained earnings	
Balance as at 1st April 2016	763,497	8,401	178,740	5,211,640	279,656	27,217	2,634,502	9,103,653
Profit for the year	-	-	-	510,433	-	-	142,381	652,814
Other comprehensive income / (expense) for the year	-	-	-	(1,245,490)	213,070	-	-	(1,032,420)
Total comprehensive income / (expense) for the year	-	-	-	(735,057)	213,070	-	142,381	(379,606)
Dividend received from associate company (gross)	-	-	-	(108,584)	-	-	108,584	-
Forfeiture of unclaimed dividends	-	-	-	-	-	-	3,132	3,132
Dividend (Note 17)	-	-	-	-	-	-	(174,039)	(174,039)
Balance as at 31st March 2017	763,497	8,401	178,740	4,367,999	492,726	27,217	2,714,560	8,553,140
Balance as at 1st April 2017	763,497	8,401	178,740	4,367,999	492,726	27,217	2,714,560	8,553,140
Profit for the year	-	-	-	134,638	-	-	377,607	512,245
Other comprehensive income / (expense) for the year	-	-	-	(507,924)	158,456	-	-	(349,468)
Total comprehensive income / (expense) for the year	-	-	-	(373,286)	158,456	-	377,607	162,777
Dividend received from associate company (gross)	-	-	-	(112,532)	-	-	112,532	-
Forfeiture of unclaimed dividends	-	-	-	-	-	-	3,772	3,772
Dividend (Note 17)	-	-	-	-	-	-	(198,902)	(198,902)
Balance as at 31st March 2018	763,497	8,401	178,740	3,882,181	651,182	27,217	3,009,569	8,520,787

The notes to the financial statements from pages 42 to 70 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

In Rupees Thousands

For the year ended 31st March	Note	2018	2017
Cash flows from operating activities			
Profit before taxation		520,447	660,068
Adjustments for:			
Impairment loss on available for sale financial assets		13,233	95,215
Net change in fair value of fair value through profit or loss financial assets		(2,254)	2,782
Finance expense	13	3	71
Share of profit of equity accounted investee net of tax	14	(134,638)	(510,433)
Operating profit before changes in working capital		396,791	247,703
(Increase) / decrease in trade and other receivables		17,006	(12,595)
Net increase in investments		(107,000)	(399,196)
Decrease in trade and other payables		(256)	(8,347)
Cash generated from / (used) in operations		306,541	(172,435)
Current tax paid		(8,576)	(6,565)
Net cash generated from / (used in) operating activities		297,965	(179,000)
Cash flows from investing activities			
Dividend received from equity accounted investee		105,957	103,191
Net cash generated from investing activities		105,957	103,191
Cash flows from financing activities			
Finance expense paid		(3)	(71)
Dividend paid		(319,150)	(146,312)
Net cash used in financing activities		(319,153)	(146,383)
Net increase / (decrease) in cash and cash equivalents during the year		84,769	(222,192)
Cash and cash equivalents at the beginning of the year		114,000	336,192
Cash and cash equivalents at the end of the year	22	198,769	114,000

The notes to the financial statements from pages 42 to 70 from an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

(a) Domicile and Legal Form

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

The registered office and principal place of business of the Company is located at No 61 Janadhipathi Mawatha, Colombo 1.

(b) Principal Activities and Nature of Operations

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

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

The investment activities of the Company are managed by Guardian Fund Management Limited (the investment manager) and Carsons Management Services (Private) Limited 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 (2017 - 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 19th June 2018.

(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; and
- 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.

iii. Measurement of fair values – 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 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.

NOTES TO THE FINANCIAL STATEMENTS

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. 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 are recognised in profit or loss.

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

Loans and receivables

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

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

Specific instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, Securities purchased under resale agreements 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.

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 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.

(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 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. 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 nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated 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 pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Contingent liabilities and contingent assets

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

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

NOTES TO 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 recognize 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 (categorized 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 is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

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

(iv) Other income

On 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 recognized in profit or loss when the related services are received.

(i) Income tax expense

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

(i) Current taxation

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

(ii) Deferred taxation

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

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

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

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

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

(iii) Tax exposures

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

(iv) Economic service charge (ESC)

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

(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.

(k) 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.

(l) Events after the reporting period

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

4. DIVIDENDS ON ORDINARY SHARES

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Company.

5. SEGMENT REPORTING

Segment results that are reported to the Board of directors include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

6. PRESENTATION

Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

(i) 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

7. STATEMENT OF CASH FLOWS

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

Cash and cash equivalents as referred to in the statement of cash flows are comprised of those items as explained in notes to the financial statements.

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

8. 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 categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows;

NOTES TO THE FINANCIAL STATEMENTS

- 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.

9. DIRECTORS' RESPONSIBILITY

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

10. NEW ACCOUNTING STANDARDS

Standards issued but not effective as at the reporting date

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

SLFRS 9 Financial Instruments

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

SLFRS 9 is effective for annual reporting periods beginning on or after 01st January 2018.

The Company has completed the initial high level assessment of the potential impact on its financial statements for the year ended 31st March 2018.

