

# 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. 10.60 Billion as at 31st March 2023.

# FINANCIAL HIGHLIGHTS

In Rupees Thousands

For the year ended / As at 31st March	2023	2022	Change (%)
Revenue	314,925	338,754	(7)
Profit / (loss) from operations	496,966	(290,083)	271
Share of profit / (loss) of equity accounted investees, net of tax	256,416	(185,541)	238
Profit / (loss) before taxation	703,268	(475,725)	248
Profit / (loss) for the year	656,802	(497,777)	232
Other comprehensive income for the year	758,823	534,355	42
Total comprehensive income for the year	1,415,625	36,578	3,770
Net cash generated from / (used in) operating activities	(835,060)	410,956	(303)
Net increase / (decrease) in cash and cash equivalents during the year	(682,504)	279,610	(344)
Total assets	10,858,365	9,407,443	15
Total equity	10,572,207	9,277,635	14
Return on ordinary shareholders' funds (%)	6.21	(5.37)	216
Earnings / (loss) per share (Rs.)	6.55	(4.96)	232
Dividend per share (Rs.)*	0.55	0.75	(27)
Net assets value per share (Rs.)	105.36	91.55	15
Actively managed portfolio **	3,641,965	3,389,227	7
Total fund value **	10,600,367	9,372,163	13
Price to book value ratio (times)	0.32	0.41	(22)
<b>Stock market data</b>			
All share price index (points)	9,301	8,904	4
S&P SL 20 Index (points)	2,683	3,031	(11)
Market capitalisation	3,361,542	3,759,641	(11)
Share price (Rs.)			
- Year end	33.50	37.10	(10)
- High	44.50	68.70	(35)
- Low	21.00	37.00	(43)

\* Based on final / interim dividends.

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

# CHAIRPERSON'S MESSAGE

I am happy to present the Annual Report of Ceylon Investment Company PLC (CINV) for the financial year ended 31st March 2023.

The year under review proved to be one of the most challenging in our history with the unfolding of the economic crisis. We experienced interest rates on Government securities and deposits surpassing 30%, the national consumer price index measuring inflation at highs of 74%, shortages in essential items, soaring food prices, power cuts and social unrest. I am proud to say that despite these unprecedented headwinds we forged ahead with our objectives of safeguarding the CINV portfolio and positioning it for future growth.

The All Share Price Index (ASPI) experienced significant volatility but managed to maintain a flat performance of 4.46%. Drastic reductions in disposable incomes and a high inflationary environment led the operating environment of all listed companies to be considerably challenged. Investor participation in the CSE was moderate; however, uncertainty and anxiety amongst investors persisted due to the ambiguous direction of the economy and equity market. Meanwhile, interest rates increasing provided opportunity for locking-in on higher interest rates, thereby ensuring a steady stream of interest income. I am pleased to say that the management team took this opportunity and allocated a portion of the portfolio into higher interest rates with strong credit quality institutions.

Ceylon Investment's total portfolio recorded a buoyant performance of 13.89% (dividend adjusted performance) and reported a consolidated profit after tax of Rs. 657 Mn for the financial year 2023. The resilient financial performance was largely attributable to the gain of Rs. 256 Mn from fair value through the profit or loss of financial assets due to the upward movement of equity holdings of the portfolio.

The country has made considerable progress in steadying the crisis hit economy by gaining approval for the IMF EFF facility, moderating inflation, stabilising the exchange rate

and initiating reforms. However, considerable work remains, in order to shift the economy back to a phase of growth, with more immediate challenges centering on debt sustainability. Sri Lankans have already endured a lot of hardship in this crisis and we are inspired by the unity and perseverance that has been displayed to move forward in the right direction.

During the month of June 2023, CINV resolved to repurchase shares from shareholders of the company at its prevailing net asset value (NAV) at the time of the buy-back of Rs. 105.36 per share, at a cost of Rs. 104 Mn. As the share price of the company was trading at a significant discount to its net asset value the repurchase would provide an opportunity for shareholders to realize the intrinsic value for a portion of their investment, and thereby minimize the gap between the market price per share and the NAV of the company.

In closing, I would like to extend my gratitude to the staff for their unwavering commitment towards managing the company in these unprecedented times. I would like to thank our loyal clients, investors and shareholders who continue to place their trust in our team. I also thank the regulators, and service providers for their steadfast support. Mr. Ajith Weeratunge who was an Executive director was designated a non-executive director on our Board of Directors with effect from 01st April 2023 due to his retirement from Carsons Management Services (Private) Limited. I would also like to welcome Mr. Sumith Perera to the board and look forward to his contributions going forward. I express my heartfelt appreciation to my fellow Board Members and the members of the Audit Committee, Remuneration Committee, Nomination Committee and Related Party Transactions Review Committee for their guidance and support amid these challenging times.

(Sgd.)

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

Chairperson

Colombo

26th June 2023

# MANAGEMENT DISCUSSION AND ANALYSIS

## CEYLON INVESTMENT PORTFOLIO PERFORMANCE

The financial year ending March 2023 started with the economic crisis continuing to unfold leading to an extremely challenging operating environment for all businesses. Our key priority was to navigate the crisis, and ensure that the company's operations and portfolio were safeguarded at all times. Ceylon Investment's discretionary portfolio was able to grow by Rs. 325 Mn to Rs. 3.72 Bn (dividend adjusted) during this extremely challenging period. This was largely achieved by taking a deeper look into asset allocation strategy, which

focused on investing in fundamentally strong equity positions and timely investments in higher interest rate instruments. The discretionary portfolio's growth of 9.62% (dividend-adjusted performance) stood at a significantly higher rate than that which was recorded at the All Share Price Index of 4.46%. The total portfolio, which includes the strategic stake in Bukit Darah PLC, grew by 13.89% to reach Rs. 10.67 Bn (dividend adjusted).

	As at		Change %	As at 31st March 2023 (Dividend adjusted)*	Dividend adjusted performance
	31st March 2023	31st March 2022			
Discretionary portfolio (Rs. '000) *	3,641,965	3,389,227	7.46%	3,715,140	9.62%
Total Portfolio (Rs.'000)*	10,600,778	9,372,163	13.11%	10,673,953	13.89%
ASPI (Points)	9,301	8,904	4.46%		4.46%
S&P 20 (Points)	2,683	3,031	-11.49%		-11.49%

\*After adding back the total cash outflow from the distribution of dividend by the Company which was Rs.73.2 Mn during the period.

Despite the ASPI providing a flat performance of 4.46% for the year ending March 2023, the CSE experienced a great deal of volatility as it weathered the crisis. The unprecedented policy rate increase of 700 basis points implemented by the Central Bank in April-2022, large exchange rate depreciation and domestic supply disruptions led to the ASPI declining by 17.54% for the first quarter. However, despite macroeconomic headwinds some sectors and companies within the CSE provided strong earnings in the second quarter, resulting in optimistic market sentiment and participation. This led the ASPI to rise by 35.26% for the quarter ending September 2022. During the second half of the financial year, the economic challenges became more prevalent as sharp tax rate adjustments, delays in the IMF board level approval and weaker outlooks for company earnings resulted in the ASPI experiencing a negative 6.34% return.

