

CEYLON INVESTMENT PLC

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CEYLON INVESTMENT PLC

Ceylon Investment PLC has consistently executed a strategy of long term fundamental investing with a focus on wealth creation and maintaining high quality investments with an emphasis on a time horizon of medium to long term. The company holds a total investment portfolio of Rs. 7.26 Bn as at 31st March 2019.

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

FINANCIAL HIGHLIGHTS

In Rupees Thousands

For the year ended / as at 31st March	2019	2018	Change (%)
Revenue	169,018	449,610	(62)
Profit / (loss) from operations	(954,987)	385,812	(348)
Share of profit / (loss) of equity accounted investee net of tax	(210,967)	134,638	(257)
Profit / (loss) before taxation	(1,173,128)	520,447	(325)
Profit / (loss) for the year	(1,186,302)	512,245	(332)
Other comprehensive expense for the year	(62,274)	(349,468)	(82)
Total comprehensive income / (expense) for the year	(1,248,576)	162,777	(867)
Net cash generated from / (used in) operating activities	(41,108)	297,965	(114)
Net increase / (decrease) in cash and cash equivalents during the year	(104,279)	84,769	(223)
Total assets	7,286,515	8,599,305	(15)
Total equity	7,224,409	8,520,787	(15)
Return on ordinary shareholders' funds (%)	(16.42)	6.01	(373)
Earnings / (loss) per share (Rs.)	(11.93)	5.15	(332)
Dividend per share (Rs.)*	0.50	2.00	(75)
Net assets value per share (Rs.)	72.64	85.68	(15)
Ceylon Investment actively managed portfolio **	3,679,749	4,698,132	(22)
Ceylon Investment total fund value **	7,264,307	8,580,609	(15)
Price to book value ratio (times)	0.50	0.50	-
Stock market data			
All share price index (points)	5,557	6,477	(14)
S&P SL 20 Index (points)	2,739	3,650	(25)
Market capitalisation	3,629,964	4,276,396	(15)
Share price (Rs.)			
- Year end	36.50	43.00	(15)
- High	47.70	62.00	(23)
- Low	33.00	39.50	(16)

* 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 73rd 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 2019.

The year under review posed a very challenging environment for the Colombo Stock Exchange resulting in the All Share Price Index declining by 14.20% and Ceylon Investment's discretionary portfolio declining by a dividend adjusted performance of 19.96%. The Ceylon Investment Company reported a loss after tax of Rs. 1,186.30 Mn for the year ended 31st March 2019. The loss was mainly due to declining equity market conditions and the adoption of SLFRS – 9 where the group's discretionary equity portfolio has been re-classified as "fair value through profit or loss financial asset" resulting in the gain/(loss) due to changes in fair value during the period being recognized in Profit and Loss Statement. However, we remain true to our long term investment philosophy of fundamental investing which has resulted in the discretionary portfolio, adjusted for dividend paid, growing by 18.80% over 5 years compared to the All Share Price Index return of -6.89%.

ECONOMY

The economy in 2019 is expected to slow down further compared to 3.2% growth in 2018. The economy was already expanding below capacity due to a combination of factors such as significant debt repayment, depressed consumption patterns and higher interest rates. The Central Bank in mid-2019 began easing monetary policy which will create a more accommodating environment to support economic growth. However, the Easter Sunday attack and the events that followed created uncertainty and fear that gripped the economy which is expected to dampen 2019 economic growth prospects. It is still too early to understand the impact that the attacks will have on the economy and how lasting it will be.

Export earnings grew by 7% in the first two months of the year relative to last year while imports declined by 23%. Exports are expected to continue along a similar trend during the balance part of the year, while imports will be subdued due to a number of measures taken to stem excessive imports, especially vehicles. A noted decline in vehicles and gold imports was seen during the past few months. Tourism, being the worst impacted sector by the incidents in April, is expected

to register a decline of up to 25% in earnings in the calendar year 2019. External debt repayments have led to volatility in the gross official reserves but remains stable as at April and stood at USD 7.3 billion. Inflation is expected to be between 4 to 6 percent, well within the targets.

BUSINESS ENVIRONMENT

The Colombo Stock Exchange (CSE) has been challenged by the economic down turn and as a result saw the indices in negative territory. With an economic recovery expected to take place at some point in the future we hope to see a strong recovery in the CSE. The CSE is an essential proxy for the investment climate in Sri Lanka and foreign investors will look to its performance before considering direct investment into the country. The deepening of the capital market framework is paramount for the growth prospects of the country.

CONCLUSION

I would like to thank the management company staff for their commitment, enthusiasm shown in managing the company in such a volatile and tragic environment, our intermediaries and service providers for their support and the regulators for their perseverance in taking industry forward. I would also like to thank our clients and investors who continue to place their trust and belief in us; also our shareholders who trust in our ability to deliver. 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

18th June 2019

Colombo

MANAGEMENT DISCUSSION AND ANALYSIS

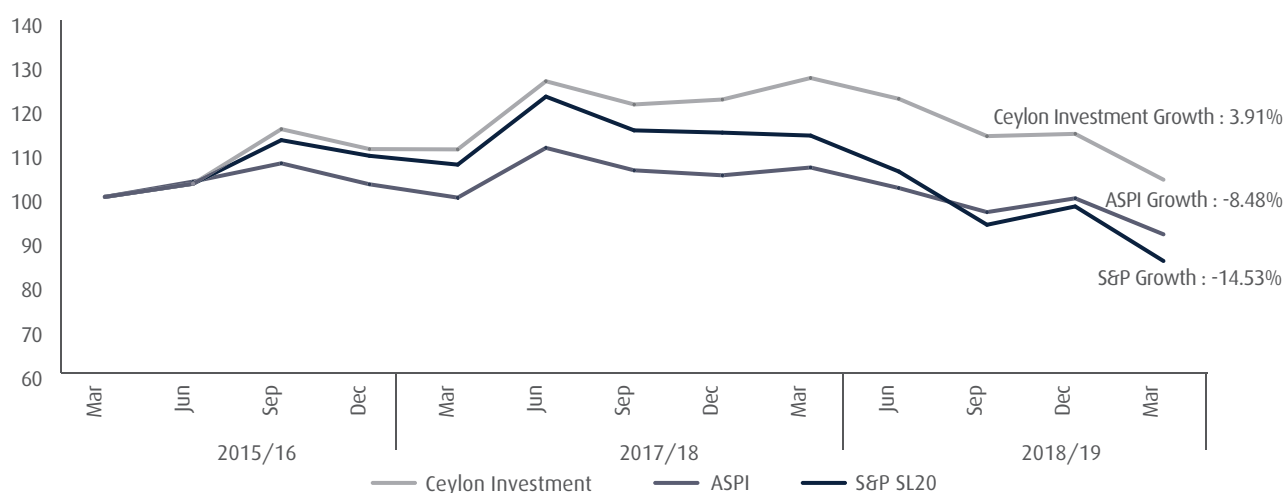
CEYLON INVESTMENT PORTFOLIO PERFORMANCE

Ceylon Investment's portfolio which was valued at Rs. 7.26 bn as at 31st March 2019 is segregated into a strategic portfolio and discretionary portfolio. The strategic portfolio declined to Rs. 3.58 bn as at 31st March 2019 from Rs. 3.88 bn a year ago. The discretionary component invests in listed companies which are selected using fundamental analysis. The discretionary portfolio has declined to Rs. 3.68 bn by Rs. 1.02 bn from a year back largely due to poor market conditions stemming from a weak economic back drop. The discretionary portfolio declined

by 19.96%, prior to dividend payment to shareholders, in comparison to the All Share Price Index which declined by 14.20% for the financial year. Looking at a 3-year period the discretionary portfolio has shown a growth of 3.91% relative to the All share price index decline of 8.48%. Over a 5-year time horizon the discretionary performance growth has been 18.80%, outperforming the market by approximately 25.69%.

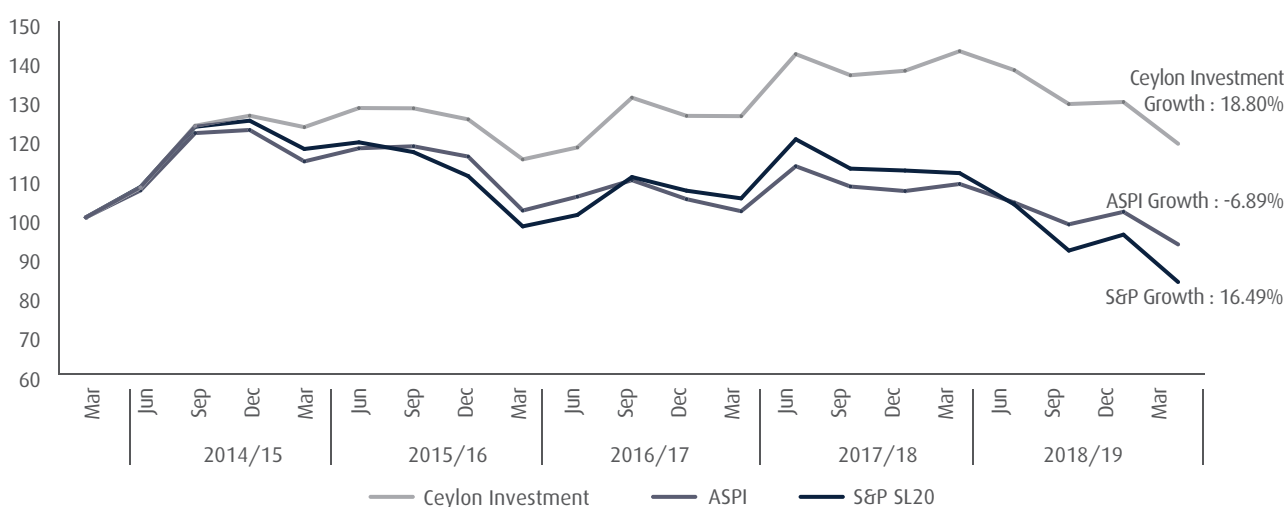
	As at		Change %	As at		Dividend adjusted performance*
	31-Mar-19	31-Mar-18		31-Mar-19	(Dividend adjusted)*	
Discretionary portfolio (Rs. '000) *	3,679,749	4,698,132	-21.68%	3,760,424	-19.96%	
Total Portfolio (Rs.'000)*	7,264,307	8,580,609	-15.34%	7,344,982	-14.40%	
ASPI (Points)	5,557	6,477	-14.20%		-14.20%	
S&P 20 (Points)	2,739	3,650	-24.96%		-24.96%	

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)

At Ceylon Investment we do not evaluate the short term fluctuations of an investee company purely by its stock price but by its ability to compete sustainably and grow fundamentally within its habitat. We consider ourselves owners of the company in which we invest and constantly evaluate and assess the evolving environment.

Our view on the banking sector has been more cautious throughout this financial year with the economy showing signs of weakness and hence flowing through into bank's non-performing loans. The portfolio has reduced exposure to banks from 36% a year ago to 29% in March 2019 in order to mitigate the fallback of deteriorating asset quality during the financial year. Loan loss impairment charges have increased three fold in 2019 across the key listed banks compared to the previous year highlighting the poor economic conditions leading to defaults. The non-performing loans have mainly increased due to cascading effects of an overall economic downturn and increased provisioning due to adoption of the expected credit loss model under SLFRS 9. Furthermore, guidelines issued by Central bank of Sri Lanka on capital requirements have seen banks attempting to raise capital over the last two years in challenging market and economic conditions with mixed levels of success.