SLFRS 15 Revenue from Contracts with Customers

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

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

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

SLFRS 16 LEASES

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

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

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

For the year ended 31st March		2018	2017
11. REVENUE			
Net gain from disposal of fair value through profit or loss financial assets		73,824	44,948
Net gain from disposal of available for sale financial assets (note 11.1)		230,776	63,835
Dividend income		244,456	284,674
Interest income on financial assets carried at amortised cost (note 11.2)		6,511	7,672
		555,567	401,129
Dividend received from equity accounted investee		(105,957)	(103,191)
		449,610	297,938
11.1 Net gain from disposal of available for sale financial assets			
Proceeds from disposal of available for sale financial assets		620,785	558,083
Carrying value of available for sale financial assets disposed		(492,016)	(489,413)
Transfer of realised gains / (losses) on disposal of available for sale financial assets		102,007	(4,835)
		230,776	63,835
11.2 Interest income on financial assets carried at amortised cost			
Cash at bank		1,067	411
Securities purchased under resale agreements		5,444	6,625
Placements with banking institutions		-	636
		6,511	7,672
12. PROFIT FROM OPERATIONS			
Profit from operations is stated after charging all expenses including the following :			
Auditors' remuneration and expenses			
- Audit and related fees		560	515
Directors' fees (note 26.3)		6,113	6,102
Personnel cost (note 12.a)		-	-
Professional services cost		104	253
Expenses on CSR activities		-	2,500
Support service fees (note 12.b)		12,576	10,791

12.a The company had no employees of its own during the financial year under review (2017-nil).

12.b Support service fee refers to the fees paid to Carsons Management Services (Private) Limited, a related company, the Managers and Secretaries of the Company.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

For the year ended 31st March		2018	2017
13. FINANCE EXPENSE			
Interest on bank overdraft		3	71
		3	71
14. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEE NET OF TAX			
Rubber Investment Trust Limited			
Company's share of profit of equity accounted investee net of tax		134,638	510,433
Company's share of other comprehensive expense of equity accounted investee net of tax		(507,924)	(1,245,490)
Summarised financial information of Associate Company is given in note 18.c.			
15. INCOME TAX EXPENSE			
Provision for the year (note 15.1)		1,631	1,884
Dividend tax on dividend received from equity accounted investee		6,575	5,393
Over provision for previous years		(4)	(23)
Total tax expense for the year		8,202	7,254
15.1 Reconciliation between accounting profit and taxable profits			
Accounting profit before taxation		520,447	660,068
Less: share of profit of equity accounted investee net of tax		(134,638)	(510,433)
Dividend income (excluding dividend received from the associate company)		(138,499)	(181,483)
Exempt profits on sale of shares / unit trusts (note 15.2 (ii))		(304,600)	(108,783)
Net change in fair value of fair value through profit or loss financial assets		(2,254)	2,782
Impairment loss on available for sale financial assets		13,233	95,215
Disallowed expenses		829	3,231
Expenses attributable to exempt profits		51,308	46,133
Taxable profit for the year		5,826	6,730
Current taxation thereon (note 15.2 (i))		1,631	1,884

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% (2017 - 28%).
- ii) In terms of Section 13 (t) and Section 13 (tt) of The Inland Revenue Act, No. 10 of 2006 and the amendments thereto, profits derived on the sale of shares on which Share Transaction Levy (STL) has been paid and profit derived on the redemption of units of unit trusts are exempted from income tax.
- iii) As per the new Inland Revenue Act No. 24. of 2017 effective from 1st April 2018, the Company will be liable to pay income tax at 28%.

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	2018	2017
Amount used as the numerator		
Profit for the year	512,245	652,814
Amount used as the denominator		
Weighted average number of ordinary shares outstanding during the year (number)	99,451,059	99,451,059
Earnings per share (Rs.)	5.15	6.56

17. DIVIDENDS

For the year ended 31st March	2018	2017
17.1 Dividends proposed and paid during the year		
First interim dividend - cash		
Total dividend proposed and paid	198,902	174,039
Dividend per share (Rs.)	2.00	1.75

18. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

18.a Investment in associate

As at 31st March	2018			2017		
	No. of shares	Cost	Carrying value	No. of shares	Cost	Carrying value
Rubber Investment Trust Limited	3,948,495	296	3,882,477	3,948,495	296	4,368,295
		296	3,882,477		296	4,368,295

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

18.b Movement of investment in associate

For the year ended / As at 31st March	2018		2017	
	Holding %	Carrying value	Holding %	Carrying value
Investment at cost		296		296
Investors' share of reserves				
At the beginning of the year	49.95	4,367,999	49.95	5,211,640
Share of profit of equity accounted investee net of tax (note 14)		134,638		510,433
Share of other comprehensive expense of equity accounted investee net of tax (note 14)		(507,924)		(1,245,490)
Dividend received from equity accounted investee (gross)		(112,532)		(108,584)
At the end of the year		3,882,181		4,367,999
The carrying value of the investment in associate on equity method of accounting		3,882,477		4,368,295

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

For the year ended 31st March / as at 31st March	2018	2017
Revenue	379,807	1,077,417
Profit for the year	269,547	1,021,916
Other comprehensive expense for the year	(1,016,990)	(2,493,542)
Total comprehensive expense for the year	(747,443)	(1,471,626)
Current assets	1,980,308	2,178,996
Non - current assets	5,803,698	6,580,811
Current liabilities	11,176	14,241
Total equity	7,772,830	8,745,566

18.d The deferred tax effect on undistributed reserves of the associate company has not been recognised 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.

19. AVAILABLE FOR SALE FINANCIAL ASSETS

19.a Summary

As at 31st March	Note	2018		2017	
		Cost	Fair value	Cost	Fair value
Investments in equity securities					
Quoted	19.1	3,131,861	3,452,216	2,935,896	3,098,302
Unquoted	19.2	10	10	10	10
Total investment in equity securities		3,131,871	3,452,226	2,935,906	3,098,312
Investments in unit trusts					
Unquoted	19.3	124,780	186,678	124,780	177,866
Total investment in unit trusts		124,780	186,678	124,780	177,866
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		3,256,652	3,638,905	3,060,687	3,276,179

- The fair values of the quoted investments in equity securities are based on the volume weighted average prices as at 31st March, published by the Colombo Stock Exchange.
- The fair values of the unquoted investments in equity securities 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 the unquoted investments in unit trusts are based on the "redemption unit prices" published by the respective Unit Trust Managers / Fund Managers as at 31st March.