Interest rates experienced a sharp rise due to increase in policy rates, systematic stress and reduced liquidity in the interbank markets. Government security rates adjusting to over 30% and fixed deposit rates from banks increasing to similar levels served as a shock to the system. Subsiding demand dynamics and progress made on the IMF facility saw fixed deposit rates and lending rates declining towards the end of the financial year; however, government securities remained somewhat elevated due to ongoing discussion on domestic debt restructuring (DDR).

Leading up to IMF board level approval for the Extended Fund Facility (EFF), Sri Lanka had already enacted part of the corrective measures required. However, the road to recovery will take time and a difficult period of consolidation is expected in the years ahead. With this in mind we expect

the operating environment for companies listed on the CSE to be onerous, with share prices potentially taking time to provide suitable returns. With these dynamics in mind, we deployed Rs. 1.1 billion into longer term fixed deposits to sustain the company with higher streams of interest income during the economic recovery phase. The remaining funds remain focused on picking fundamentally strong stocks, which are able to sustain the challenging environment and recover at a relatively faster pace thus providing long-term return potential. The importance of selecting good businesses that are well managed for investment has never been more vital. Companies and institutions with unwavering demand for their products and services leading to good cash flows and strong balance sheets are essential to endure the economic recovery period ahead.

With Domestic Debt Restructuring (DDR) discussions still underway, uncertainty still looms amongst the financial institutions as they have significant exposure to government debt in varying forms. Should a DDR be announced, and in the event that it is deeper than expected, the cost to financial institutions will vary from mild to significant, which would in turn require further capital being raised on the part of these institutions. However, as stated by the IMF and echoed amongst all stakeholders, the domestic financial system needs stability in order to ensure the foundation for recovery. We are also mindful of the fact that with reduced disposable incomes and business hardships there may be a significant increase in loan defaults. We have reduced exposure to financial institutions as a precaution. However, we still maintain Central Finance PLC as the highest single company weight in the portfolio, due to its share price trading at a large discount to its prevailing book value. Furthermore, we believe its cautious growth strategy and high capital adequacy will help the company to navigate the stressful environment ahead. We will continue to monitor the company and overall financial sector as developments occur and take appropriate actions.

The table below shows the top holdings of the Ceylon Investment discretionary portfolio.

#### Top Ten Holdings

Company	Market value of the holding ('000)	Holding as a % of discretionary portfolio
Central Finance Company PLC	492,648	13.5%
Hemas Holdings PLC	240,937	6.6%
John Keells Holdings PLC	229,113	6.3%
Ceylinco Insurance PLC - Non voting	147,501	4.1%
Dialog Axiata PLC	141,387	3.9%
Distilleries Company of Sri Lanka PLC	138,596	3.8%
Aitken Spence Hotel Holdings PLC	135,948	3.7%
Sampath Bank PLC	99,595	2.7%
Peoples Leasing & Finance PLC	92,607	2.5%
Nestle Lanka PLC	90,865	2.5%
	1,809,197	49.7%

We divested approximately Rs. 157 Mn from Hemas Holdings during the year as part of the re-allocation from equity to fixed income. Hemas Holdings has a strong personal care portfolio as well as a presence in the healthcare sector with a large market share in the pharmaceutical business. Despite the company trading at attractive long-term valuations, we anticipate dampened consumer demand and cost pressures to play on the company's profitability in the short term. We already see declines in sales volumes across most consumer-oriented companies and we anticipate it will take some time for a recovery to take place. However, as we still see long-term potential in the company we continue to maintain a significant portion of our reduced equity portfolio to Hemas Holdings with an exposure of Rs. 241mn as at 31st March 2023.

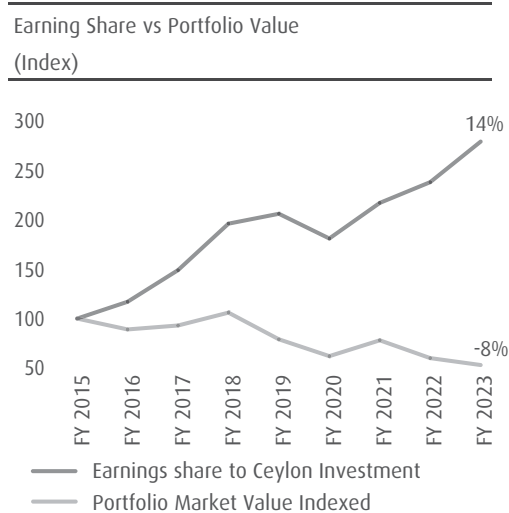
## MANAGEMENT DISCUSSION AND ANALYSIS

We were able to identify some shorter-term opportunities in stocks such as Lanka IOC, which saw growth in its profitability due to the sharp upward revision of fuel prices, which led to significant margin improvement. As we anticipated, this share price grew to reflect the abnormal profits and we were able to take advantage of this short-term movement. As fuel prices were eventually reduced and margins contracted, we saw quarter-on-quarter reduction in profitability, and the share price corrected accordingly. As part of the SOE reforms, the government is looking to bring in additional international players for fuel distribution and reduce the government's role in this sector. We view this measure as one of the many important steps for the overall reform agenda to take place.

Additionally, the company holds a position in Teejay Lanka, which is one of Sri Lanka's leading fabric manufacturing companies. We see this stock as a good long-term investment, however, it is currently enduring a very challenging period. The apparel industry in Sri Lanka is experiencing weaker orders due to slowing demand from its export destination economies being the USA and Europe. Orders have reduced due to weak consumption patterns from end-clients and overstocking from earlier quarters during global supply disruptions. As these end-consumer economies achieve gradual recovery, we anticipate that the current state of affairs will improve over the medium-term, and the share price will reflect this change.

We maintain a position in Distilleries Company of Sri Lanka of Rs. 139 million due to the company maintaining the highest market share in the core arrack segment. Its long standing success with 'extra special arrack' and a strong distribution network brings in strong cash flows into the company. However, we are also mindful that higher taxation and reduced disposable incomes will find consumers moving into the illicit market. The liquor business also carries with it a larger amount of political and regulatory risk, which we also continue to monitor.

The chart below illustrates the share of earnings from Ceylon Investment's top holdings as at 31st March 2023 compared to the movement in market capitalization of those holdings over time. This illustrates that the growth in market capitalisation of these companies has not kept pace with earnings growth and shows potential value in the companies held.



We continue to hold a relatively smaller component of our portfolio in investments overseas. The investment climate at a global scale has been volatile with central banks globally increasing policy rates and geo-political concerns playing out with an extended Russia-Ukraine conflict taking place. However, we remain consistent with our investment philosophy of cautiously seeking out longer-term opportunities through both equity and fixed income asset classes.

We expect the year ahead to be challenging and we anticipate even companies with strong business models to continue trading cheap despite reasonably good earnings this may influence the portfolio negatively.

### FINANCIAL REVIEW

Company's Revenue stood at Rs.315 Mn as at 31st March 2023, which is a 7% decline from previous year. However, interest income earned for the year was Rs.225 Mn, which is an increase of 503%, compared to the previous year. Increase of interest income was a result of the asset allocation strategy discussed above.



Ceylon Investment PLC reported a profit after tax of Rs. 657 Mn for the year ended 31st March 2023 compared to a loss of Rs. 498 Mn recorded in the previous year. As highlighted in the chairperson’s statement, the positive financial performance was driven by the gain of Rs. 256 Mn from ‘financial assets fair value through profit or loss’. This is due to the upward movement in the prices of equity stocks in our portfolio. Furthermore, reported profit after tax was achieved despite an increase of 22% in 'Administrative and operating expenses' and 111% increase in income tax compared to the previous year.