Company	Market value of the holding ('000)	Holding as a % of discretionary portfolio
Central Finance Company PLC	676,058	18%
Hatton National Bank PLC	397,372	11%
Commercial Bank of Ceylon PLC	350,872	10%
Sampath Bank PLC	280,023	8%
Melstacorp PLC	192,666	5%
Total	1,896,991	52%

The banking sector exposure of the portfolio amounted to Rs. 1.07 bn and is composed of the three largest listed banks which include Hatton National Bank, Commercial Bank and Sampath Bank. The portfolio maintained an investment of Rs. 397 mn in Hatton National Bank which is the second largest bank in the Colombo Stock Exchange. We are optimistic on the bank as it is well capitalized relative to peers and possesses strong management expertise. The bank has also managed its profitability, capital requirements and growth in a consistent manner. The bank's gross non-performing loans showed

MANAGEMENT DISCUSSION AND ANALYSIS

an elevated level of 2.8% as at 31st December 2018 with significantly increased loan loss impairments. However, as mentioned this protracted downturn in the economic cycle has exposed the sectors susceptibility to deteriorating asset quality and we continue to evaluate the implications and take action accordingly.

Central Finance PLC is Ceylon Investment's largest stock exposure as at 31st March 2019 which provides access to the lucrative leasing and vehicle financing market of Sri Lanka. New vehicle registrations have been on a declining trend with changes in the duty structures and Loan to Value ratios in an attempt by authorities to reduce import payment stress. We like Central Finance's cautious approach to growth in this sector while some peer companies gain market share through unsustainable product development and practices. The company is well capitalized relative to peers with Tier 1 at 24% and has a significant buffer over regulatory requirements. As a long term investor we like the strong capitalized position, good lending practices and experienced management the company possesses which leaves us confident that the stock is a good value proposition at prevailing prices. Similar to the banking sector we are cautious on the NBF's sector non-performing assets increasing at this stage of the economic cycle and continue to monitor such risks.

A significant detractor to the portfolio was Dialog Axiata PLC whose share price declined from Rs. 13.80 to Rs. 9.10 as at 31st March 2019 while normalized net profit increased by 16% for the financial year 2018. However, the reported profit decline included foreign exchange losses with significant currency depreciation in 2018 and higher depreciation stemming from higher capex intensity. Dialog Axiata, a subsidiary of Malaysia Axiata group is a leading mobile operator in Sri Lanka with a SIM market share of 44%. As Sri Lanka's economy advances and transitions into a more digital age, Dialog proves to be a key provider of access to technology and mobile communications. However, as this is a vital and fast growing industry we are also cautious on the stock due to the high capital intensive nature of the business, regulatory involvement and competitive pressures.

The portfolio also increased exposure to Distilleries Company of Sri Lanka (DCSL) which is Sri Lanka's market leader in the formal hard liquor alcohol segment. The strong free cash flows arising from the alcohol business shows the DCSL's strength

in product range and is thus poised for growth riding on the growing demand for alcohol. We are mindful that DCSL is exposed to political and regulatory risk and continue to monitor and analyse any developments in this area. Furthermore, the taxation impacts and competition arising from other players also need to be monitored going forward in this fast changing industry.

FINANCIAL REVIEW AND SHAREHOLDER RETURNS

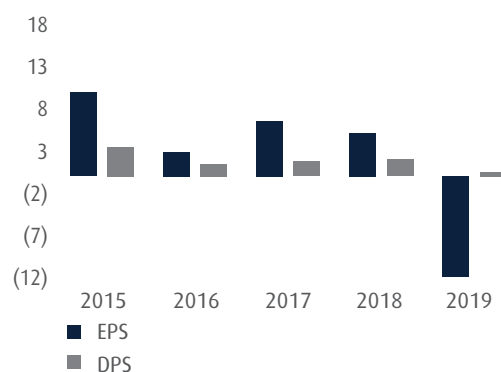
Ceylon Investment PLC reported a loss after tax of Rs. 1,186.30 Mn, including the share of loss of equity accounted investee, for the year ended 31st March 2019 compared to a profit after tax of Rs. 512.25 Mn in the previous year.

The loss was mainly due to the adoption of SLFRS – 9 which became effective from 1st April 2018. Consequently the group's discretionary equity portfolio has been re-classified as "fair value through profit or loss financial asset". Thus, any gain/loss due to changes in fair value during the period is recognized in Profit and Loss Statement instead of other comprehensive income as per the previous standard. Accordingly, a loss of Rs. 1,054.01 Mn regarding fair value through profit or loss financial assets has been reported during the current year. Going forward the adoption of this accounting rule will create further volatility in the profit or loss statement relative to the previous method.

The share of net profit/ (loss) of equity accounted investee, Rubber Investment Trust Limited, declined from a profit of Rs. 134.64 Mn to a loss of Rs. 210.97 Mn during the year.

EPS vs Dividends

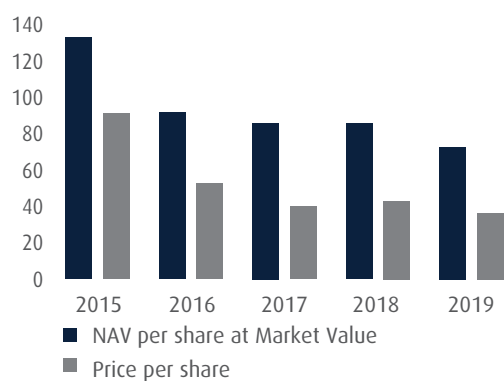
(Rs.)



Accordingly, the Company's earnings per share (EPS) decreased from Rs. 5.15 (2018) to Rs. -11.93 (2019).

The Company declared a first interim dividend of Rs. 0.50 per share. The Company has been maintaining a high dividend pay-out ratio to meet shareholder's expectation.

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



The Group's net asset value (NAV) per share as at 31st March 2019 amounted to Rs. 72.64 based on fair value of its portfolio.

As at 31st March	2019	2018	Change %
ASPI	5,557	6,477	(14%)
NAV per share (Rs.)	72.64	85.68	(15%)
Market price per share (Rs.)	36.50	43.00	(15%)
Discount of NAV to market price per share	49.75%	49.81%	

The Company's share has been trading at a significant discount to NAV in the CSE over the years. As of 31st March 2019, the market price of Company's share was at Rs. 36.50, dropped 15% from previous year, reflecting a discount of 49.75% to the NAV.

ECONOMY

Overall economic growth for the country remained subdued in 2018 with annual growth recorded at 3.2% compared to 3.4% in 2017. Favourable weather patterns saw agriculture sector recover to 4.8% which was a significant improvement from the -0.4% in the previous year. A critical blow for the economy this year was the sharp drop in the industry sector to 0.9% which was 4.1% in 2017 and as much as 9.3% in 2011. This sector has largely been affected by the steep decline in activity from the construction sector. Delays in payments for projects and postponement of major projects saw beneficiary company's straining leading to tight cash-flow issues cascading down the sector.

Significant foreign currency debt repayments have been a concern for the country with onset of maturities in sovereign bonds and other commercial borrowings. Foreign currency debt repayments in 2019 are estimated at USD 5.8 bn and USD 4.5 bn in 2020 while gross official reserves amounted to USD 7.6 bn as at end March 2019. The ability to finance these repayments has made investors very anxious with particular concerns drawn to the balance of payments. The trade deficit widened in 2018 to USD 10.3 bn from USD 9.6 bn a year ago. However, luxury taxes imposed on motor vehicles along with further margin requirements on vehicles and white goods saw imports reducing towards the latter part of 2018. Earnings from tourism and worker remittances helped to support the balance of payments in 2018 but a decline in tourism earnings for 2019 in the range of USD 1.5 bn is expected with the recent Easter bombings aftermath.

A generally tight monetary policy prevailed in much of 2018 with interest rates increasing throughout the year. General interest rates were at elevated levels in January 2019 with ceiling fixed deposit rates for finance companies fixed at 14.22% for one year deposits. However, in April 2019 the Central Bank issued a circular which resulted in fixed deposit rates of bank and finance companies being reduced by approximately 2 – 2.5% in an attempt to revive the economy's weakening credit growth. Foreign selling in government securities and the Colombo Stock Exchange also prevailed in the year particularly closer to the quarter ending in December 2018. The calendar year 2018 experienced a major depreciation in the Sri Lankan Rupee by approximately 19% but has marginally strengthened in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

EQUITY MARKET REVIEW

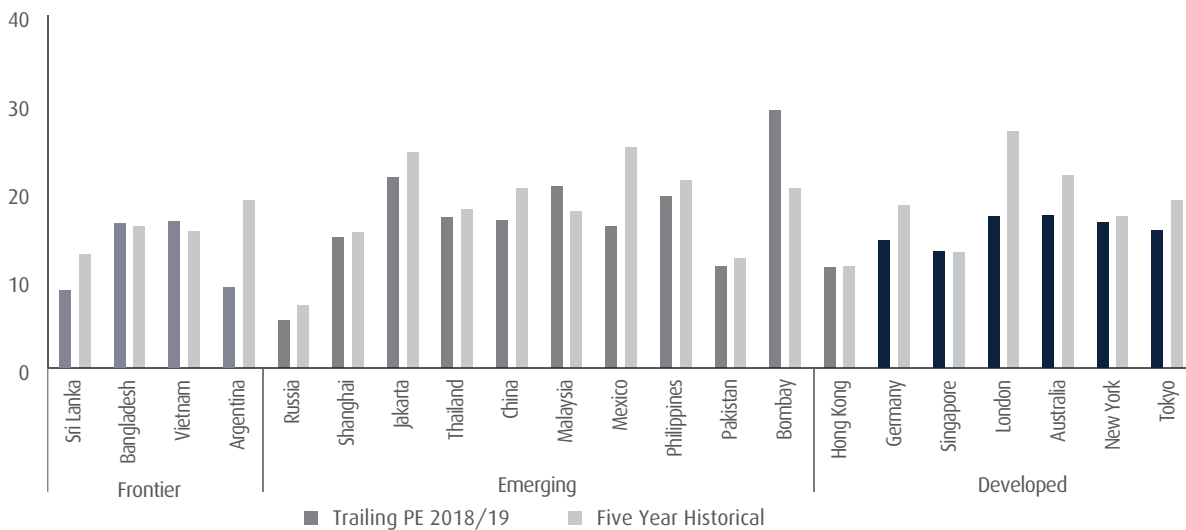
The All Share Price Index (ASPI) experienced a large decline of 14.20% for the financial year ended March 2019. The decline was largely attributable to a weakening economic environment, debt repayment concerns and a higher interest rate. Concerns on emerging market currencies also triggered a significant amount of foreign exits from the Colombo stock exchange. The constitutional crisis which the country experienced in October and November saw speculative investors bring about some market activity. However, poor economic conditions led to a resumption in the market downturn in the last quarter of the financial year ending March 2019.

Sectors that performed poorly for the financial year included construction (-36.0%), manufacturing (-30.1%) and telecommunication (-30.0%). The economic slowdown and resultant delays in payments to construction companies led

to a poor performance by companies within the construction sector. Meanwhile telecom companies were impacted by currency depreciation affecting their dollar denominated borrowings and regulatory changes leading to increased competition. Market capitalization as at 31st March 2019 was Rs. 2.61 trillion compared to Rs. 3.03 trillion a year ago. Earnings growth continues to outpace market price growth over the last 5 years based on the universe of stocks that we track and hence indicates there is significant upside potential from a fundamental perspective. Earnings growth for most companies will be challenged in the next year due to the Easter attacks and a slowing economy. The All Share Price Index indicates very attractive valuations with a market PER of 8.7X as at March 2019.