19.b Movement in available for sale financial assets

For the year ended 31st March 2018	Fair value as at 1st April 2017	Additions	Disposals	Change in fair value	Fair value as at 31st March 2018
Investments in equity securities	3,098,312	607,512	(492,016)	238,418	3,452,226
Investments in unit trusts	177,866	-	-	8,812	186,678
Investments in debentures	1	-	-	-	1
	3,276,179	607,512	(492,016)	247,230	3,638,905

NOTES TO THE FINANCIAL STATEMENTS

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For the year ended 31st March 2017	Fair value as at 1st April 2016	Additions	Disposals	Change in fair value	Fair value as at 31st March 2017
Investments in equity securities	2,718,658	715,406	(459,144)	123,392	3,098,312
Investments in unit trusts	218,507	-	(30,269)	(10,372)	177,866
Investments in debentures	1	-	-	-	1
	2,937,166	715,406	(489,413)	113,020	3,276,179

The change in fair value represents net unrealised gains / (losses) on fair value adjustment of investment portfolios including any adjustment on impairment losses and foreign currency differences arising on translation of available for sale financial assets.

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. 13.23 Mn has been recognised in profit or loss for the year (2017 – Rs. 95.21 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 financial assets, other than impairment losses, in other comprehensive income. Accordingly, a gain of Rs. 256.65 Mn and Rs. 200.79 Mn have been recognised in financial years ended 31st March 2018 and 2017 respectively.

19.1 Investments in equity securities - quoted

As at 31st March	2018			2017		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Banks, Finance & Insurance						
Central Finance Company PLC	5,464,695	540,894	545,923	2,410,136	235,798	207,754
Ceylinco Insurance PLC - Non voting	140,010	96,980	140,010	126,010	85,300	103,328
Commercial Bank of Ceylon PLC	3,713,357	390,641	504,274	3,305,927	343,112	431,093
Hatton National Bank PLC	1,238,208	256,050	303,361	1,747,128	356,916	393,628
Hatton National Bank PLC - Non voting	734,743	132,094	136,956	623,901	111,027	115,422
HNB Assurance PLC	386,400	32,720	32,458	-	-	-
Peoples' Insurance PLC	1,765,200	26,478	37,952	1,765,200	26,478	32,303
Peoples' Leasing & Finance PLC	6,288,036	111,938	99,351	6,288,036	111,938	98,093
Sampath Bank PLC	1,444,153	335,373	433,246	1,752,267	403,196	453,837
Right Entitlement - Sampath Bank PLC	333,264	-	16,530	-	-	-
		1,923,168	2,250,061		1,673,765	1,835,458
Beverage, Food & Tobacco						
Distilleries Company of Sri Lanka PLC	1,475,627	10,934	10,934	-	-	-
Cargils (Ceylon) PLC	720,501	119,070	140,426	350,250	61,666	65,742
		130,004	151,360		61,666	65,742

As at 31st March	2018			2017		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Constructions & Engineering						
Access Engineering PLC	2,000,000	73,225	41,000	2,000,000	73,225	47,600
		73,225	41,000		73,225	47,600
Diversified						
Aitken Spence PLC	1,674,000	168,425	84,704	1,674,000	168,425	94,079
John Keells Holdings PLC	183,693	8,466	29,317	183,693	8,466	25,332
Melstacorp PLC	4,980,244	295,204	289,850	4,980,244	295,204	294,830
		472,095	403,871		472,095	414,241
Footwear & Textiles						
Hayleys Fabric PLC	8,474,184	99,624	105,927	11,265,372	132,437	153,209
		99,624	105,927		132,437	153,209
Hotels & Travels						
Aitken Spence Hotel Holdings PLC	2,269,575	146,144	76,031	2,269,575	146,144	79,889
		146,144	76,031		146,144	79,889
Manufacturing						
Tokyo Cement Company (Lanka) PLC	3,047,374	102,201	164,558	4,750,000	191,164	289,750
		102,201	164,558		191,164	289,750
Telecommunication						
Dialog Axiata PLC	18,797,647	185,400	259,408	18,797,647	185,400	212,413
		185,400	259,408		185,400	212,413
Total investment in equity securities - quoted		3,131,861	3,452,216		2,935,896	3,098,302

NOTES TO THE FINANCIAL STATEMENTS

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19.2 Investments in equity securities - unquoted

As at 31st March	2018			2017		
	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
Total investment in equity securities - unquoted		10	10		10	10

19.3 Investments in unit trusts - unquoted

As at 31st March	2018			2017		
	No. of units	Cost	Fair value	No. of units	Cost	Fair value
The Sri Lanka Fund	1,265,823	112,280	164,031	1,265,823	112,280	157,455
Guardian Acuity Equity Fund	1,250,000	12,500	22,647	1,250,000	12,500	20,411
Total investment in unit trusts - unquoted		124,780	186,678		124,780	177,866

19.4 Investments in debentures - unquoted

As at 31st March	2018			2017		
	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 investment in debentures - unquoted		1	1		1	1

20. TRADE AND OTHER RECEIVABLES

As at 31st March	2018	2017
Financial		
Trade receivable	-	5,240
Dividend receivable	5,609	17,299
	5,609	22,539
Non financial		
Prepaid expenses	118	194
	118	194
	5,727	22,733

As at 31st March	Note	2018	2017
21. FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS			
21.a. Summary			
Investments in equity securities			
Quoted	21.1	620,788	712,372
Total investment in equity securities		620,788	712,372
Investments in unit trusts			
Unquoted	21.2	239,670	256,335
Total investment in unit trusts		239,670	256,335
Total investment in fair value through profit or loss financial assets		860,458	968,707

- 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 the unquoted investments in unit trusts are based on the "redemption unit prices" published by the respective Unit Trust Managers as at 31st March.