In the year ended 31st March 2023 the Company’s Net Asset Value (NAV) per share increased by 15.09% to Rs. 105.36. The market price of Rs. 33.50 for the Company’s share indicated a discount of 68% compared to the NAV per share.

During the month of June 2023, CINV resolved to repurchase shares from shareholders of the company at its prevailing net asset value (NAV) at the time of the buy-back of Rs. 105.36 per share, at a cost of Rs. 104 Mn. As the share price of the company was trading at a significant discount to its net asset value the repurchase would provide an opportunity for shareholders to realize the intrinsic value for a portion of their investment, and thereby minimize the gap between the market price per share and the NAV of the company.

As at 31st March	2023	2022	Change %
ASPI	9,301	8,904	4.46
NAV per share (Rs.)	105.36	91.55	15.09
Market price per share (Rs.)	33.50	37.10	(9.70)
Discount of NAV to market price per share	68%	59%	

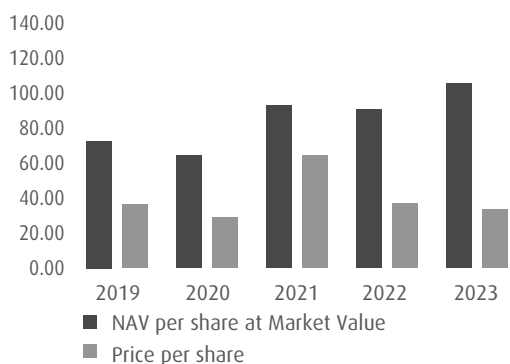
#### Guardian Fund Management Limited

Investment Managers

Colombo

26th June 2023

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



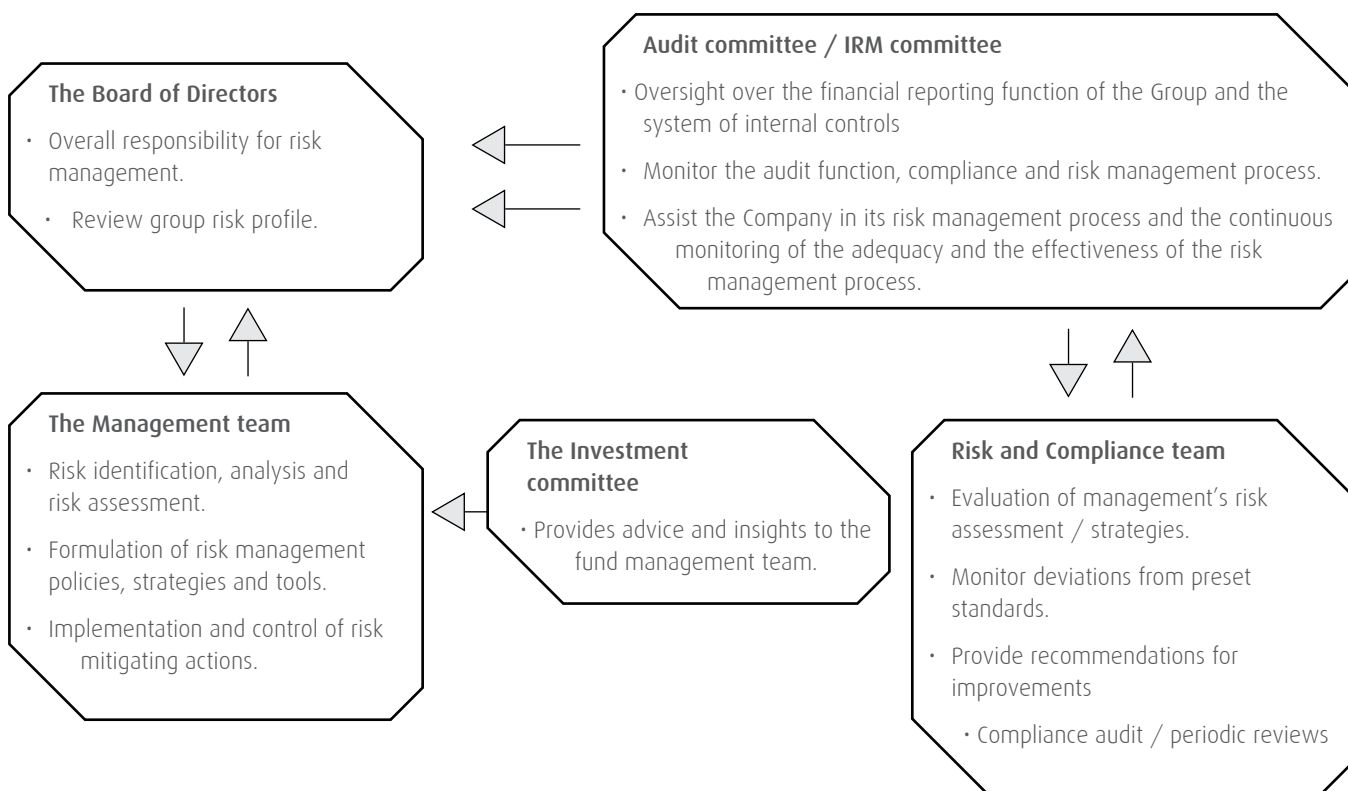
# RISK MANAGEMENT

## OVERVIEW OF RISK MANAGEMENT

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

## RISK MANAGEMENT STRUCTURE AT CEYLON INVESTMENT

The risk management structure established at Ceylon Guardian Group is applicable across the parent company and all other entities of the Group. The Board of Directors has delegated oversight of risk management to the Integrated Risk Management (IRM) Committee which is a subcommittee of the Board. The purpose of the IRM Committee is to assist the Board in its oversight of the Group risk identification, risk assessment and risk management and the continuous monitoring of the adequacy and the effectiveness of the risk management process.



Business units and Processes

- Direct and monitor
- Report for evaluation

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.

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

## RISK CATEGORIES

Ceylon Guardian Group operates the portfolio and asset management sector of the Carson’s Group. The Group business operations include management of the Ceylon Guardian Group portfolio which consists of listed equities, private equities and fixed income securities and providing portfolio management services to external customers. The Group faces various types of risks, some of which are applicable across all the asset classes under management, and some are applicable to specific business operations or an asset category. The key risks are monitored and managed as a continuous process.

A comprehensive risk management framework already exists for Guardian but with the economic crisis unfolding, particular risks have become heightened. Particular risks related to investments that have increased include market risk, credit risk and interest rate risk. Upon identifying the implications of such risks, mitigation activities have been conducted to reduce / contain such impacts on the business and investment portfolios.