Peer Market PE (Forward PE)

Ratio



RISK MANAGEMENT

OVERVIEW OF RISK MANAGEMENT

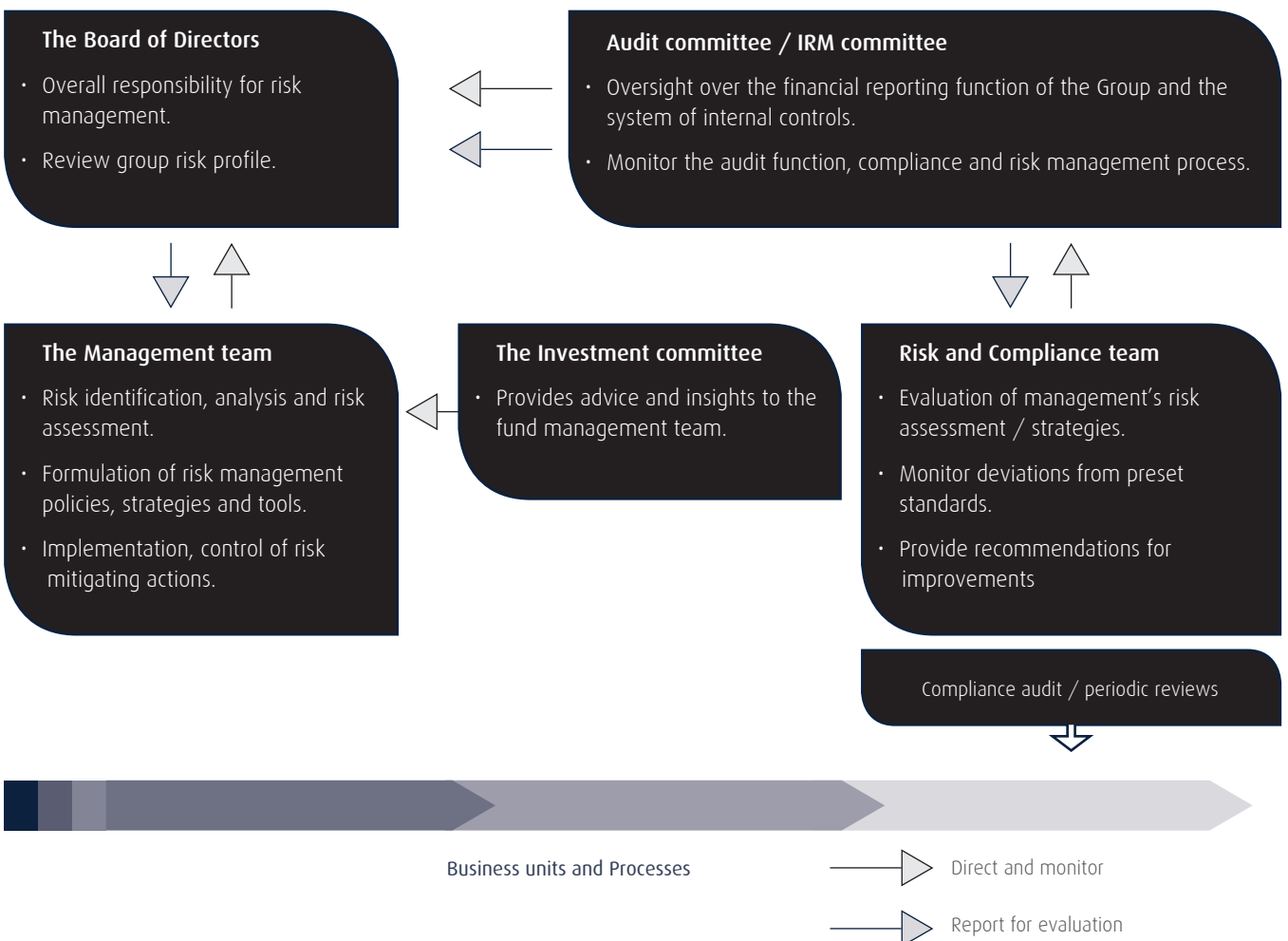
Risk Management is the process of identification and assessment of risks arising due to factors which are internal and external to the entity, and implementation of identified, mitigating actions to address such risks. Management of risk helps to avoid or minimise unanticipated losses being incurred.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

RISK MANAGEMENT STRUCTURE AT CEYLON INVESTMENT

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

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

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



RISK MANAGEMENT

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

RISK CATEGORIES

Ceylon Investment PLC is within the Ceylon Guardian Group which operates the portfolio and asset management sector of the Carson's Group. The Company's business operations include holding an investment portfolio which consist of listed equity securities and fixed income securities. The Company faces various types of risks, some of which are applicable across all the 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
<p>Macro environmental risks: Overall macro-economic conditions and political factors affect the risk profile of the Company. The variations of macro-economic variables like Gross Domestic Product (GDP), interest rate, inflation, exchange rates and changes in the political environment and government policies affect the achievement of Company business and financial objectives.</p>	
<p>COUNTRY RISKS The risk associated with operations which are subject to various exchange control regulations, currency fluctuations, transaction costs & taxes and other actions that may be imposed by the government or policy making bodies of the particular foreign country or Sri Lanka.</p>	<ul style="list-style-type: none"> • This is a new risk area for which we are looking to build a framework as the company intends to explore new markets in the future. • 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.
<p>CURRENCY RISKS The risk associated with any fluctuations of foreign exchanges rates against the Sri Lanka Rupee.</p>	<ul style="list-style-type: none"> • The Sri Lanka Fund, of which the reporting currency is US dollars, is exposed to risk of currency impact on translation.

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

RISK MANAGEMENT

Risk Category	Impact and mitigating strategies
<p>CONCENTRATION RISK</p> <p>This is the risk that the portfolio is over exposed to a particular sector / sectors or a security / securities resulting in the risk and return of the portfolio being over dependent on the performances / risk profiles of those sectors or securities.</p>	<ul style="list-style-type: none"> Monitoring sector exposure and single company / group exposure of the portfolio as a diversification and a mitigation strategy. Loss limits are set to monitor stocks performing below their cost of acquisition to determine whether temporary capital erosion is a concern. Monitoring by the compliance team takes place as a routine process.
<p>LIQUIDITY RISK</p> <p>Liquidity is the tradeability of the securities in the market or the ability realise cash with minimum loss of capital. The risk is that if the investment instruments of the portfolio are less liquid, execution of fund management decisions are affected.</p>	<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, tradeability of the stock, market turnover, major shareholders etc.
<p>REGULATORY AND COMPLIANCE RISK:</p> <p>Company is operating in an industry under the supervision and monitoring of several regulatory authorities, especially Securities and Exchange Commission of Sri Lanka (SEC) and provisions of other regulatory requirements like the Companies Act, Listing Rules of The Colombo Stock Exchange, Central Bank of Sri Lanka are applicable in this industry.</p> <p>The conduct of operations of the Group should be in compliance with the legal and regulatory provisions and financial requirements applicable under these regulatory benchmarks. Non-compliance or violation of these requirement will cause risk of cancellation / suspension of some licences issued by SEC, facing being taken by respective regulatory authorities etc.</p>	<ul style="list-style-type: none"> The management together with the Carsons group legal division pro-actively identify and set up appropriate systems and processes for legal and regulatory compliance in respect of the Company’s operations. Periodic training programs for staff to improve the awareness of changes in applicable laws and regulations. Reviews on regular basis by the compliance team and the management certification of compliance with relevant laws and regulations on a periodic basis. Compliance team monitors compliance with all regulatory provisions and internal operational procedures.
<p>STAFF RISKS</p> <p>A fund management operational unit requires qualified professionals with experience in the fund management industry. Knowledge of the operating mechanism of the market as well as its norms and ethics is of importance.</p>	<ul style="list-style-type: none"> Having diversity in the team, developing a strong second level, providing training and development opportunities, are standard practices of the industry with which we benchmark ourselves. A performance related incentive scheme for the staff is in place and is being reviewed regularly. The networking ability of key staff to source clients and deals is important in running a successful fund management operation by being shown important deals by market intermediaries. The staff of GFM are all professionally qualified with a track record of experience in the industry. A strong research team has been developed to complement the fund management operation and raise the standard of the investment decision making process. Staff training and development is identified as an important area of concern, while retention is managed through a comprehensive reward structure and incentive scheme, opportunities for career progression and a culture of being HR oriented. Collectively these steps help us to work towards having an effective succession plan in place.

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 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 and compliance team of the Carson's Group ensures the safeguarding of Company assets, recommends process improvements in areas where process control failures are noted and compliance with regulatory requirements etc.

REPUTATION RISK

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

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

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

The Board of Directors of Ceylon Investment PLC have pleasure in presenting to the shareholders their Report, together with the Audited Financial Statements for the year ended 31st March 2019.

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

The Annual Report was approved by the Board of Directors on 18th June 2019.

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 03 to 08 provide an overall assessment of the business performance of the Company and its future developments. These reports, together with the audited Financial Statements reflect the state of affairs of the Company.

4. FINANCIAL STATEMENTS

The Financial Statements which include the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flow, Statement of Changes in Equity and Notes to the Financial Statements of the Company for the year ended 31st March 2019 are set out on pages 34 to 71 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. 169 Mn (2018 – Rs. 449.6 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	2019	2018
Retained earnings brought forward from previous year	3,009,569	2,714,560
Impact of adopting SLFRS 9 as at 1 April 2018	651,182	-
Adjusted balance as at 1 April	3,660,751	2,714,560
Profit /(Loss) for the year	(975,335)	377,607
Dividend received from associate company	24,678	112,532
Forfeiture of unclaimed dividends	1,924	3,772
Dividend	(49,726)	(198,902)
	2,662,292	3,009,569

4.3 Significant accounting policies

The accounting policies adopted in the preparation of these financial statements are given on pages 38 to 50.

4.4 Investment in equity and debt securities and unit trusts

Details of the investments in equity and debt securities and unit trusts are given in note 19 & 20.

4.5 Reserves

As at 31st March 2019, the total reserves of the Company stood at Rs. 6,460.9 Mn (2018 - Rs. 7,757.3 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.

Directors' remuneration for the financial year ended 31st March 2019 is given in note 12 to the financial statements.

7.1 Remuneration of Directors

Directors' remuneration for the financial year ended 31st March 2019 is given in note 12 to the financial statements.

7.2 Directors' interest in Contracts and Shares

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

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

Name of the Company	Common directors	Nature of transactions	Value of the transactions ('000)
Ceylon Guardian Investment Trust PLC	Mrs. M. A. R. C. Cooray D. C. R. Gunawardena V. M. Fernando K. Selvanathan T. C. M. Chia	Dividend paid	32,789
Rubber Investment Trust Limited	D. C. R. Gunawardena A. P. Weeratunge	Dividends received	24,678
Guardian Fund Management Limited (GFM)	K. Selvanathan A. P. Weeratunge	Portfolio management fees paid	34,618
Carsons Management Services (Private) Limited (CMSL)	K. Selvanathan A. P. Weeratunge	Support service fees paid Computer fees paid Secretarial fees paid	10,993 420 444

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

Directors	No. of shares as at	
	31st March 2019	1st April 2018
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	-	-

8. DIRECTORS

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

8.1 Directors to retire by rotation

In terms of Articles 89, 90 and 91 of the Articles of Association of the Company, Mr. D. C. R. Gunawardena and Mr. V. M. Fernando retires by rotation and being eligible offer themselves for re-election.