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

For the year ended 31st March 2018	Fair Value as at 1st April 2017	Additions	Disposals	Change in fair value	Fair value as at 31st March 2018
Investments in equity securities	712,372	68,330	(161,499)	1,585	620,788
Investments in unit trust	256,335	977,700	(995,034)	669	239,670
	968,707	1,046,030	(1,156,533)	2,254	860,458
For the year ended 31st March 2017	Fair Value as at 1st April 2016	Additions	Disposals	Change in fair value	Fair value as at 31st March 2017
Investments in equity securities	639,092	340,259	(263,862)	(3,117)	712,372
Investments in unit trust	154,359	296,000	(194,359)	335	256,335
	793,451	636,259	(458,221)	(2,782)	968,707

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

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21.1 Investments in equity securities - quoted

As at 31st March	2018		2017	
	No. of shares	Fair value	No. of shares	Fair value
Banks, Finance & Insurance				
Commercial Bank of Ceylon PLC	402,181	54,616	358,054	46,690
DFCC Bank PLC	-	-	157,616	17,968
Hatton National Bank PLC	252,013	61,743	214,414	48,307
Hatton National Bank PLC- Non voting	396,692	73,943	336,848	62,317
Janashakthi Insurance Company PLC	-	-	1,350,000	20,385
Seylan Bank PLC	848,265	73,629	400,000	34,800
Seylan Bank PLC - Non voting	406,627	22,405	393,000	21,497
Singer Finance (Lanka) PLC	-	-	500,000	8,550
Union Bank of Colombo PLC	1,940,775	24,842	1,940,775	27,559
		311,178		288,073
Beverage, Food & Tobacco				
Distilleries Company of Sri Lanka PLC	249,358	1,848	-	-
		1,848		-
Construction & Engineering				
Access Engineering PLC	1,309,609	26,847	1,309,609	31,169
MTD Walkers PLC	-	-	320,104	11,204
		26,847		42,373
Diversified				
Aitken Spence PLC	410,000	20,746	410,000	23,042
John Keells Holdings PLC	523,571	83,562	523,571	72,200
Melstacorp PLC	841,584	48,980	841,584	49,822
Softlogic Holdings PLC	-	-	3,671,578	43,692
		153,288		188,756
Health Care				
The Lanka Hospital Corporation PLC	448,000	26,880	448,000	27,552
		26,880		27,552
Hotels & Travels				
Serendib Hotels PLC - Non voting	266,296	3,994	266,296	5,326
		3,994		5,326
Land & Property				
Overseas Realty (Ceylon) PLC	700,000	12,670	700,000	14,140
		12,670		14,140

21.1 Investments in equity securities - quoted contd.

As at 31st March	2018		2017	
	No. of shares	Fair value	No. of shares	Fair value
Manufacturing				
ACL Cables PLC	-	-	725,842	39,558
Alumex PLC	1,352,489	22,857	2,260,000	42,940
Kelani Tyres PLC	249,432	12,272	249,432	13,719
Tokyo Cement Company (Lanka) PLC - Non Voting	858,000	39,468	715,000	37,895
		74,597		134,112
Power & Energy				
Lanka IOC PLC	315,163	9,486	415,163	12,040
		9,486		12,040
Total investment in equity securities - quoted		620,788		712,372

21.2 Investments in unit trusts - unquoted

As at 31st March	2018		2017	
	No. of units	Fair value	No. of units	Fair value
Guardian Acuity Money Market Fund	10,394,338	163,606	7,535,565	106,225
Guardian Acuity Money Market Gilt Fund	597,761	76,064	1,288,115	150,110
Total investment in unit trusts - unquoted		239,670		256,335

As at 31st March	2018	2017
22. CASH AND CASH EQUIVALENTS		
Cash at bank	137,050	539
Securities purchased under resale agreements	64,424	116,109
Total cash and cash equivalents	201,474	116,648
Bank overdraft	(2,705)	(2,648)
Total bank overdrafts	(2,705)	(2,648)
Net cash and cash equivalents for the cash flow statement purpose	198,769	114,000

23. STATED CAPITAL

As at 31st March	Note	2018		2017	
		No. of shares	Value	No. of shares	Value
Ordinary shares					
Issued and fully paid	23.1	99,451,059	763,497	99,451,059	763,497
			763,497		763,497

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As at 31st March	Note	2018	2017
24. CAPITAL AND REVENUE RESERVES			
24.1 Capital reserves			
Investment reserve	24.1.1	8,401	8,401
Other capital reserve	24.1.1	178,740	178,740
		187,141	187,141
24.1.1 Investment reserve and other capital reserve			
These represent the amounts set aside to meet any contingencies.			
24.2 Revenue reserves			
Available for sale financial assets reserve	24.2.1	651,182	492,726
General reserve	24.2.2	27,217	27,217
Retained earnings		3,009,569	2,714,560
Associate Company's reserve	24.2.3	3,882,181	4,367,999
		7,570,149	7,602,502

24.2.1 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. The movement of this reserve is given in the statement of changes in equity.

24.2.2 General reserve

This represents the amounts set aside to meet any contingencies.

24.2.3 Associate Company's reserve

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

As at 31st March	2018	2017
25. TRADE AND OTHER PAYABLES		
Financial		
Trade payables	-	359
Dividend payable	49,540	174,039
Other payables	24,042	23,572
	73,582	197,970
Non Financial		
Provisions and accrued expenses	2,231	2,119
	2,231	2,119
	75,813	200,089

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, the Directors of the parent Company, Ceylon Guardian Investment Trust PLC, have been classified as Key Management Personnel of the Company.