Risk Category	Impact and mitigating strategies
<p><b>MACRO ENVIRONMENTAL RISKS:</b> The overall macro-economic landscape and political environment affects the risk profile of the Company. Changes in macro-economic variables such as Gross Domestic Product (GDP) growth, interest rates, inflation, exchange rates and changes in the political environment and government policies affect the achievement of Company’s business and financial objectives.</p>	
<p><b>COUNTRY RISKS</b> The risks associated with economic, social and political conditions in a country which affect the company’s operations that are subject to various exchange control regulations, currency fluctuations, transaction costs &amp; 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"> <li>• This is a risk area for which we have strengthened the framework as the Group intends to explore new overseas markets in the future.</li> <li>• Guardian Value Fund LLC and Guardian Fund Management LLC which are domiciled in Mauritius are subject to foreign and global economic, social and political risks.</li> </ul>

## RISK MANAGEMENT

Risk Category	Impact and mitigating strategies
<b>CURRENCY RISKS</b> The risk associated with any fluctuations of foreign exchange rates against the Sri Lankan Rupee.	<ul style="list-style-type: none"><li>Guardian Value Fund LLC and Guardian Fund Management LLC of which the reporting currency is US Dollars, are exposed to risk of currency impact on translation.</li></ul>
<b>MARKET RISK - DOMESTIC</b> 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 systematic risk factors such as interest rates, currency parity, inflation and availability of credit which affect both capital and money markets, and the value of securities.	<ul style="list-style-type: none"><li>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.</li><li>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.</li></ul>
<b>MARKET RISK - INTERNATIONAL AND EXTERNAL</b> 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 versus developed and other comparative Asian markets.	<ul style="list-style-type: none"><li>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.</li><li>Building of expertise in foreign markets has begun, as we 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.</li></ul>
<b>PORTFOLIO RISKS:</b> The risk arising due to investment strategy, factors inherent to investment instruments and composition of the portfolio which affect the return of the portfolio.	

Risk Category	Impact and mitigating strategies
<p><b>GENERAL SECURITIES RISK</b></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"> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>CONCENTRATION RISK</b></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"> <li>• Monitoring sector exposure and single company / group exposure of the portfolio as a diversification and a mitigation strategy.</li> <li>• Loss limits are set to monitor stocks performing below their cost of acquisition to determine whether temporary capital erosion is a concern.</li> <li>• Monitoring by the compliance team takes place as a routine process.</li> </ul>
<p><b>LIQUIDITY RISK</b></p> <p>Liquidity is the tradeability of the securities in the market or the ability to realise cash with minimum loss of capital.</p> <p>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"> <li>• Lower liquidity of securities could affect the fund manager’s ability to transact, which in turn, could affect the fund’s overall performance. This might be due to poor market sentiment of a security, or low levels of publicly traded quantities. On acquisition of shares, we consider on the factors like size of free float, tradeability of the stock, market turnover, major shareholders etc.</li> </ul>

## RISK MANAGEMENT

Risk Category	Impact and mitigating strategies
<p><b>REGULATORY AND COMPLIANCE RISK:</b></p> <p>The Company is operating in an industry under the supervision and monitoring of several regulatory authorities, especially Securities and Exchange Commission of Sri Lanka (SEC) and provisions of other regulatory requirements like the Companies Act, Listing Rules of the Colombo Stock Exchange, and the Central Bank of Sri Lanka.</p> <p>The conduct of operations of the Group should be in compliance with the legal and regulatory provisions and financial requirements applicable under these regulatory benchmarks.</p>	<ul style="list-style-type: none"><li>• The management together with the Carson Group's legal division proactively identify and set up appropriate systems and processes for legal and regulatory compliance in respect of the Company's operations.</li><li>• Periodic training programmes for staff to improve the awareness of changes in applicable laws and regulations.</li><li>• Guardian Value Fund LLC and Guardian Fund Management LLC which are domiciled in Mauritius are subject to laws and regulations imposed by regulatory authorities there. Changes in regulatory environment in the context of these funds are continuously monitored with the assistance of the Fund's Lawyers who have the necessary expertise.</li><li>• Reviews on regular basis by the compliance team and the management certification of compliance with relevant laws and regulations on a periodic basis.</li><li>• Compliance team regularly monitors compliance with all regulatory provisions and internal operational procedures.</li></ul>
<hr/> <b>OPERATIONAL RISK</b>	
<p>This is the risk of losses being incurred resulting from disruptions, disturbance of business operations caused by events due to inadequate or failed internal processes, people and systems within the organisation. The management of operational risk is a continuous process which includes identification, assessment of risk and implementation of measures to address such risk, which specifically covers the following key areas which are significant in the context of investment and asset management operations.</p> <hr/>	

**Risk Category****Impact and mitigating strategies****SYSTEMS AND PROCESS RISKS**

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

- 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 Group level which deals with recovering Information Technology infrastructure, facilitating of critical operations to be active in an alternate location etc. after a disastrous interruption.

- Systems support and the maintenance agreements for the portfolio management software is made available through an annual maintenance agreement with the software vendor which ensures online support for system issues and queries.
- The internal audit function and compliance team of the Carson Group ensures the safeguarding of Company's 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 of the code.
- Regular staff communication.

**STAFF RISKS**

A fund management operational unit requires qualified professionals with experience in the fund management industry. Knowledge of the operating mechanism of the market as well as its norms and ethics are of importance

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

# 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 of the Company for the year ended 31st March 2023.

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 26th June 2023.

## 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 companies are to act as specialized investment vehicles focusing on equity and fixed income investments.

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

## 3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairperson's Statement and the Management Discussion and Analysis on pages 03 to 07 provide an overall assessment of the business performance of the Company and its future developments. These reports, together with the audited Financial Statements reflects 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 Flows, Statement of Changes in Equity and Notes to the Financial Statements of the Company for the year ended 31st March 2023 are set out on pages 34 to 68 of this Report. These Financial Statements do comply with the requirements of the Companies Act, No. 07 of 2007.

## 4.1. Revenue

A detailed analysis of revenue for the period is given in Note 11 to the Financial Statements.

## 4.2. Financial results and appropriations

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

(In Rupees Thousands)

For the year ended 31st March	2023	2022
Retained earnings brought forward from previous year	2,608,004	3,047,638
Surcharge Tax for the year of assessment 2020/21	(32,974)	-
Profit / (loss) for the year	400,386	(312,236)
Re-purchase of shares	-	(102,034)
Dividend received from associate company	27,639	41,459
Forfeiture of unclaimed dividends	2,736	4,114
Dividend	(75,258)	(70,937)
<b>Retained earnings carried forward</b>	<b>2,930,533</b>	<b>2,608,004</b>

## 4.3. Significant accounting policies

The accounting policies adopted in the preparation of these Financial Statements are given on pages 38 to 47.

## 4.4. Investments

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

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

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

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

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



#### 4.5. Reserves

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

#### 5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The financial statements comprise of *inter alia*:

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

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

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

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

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

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

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

#### 6. OUTSTANDING LITIGATION

There are no litigations currently pending against the Company.