8.2 Appointment of Director who is over 70 years of age.

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

9. CORPORATE GOVERNANCE

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

9.1 Regulatory Benchmarks

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

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

9.2 Board of Directors

The following Directors held office during the period under review and their brief profiles are given on pages 24 to 25 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***

Each of the Non-Executive Directors of the Company has submitted a signed declaration on Independence/ Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Meeting of the Board of Directors of the Company held on 18th June 2019 in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

*The Board has determined that Mrs. M.A.R.C. Cooray is an Independent Director in spite of being on the Board for more than nine years and being a Director of Ceylon Guardian Investment Trust PLC, in which a majority of the other Directors of the Board are also Directors, 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 on the Board for more than nine years and being a Director of Ceylon Guardian Investment Trust PLC, in which a majority of the other Directors of the Board are also Directors, 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' Attendance at Board Meetings

Five (05) Board Meetings were convened during the financial year and the attendance of the Directors were 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	5/5
Mr. V. M. Fernando	4/5
Mr. K. Selvanathan	4/5
Mr. T. C. M. Chia	3/5

9.4. Board Evaluation

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

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

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

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

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

The Audit Committee Report is given on pages 27 to 28 of this Annual Report.

9.6 Remuneration Committee

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

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

Remuneration Committee Members	Executive / Non-Executive / Independent
Mr. T. de Zoysa (Chairman)	Non-Executive/Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah	Non-Executive/Independent Director of CCPLC
Mr. W.M.R.S. Dias	Non-Executive/Independent Director of CCPLC

Scope and Objective

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

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

Functions and Proceedings

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

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

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

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

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

Reporting and Responsibilities

The Committee Chairman reports to the Board on its proceedings on all matters within its duties and responsibilities.

The Committee makes recommendations to the Board as deemed appropriate on any area within its limit where action or improvements are needed.

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under note 12 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..

Nomination Committee Members	Meetings Attended (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 29 to 30 of this Annual Report.

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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 2019, did not exceed 10% of the Equity or 5% of the Total Assets of the Company as at 31st March 2019. The details of the Related Party Transactions are given in note 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, whichever is lower, of the Company as at 31st March 2019.

2. Recurrent Related Party Transactions

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

9.9. Integrated Risk Committee

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

Composition

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

Scope and objectives

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

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

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

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

Reporting and Responsibilities

- To advise the Board on the Company's overall risk exposure and effectiveness of mitigation measures taking account of the current and prospective macroeconomic and financial environment.
- Review and assess adequacy of risk mitigation practices and procedures of the Company.
- Review the Investment Sector risk matrix to oversee and advice the Board, on the current risk exposures and future risk strategy.
- Set standards, assess and monitor and principle risks faced by the Company.
- Monitor operational risks from failed or inadequate processes relating to portfolio operations, client servicing and on-boarding, launching of new products and services, investment research, third party vendor relationships.

- Review the sector capability to identify and manage new risk types in conjunction with the Audit Committee.
- The Committee Chairman reports to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee makes recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.
- To develop a robust process to update the knowledge of new risks continuously in the industry and understand how such risk is applicable to the Company.

10. INTERNAL CONTROL AND RISK MANAGEMENT

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

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

Group Internal Audit, whose scope of scrutiny is entirely driven by the grading of the risk involved will be monitoring and providing the feedback to the management and the respective Audit Committee. Regular submission of compliance and internal solvency certificates vouched by the heads of the respective divisions as a mandatory agenda item keeps the Directors abreast of the health of the Company's resource base and governance requirements.

This allows the Board to have total control of the fulfilment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. A more detailed description of the risk management strategies of the Company's given on pages 09 to 13.

11. INDEPENDENT AUDITORS

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

A sum of Rs. 404,250 /- was paid to them by the Company as audit fees for the year ended 31st March 2019 (2018 – Rs. 385,000/-). In addition to the above, the Auditors were paid Rs. 150,000/- (2018 – Rs. 175,000/-) 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 32 to 33 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

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

that its employees are developing the skills and knowledge required for the future success of the Company, centred around the core competencies required by an investment house.

15. EQUITABLE TREATMENT TO SHAREHOLDERS

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

16. DIVIDENDS

The Company paid a First Interim Dividend of cents 50 per Ordinary Share for the year ended 31st March 2019, amounting to Rs. 49,725,530/- on 26th March 2019.

17. SOLVENCY TEST

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

18. STATED CAPITAL

The Stated Capital of the Company as at 31st March 2019 was Rs. 763.5 Mn comprising of 99,451,059 Ordinary Shares. There was no change in the stated capital of the Company.

19. STATUTORY PAYMENTS

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

20. GOING CONCERN

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

21. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, other than those disclosed in note 29 to the financial statements, if any.

22. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities and commitments made on account of capital expenditure as at 31st March 2019 are given in note 30 to the financial statements, if any.

23. EXPENSES ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

There were no expenses incurred on corporate social responsibility activities during the year ended 31st March 2019. (2018 - Nil).

24. SHARE INFORMATION

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 73 to 74 of the Annual Report.

25. TWENTY MAJOR SHAREHOLDERS

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

As at 31st March Name of shareholders		2019		2018	
		No. of shares	%	No. of shares	%
1	Ceylon Guardian Investment Trust PLC A/C No 3	65,577,052	65.94	64,010,916	64.36
2	Associated Electrical Corporation Ltd	1,700,000	1.71	1,624,000	1.63
3	MRS. M.L. De Silva	1,317,899	1.33	1,317,802	1.33
4	MR. K.C. Vignarajah	1,312,770	1.32	1,312,760	1.32
5	MISS G.I.A. De Silva	1,289,602	1.30	1,289,578	1.30
6	Thurston Investments Limited	1,052,515	1.06	1,052,515	1.06
7	MR. Y.H. Abdulhussein	986,170	0.99	966,170	0.97
8	MR. G.J.W. De Silva	862,150	0.87	862,126	0.87
9	MISS R.H. Abdulhussein	803,461	0.81	783,461	0.79
10	Oakley Investments (Private) Limited	803,171	0.81	803,171	0.81
11	MISS N.K.R.H. De Silva	552,236	0.56	552,236	0.56
12	Pershing Llc S/A Averbach Grauson & Co.	548,740	0.55	68,949	0.07
13	People S Leasing & Finance Plc/MR.H.M. Abdulhussein	547,311	0.55	500,659	0.50
14	People S Leasing & Finance Plc/MR.M.A.N.Yoosufali	503,000	0.51	501,026	0.50
15	Commercial Bank Of Ceylon Ltd/K.C. Vignarajah	500,843	0.50	500,843	0.50
16	MR. N.K.A.D. De Silva	495,241	0.50	495,241	0.50
17	Bank Of Ceylon No. 1 Account	446,206	0.45	446,206	0.45
18	Mercantile Bank (Agency) Private Limited	412,937	0.42	412,937	0.42
19	MISS G.N.A. De Silva	384,677	0.39	384,652	0.39
20	MR. L.H. Abeysundera	380,991	0.38	380,991	0.38

26. ANNUAL REPORT

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

The Board of Directors have approved the Financial Statements of the Company together with the Reviews which form part of the Annual Report on 18th June 2019. 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.

27. ANNUAL GENERAL MEETING

The 73rd Annual General Meeting of the Company will be held on Friday, 26th July 2019 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.

The Notice of the Annual General Meeting setting out the business which will be transacted thereat is on page 78 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

18th June 2019

PROFILES OF THE DIRECTORS

ROSE COORAY

Rose Cooray is the Chairperson of Ceylon Investment PLC, Ceylon Guardian Investment PLC, HNB Assurance PLC, and HNBGI Ltd. She is a Director of HNB Finance Limited and Guardian Capital Partners PLC. She functions as the Chairperson of the Board Integrated Risk Committees of HNB Finance Ltd and the Guardian Group of Companies and other Board sub committees in companies where she is a Director. She is a retired Deputy Governor of the Central Bank of Sri Lanka where she served for 35 years and counts over 49 years of experience in working in the financial sector.

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

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

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

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.

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. He is also the Managing Director at Melsta Gama Ltd (Cement) and Joint Managing Director at Swiss Ceylon Associates (Pvt.)Ltd. He is a Director of Eco Corp Asia (Pvt) Limited and Hospital Management Melsta Health (Pvt) Ltd, and 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

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

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

TIMOTHY CHEE MING CHIA

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

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

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

Mr. Chia is currently a Director of Banyan Tree Holdings Ltd, Fraser and Neave Limited, Singapore Power Ltd, The Straits Trading Company Limited, Ceylon Investment PLC, Vertex Venture Holdings Ltd, Malaysia Smelting Corporation Berhad and QuantuMDx Group Limited.

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

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 Power Asset Ltd, Power Gas Ltd, SPI (Australia) Assets Pty Ltd, Singapore Post Ltd, FJ Benjamin Holdings Ltd, Frasers Centrepoint Ltd, Macquarie Pacific Star Prime REIT Management Ltd, The Hour Glass Ltd, KorAm Bank Co. (Korea), Meritz Securities Co., Ltd (Korea) and Magnecomp Precision Technology Public Co., Ltd (Thailand).

Mr. Chia was a Trustee of the Singapore Management University from Jan 2004 to Jan 2019 but remains as 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.

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

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

In 1996, Mr. Chia was elected a Director of the Singapore Dance Theatre until he stepped down in March 2004 and in September 2004, was conferred the Arts Supporter Award by the National Arts Council.

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

MANAGEMENT TEAM

PROFILE

KRISHNA SELVANATHAN **(BA. ACCOUNTING & FINANCE AND BUSINESS** **ADMINISTRATION)**

Director / CEO of Guardian Fund Management Limited. He is also a Director of Ceylon Guardian Investment Trust PLC. Refer page 25 for his detailed profile.

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

Director / Head of Research, Guardian Fund Management Ltd. Has over 13 years of experience in investment research. Before joining the Carsons group, he worked as a research analyst at JB Securities (Pvt) Ltd. He 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 14 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 12 years' experience in asset management and investment research and worked as a research analyst at JB Securities (Pvt) Ltd before joining Ceylon Guardian group. He holds a B.Sc. Finance (Hons) degree from the University of Sri Jayewardenepura, Sri Lanka. He is a chartered financial analyst (CFA) and an associate member of the Chartered Institute of Management Accountants, UK. He was a visiting lecturer at department of finance, University of Sri Jayewardenepura.

DINUPA PEIRIS **(ACMA (UK), LL.B (COL), MBA (PIM-US)),** **ATTORNEY-AT-LAW)**

Head of Marketing, Guardian Fund Management Limited. A multi-disciplinary professional qualified in management accounting, law and business management with over 9 years of experience in corporate finance, marketing, business development, strategy and business analytics having served for two leading hospitals in Sri Lanka namely Lanka Hospitals Corporation PLC and Hemas Hospitals Pvt Ltd holding managerial positions. She holds a LL.B from Faculty of Law, University of Colombo and a MBA (Merit) from Postgraduate Institute of Management, University of Sri Jayewardenepura. She is an Attorney-at-Law and also an Associate Member of the Chartered Institute of Management Accountants (UK).

PRABATH EKANAYAKE **(BBA (SP), FCA)**

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

Prior to joining Carsons Group, possesses over 11 years of overseas and local experience in the fields of accounting and auditing. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka and holds a Bachelor's degree specialized in Business Administration from the University of Colombo, Sri Lanka.

AUDIT

COMMITTEE REPORT

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

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

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

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

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

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

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

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

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting,

the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.