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

For the year ended 31st March	2018	2017
Short-term employee benefits	6,113	6,102
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
Non cash benefits	-	-
	6,113	6,102

26.4 Transactions with the Related Companies

Name of the related company	Relationship	Nature of the transactions	Value of the transactions	
			2018	2017
Ceylon Guardian Investment Trust PLC	Parent company	Dividend paid	128,022	112,019
Rubber Investment Trust Limited	Associate company	Dividends received	105,957	103,191
Guardian Fund Management Limited (GFM)	Fellow subsidiary	Portfolio management fees paid*	20,870	19,398
Carsons Management Services (Private) Limited (CMSL)	Fellow subsidiary	Support service fees paid**	12,576	10,791
		Computer fees paid	420	420
		Secretarial fees paid	444	403
Hatton National Bank PLC	Other entity	Interest income received	-	636
		Placement in demand deposits	79	80
		Bank charges paid	2	2

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

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

26.5 Significant Holdings

	Holding %	
	2018	2017
Associate company		
Rubber Investment Trust Limited	49.95%	49.95%

NOTES TO THE FINANCIAL STATEMENTS

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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 such risks, and the Company's management of capital. Pages 11 to 15 also carry a review of risks faced by the Company and the approach of managing such risks.

Risk management framework

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

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

The Company's investment portfolio comprises of investments in listed / unlisted equity securities 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 counterparty to a financial instrument or an obliged party to a receivable fails to meet their contractual obligations, and arises primarily on the Company's investments in fixed income earning securities, investments in unit trusts, placements with banking institutions and receivables from market intermediaries and other counter parties that the Company has dealings with.

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	
		2018	2017
Available for sale financial assets - Investment in unit trusts	19.3	186,678	177,866
Available for sale financial assets - Investment in debentures	19.4	1	1
Fair value through profit or loss financial assets - Investment in unit trusts	21.2	239,670	256,335
Trade and other receivables*	20	5,609	22,539
Cash and cash equivalents - Cash at bank	22	137,050	539
Cash and cash equivalents - Securities purchased under resale agreements	22	64,424	116,109
		633,432	573,389

* Prepaid expenses which are non financial assets, are excluded.

Investment in corporate debt securities

These represent 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	Fund's 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 company of Ceylon Guardian Investment Trust PLC (the parent entity of the Company) and Acuity Partners Limited, is the Investment Manager of the 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.

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	2018	2017
Less than 30 days	5,609	22,539
	5,609	22,539

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

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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.

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

As at 31st March	2018	2017
Credit rating		
AAA	151	152
AA	64,425	116,109
AA-	79	81
Unrated	136,819	306
	201,474	116,648

All government securities if available are classified as risk free and other ratings are obtained based on 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 2018	Carrying amount	Contractual cash flows			
		Total	up to 3 months	3-12 months	More than a year
Non derivative financial liabilities					
Trade and other payables*	73,582	73,582	73,582	-	-
Bank overdraft	2,705	2,705	2,705	-	-
	76,287	76,287	76,287	-	-

As at 31st March 2017	Carrying amount	Contractual cash flows			
		Total	up to 3 months	3-12 months	More than a year
Non derivative financial liabilities					
Trade and other payables*	197,970	197,970	197,970	-	-
Bank overdraft	2,648	2,648	2,648	-	-
	200,618	200,618	200,618	-	-

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

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

As at 31st March	2018	2017
Fair value through profit or loss financial assets - Investment in unit trusts	239,670	256,335
Cash and cash equivalents	201,474	116,648
Total liquid assets	441,144	372,983
Liquid assets as a % of total net assets	5.2%	4.4%

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 with commercial banks, placements with banking institutions, securities purchased under resale agreements and short term investments in money market funds, in order to capitalise the market opportunities and to meet its contractual obligations during the normal course of its operations.

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

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 is given below as at each of the reporting dates.

As at 31st March	2018	2017
Unutilised overdraft 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.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

Exposure and management of interest rate risk

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

As at 31st March	Carrying Amount	
	2018	2017
Financial assets		
Securities purchased under resale agreements	64,424	116,109
	64,424	116,109
Financial liabilities		
Bank overdraft	2,705	2,648
	2,705	2,648

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

As at 31st March	2018	2017
Commercial Banks Averaged Weighted Prime Lending Rate (AWPLR) *	11.10%	11.56%
Commercial Banks Averaged Weighted Fixed Deposit Rate (AWFDR) *	11.41%	11.38%

* Monthly average rate as at the reporting date

Sensitivity Analysis

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

Movement in interest rate	Profit or loss	
	Increase by 1%	Decrease by 1%
As at 31st March 2018		
- On interest earning assets	644	(644)
- On interest bearing liabilities	(27)	27
	617	(617)
As at 31st March 2017		
- On interest earning assets	1,161	(1,161)
- On interest bearing liabilities	(26)	26
	1,135	(1,135)

27.3.2 Exposure and management of other market price risks

Equity price risk

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

Having 87 % (2017 - 87%) of its discretionary portfolio as equity investments designated as listed investments in the Colombo Stock Exchange, market volatilities bring in substantial variations to the Company's earnings and value of its asset base.

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

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

As at 31st March	Note	Carrying Amount	
		2018	2017
Available for sale financial assets - investment in equity securities	19.1/19.2	3,452,226	3,098,312
Available for sale financial assets - investment in unit trusts	19.3		
- Guardian Acuity Equity Fund		22,647	20,411
- The Sri Lanka Fund		164,031	157,455
Fair value through profit or loss financial assets - investment in equity securities	21.1	620,788	712,372
		4,259,692	3,988,550

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

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	
		2018	2017
Investments in Unit Trusts - The Sri Lanka Fund	LKR (000')	164,031	157,455
	USD	1,054,184	1,037,978
Exchange rates applied as at the reporting dates - USD / LKR		155.60	151.69

Sensitivity Analysis

A strengthening / (weakening) of the USD against the Sri Lanka Rupee would have increased / (decreased) the investment as at the end of the periods by the amounts shown below. The analysis assumes that all other variables, 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 2018		
- United State Dollars (1% movement)	1,640	(1,640)
	1,640	(1,640)
As at 31st March 2017		
- United State Dollars (1% movement)	1,575	(1,575)
	1,575	(1,575)