#### 7. INTERESTS REGISTER

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

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

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

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

#### 7.1. Remuneration of Directors

Directors' remuneration for the financial year ended 31st March 2023 is given in note 12 to the financial statements on Page 48

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

### 7.2. Directors' Interest in contracts and shares

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

Name of the Company	Common Directors	Nature of transactions	Value of the transactions ('000)
Ceylon Guardian Investment Trust PLC	D. C. R. Gunawardena Mrs. M. A. R. C. Cooray V. M. Fernando K. Selvanathan	Dividend paid	49,625
Rubber Investment Trust Limited	D. C. R. Gunawardena A. P. Weeratunge	Dividends received	27,639
Guardian Fund Management Limited (GFM)	K. Selvanathan A. P. Weeratunge	Portfolio management fees paid	42,901
Carsons Management Services (Private) Limited (CMSL)	K. Selvanathan A.P. Weeratunge	Support service fees paid Computer fees paid Secretarial fees paid	12,834 420 533

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 2023	31st March 2022
Mrs. M. A. R. C. Cooray (Chairperson)	-	-
Mr. D. C. R. Gunawardena	2,157	2,157
Mr. A. P. Weeratunge	-	-
Mr. V. M. Fernando	-	-
Mr. K. Selvanathan	-	-
Mr. S. M. Perera (appointed w.e.f. 01/09/2022)	-	-

### 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. Appointment of a Director

Mr S. M. Perera was appointed to the Board as an Executive Director w.e.f. 01st September 2022.

#### 8.2 Re-designation of Director

Mr. A. P. Weeratunge who was an Executive Director of the Company was re-designated as a Non-Executive Director of the Company with effect from 01st April 2023 following his retirement as an employee of Carsons Management Services (Private) Limited, Managers of the Company with effect from 31st March 2023.

#### 8.3 Directors to Retire by Rotation

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

#### 8.4 Appointment of Directors who are over 70 years of age

Mr. V. M. Fernando - Independent Non-Executive Director, Mr. D. C. R. Gunawardena - Non-Executive Director and Mrs. M. A. R. C. Cooray Independent Non-Executive Director who were over 70 years of age were appointed as Directors of the Company in terms of Section 210 of the Companies Act, No.07 of 2007 at the AGM held on 09th August 2022 for a period of one year commencing from the conclusion of the said AGM, i.e. till 08th August 2023.

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

### 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 Director until 31 March 2023 Non-Executive Director w.e.f. 01/04/2023
Mr. V. M. Fernando	Non-Executive/ Independent**
Mr. K. Selvanathan	Executive
Mr. S. M. Perera (appointed w.e.f. 01/09/2022)	Executive

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/ Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Meeting of the Board of Directors of the Company held on 14th June 2023 in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

\* The Board has determined that Mrs. M.A.R.C. Cooray is an Independent / Non-Executive Director in spite of being on

the Board for more than nine years and being a Director of Ceylon Guardian Investment Trust PLC, in which a majority of the other Directors of the Board are also Directors and which has a substantial shareholding in the Company, since she is not directly involved in the management of the Company.

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

### 9.3. Directors' Meetings Attendance

As permitted by Article 80(1)(b) of the Articles of Association of the Company, during the period under review, the Board of Directors had three (03) virtual Board Meetings and one (01) physical Board Meeting and the attendance of the Directors were as follows;

Directors	Meetings Attended
Mrs. M. A. R. C. Cooray (Chairperson)	4/4
Mr. D. C. R. Gunawardena	4/4
Mr. A. P. Weeratunge	4/4
Mr. V. M. Fernando	4/4
Mr. K. Selvanathan	4/4
Mr. S. M. Perera (appointed w.e.f. 01/09/2022)	2/2

### 9.4. Board Evaluation

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

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

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

### 9.5. Audit Committee

The Parent Company of the Company is Ceylon Guardian Investment Trust PLC (CGIT) and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of CGIT. As per Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange, the Audit Committee of CCPLC functions as the Audit Committee of the Company and comprises of the following Members:

Audit Committee Members	Executive / Non-Executive / Independent
Mr. A. S. Amaratunga (Chairman)	Non-Executive/Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. Y.H. Ong	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 Remuneration Committee has established a formal and transparent procedure for the development of a remuneration policy, which will be reviewed by the Committee when deemed necessary.

The remuneration policy has been formulated based on market and industry factors with appropriate incentives to encourage enhanced performance and also in a fair and responsible manner for all group companies.

### Functions and Proceedings

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

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

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

The Remuneration Committee meets at least twice a year. As allowed by the Remuneration Committee Charter, the Committee held one (01) virtual meeting and one (01) physical meeting during the period under review.

Remuneration Committee Members	Meetings Attended
Mr. T. de Zoysa (Chairman)	2/2
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, CGIT
Mr. D.C.R. Gunawardena	Non-Executive Director, CGIT
Mr. V. M. Fernando	Non-Executive/Independent Director, CGIT

### Scope and Objective

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

### Functions and Proceedings

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

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

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

The Nomination Committee meets at least twice a year. As allowed by the Nomination Committee Charter, the Committee held one (01) virtual meeting and one (01) physical meeting during the period under review.

Nomination Committee Members	Meetings Attended
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. W. M. R. S. Dias (Chairman)	Non-Executive/Independent Director of CCPLC
Mr. R. Theagarajah	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	Non-Executive Director of CCPLC

The Related Party Transactions Review Committee Report is given on pages 29 to 30 of this Annual Report.

### Declaration

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

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

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 2023, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2023. The details of the Related Party Transactions are given in note 27 to the Financial Statements.

#### 1. Non-Recurrent Related Party Transactions

There were no Non-recurrent related party transactions entered into by the Company, where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the Shareholders' equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2023.

#### 2. Recurrent Related Party Transactions

Information pertaining to Recurrent Related Party Transactions where the aggregate value of the Recurrent Related Party Transactions that exceeded 10% of the Gross Revenue / Income of the Company, as per the Audited Financial Statements are disclosed below;

Description	Information
Name of the Related Party	Guardian Fund Management Limited
Relationship	Fellow subsidiary
Nature of the Transaction	Management fee income
Aggregate value of Related Party Transactions entered into during the financial year	Rs. 42,900,748.50
Aggregate value of Related Party Transactions as a % of Net Revenue/ Income	14%
Terms and Conditions of the Related Party Transactions	Based on the Management fees agreement entered into between the companies
Aggregate value of all Related Party Transactions entered into during the financial year with the same related party*	Rs. 42,900,748.50

Description	Information
Aggregate value of all Related Party Transactions entered during the financial year with the same related party as a % of Net Revenue	14%

\* Details of the transactions are given in note 27.4

### 9.9 Integrated Risk Committee

The Parent Company of the Company is Ceylon Guardian Investment Trust PLC (CGIT). CGIT has formed an Integrated Risk Committee to oversee the overall risk management of the Investment Sector.

#### Composition

Integrated Risk Committee Members	Executive/ Non-Executive / Independent
Mrs. M.A.R.C. Cooray (Chairperson)	Non-Executive/ Independent Director of CGIT, Ceylon Investment PLC (CINV)
Mr. A. P. Weeratunge	Executive Director of CINV until 31 March 2023, Non-Executive Director w.e.f 01/04/2023
Mr. A. D. Pereira	Non-Executive/ Independent Director of CGIT

#### Scope and objectives

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

The Integrated Risk Committee would meet at least four times a year. During the period under review, the Committee held two (02) virtual meetings and one (01) physical meeting.

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

## Reporting and Responsibilities

To advise the Board on the Company's overall risk exposure and effectiveness of mitigation measures taking account of the current and prospective macroeconomic and financial environment.

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

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

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

To monitor operational risks from failed or inadequate processes relating to portfolio operations, client servicing and on-boarding, launching of new products and services, investment research, third party vendor relationships.

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

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

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

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

## 10. INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

This allows the Board to have total control of the fulfilment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. A more detailed description of the risk management strategies of the Company's given on pages 08 to 13.