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

The audit aspects of 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	5/6
Mr. F. Mohideen	5/6
Mr. A.S. Amaratunga (appointed w.e.f. 15th January 2019)	2/6

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

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

The Audit Committee approved the audit plan for the financial year 2018/2019 and the Group Internal Audit (GIA) carried out audits on the Investment Sector companies based on the plan.

AUDIT COMMITTEE REPORT

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.

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.

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

The draft financial statements of Ceylon Investment PLC for the year ended 31st March 2019 were reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by the Managers, Carsons Management Services (Private) Limited that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

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

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2020, subject to the approval of the shareholders of Ceylon Investment PLC at the Annual General Meeting.

(Sgd.)

V.P. Malalasekera

Chairman – Audit Committee

Carson Cumberbatch PLC

Colombo

18th June 2019

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 (Chairman)	4/4
Mr. F. Mohideen	4/4
Mr. D.C.R. Gunawardena	4/4
Mr. H. Selvanathan	3/4
Mr. M. Selvanathan	3/4
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 2018 to 31st March 2019 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)

V.P. Malalasekera

Chairman – Related Party Transactions Review Committee
Carson Cumberbatch PLC

Colombo
18th June 2019

FINANCIAL CALENDAR

Financial year end	31st March 2019
73rd Annual General Meeting to be held on	26th July 2019

Announcement of results

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

1st Quarter ended 30th June 2018	14th August 2018
2nd Quarter ended 30th September 2018	14th November 2018
3rd Quarter ended 31st December 2018	14th February 2019
4th Quarter ended 31st March 2019	31st May 2019

Dividend

First Interim Dividend for the year ended 31st March 2019	paid on 26th March 2019
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INDEPENDENT AUDITOR'S REPORT



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

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+94 - 11 244 6058
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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, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 34 to 71 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, 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Carrying amount of Investments

Key Audit Matter Description

Refer to Note 3 (c) (i) (accounting policy), Note 19 and 20 to these financial statements.

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

The Investments of the Company as at March 31, 2019 comprise FVTPL financial assets of Rs. 3.32 billion and, represent 46% of total assets. As at the reporting date, the Company's portfolio is made up with listed equity shares amounting Rs. 3.14 billion and unit trust investments amounting Rs. 177 million which have been classified as FVTPL financial assets.

Risk Description

- Quoted/Unit Trust Investments – due to their materiality in the context of the financial statement as a whole and market volatility, this is considered to be an area which had the greatest effect on the financial statements;
- Reclassification of Financial Assets – due to the implication of SLFRS 9 Financial Instruments from April 01, 2018

Our responses - Our audit procedures included:

- Documenting and testing the design, and implementation and operating effectiveness of the investment valuation process and key controls in place;
- Recomputing the disposal gain & losses relating to investment by referring to underlying documents;
- Quoted Investments – Checking the CDS confirmation to verify the existence, completeness and accuracy of number of shares invested in each companies;
- Agreeing the valuation of quoted investment in portfolio to externally quoted price;
- Checking whether the classification between available for sale financial assets to fair value through profit or loss financial assets have been made under SLFRS 09 based on the intention of the management towards the financial assets;
- Assessing the adequacy of disclosure in the financial statement and inherent degree of subjectivity and key assumption 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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



When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
June 18, 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Rupees Thousands

For the year ended 31st March	Note	2019	2018
Revenue	11	169,018	449,610
Impairment loss on available for sale financial assets		-	(13,233)
Net change in fair value of fair value through profit or loss financial assets		(1,054,018)	2,254
Profit / (loss) on investment activities		(885,000)	438,631
Administrative and other operating expenses		(69,987)	(52,819)
Profit / (loss) from operations	12	(954,987)	385,812
Finance expense	13	(7,174)	(3)
Profit / (loss) from operations after finance expense		(962,161)	385,809
Share of profit / (loss) of equity accounted investee net of tax	14	(210,967)	134,638
Profit / (loss) before taxation		(1,173,128)	520,447
Income tax expense	15	(13,174)	(8,202)
Profit / (loss) for the year		(1,186,302)	512,245
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	(62,274)	(507,924)
Net change in fair value of available for sale financial assets		-	256,652
Transfer of realised gains on disposal of available for sale financial assets		-	(102,007)
Foreign currency differences arising on translation of available for sale financial assets		-	3,811
Other comprehensive expense for the year		(62,274)	(349,468)
Total comprehensive income / (expense) for the year		(1,248,576)	162,777
Earnings / (loss) per share (Rs.)	16	(11.93)	5.15
Dividend per share (Rs.)	17	0.50	2.00

The notes to the financial statements from pages 38 to 71 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

In Rupees Thousands

As at 31st March	Note	2019	2018
ASSETS			
Non-current assets			
Investment in equity accounted investee	18	3,584,558	3,882,477
Investment in equity and debt securities	19	-	3,452,227
Investment in unit trusts	20	-	186,678
Total non-current assets		3,584,558	7,521,382
Current assets			
Trade and other receivables	21	10,972	5,727
Investment in equity and debt securities	19	3,144,916	620,788
Investment in unit trusts	20	176,849	239,670
Current tax assets		7,442	10,264
Investment in fixed deposits		263,494	-
Cash and cash equivalents	22	98,284	201,474
Total current assets		3,701,957	1,077,923
Total assets		7,286,515	8,599,305
EQUITY AND LIABILITIES			
Equity			
Stated capital	23	763,497	763,497
Capital reserves	24.1	187,141	187,141
Revenue reserves	24.2	6,273,771	7,570,149
Total equity		7,224,409	8,520,787
Current liabilities			
Trade and other payables	25	58,312	75,813
Bank overdraft	22	3,794	2,705
Total current liabilities		62,106	78,518
Total liabilities		62,106	78,518
Total equity and liabilities		7,286,515	8,599,305
Net assets value per share (Rs.)		72.64	85.68

The notes to the financial statements from pages 38 to 71 form an integral part of these financial statements.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

(Sgd.)

V. R. Wijesinghe

Director-Finance

Carsons Management Services (Private) Limited

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

Approved and signed on behalf of the Investment Managers, Approved and signed on behalf of the Board,

(Sgd.)

K. Selvanathan

Director

Guardian Fund Management Limited

Colombo

(Sgd.)

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

Chairperson

(Sgd.)

D. C. R. Gunawardena

Director

18th June 2019

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 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
Balance as at 1st April 2018	763,497	8,401	178,740	3,882,181	651,182	27,217	3,009,569	8,520,787
Impact of adopting SLFRS 9 as at 1st April 2018 (Note 9.B)	-	-	-	-	(651,182)	-	651,182	-
Adjusted balance as at 1st April 2018	763,497	8,401	178,740	3,882,181	-	27,217	3,660,751	8,520,787
Loss for the year	-	-	-	(210,967)	-	-	(975,335)	(1,186,302)
Other comprehensive expense for the year	-	-	-	(62,274)	-	-	-	(62,274)
Total comprehensive expense for the year	-	-	-	(273,241)	-	-	(975,335)	(1,248,576)
Dividend received from associate company (gross)	-	-	-	(24,678)	-	-	24,678	-
Forfeiture of unclaimed dividends	-	-	-	-	-	-	1,924	1,924
Dividend (Note 17)	-	-	-	-	-	-	(49,726)	(49,726)
Balance as at 31st March 2019	763,497	8,401	178,740	3,584,262	-	27,217	2,662,292	7,224,409

The notes to the financial statements from pages 38 to 71 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

In Rupees Thousands

For the year ended 31st March	Note	2019	2018
Cash flows from operating activities			
Profit / (loss) before taxation		(1,173,128)	520,447
Adjustments for:			
Impairment loss on available for sale financial assets		-	13,233
Net change in fair value of fair value through profit or loss financial assets		1,054,018	(2,254)
Finance expense	13	7,174	3
Share of profit / (loss) of equity accounted investee net of tax		210,967	(134,638)
Operating profit before changes in working capital		99,031	396,791
(Increase) / decrease in trade and other receivables		(5,245)	17,006
(Increase) / decrease in investments		123,580	(107,000)
Net increase in investment in fixed deposits		(263,494)	-
Increase / (decrease) in trade and other payables		15,372	(256)
Cash generated from / (used in) operations		(30,756)	306,541
Current tax paid		(10,352)	(8,576)
Net cash generated from / (used in) operating activities		(41,108)	297,965
Cash flows from investing activities			
Dividend received from equity accounted investee		24,678	105,957
Net cash generated from investing activities		24,678	105,957
Cash flows from financing activities			
Finance expense paid		(7,174)	(3)
Dividend paid		(80,675)	(319,150)
Net cash used in financing activities		(87,849)	(319,153)
Net increase / (decrease) in cash and cash equivalents during the year		(104,279)	84,769
Cash and cash equivalents at the beginning of the year		198,769	114,000
Cash and cash equivalents at the end of the year	22	94,490	198,769

The notes to the financial statements from pages 38 to 71 form an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

(a) Domicile and Legal Form

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

The registered office and principal place of business of the Company and its associate 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 (2018 - Nil).

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company comprise of the statement of financial position, statements of profit or loss and other comprehensive income, changes in equity and cash flows together with the notes to the financial statements.

The financial statements have been prepared in accordance with Sri Lanka Accounting Standards (LKAS / SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of Companies Act, No. 7 of 2007.

The financial statements were authorised for issue by the Board of Directors on 18th June 2019.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the non-derivative financial instruments classified fair value through profit or loss are measured at fair value;

(c) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency. All amounts in the Financial Statements have been rounded to the nearest thousand, unless otherwise indicated.

(d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year are as follows:

i. Assessment of impairment - key assumptions used in discounted cash flow projections.

The Company assesses at each reporting date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using appropriate discount rates that reflect the current market assessments of the time value of money and risks specific to the asset.

ii. Current taxation

Current tax liabilities are provided for in the financial statements applying the relevant tax statutes and regulations which the management believes reflect the actual liability. There can be instances where the stand

taken by the Company on transactions is contested by revenue authorities. Any additional costs on account of these issues are accounted for as a tax expense at the point the liability is confirmed on the entity.

iii. Measurement of fair values

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

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

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

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

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

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

(e) Materiality and aggregation

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

(f) Going concern

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

(f) Comparative figures

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

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:

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

(c) Financial instruments

• Recognition and initial measurement

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

Receivables and debt securities issued are initially recognised when they are originated. All other financial

assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

Financial Assets - Policy applicable from 1 April 2018

• Classification and subsequent measurement of financial assets

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

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

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

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

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

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

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

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

- **Financial assets - Business model assessment**

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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

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

Policy applicable before 1 April 2018

Non-derivative financial assets

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

Financial assets at fair value through profit or loss

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

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active

market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, securities purchased under resale agreements and placements with banking institutions with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Securities purchased under resale agreements

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

Available-for-sale financial assets

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

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

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

(ii) Financial liabilities

Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held - for - trading, it is a derivative or it is designated as such on initial recognition. Financial

liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Other financial liabilities comprise bank overdrafts and trade and other payables.

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

(iii) Derecognition

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

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

(iv) Impairment

• Financial Assets

Policy Applicable from 1 April 2018

The Company recognises loss allowances for ECLs on:

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

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

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

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

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

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

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

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

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

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

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

• Measurement of ECLs

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

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

• Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

- **Presentation of allowance for ECL in the statement of financial position**

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

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

- **Write-off**

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

Policy applicable before 1 April 2018

Non derivative financial assets

Financial assets not classified as at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if there is

objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

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

Financial assets measured at amortised cost

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

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

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

was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

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

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

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(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.