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

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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 2018	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale financial assets	Other financial liabilities	Total carrying amount	Fair value
Financial assets measured at fair value							
Available for sale financial assets	-	-	-	3,638,905	-	3,638,905	3,638,905
Fair value through profit or loss financial assets	860,458	-	-	-	-	860,458	860,458
Financial assets not measured at fair value							
Trade and other receivables	-	-	5,609	-	-	5,609	
Cash and cash equivalents	-	-	201,474	-	-	201,474	
Total financial assets	860,458	-	207,083	3,638,905	-	4,706,446	
Financial liabilities not measured at fair value							
Trade and other payables	-	-	-	-	73,582	73,582	
Bank overdraft	-	-	-	-	2,705	2,705	
Total financial liabilities	-	-	-	-	76,287	76,287	

As at 31st March 2017	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale financial assets	Other financial liabilities	Total carrying amount	Fair value
Financial assets measured at fair value							
Available for sale financial assets	-	-	-	3,276,179	-	3,276,179	3,276,179
Fair value through profit or loss financial assets	968,707	-	-	-	-	968,707	968,707
Financial assets not measured at fair value							
Trade and other receivables	-	-	22,539	-	-	22,539	
Cash and cash equivalents	-	-	116,648	-	-	116,648	
Total financial assets	968,707	-	139,187	3,276,179	-	4,384,073	
Financial liabilities not measured at fair value							
Trade and other payables	-	-	-	-	197,970	197,970	
Bank overdraft	-	-	-	-	2,648	2,648	
Total financial liabilities	-	-	-	-	200,618	200,618	

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).

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

	Level 1	Level 2	Level 3	Total
As at 31 March 2018				
Available for sale financial assets	3,638,894	-	11	3,638,905
Fair value through profit or loss financial assets	860,458	-	-	860,458
	4,499,352	-	11	4,499,363
As at 31 March 2017				
Available for sale financial assets	3,276,168	-	11	3,276,179
Fair value through profit or loss financial assets	968,707	-	-	968,707
	4,244,875	-	11	4,244,886

During the year no movements have occurred in the fair value measurements in Level 3 financial instruments of the fair value hierarchy.

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 the 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.

30.3 Litigations and claims

There have no material litigation and claim against the company that require adjustment or disclosure in the financial statements

31. COMPARATIVE FIGURES

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

32. 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	2018	2017	2016	2015	2014
Financial highlights					
Revenue					
Net gain on disposal of investments	304,600	108,783	196,870	585,055	323,900
Dividend income	244,456	284,674	176,425	183,292	252,761
Interest income	6,511	7,672	27,932	54,125	115,046
	555,567	401,129	401,227	822,472	691,707
Less :					
Dividend received from equity accounted investee	(105,957)	(103,191)	(79,195)	(83,235)	(194,928)
	449,610	297,938	322,032	739,237	496,779
Net fair value adjustment - unrealised	(10,979)	(97,997)	(135,539)	11,440	303
Profit on investment activities	438,631	199,941	186,493	750,677	497,082
Profit before taxation	520,447	660,068	294,763	1,001,114	919,541
Income tax expense	(8,202)	(7,254)	(7,548)	(14,252)	(30,059)
Profit for the year	512,245	652,814	287,215	986,862	889,482
Dividend paid	198,902	174,039	247,691	246,287	418,688
Statement of Financial Position					
Capital employed					
Stated capital	763,497	763,497	763,497	673,530	673,530
Reserves	7,757,290	7,789,643	8,340,156	12,428,640	10,906,886
Total equity	8,520,787	8,553,140	9,103,653	13,102,170	11,580,416
Assets employed					
Non current assets	7,521,382	7,644,474	8,149,102	12,133,158	10,414,267
Current assets	1,077,923	1,111,403	1,141,606	1,243,829	1,461,023
Total assets	8,599,305	8,755,877	9,290,708	13,376,987	11,875,290
Current liabilities	(78,518)	(202,737)	(187,055)	(274,817)	(294,874)
Net assets	8,520,787	8,553,140	9,103,653	13,102,170	11,580,416
Cash Flow Statements					
Net cash generated from / (used in) operating activities	297,965	(179,000)	(52,634)	(87,556)	(178,891)
Net cash generated from investing activities	105,957	103,191	79,195	83,235	194,928
Net cash used in financing activities	(319,153)	(146,383)	(242,840)	(249,705)	(171,515)
Net increase / (decrease) in cash & cash equivalents	84,769	(222,192)	(216,279)	(254,026)	(155,478)
Ratios & statistics					
Operational ratio					
Return on ordinary shareholders funds (%)	6.01	7.63	3.15	7.53	7.68
Liquidity ratio					
Current ratio (times)	13.73	5.48	6.10	4.53	4.95
Investor ratio					
Earnings per share (Rs.)	5.15	6.56	2.89	9.92	9.03
Dividend per share final/ Interim (Rs.)*	2.00	1.75	1.50	3.50	2.50
Dividend cover (times)	2.58	3.75	1.93	2.83	3.61
Dividend growth (%)	14	17	(57)	40	43
Dividend yield (%)	4.65	4.38	2.85	3.85	3.36
Dividend payout ratio (%)	38.83	26.68	51.90	35.28	27.69
Net assets value per share (Rs.)	85.68	86.00	91.54	133.00	117.55
Market value per share (Rs.)**	43.00	40.00	52.70	91.00	74.50
Price earning ratio (times)	8.35	6.10	18.24	9.17	8.25
Price to book value ratio (times)	0.50	0.47	0.58	0.68	0.63
Fair value of investments portfolio	8,580,609	8,727,181	9,278,745	13,351,117	11,865,566
Market capitalisation	4,276,396	3,978,042	5,241,071	8,964,854	7,339,358
All Share Price Index (points)	6,477	6,062	6,072	6,820	5,968
S&P SL 20 Index (points)	3,650	3,439	3,204	3,852	3,280

* Based on final / interim dividends

**As at 31st March.

INFORMATION TO SHAREHOLDERS AND INVESTORS

1 STOCK EXCHANGE LISTING

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

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

2 ORDINARY SHAREHOLDERS

As at 31st March	2018	2017
Number of Shareholders	2,620	2,641

The number of ordinary shares held by non-residents as at 31st March, 2018 was 4,564,924 which amounts to 4.59% (2017 – 4,654,012/ 4.67%) of the total number of Ordinary Shares in issue.