## 11. INDEPENDENT AUDITORS

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

A sum of Rs. 529,000/- was paid to them by the Company as audit fees for the year ended 31st March 2023 (2022 – Rs. 460,000/-). In addition to the above, the Auditors were paid Rs. 70,000/- (2022 – Rs. 215,000/-) as professional fees for non-audit services. No further amounts were paid to the auditors as fees for audit related services (2022 – Nil) during the year.

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.



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

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

### 15. EQUITABLE TREATMENT TO SHAREHOLDERS

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

### 16. DIVIDENDS

1. First Interim Dividend of cents 75 (Rs.0.75) per ordinary share for the financial year ended 31st March 2022 was announced on 02nd June 2022. Shareholders of the Company who had provided accurate bank account details were paid on 21st June 2022 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details, the dividends was paid on 04th July 2022.

2. First Interim Dividend of Cents 55 (Rs.0.55) per ordinary share for the financial year ended 31st March 2023 was announced on 23rd June 2023. Shareholders of the Company who have provided accurate bank account details will be paid on 14th July 2023 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details, the dividends will be paid on 27th July 2023.

### 17. SOLVENCY TEST

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

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

### 18. STATED CAPITAL

The Stated Capital of the Company as at 31st March 2023 was Rs.838,032,311/66 comprising of 100,344,530 Ordinary Shares.

The Company announced a Repurchase of Shares on 23rd June 2023 at a ratio of 01 Ordinary Share for every 102 Ordinary Shares held and accordingly, the Company would repurchase a maximum 983,770 Ordinary Shares from the Shareholders at a price of Rs.105/36 per share.

The movement in Stated Capital of the Company is given in note 23 to the Financial Statements.

### 19. STATUTORY PAYMENTS

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

### 20. GOING CONCERN

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

### 21. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, other than those disclosed in note 30 to the financial statements, if any.

### 22. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities and commitments made on account of capital expenditure as at 31st March 2023 are given in note 32 to the financial statements, if any.

### 23. DONATIONS

There were no donations made during the year ended 31st March 2023. (2022 - Nil).



## 24. SHARE INFORMATION

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 70 to 71 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.

Names of shareholders	31st March 2023		31st March 2022	
	No. of shares	%	No. of shares	%
1 Ceylon Guardian Investment Trust PLC A/C No 3	66,167,066	65.94	66,167,066	65.29
2 Mr. K.C. Vignarajah	1,426,829	1.42	1,370,853	1.35
Commercial Bank Of Ceylon Ltd/K.C.Vignarajah	510,352	0.51	510,352	0.50
3 Associated Electrical Corporation Ltd	1,370,316	1.37	1,070,618	1.06
4 Mrs. M.L. De Silva	1,342,922	1.34	1,342,922	1.33
5 Miss G.I.A. De Silva	1,314,088	1.31	1,314,088	1.30
6 Thurston Investments Limited	914,351	0.91	914,351	0.90
7 Mr. Y.H. Abdulhussein	903,636	0.90	772,838	0.76
8 Mr. G.J.W. De Silva	881,870	0.88	881,870	0.87
9 Oakley Investments (Private) Limited	818,421	0.82	818,421	0.81
10 Miss R.H. Abdulhussein	814,517	0.81	629,780	0.62
11 People's Leasing & Finance PLC/Mr.M.A.N.Yoosufali	612,500	0.61	503,891	0.50
12 Miss N.K.R.H. De Silva	562,721	0.56	562,721	0.56
13 Bank Of Ceylon No. 1 Account	538,124	0.54	538,124	0.53
14 Mercantile Bank (Agency) Private Limited	412,939	0.41	412,939	0.41
15 Mr. L.H. Abeysondera	388,225	0.39	388,225	0.38
16 Miss G.N.A. De Silva	387,981	0.39	380,000	0.37
17 Aitken Spence PLC-A/C No. 2	375,010	0.37	-	-
18 Akbar Brothers Pvt Ltd A/C No 1	373,730	0.37	-	-
19 People's Leasing & Finance PLC/Mr.H.M. Abdulhussein	357,240	0.36	395,336	0.39
20 Miss J.B. Aymer	347,135	0.35	347,135	0.34

## 26. ANNUAL REPORT

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

The Board of Directors on 26th June 2023 approved the Company's Financial Statements together with the reviews which forms part of the Annual Report. The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar of Companies within the applicable time frames.

## 27. ANNUAL GENERAL MEETING

The 77th Annual General Meeting of the Company will be held on **Tuesday, 25th July 2023 at 9.30am** at the Auditorium of The Institute of Chartered Accountants of Sri Lanka (Ground Floor) No. 30A, Malalasekera Mawatha, Colombo 7, Sri Lanka.

The Notice of the Annual General Meeting is on page 72 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

26th June 2023

# PROFILES OF THE DIRECTORS

## **MRS. ROSE COORAY**

### **(Chairperson)**

Rose Cooray is the Chairperson of Ceylon Investment PLC, Ceylon Guardian Investment Trust PLC, HNB Assurance PLC and HNB General Insurance Limited. She functions as the Chairperson of the Integrated Risk Committees of the Guardian Group of companies and other Board sub-committees in companies where she is a Director.

She is a retired Deputy Governor of the Central Bank of Sri Lanka where she served for over 35 years. She counts over 48 years of experience in working in the financial sector holding a number of positions.

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

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

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

## **CHANDIMA GUNAWARDENA**

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

Mr. Gunawardena has over five 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 continues to serve on advisory Boards of private sector initiatives in Sri Lanka and not for profit initiatives locally and at global level.

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

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

## **MANILAL FERNANDO**

Vernon Manilal Fernando is a Director of Ceylon Investment PLC, Ceylon Guardian Investment Trust PLC, Ariyana Investment (Pvt) Ltd is currently the Chairman of Dynamic AV Technologies (Pvt) Ltd, Shipping Cargo Logistics (Pvt) Ltd, Hyundai Lanka (Pvt) Ltd, Stallion Holdings (Pvt) Ltd, Ortho Lanka (Pvt)Ltd, Serdaka Global (Pvt) Ltd and Swiss Ceylon Associates (Pvt.) Ltd. He is also the President of the Chamber of Construction Industries of Sri Lanka and a Management Trustee of The Joseph Fraser Memorial Hospital, Also an Attorney-at Law.

## **AJITH WEERATUNGE**

Ajith Weeratunge is a Non-Executive Director of Carsons Management Services (Private) Limited, which is the management arm of Carson Cumberbatch PLC's Sri Lanka Operations.

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

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

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

## **KRISHNA SELVANATHAN**

Krishna Selvanathan serves as a Director of Carsons Management Services (Private) Limited and is the CEO of Guardian Fund Management Limited. He also serves as a Director of Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC and is an Alternate Director on the Boards of Carson Cumberbatch PLC and Bukit Darah PLC. He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K.

## **SUMITH PERERA**

**(Appointed w.e.f. 01/09/2022)**

B.Sc (Hons) Economics & Business Finance, ACMA)

Director / Head of Portfolio Management, Guardian Fund Management Ltd. has over 18 years of 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.

# MANAGEMENT TEAM

## PROFILES

### KRISHNA SELVANATHAN

*(BA, Accounting & finance and Business Administration)*

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

### SUMITH PERERA

*B.Sc (Hons) Economic & Business Finance, ACMA)*

Director / Head of Portfolio Management, He is also a Director of Ceylon Investment PLC. Refer page 25 for his detailed profile.