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 recognition

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

Performance obligations and revenue recognition policies

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

As per the standard, revenue is measured based on the consolidation specified in a contract with a customer. Determining the timing of the transfer of control at a point in time or over time require judgement.

Accordingly, the Company recognizes the revenue based on the following criteria.

NOTES TO THE FINANCIAL STATEMENTS

(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 Fair value through other comprehensive income / 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 an 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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 two 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

a) Equity securities

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

(b) Trade and other receivables

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

(c) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

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".

NOTES TO THE FINANCIAL STATEMENTS

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. 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.

9. CHANGES IN ACCOUNTING POLICIES

i) Changes in accounting policies

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

A. SLFRS 15 Revenue from Contracts with Customers

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

SLFRS 15 does not have a material impact to the company as the current accounting policy does not significantly differ from SLFRS 15. Accordingly, there was no impact on the comparative figures presented in the statement of financial position, statement of changes in equity and statement of cash flows. Further, the change in accounting policy has no impact on the reported amount in accumulated profits as at 01 April 2018.

B. SLFRS 9 Financial Instruments

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

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

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

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

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If an investment in a debt security had low credit risk at the date of initial application of SLFRS 9, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

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

	Revenue reserves				Total revenue reserves
	Associate company's reserve	Available for sale financial asset reserve	General reserve	Retained earnings	
Balance as at 31 March 2018	3,882,181	651,182	27,217	3,009,569	7,570,149
Impact of adopting SLFRS 9	-	(651,182)	-	651,182	-
Adjusted balance as at 01 April 2018	3,882,181	-	27,217	3,660,751	7,570,149

The following table and the accompanying notes below explain the measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the Company's financial assets as at 01 April 2018.

	Original classification amount under LKAS 39	New classification under SLFRS 9	Original carrying amount LKAS 39	New carrying amount under SLFRS 9
Financial assets				
Investment in equity securities - quoted	Available-for-sale	FVTPL	3,452,216	3,452,216
Investment in equity securities - unquoted	Available-for-sale	FVTPL	10	10
Investment in debentures - unquoted	Available-for-sale	FVOCI	1	1
Investment in unit trust - unquoted	Available-for-sale	FVTPL	186,678	186,678
Trade and other receivables	Loans and receivables	Amortised cost	5,609	5,609
Investment in equity securities - quoted	FVTPL	FVTPL	620,788	620,788
Investment in unit trust - unquoted	FVTPL	FVTPL	239,670	239,670
Cash at bank	Loans and receivables	Amortised cost	137,050	137,050
Securities purchased under resale agreements	Loans and receivables	Amortised cost	64,424	64,424
Total financial assets			4,706,446	4,706,446

NOTES TO THE FINANCIAL STATEMENTS

- The investment in equity securities - quoted shares and unquoted Shares represent investments that the Company intends not to hold for strategic purposes. Accordingly, as permitted by SLFRS 9, the Company has designated these investments at the date of the initial application as of the SLFRS 09 as measured at FVTPL.
- Under LKAS 39, investment in unit trusts were designated as FVTPL because they were managed on a fair value basis and their performance was monitored on the same basis. These assets have been classified as FVTPL under SLFRS 9.
- Other receivables, securities purchased under resale agreements, cash at bank that were classified as loans and receivables under LKAS 39 are now classified as amortized cost.

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

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

Effective Date -1 January 2019

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment features with negative compensation (Amendments to SLFRS 9).
- Annual Improvements to SLFRS Standards 2015-2017 Cycle- various standards.
- Annual Improvements to LKAS12 Income Taxes.
- SLFRS 16 – Leases SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance Sheet finance leases and Off-Balance Sheet operating leases. Instead, there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting. SLFRS 16 is effective for annual reporting periods beginning on or after 01 January 2019.

Effective Date -1 January 2020

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

For the year ended 31st March		2019	2018
11. REVENUE			
	Net gain / (loss) from disposal of investment in equity securities (AFS and FVTPL)	(18,905)	278,634
	Net gain from disposal of investments in unit trusts	14,018	25,966
	Dividend income	142,753	244,456
	Interest income on financial assets carried at amortised cost (note 11.1)	55,830	6,511
		193,696	555,567
	Dividend received from equity accounted investee	(24,678)	(105,957)
		169,018	449,610
11.1 Interest income on financial assets carried at amortised cost			
	Cash at bank	966	1,067
	Securities purchased under resale agreements	4,996	5,444
	Placements with banking institutions	49,868	-
		55,830	6,511
12. PROFIT/(LOSS) FROM OPERATIONS			
	Profit / loss from operations is stated after charging all expenses including the following:		
	Auditors' remuneration and expenses		
	- Audit and related fees	554	560
	Directors' fees (note 26.3)	6,571	6,113
	Personnel cost (note 12.a)	-	-
	Professional services cost	-	104
	Support service fees (note 12.b)	10,993	12,576

12.a The company had no employees of its own during the financial year under review (2018-nil).

12.b Support service fee refers to the fees paid to Carsons Management Services (Private) Limited, a related company which function as the managers and secretaries of the company, on receiving of respective services.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

For the year ended 31st March		2019	2018
13. FINANCE EXPENSE			
On short-term borrowings		6,923	-
Interest on bank overdraft		251	3
		7,174	3
14. SHARE OF PROFIT / (LOSS) OF EQUITY ACCOUNTED INVESTEE NET OF TAX			
Rubber Investment Trust Limited			
Company's share of profit / (loss) of equity accounted investee net of tax		(210,967)	134,638
Company's share of other comprehensive expense of equity accounted investee net of tax		(62,274)	(507,924)
Summarised financial information of the Associate Company is given in note 18.c.			
15. INCOME TAX EXPENSE			
Provision for the year (note 15.1)		13,178	1,631
Dividend tax on dividend received from equity accounted investee		-	6,575
Over provision for previous years		(4)	(4)
Total tax expense for the year		13,174	8,202
15.1 Reconciliation between accounting profit / (loss) and taxable profit / (loss)			
Accounting profit before taxation		(1,173,128)	520,447
Share of profit of equity accounted investee net of tax		210,967	(134,638)
Dividend income (excluding dividend received from the associate company)		(118,075)	(138,499)
Net gain from disposal of investment in unit trust		(14,018)	(25,966)
Exempt profits on sale of shares (note 15.2 (ii))		18,905	(278,634)
Net change in fair value of fair value through profit or loss financial assets		1,054,018	(2,254)
Impairment loss on available for sale financial assets		-	13,233
Unit trust - interest income (realised) (Note 15.2 (iii))		14,684	-
Disallowed expenses		2,847	829
Expenses attributable to exempt profits		50,864	51,308
Taxable profit for the year		47,064	5,826
Current taxation thereon (note 15.2 (i))		13,178	1,631

15.2 Current taxation on profits

- i) In accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, the Company is liable to income tax at 28% (2018 - 28%).
- ii) In terms of item (h) of the third schedule of the Inland Revenue Act, No. 24 of 2017, gains made on the realisation of an asset consisting of shares quoted in any official list published by any stock exchange licensed by the Securities and Exchange Commission of Sri Lanka are exempt from income tax.
- iii) As per the directive issued by the Ministry of Finance in accordance to the section 57 & 59 of the Inland Revenue Act, No. 24 of 2017, unit trusts are considered as pass-through vehicles. Accordingly, income derived from a unit trust is identified in the company accounts using the same source and character as identified by the unit trust as it is the beneficiary. Accordingly, the Company is therefore required to pay 28% tax on interest income derived through fixed income unit trust.

16. EARNINGS/(LOSS) PER SHARE

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

The following reflects the earning and share data used for the computation of earnings per share:

For the year ended 31st March	2019	2018
Amount used as the numerator		
Profit / (loss) for the year (Rs'000)	(1,186,302)	512,245
Amount used as the denominator		
Weighted average number of ordinary shares outstanding during the year	99,451,059	99,451,059
Earnings / (loss) per share (Rs.)	(11.93)	5.15

17. DIVIDENDS

For the year ended 31st March	2019	2018
17.1 Dividends proposed and paid during the year		
First interim dividend - cash		
Total dividend proposed and paid	49,726	198,902
Dividend per share (Rs.)	0.50	2.00

18. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

18.a Investment in associate

As at 31st March	2019			2018		
	No. of shares	Cost	Carrying value	No. of shares	Cost	Carrying value
Rubber Investment Trust Limited	3,948,495	296	3,584,558	3,948,495	296	3,882,477
		296	3,584,558		296	3,882,477

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

18.b Movement of investment in associate

For the year ended / As at 31st March	2019		2018	
	Holding %	Carrying value	Holding %	Carrying value
Investment at cost		296		296
Investors' share of reserves				
At the beginning of the year	49.95	3,882,181	49.95	4,367,999
Share of profit / (loss) of equity accounted investee net of tax (note 14)		(210,967)		134,638
Share of other comprehensive expense of equity accounted investee net of tax (note 14)		(62,274)		(507,924)
Dividend received from equity accounted investee (gross)		(24,678)		(112,532)
At the end of the year		3,584,262		3,882,181
The carrying value of investment in associate on equity method of accounting		3,584,558		3,882,477

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

For the year ended 31st March / as at 31st March	2019	2018
Revenue	211,491	379,807
Profit / (loss) for the year	(422,360)	269,547
Other comprehensive expense for the year	(124,673)	(1,016,990)
Total comprehensive expense for the year	(547,033)	(747,443)
Current assets	2,944,422	1,980,308
Non - current assets	4,242,216	5,803,698
Current liabilities	10,247	11,176
Total equity	7,176,391	7,772,830

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. INVESTMENT IN EQUITY AND DEBT SECURITIES

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

With the adoption of SLFRS 9, on 1 April 2018, the Company classified its Investment in equity securities under Fair value through profit or loss category, and its investments in debt securities under fair value through other comprehensive income. Which were earlier classified as "available for sale" under LKAS 39. Accordingly, the accumulated fair value gain amounting to Rs. 651.2 Mn included in the available for sale financial assets reserve in equity have been reclassified to the retained earnings on 1 April 2018 (Refer Note 9.B).