Frequency Distribution of Shareholding as at 31st March 2018:-

Distribution of Shares	Residents			Non - Residents			Total		
	No. of share holders	No. of Shares	%	No. of share holders	No. of Shares	%	No. of share holders	No. of Shares	%
1 - 1,000	1,450	339,614	0.34	6	689	0.00	1,456	340,303	0.34
1001 - 10,000	807	2,714,328	2.73	24	105,835	0.11	831	2,820,163	2.84
10,001 - 100,000	243	7,403,551	7.44	28	740,965	0.75	271	8,144,516	8.19
100,001 - 1,000,000	49	14,873,586	14.96	6	1,495,874	1.50	55	16,369,460	16.46
Above 1,000,000	5	69,555,056	69.94	2	2,221,561	2.23	7	71,776,617	72.17
Total	2,554	94,886,135	95.41	66	4,564,924	4.59	2,620	99,451,059	100.00

Categories of Shareholders As at 31st March 2018	No. of Shareholders	No. of Shares	%
Individuals	2,392	20,877,172	20.99
Institutions	228	78,573,887	79.01
Total	2,620	99,451,059	100.00

3 PUBLIC HOLDING

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

The Company's Public Holding as at 31st March 2018;

Market Capitalization of the Public Holding	Rs.1.52 Billion
Percentage of Public Holding	35.63%
Number of Public Shareholders	2,607

4 MARKET PERFORMANCE - ORDINARY SHARES

For the year ended 31st March	2018	2017
Share price as at 31 March (Rs.)	43.00	40.00
Highest (Rs.)	62.00	69.90
Lowest (Rs.)	39.50	39.10
Value of the shares traded (Rs.000)	196,636	89,503
No. of shares traded	3,917,408	1,686,633
Volume of transactions (Nos.)	4,464	2,847
Market Capitalisation (Rs.)	4,276,395,537.00	3,978,042,360.00

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

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

Year	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
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

6 DIVIDENDS

6.1 A first Interim Dividend of Rs. 1.75 per Ordinary Share amounting to Rs. 174,039,353/25 for the year ended 31st March 2017 was paid on 6th April 2017.

6.2 A First Interim Dividend of Rs.2/- per Ordinary Share amounting to Rs. 198,902,118/- for the year ended 31st March 2018 was paid on 23rd March 2018.

7 MAJOR SHAREHOLDERS

A list of major shareholders of the Company as at 31st March 2018 is provided in the Annual Report of the Board of Directors, on page 25.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 72nd Annual General Meeting of CEYLON INVESTMENT PLC will be held on Thursday, 26th July 2018 at 9.30 a.m. at the "Auditorium", of The Institute of Chartered Accountants of Sri Lanka, (Ground floor) 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka for the following purposes :

1. To Consider the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2018, together with the Independent Auditors' Report thereon.
2. 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.
3. 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.
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 Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 7 of 2007 and to authorize the Directors to determine their remuneration.

By Order of the Board

(Sgd)

K. D. De Silva (Mrs.)

Director

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED

Secretaries

Colombo,
19th June 2018

Notes :

1. A shareholder is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a shareholder 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 2018.
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 Shareholder / Shareholders of Ceylon Investment PLC
hereby appoint
of.....
bearing NIC No./ Passport No..... or failing him/her

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

as *my/our proxy to attend at the 72nd Annual General Meeting of the Company to be held on Thursday, 26th July 2018 at 9.30 a.m. at the "Auditorium", of The Institute of Chartered Accountants of Sri Lanka, (Ground floor) 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
(1) 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"/>
(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 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"/>
(4) To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 07 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....
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) (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, and sign 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 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 not later than 4.45 p.m. on 24th July 2018.

Please fill in the following details

Name :

Address :

Jointly with :

Share folio no :

CORPORATE INFORMATION

Name of Company

Ceylon Investment PLC
(A Carson Cumberbatch Company)

Company Registration No.

PQ 68

Domicile and Legal Form

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

The Company was incorporated in Sri Lanka in 1919.

Principal Activity and Nature of Operations

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

Parent Enterprise

Ceylon Guardian Investment Trust PLC is the immediate Parent Company of Ceylon Investment PLC. In the opinion of the Directors Carson Cumberbatch PLC is the Parent Company of Ceylon Guardian Investment Trust PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Guardian Investment Trust PLC.