### ASANKA JAYASEKERA

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

Asanka Jayasekera currently serves as the Director of Guardian Fund Management Ltd and Guardian Value Fund LLC, and heads the research department. He is an experienced professional in the field of asset management and investment research, with over 16 years of experience. Prior to joining the Ceylon Guardian group, he worked as a research analyst at JB Securities (Pvt) Ltd. Asanka 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 (CIMA), UK. He has also served as a visiting lecturer at the Department of Finance at the University of Sri Jayewardenepura.

### PRABATH EKANAYAKE

*(BBA, Business Administration (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.

He has over 12 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.

### PRIYAN DE MEL

*(ACCA, CISI, ACMA)*

Manager – Operations Guardian Fund Management Ltd. Has over 10 years of experience in Portfolio Operations. Associate member of the Association of Chartered Certified Accountants (ACCA UK), member of Chartered Institute of Securities and Investment (CISI UK) and Associate member of Certified Management Accountants of Sri Lanka (ACMA).

### CRISHANI PERERA

*(B.Sc. Finance (Special), ACMA)*

Fund Manager. She began her career as a financial analyst and holds over 10 years of experience in the fields of asset management and investment research. Crishani holds a BSc degree in Finance from the University of Sri Jayewardenepura and is also an Associate member of CIMA (UK).

<b>PORTFOLIO OPERATIONS TEAM</b>	Shewantha Peiris, Thanuja Wijesundara, Indramali Samarasinghe
<b>FINANCE TEAM</b>	Omesha Piyumi, Prabhath Dissanayake, Sandun Balasooriya
<b>RESEARCH TEAM</b>	Harindi Hettigamage, Pasan Ilangaratne, Shahan De Silva, Hiruni Perera, Dushan Ekanayake, Tharushi Egodaheewage, Winura Wijekulasooriya

# AUDIT COMMITTEE REPORT

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

The Members of the Audit Committee are as follows:

1. Mr.A.S. Amaratunga (Chairman)  
A Non-Executive, Independent Director of CCPLC, is also a Non-Executive, Independent Director of Hemas Holdings PLC, Chairman of Hemas Holdings PLC-Audit Committee, Member of MAS Holdings Audit Committee and a Commissioner of PT Agro Indomas, Indonesia, a subsidiary of CCPLC.
2. Mr.D.C.R. Gunawardena  
A Non-Executive Director of CCPLC and in most of its Group Companies. Mr.Gunawardena is a Fellow of the Chartered Institute of Management Accountants, U.K.
3. Mr.Y.H. Ong  
A Non-Executive, Independent Director of CCPLC. He is also an Independent Non-Executive Director, Chairman of the Audit Committee and Member of the Nominating Committee of Singapore Power Ltd. and Capitaland Group Pte Ltd. He has served as an Independent Director of United Overseas Bank Ltd., Singapore. Mr.Ong had also served at Ernst & Young, Singapore for 30 years and was involved in audit and financial advisory work.

## MEETINGS OF THE AUDIT COMMITTEE

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

As allowed by the CCPLC-Audit Committee Charter, CCPLC-Audit Committee held seven (07) virtual Meetings during the financial year to discuss matters relating to the Company.

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

Audit Committee Members	Meetings attended
Mr.A.S. Amaratunga (Chairman)	7/7
Mr.D.C.R. Gunawardena	7/7
Mr.Y.H. Ong	7/7

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 plan, scope and outcomes from the review, including Key Audit Matters and to deliberate the draft Financial Report and Accounts at the completion stage of the audit. Committee also provides the opportunity to the External Auditors to provide matters of importance via a private audience.

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

## PURPOSE OF THE AUDIT COMMITTEE

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

To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes. Also, to select the Company's External Auditors and implement a direct reporting relationship with them and ensuring their independence.

## AUDIT COMMITTEE REPORT

### FINANCIAL STATEMENTS

The interim financial statements of Ceylon Investment PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings, prior to approval by the Board of Directors and release of same to the Regulatory Authorities and to the shareholders.

Based on the audit reporting requirements, the Audit Committee discussed Audit Matters tabled by Messrs. KPMG for inclusion in the audit report.

The financial statements of Ceylon Investment PLC for the year ended 31st March 2023 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 management that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

### INTERNAL AUDIT

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

The Audit Committee approved the audit plan for the financial year 2022/2023 and Group Internal Audit carried out audits on the Investment Sector companies based on the plan.

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

During the year Group Internal Audit conducted an analysis to benchmark its People, Processes and Systems with the standards of Institute of Internal Auditors (IIA). Based on the outcomes, a roadmap was established to improve its functions, activities and the role.

### EXTERNAL AUDIT

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

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

The Members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2024, subject to the approval of the shareholders of Ceylon Investment PLC at the Annual General Meeting.

(Sgd.)

**A.S. Amaratunga**

Chairman – Audit Committee

Carson Cumberbatch PLC

26th June 2023

# 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 :

RPTRC Members	Executive/Non-Executive/ Independent
Mr.W.M.R.S. Dias (Chairman)	Non-Executive, Independent (CCPLC)
Mr.D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr.H. Selvanathan	Executive (CCPLC)
Mr.M. Selvanathan	Executive (CCPLC)
Mr.S.K. Shah	Non-Executive (CCPLC)
Mr.R. Theagarajah	Non-Executive, Independent (CCPLC)

## MEETINGS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

CCPLC-RPTRC held One (01) Meeting in each calendar quarter and a total of Four (04) RPTRC Meetings were held during the financial year (02 virtual meetings and 02 physical meetings). In addition, the approval of the RPTRC Members were sought via 16 Circular Resolutions during the financial year.

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

RPTRC Members	Meetings attended
Mr.W.M.R.S. Dias (Chairman)	4/4
Mr.D.C.R. Gunawardena	4/4
Mr.H. Selvanathan	4/4
Mr.M. Selvanathan	3/4
Mr.S.K. Shah	4/4
Mr.R. Theagarajah	4/4

## 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 Carsons Group RPT Code, prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

## POLICIES AND PROCEDURES

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

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

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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The RPTRC in discharging its function endeavours to ensure that :

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

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

The Related Party Transactions of the Company for the period 1st April 2022 to 31st March 2023 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)

**W.M.R.S. Dias**

Chairman – Related Party Transactions Review Committee  
Carson Cumberbatch PLC

Colombo  
26th June 2023



# FINANCIAL CALENDAR

**Financial Year** 31st March 2023

## Announcement of Results

**1st Quarter** 30th June 2022

Issued to Colombo Stock Exchange 12th August 2022

**2nd Quarter** 30th September 2022

Issued to Colombo Stock Exchange 14th November 2022

**3rd Quarter** 31st December 2022

Issued to Colombo Stock Exchange 14th February 2023

**4th Quarter** 31st March 2023

Issued to Colombo Stock Exchange 31st May 2023

## Meetings

76th Annual General Meeting 09th August 2022

77th Annual General Meeting 25th July 2023

# 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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Fax : +94 - 11 244 5872  
+94 - 11 244 6058  
Internet : [www.kpmg.com/lk](http://www.kpmg.com/lk)