19.a Summary

As at 31st March	Note	2019 Fair value	2018 Fair value
Non Current Assets			
Investment in Equity Securities - Quoted Shares - Available for sale (AFS)	19.1	-	3,452,216
Investment in Equity Securities - Unquoted Shares - Available for sale (AFS)	19.2	-	10
Investment in Debt Securities- Debentures- Unquoted - Available for sale (AFS)	19.3	-	1
		-	3,452,227
Current Assets			
Investment in Equity Securities - Quoted Shares - Fair value through profit or loss (FVTPL)	19.1	3,144,906	620,788
Investment in Equity Securities - Unquoted Shares - Fair value through profit or loss (FVTPL)	19.2	10	-
		3,144,916	620,788

19.b Movement of Investment in equity and debt securities

For the year ended 31st March 2019	Fair value as at 1st April 2018	Additions	Disposals / write-off	Transfers	Change in fair value	Fair value as at 31st March 2019
Non Current Assets						
Investment in Equity Securities - Quoted Shares - Available for sale	3,452,216	-	-	(3,452,216)	-	-
Investment in Equity Securities - Unquoted Shares - Available for sale	10	-	-	(10)	-	-
Investment in Debentures - Unquoted - Available for sale	1	-	-	(1)	-	-
	3,452,227	-	-	(3,452,227)	-	-
Current Assets						
Investment in Equity Securities - Quoted Shares - Fair value through profit or loss	620,788	841,066	(747,012)	3,452,216	(1,022,152)	3,144,906
Investment in Equity Securities - Unquoted Shares - Fair value through profit or loss	-	-	-	10	-	10
Investment in debentures - Unquoted - Fair value through profit or loss	-	-	(1)	1	-	-
	620,788	841,066	(747,013)	3,452,227	(1,022,152)	3,144,916

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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
Non Current Assets					
Investment in Equity Securities - Quoted Shares - Available for sale	3,098,302	607,512	(492,016)	238,418	3,452,216
Investment in Equity Securities - Unquoted Shares - Available for sale	10	-	-	-	10
Investment in Debentures - Unquoted- Available for sale	1	-	-	-	1
	3,098,313	607,512	(492,016)	238,418	3,452,227

Current Assets

Investment in Equity Securities - Quoted Shares - Fair value through profit or loss	712,372	68,330	(161,499)	1,585	620,788
	712,372	68,330	(161,499)	1,585	620,788

19.1 Investments in equity securities - Quoted Shares

As at 31st March	FVTPL				AFS	
	2019		2018		2018	
	No. of shares	Fair value	No. of shares	Fair value	No. of shares	Fair value
Banks						
Commercial Bank of Ceylon PLC	3,554,936	350,872	402,181	54,616	3,713,357	504,274
Hatton National Bank PLC	1,450,221	253,789	252,013	61,743	1,238,208	303,361
Hatton National Bank PLC - Non voting	976,757	143,583	396,692	73,943	734,743	136,956
National Development Bank PLC	85,422	8,047	-	-	-	-
Sampath Bank PLC	1,554,817	280,023	-	-	1,444,153	433,246
Sampath Bank PLC - Right Entitlement	-	-	-	-	333,264	16,530
Seylan Bank PLC	193,676	12,163	848,265	73,629	-	-
Seylan Bank PLC - Non voting	-	-	406,627	22,405	-	-
Union Bank of Colombo PLC	1,801,454	19,816	1,940,775	24,842	-	-
		1,068,293		311,178		1,394,367
Finance						
Central Finance Company PLC	8,000,687	676,058	-	-	5,464,695	545,923
Peoples' Leasing & Finance PLC	6,538,036	87,610	-	-	6,288,036	99,351
		763,668		-		645,274
Insurance						
HNB Assurance PLC	380,561	44,031	-	-	386,400	32,458
Peoples' Insurance PLC	1,765,200	34,774	-	-	1,765,200	37,952
Ceylinco Insurance PLC - Non voting	140,010	126,065	-	-	140,010	140,010
		204,870		-		210,420

As at 31st March	FVTPL				AFS	
	2019		2018		2018	
	No. of shares	Fair value	No. of shares	Fair value	No. of shares	Fair value
Beverage, Food & Tobacco						
Distilleries Company of Sri Lanka PLC	5,314,317	77,058	249,358	1,848	1,475,627	10,934
Cargills (Ceylon) PLC	720,502	144,100	-	-	720,501	140,426
		221,158		1,848		151,360
Construction & Engineering						
Access Engineering PLC	3,119,609	40,555	1,309,609	26,847	2,000,000	41,000
		40,555		26,847		41,000
Diversified						
Aitken Spence PLC	1,694,800	69,487	410,000	20,746	1,674,000	84,704
John Keells Holdings PLC	-	-	523,571	83,562	183,693	29,317
Melstacorp PLC	5,351,828	192,666	841,584	48,980	4,980,244	289,850
Hemas Holdings PLC	2,351,142	176,336	-	-	-	-
		438,489		153,288		403,871
Footwear & Textiles						
Hayleys Fabric PLC	8,247,810	70,106	-	-	8,474,184	105,927
		70,106		-		105,927
Hotels & Travels						
Aitken Spence Hotel Holdings PLC	2,269,575	53,789	-	-	2,269,575	76,031
Serendib Hotels PLC - Non voting	266,296	3,355	266,296	3,994	-	-
		57,144	-	3,994		76,031
Health Care						
The Lanka Hospital Corporation PLC	448,000	19,578	448,000	26,880	-	-
		19,578		26,880		-
Land & Property						
Overseas Realty (Ceylon) PLC	700,000	11,480	700,000	12,670	-	-
		11,480		12,670		-

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

As at 31st March	FVTPL				AFS	
	2019		2018		2018	
	No. of shares	Fair value	No. of shares	Fair value	No. of shares	Fair value
Manufacturing						
Alumex PLC	1,352,489	13,525	1,352,489	22,857	-	-
Kelani Tyres PLC	-	-	249,432	12,272	-	-
Tokyo Cement Company (Lanka) PLC	2,107,374	43,623	-	-	-	-
Tokyo Cement Company (Lanka) PLC - Non Voting	858,000	15,873	858,000	39,468	3,047,374	164,558
		73,021		74,597		164,558
Power & Energy						
Lanka IOC PLC	315,163	5,485	315,163	9,486	-	-
		5,485		9,486		-
Telecommunication						
Dialog Axiata PLC	18,797,647	171,059	-	-	18,797,647	259,408
		171,059		-		259,408
Total investments in equity securities - Quoted Shares		3,144,906		620,788		3,452,216

- 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.

19.2 Investment in equity securities - Unquoted Shares

As at 31st March	FVTPL		AFS	
	2019		2018	
	No. of shares	Fair value	No. of shares	Fair value
Guardian Fund Management Limited	7	-	7	-
Kandy Private Hospitals Limited	600	10	600	10
Total investment in equity securities - Unquoted Shares		10		10

19.3 Investment in debt securities- Debentures

As at 31st March	FVOCI		AFS	
	2019		2018	
	No. of debentures	Fair value	No. of debentures	Fair value
Redeemable unsecured debentures				
Ocean View Limited - 6%	-	-	120	1
Total investment in debt securities- Debentures		-		1

20. INVESTMENT IN UNIT TRUSTS

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

With the adoption of SLFRS 9, on 1 April 2018, the Company classified its Investment in Unit trusts in equity funds under fair value through profit or loss category, which was earlier classified as "available for sale" under LKAS 39.

As at 31st March	2019		2018	
	No. of units	Fair value	No. of units	Fair value
Non Current Assets				
The Sri Lanka Fund	-	-	1,265,823	164,031
Guardian Acuity Equity Fund	-	-	1,250,000	22,647
		-		186,678
Current Assets				
The Sri Lanka Fund	1,265,823	133,053	-	-
Guardian Acuity Equity Fund	310,079	4,547	-	-
Guardian Acuity Money Market Fund	2,231,701	39,249	10,394,338	163,606
Guardian Acuity Money Market Gilt Fund	-	-	597,761	76,064
		176,849		239,670

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

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

21. TRADE AND OTHER RECEIVABLES

As at 31st March	2019	2018
Financial		
Trade receivable	5,209	-
Dividend receivable	5,660	5,609
	10,869	5,609
Non financial		
Prepaid expenses	103	118
	103	118
	10,972	5,727

22. CASH AND CASH EQUIVALENTS

As at 31st March	2019	2018
Cash at bank	30,820	137,050
Placements with banking institutions	55,836	-
Securities purchased under resale agreements	11,628	64,424
Total cash and cash equivalents	98,284	201,474
Bank overdraft	(3,794)	(2,705)
Total bank overdrafts	(3,794)	(2,705)
Net cash and cash equivalents for the cash flow statement purpose	94,490	198,769

23. STATED CAPITAL

As at 31st March	2019		2018	
	No. of shares	Value	No. of shares	Value
Ordinary shares				
Issued and fully paid	99,451,059	763,497	99,451,059	763,497
		763,497		763,497

24. CAPITAL AND REVENUE RESERVES

24.1 Capital reserves

As at 31st March	Note	2019	2018
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
General reserve	24.2.2	27,217	27,217
Retained earnings		2,662,292	3,009,569
Associate Company's reserve	24.2.3	3,584,262	3,882,181
		6,273,771	7,570,149

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. Due to the transition method chosen in adopting SLFRS 9 - Financial Instruments, Available for sale financial assets reserve was transferred to the retained earnings as at 01 April 2018. 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.

25. TRADE AND OTHER PAYABLES

As at 31st March	2019	2018
Financial		
Trade payables	15,003	-
Dividend payable	13,303	49,540
Other payables	27,518	24,042
	55,824	73,582
Non Financial		
Provisions and accrued expenses	2,488	2,231
	2,488	2,231
	58,312	75,813

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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	2019	2018
Short-term benefits	6,571	6,113
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
Non cash benefits	-	-
	6,571	6,113

26.4 Transactions with the Related Companies

Name of the related company	Relationship	Nature of the transactions	Value of the transactions	
			2019	2018
Ceylon Guardian Investment Trust PLC	Parent company	Dividend paid	32,789	128,022
Rubber Investment Trust Limited	Associate Company	Dividends received	24,678	105,957
Guardian Fund Management Limited (GFM)	Fellow subsidiary	Portfolio management fees paid*	34,618	20,870
Carsons Management Services (Private) Limited (CMSL)	Fellow subsidiary	Support service fees paid**	10,993	12,576
		Computer fees paid	420	420
		Secretarial fees paid	444	444

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

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

26.5 Significant Holdings

	Holding %	
	2019	2018
Associate Company		
Rubber Investment Trust Limited	49.95%	49.95%

27. FINANCIAL INSTRUMENTS

Financial risk management - Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing such risks, and the Company's management of capital. Pages 09 to 13 also carry a review of risks faced by the Company and the approach of managing such risks.

Risk management framework

The Company's Board of Directors has the overall responsibility for the establishment and monitoring of the Company's risk management framework. The Board of Directors has delegated this function to 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 mainly 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	
		2019	2018
Investment in unit trust	20	176,849	426,348
Trade and other receivables*	21	10,869	5,609
Investment in fixed deposits		263,494	-
Investment in debentures	19	-	1
Cash and cash equivalents - Securities purchased under resale agreements	22	11,628	64,424
Cash and cash equivalents - Placements with banking institutions	22	55,836	-
Cash and cash equivalents - Cash at bank	22	30,820	137,050
		549,496	633,432

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

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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

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 investment managers of the Company continuously monitors the performance, asset allocation, credit quality and maturity profiles of these funds in order to assess and mitigate the credit risk.

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	2019	2018
Less than 30 days	10,869	5,609
	10,869	5,609

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

Investment in fixed deposit

The Company has invested in fixed deposits with banking institutions. The Company continuously monitors the stability and credit worthiness including credit ratings of these financial institutions in order to assess and mitigate the credit risk.