Directors

Mrs. M.A.R.C. Cooray (Chairperson)
Mr. D.C.R. Gunawardena
Mr. A.P. Weeratunge
Mr. V.M. Fernando
Mr. K. Selvanathan
Mr.T.C.M. Chia
Mrs. W. Y. R. Fernando (Resigned w.e.f. 30th September 2017)

Bankers

Standard Chartered Bank
Commercial Bank of Ceylon PLC
Deutsche Bank AG

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.: +94-11-2039385

Registered Office and Principal Place of Business

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

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

Corporate Website

www.carsoncumberbatch.com

Designed & produced by

emagewise

Printed by Printage (Pvt) Ltd



www.carsoncumberbatch.com

CEYLON INVESTMENT PLC - PQ 68

ADDITIONAL INFORMATION TO SHAREHOLDERS

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

INVESTMENT PORTFOLIO OF RUBBER INVESTMENT TRUST LIMITED

(In Rupee thousands)

Summary

As at 31st March	Note	2018 Fair value	2017 Fair value
Available for sale financial assets	1	5,803,698	6,580,811
Fair value through profit or loss financial assets	2	649,416	1,020,898
		6,453,114	7,601,709

1 AVAILABLE FOR SALE FINANCIAL ASSETS

1.1 Investments in equity securities - quoted

As at 31st March	2018			2017		
	No. of Shares	Cost	Fair value	No. of Shares	Cost	Fair value
Banks, Finance & Insurance						
Central Finance Company PLC	314,619	33,367	31,430	-	-	-
Commercial Bank of Ceylon PLC	354,541	49,354	48,147	314,521	44,688	41,014
Hatton National Bank PLC	225,668	49,319	55,289	277,714	60,570	62,569
Hatton National Bank PLC - Non voting	1,416,719	255,204	264,077	1,202,994	214,583	222,553
HNB Assurance PLC	78,608	6,359	6,603	-	-	-
Nations Trust Bank PLC	2,476,517	199,416	199,855	-	-	-
Nations Trust Bank PLC - Non Voting	403,933	32,304	31,891	-	-	-
People's Insurance PLC	2,689,400	40,341	57,822	2,689,400	40,341	49,216
Peoples' Leasing & Finance PLC	13,986,383	249,554	220,985	2,424,533	42,297	37,823
Right Entitlement - Sampath Bank PLC	6,345	-	315	-	-	-
Sampath Bank PLC	27,498	6,480	8,249	589,891	138,098	152,782
Seylan Bank PLC - Non voting	437,992	28,398	24,133	423,314	27,541	23,155
		950,096	948,796		568,118	589,112
Beverage Food & Tobacco						
Cargils (Ceylon) PLC	285,714	49,802	55,686	250,000	49,802	46,925
Distilleries Company of Sri Lanka PLC	644,772	4,778	4,778	-	-	-
		54,580	60,464		49,802	46,925
Diversified						
Melstacorp PLC	2,176,108	128,989	126,649	2,176,108	128,989	128,826
Softlogic Holdings PLC	-	-	-	13,021,300	191,598	154,953
		128,989	126,649		320,587	283,779
Manufacturing						
Tokyo Cement Company (Lanka) PLC	325,619	21,099	17,583	550,400	18,590	29,171
Tokyo Cement Company (Lanka) PLC - Non voting	1,188,480	45,271	54,670	-	-	-
		66,370	72,253		18,590	29,171
Oil palm						
Bukit Darah PLC	20,438,250	1,928	4,212,323	20,438,250	1,928	5,318,033
		1,928	4,212,323		1,928	5,318,033
Telecommunication						
Dialog Axiata PLC	27,768,830	288,329	383,210	27,768,830	288,329	313,788
		288,329	383,210		288,329	313,788
Total investment in equity securities - quoted		1,490,292	5,803,695		1,247,354	6,580,808

1.2 Investments in debentures

As at 31st March	2018			2017		
	No. of debentures	Cost	Fair value	No. of debentures	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

1.3 Preference shares

As at 31st March	2018			2017		
	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	1
Total investment in available for sale financial assets		1,490,295	5,803,698		1,247,357	6,580,811

2 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

2.1 Investments in equity securities - quoted

As at 31st March	2018		2017	
	No. of Shares	Fair value	No. of Shares	Fair value
Banks, Finance & Insurance				
DFCC Bank PLC	-	-	139,699	15,926
Hatton National Bank PLC	345,049	84,538	293,569	66,141
National Development Bank PLC	53,039	7,059	337,189	47,072
Peoples' Leasing & Finance PLC	1,337,500	21,133	137,500	2,145
Seylan Bank PLC	75,314	6,537	73,790	6,420
Seylan Bank PLC - Non voting	5,647	311	198,755	10,872
Union Bank of Colombo PLC	443,345	5,675	443,345	6,295
		125,253		154,871
Beverage, Food & Tobacco				
Distilleries Company of Sri Lanka PLC	134,848	999	-	-
		999		-
Construction & Engineering				
Access Engineering PLC	1,700,000	34,850	1,700,000	40,460
MTD Walkers PLC	-	-	238,013	8,330
		34,850		48,790
Diversified				
Aitken Spence PLC	370,218	18,733	370,218	20,806
Expolanka Holdings PLC	3,273,348	16,039	4,373,348	26,240
Melstacorp PLC	455,112	26,488	125,112	7,407
Softlogic Holdings PLC	-	-	2,835,888	33,747
		61,260		88,200
Hotels & Travels				
Aitken Spence Hotel Holdings PLC	826,548	27,689	792,093	27,882
		27,689		27,882
Manufacturing				
Chevron Lubricants Lanka PLC	674,746	70,511	354,746	60,307
Kelani Tyres PLC	267,316	13,152	267,316	14,702
Swisstek (Ceylon) PLC	260,000	15,418	240,000	15,744
Tokyo Cement Company (Lanka) PLC	449,608	24,279	374,674	22,855
		123,360		113,608
Power & Energy				
LVL Energy Fund Limited	1,257,100	12,445	-	-
		12,445		-
Telecommunications				
Dialog Axiata PLC	8,900,000	122,820	4,400,000	49,720
		122,820		49,720
Total investment in equity securities - quoted		508,676		483,071

2.2 Investment in unit trusts - unquoted

As at 31st March	2018		2017	
	No. of Units	Fair value	No. of Units	Fair value
Guardian Acuity Money Market Fund	8,941,621	140,740	21,308,180	300,371
Guardian Acuity Money Market GILT Fund	-	-	2,037,642	237,456
Total investment in unit trusts - unquoted		140,740		537,827
Total investment in fair value through profit or loss financial assets		649,416		1,020,898