Cash and cash equivalents

The Company held cash and cash equivalents in the form of demand deposits with Commercial banks, placements with banking institutions 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	2019	2018
Credit rating		
AAA	151	151
AA	11,629	64,425
AA-	265,793	79
A	53,614	-
Bank Unrated	30,591	136,819
	361,778	201,474

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 2019	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*	55,824	55,824	55,824	-	-
Bank overdraft	3,794	3,794	3,794	-	-
	59,618	59,618	59,618	-	-

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	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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

As at 31st March	2019	2018
Investment in unit trusts	176,849	426,348
Cash and cash equivalents	98,284	201,474
Total liquid assets	275,133	627,822
Liquid assets as a % of total net assets	3.8%	7.4%

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	2019	2018
Unutilised overdraft facilities	887,570	1,050,000
	887,570	1,050,000

27.3 Market risk

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

27.3.1 Interest rate risk

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

Exposure and management of interest rate risk

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

As at 31st March	2019	2018
Variable rate instruments		
Financial Assets - Placement with banking institutions	55,836	-
- Investments under resale agreements	11,628	64,424
Financial liabilities-Bank overdrafts	(3,794)	(2,705)
	63,670	61,719
Fixed rate instruments		
Financial Assets- Investment in fixed deposits	263,494	-
	263,494	-

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

As at 31st March	2019	2018
Commercial Banks Averaged Weighted Prime Lending Rate (AWPLR) *	12.33%	11.10%
Commercial Banks Averaged Weighted Fixed Deposit Rate (AWFDR) *	11.11%	11.41%

* Monthly average rate as at reporting date

Sensitivity Analysis

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

Movement in interest rate	Profit or loss	
	Increase by 1%	Decrease by 1%
As at 31 March 2019		
Variable rate instruments	637	(637)
As at 31 March 2018		
Variable rate instruments	617	(617)

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 85% (2018 - 91%) 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.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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

As at 31st March	Note	Carrying Amount	
		2019	2018
Investment in Equity Securities - Available for sale	19.1/19.2	-	3,452,226
Investment in Equity Securities - Fair value through profit or loss	19.1/19.2	3,144,916	620,788
Investment in Unit Trusts - Unquoted	20		
- Guardian Acuity Equity Fund		4,547	22,647
- The Sri Lanka Fund		133,053	164,031
		3,282,516	4,259,692

An analysis of the investments in equity securities made by the Company, based on the industry / sector is given in note 19.

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	
		2019	2018
Investments in Unit Trusts - The Sri Lanka Fund	LKR (000')	133,053	164,031
	USD	755,597	1,054,184
Exchange rates applied as at the reporting dates - USD / LKR		176.09	155.60

Sensitivity Analysis

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

Movement in exchange rate	Equity	
	Strengthening	Weakening
As at 31 March 2019		
- United State Dollars (1% movement)	1,331	(1,331)
	1,331	(1,331)
As at 31st March 2018		
- United State Dollars (1% movement)	1,640	(1,640)
	1,640	(1,640)

27.4 Accounting classification and fair values

The effect of initially adopting SLFRS 09 on the Company's financial instruments is described in note 3.C. Due to the transition method chosen by the Company the comparative information has not been restated to reflect the new requirements.

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 2019	Fair value through profit or loss financial assets	Financial assets at amortised cost	Fair value through other comprehensive income financial assets	Other financial liabilities	Total carrying amount	Fair value
Financial assets measured at fair value						
Investment in Equity Securities - Fair value through profit or loss financial assets	3,144,916	-	-	-	3,144,916	3,144,916
Investment in unit trusts	176,849	-	-	-	176,849	176,849
Financial assets not measured at fair value						
Investment in fixed deposits	-	263,494	-	-	263,494	-
Trade and other receivables	-	10,869	-	-	10,869	-
Cash and cash equivalents	-	98,284	-	-	98,284	-
Total financial assets	3,321,765	372,647	-	-	3,694,412	-
Financial liabilities not measured at fair value						
Trade and other payables	-	-	-	55,824	55,824	-
Bank overdraft	-	-	-	3,794	3,794	-
Total financial liabilities	-	-	-	59,618	59,618	-

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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	-	-	-	3,452,227	-	3,452,227	3,452,227
Fair value through profit or loss financial assets	620,788	-	-	-	-	620,788	620,788
Investment in unit trusts	239,670	-	-	186,678	-	426,348	426,348
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 & other payables	-	-	-	-	73,582	73,582	-
Bank overdraft	-	-	-	-	2,705	2,705	-
Total financial liabilities	-	-	-	-	76,287	76,287	-

27.5 Fair value hierarchy

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

- Level 1: Availability of quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Use of inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Use of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
As at 31 March 2019				
Investment in Equity Securities- Fair value through profit or loss financial assets	3,144,906	-	10	3,144,916
Investments in unit trusts	-	176,849	-	176,849
	3,144,906	176,849	10	3,321,765
As at 31 March 2018				
Investment in Equity & debt Securities - Available for sale	3,452,216	-	11	3,452,227
Investment in Equity Securities- Fair value through profit or loss financial assets	620,788	-	-	620,788
Investments in unit trusts	-	426,348	-	426,348
	4,073,004	426,348	11	4,499,363

During the year no movements (2018 - Nil) 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 been no material litigations and claims against the company that require adjustments or disclosures 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	2019	2018	2017	2016	2015
Financial highlights					
Revenue					
Net gain on disposal of investments	(4,887)	304,600	108,783	196,870	585,055
Dividend income	142,753	244,456	284,674	176,425	183,292
Interest income	55,830	6,511	7,672	27,932	54,125
	193,696	555,567	401,129	401,227	822,472
Less :					
Dividend received from equity accounted investee	(24,678)	(105,957)	(103,191)	(79,195)	(83,235)
	169,018	449,610	297,938	322,032	739,237
Net fair value adjustment - unrealised	(1,054,018)	(10,979)	(97,997)	(135,539)	11,440
Profit / (loss) on investment activities	(885,000)	438,631	199,941	186,493	750,677
Profit / (loss) before taxation	(1,173,128)	520,447	660,068	294,763	1,001,114
Income tax expense	(13,174)	(8,202)	(7,254)	(7,548)	(14,252)
Profit / (loss) for the year	(1,186,302)	512,245	652,814	287,215	986,862
Dividend paid	80,675	319,150	146,312	242,822	249,571
Statement of Financial Position					
Capital employed					
Stated capital	763,497	763,497	763,497	763,497	673,530
Reserves	6,460,912	7,757,290	7,789,643	8,340,156	12,428,640
Total equity	7,224,409	8,520,787	8,553,140	9,103,653	13,102,170
Assets employed					
Non current assets	3,584,558	7,521,382	7,644,474	8,149,102	12,133,158
Current assets	3,701,957	1,077,923	1,111,403	1,141,606	1,243,829
Total assets	7,286,515	8,599,305	8,755,877	9,290,708	13,376,987
Current liabilities	(62,106)	(78,518)	(202,737)	(187,055)	(274,817)
Net assets	7,224,409	8,520,787	8,553,140	9,103,653	13,102,170
Cash Flow Statements					
Net cash generated from / (used in) operating activities	(41,108)	297,965	(179,000)	(52,634)	(87,556)
Net cash generated from investing activities	24,678	105,957	103,191	79,195	83,235
Net cash used in financing activities	(87,849)	(319,153)	(146,383)	(242,840)	(249,705)
Net increase / (decrease) in cash & cash equivalents	(104,279)	84,769	(222,192)	(216,279)	(254,026)
Ratios & statistics					
Operational ratio					
Return on ordinary shareholders funds (%)	(16.42)	6.01	7.63	3.15	7.53
Liquidity ratio					
Current ratio (times)	59.61	13.73	5.48	6.10	4.53
Investor ratio					
Earnings per share (Rs.)	(11.93)	5.15	6.56	2.89	9.92
Dividend per share final/ Interim (Rs.)*	0.50	2.00	1.75	1.50	3.50
Dividend cover (times)	(23.86)	2.58	3.75	1.93	2.83
Dividend growth (%)	(75)	14	17	(57)	40
Dividend yield (%)	1.37	4.65	4.38	2.85	3.85
Dividend payout ratio (%)	(4.19)	38.83	26.68	51.90	35.28
Net assets value per share (Rs.)	72.64	85.68	86.00	91.54	133.00
Market value per share (Rs.)**	36.50	43.00	40.00	52.70	91.00
Price earning ratio (times)	(3.06)	8.35	6.10	18.24	9.17
Price to book value ratio (times)	0.50	0.50	0.47	0.58	0.68
Ceylon investment total fund value	7,264,307	8,580,609	8,727,181	9,278,745	13,351,117
Market capitalisation	3,629,964	4,276,396	3,978,042	5,241,071	8,964,854
All Share Price Index (points)	5,557	6,477	6,062	6,072	6,820
S&P SL 20 Index (points)	2,739	3,650	3,439	3,204	3,852

* 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	2019	2018
Number of Shareholders	2,534	2,620

The number of ordinary shares held by non-residents as at 31st March, 2019 was 3,479,790 which amounts to 3.50% (2018 – 4,564,924/ 4.59%) of the total number of Ordinary Shares in issue.

Frequency Distribution of Shareholding as at 31st March 2019:-

Distribution of Shares	Residents			Non - Residents			Total		
	No. of share holders	No. of Shares	%	No. of share holders	No. of Shares	%	No. of share holders	No. of Shares	%
1 - 1,000	1,436	330,802	0.33	7	1,503	0.00	1,443	332,305	0.33
1001 - 10,000	753	2,539,955	2.55	23	103,264	0.10	77	2,643,219	2.66
10,001 - 100,000	228	6,894,814	6.93	27	674,984	0.68	255	7,569,798	7.61
100,001 - 1,000,000	48	15,008,375	15.09	6	1,647,524	1.66	54	16,655,899	16.75
Above 1,000,000	5	71,197,323	71.59	1	1,052,515	1.06	6	72,249,838	72.65
Total	2,470	95,971,269	96.50	64	3,479,790	3.50	2,534	99,451,059	100.00

Categories of Shareholders As at 31st March 2019	No. of Shareholders	No. of Shares	%
Individuals	2,336	21,172,532	21.29
Institutions	198	78,278,527	78.71
Total	2,534	99,451,059	100.00

3 PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirement 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 2019;

Market Capitalization of the Public Holding	Rs. 1.24 Billion
Percentage of Public Holding	34.06%
Number of Public Shareholders	2521

INFORMATION TO SHAREHOLDERS AND INVESTORS

4 MARKET PERFORMANCE-ORDINARY SHARES

For the year ended 31st March	2019	2018
Share price as at 31 March (Rs.)	36.50	43.00
Highest (Rs.)	47.70	62.00
Lowest (Rs.)	33.00	39.50
Value of the shares traded (Rs.000)	130,995	196,636
No. of shares traded	3,516,721	3,917,408
Volume of transactions (Nos.)	2,324	4,464
Market Capitalisation (Rs.)	3,629,963,654	4,276,395,537

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

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

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

6 DIVIDENDS

A first Interim Dividend of cents 50 per Ordinary Share amounting to Rs. 49,725,530/- for the year ended 31st March 2019 was paid on 26th March 2019.

7 MAJOR SHAREHOLDERS

A list of major shareholders of the Company as at 31st March 2019 is provided in the Annual Report of the Board of Directors, on page 23.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 73rd Annual General Meeting of CEYLON INVESTMENT PLC will be held on Friday, 26th day of July 2019 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 2019, together with the Independent Auditors' Report thereon
2. To re-elect Mr. V.M. Fernando 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. D.C.R. Gunawardena who retires by rotation in terms of Articles 89, 90 and 91 of the Articles of Association of the Company.
4. To re-appoint Mrs. M. A. R. C. Cooray as a Director of the Company who is Seventy years of age and to consider and if deemed fit to pass the following resolution:
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mrs. M. A. R. C. Cooray who is seventy years of age and that she be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."
5. To re-appoint 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,
18th June 2019

Notes :

1. A member is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy accompanies this notice.
2. The completed Form of Proxy must be deposited at the Registered Office, No. 61, Janadhipathi Mawatha, Colombo 1, not later than 4.45 p.m. on 24th July 2019.
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.

Security Check –

- i. Due to the prevailing situation in the country, there will be a security check by the security personnel stationed at the meeting venue.
- ii. 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 73rd Annual General Meeting of the Company to be held on Friday, the 26th day of July 2019 at 9.30 am. 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 Mr. V.M. Fernando 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. D.C.R. Gunawardena 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-appoint Mrs. M.A.R.C. Cooray who is Seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(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 Nineteen.

.....
Signature /s

Note:

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

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, 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 2019.

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

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