## TO THE SHAREHOLDERS OF CEYLON INVESTMENT PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Ceylon Investment PLC ("the Company"), which comprise the statement of financial position as at 31st March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 34 to 68.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

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

#### Key Audit Matters

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

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

Refer notes 3.3, 20, 21 and 28 (pages 40, 53, 56 and 60) to these financial statements

Risk Description	Our Response
<p>The financial investments of the Company as at 31st March 2023 comprises of FVTPL financial assets amounting to Rs. 2,237 Mn which represents 21% of the total assets. As at the reporting date, the Company's FVTPL portfolio is made up of listed equity investments amounting to Rs. 2,216 Mn and unit trust investments amounting to Rs. 21 Mn.</p> <p>Investment in equity and unit trust investments are measured based on quoted market prices which is a key driver of operations and performance results.</p> <p>Due to the prevailing uncertain and volatile macro-economic environment, there is uncertainty with regard to market conditions when compared to past years.</p> <p>Due to the materiality of the FVTPL financial instruments in the context of the financial statements and measurement uncertainty created due to the economic downturn, we considered the valuation of FVTPL financial instruments as a Key Audit Matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Checking the CDS statement to verify the existence, completeness and accuracy of the number of quoted shares and agreeing the market price as of 31st March 2023 with the CSE prices;</li> <li>• Checking the number of units and the unit price as at 31st March 2023 with the external confirmations received from the Unit Trust Management Company to verify the existence, accuracy and completeness;</li> <li>• Recomputing the fair value gain/loss arise from revaluing the FVTPL investment.</li> <li>• Assessing the adequacy of disclosure in the financial statements in relation to the fair valuation of the financial investments as required by the accounting standards.</li> </ul>



## Other Information

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

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

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

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

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

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

## CHARTERED ACCOUNTANTS

Colombo, Sri Lanka  
26th June 2023

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Rupees Thousands

For the year ended 31st March	Note	2023	2022
Revenue	11	314,925	338,754
Net change in fair value through profit or loss financial assets		255,740	(568,280)
<b>Profit / (loss) on investment activities</b>		570,665	(229,526)
Administrative and other operating expenses		(73,699)	(60,557)
<b>Profit / (loss) from operations</b>	12	496,966	(290,083)
Finance expense	13	(50,114)	(101)
<b>Profit / (loss) from operations after finance expense</b>		446,852	(290,184)
Share of profit / (loss) of equity accounted investees, net of tax	14	256,416	(185,541)
<b>Profit / (loss) before taxation</b>		703,268	(475,725)
Income tax expense	15	(46,466)	(22,052)
<b>Profit / (loss) for the year</b>		656,802	(497,777)
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified to profit or loss</b>			
Share of other comprehensive income of equity accounted investees, net of tax	14	758,823	534,355
<b>Other comprehensive income for the year</b>		758,823	534,355
<b>Total comprehensive income for the year</b>		1,415,625	36,578
<b>Earnings / (loss) per share (Rs.)</b>	16	6.55	(4.96)
<b>Dividend per share (Rs.)</b>	17	0.55	0.75

The notes to the financial statements from pages 38 to 68 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	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in equity accounted investees	18	6,958,402	5,982,936
Investment in fixed deposits		1,255,827	-
<b>Total non-current assets</b>		<b>8,214,229</b>	<b>5,982,936</b>
<b>Current assets</b>			
Other receivables	19	6,369	35,280
Fair value through profit or loss financial assets	20	2,215,818	2,274,233
Investment in unit trusts	21	21,248	98,540
Investment in fixed deposits		347,097	280,346
Cash and cash equivalents	22	53,604	736,108
<b>Total current assets</b>		<b>2,644,136</b>	<b>3,424,507</b>
<b>Total assets</b>		<b>10,858,365</b>	<b>9,407,443</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	23	838,033	838,033
Capital reserves	24.1	187,141	187,141
Revenue reserves	24.2	9,547,033	8,252,461
<b>Total equity</b>		<b>10,572,207</b>	<b>9,277,635</b>
<b>Current liabilities</b>			
Trade and other payables	25	22,668	124,591
Current tax payable		11,861	5,217
Short term borrowings	26	251,629	-
<b>Total current liabilities</b>		<b>286,158</b>	<b>129,808</b>
<b>Total liabilities</b>		<b>286,158</b>	<b>129,808</b>
<b>Total equity and liabilities</b>		<b>10,858,365</b>	<b>9,407,443</b>
Net assets value per share (Rs.)		105.36	91.55

The notes to the financial statements from pages 38 to 68 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.)

**P.C. Ekanayake**

Finance Manager

**Guardian Fund Management Limited**

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

Approved and signed on behalf of the Managers,

Approved and signed on behalf of the Board,

(Sgd.)

**K. Selvanathan**

Director

(Sgd.)

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

Chairperson

(Sgd.)

**D. C. R. Gunawardena**

Director

**Carsons Management Services (Private) Limited**

Colombo

26th June 2023

# STATEMENT OF CHANGES IN EQUITY

In Rupees Thousands

	Stated capital	Capital reserves		Revenue reserves			Total equity
		Investment reserve	Other capital reserve	Associate Companies reserve	General reserve	Retained earnings	
<b>Balance as at 1st April 2021</b>	838,033	8,401	178,740	5,309,885	27,217	3,047,638	9,409,914
Loss for the year	-	-	-	(185,541)	-	(312,236)	(497,777)
Other comprehensive income for the year	-	-	-	534,355	-	-	534,355
Total comprehensive income / (expense) for the year	-	-	-	348,814	-	(312,236)	36,578
Re-purchase of shares (Note 23.1.1)	-	-	-	-	-	(102,034)	(102,034)
Dividend received from associate company	-	-	-	(41,459)	-	41,459	-
Forfeiture of unclaimed dividends	-	-	-	-	-	4,114	4,114
Dividend (Note 17)	-	-	-	-	-	(70,937)	(70,937)
<b>Balance as at 31st March 2022</b>	838,033	8,401	178,740	5,617,240	27,217	2,608,004	9,277,635
<b>Balance as at 1st April 2022</b>	838,033	8,401	178,740	5,617,240	27,217	2,608,004	9,277,635
Surcharge Tax for the year of assessment 2020/21 (Note 15.3)	-	-	-	(15,557)	-	(32,974)	(48,531)
<b>Balance as at 1st April 2022 (Adjusted)</b>	838,033	8,401	178,740	5,601,683	27,217	2,575,030	9,229,104
Profit for the year	-	-	-	256,416	-	400,386	656,802
Other comprehensive income for the year	-	-	-	758,823	-	-	758,823
Total comprehensive income for the year	-	-	-	1,015,239	-	400,386	1,415,625
Dividend received from associate company	-	-	-	(27,639)	-	27,639	-
Forfeiture of unclaimed dividends	-	-	-	-	-	2,736	2,736
Dividend (Note 17)	-	-	-	-	-	(75,258)	(75,258)
<b>Balance as at 31st March 2023</b>	838,033	8,401	178,740	6,589,283	27,217	2,930,533	10,572,207

The notes to the financial statements from pages 38 to 68 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	2023	2022
<b>Cash flows from operating activities</b>			
Profit / (loss) before taxation		703,268	(475,725)
<b>Adjustments for:</b>			
Net change in fair value through profit or loss financial assets		(255,740)	568,280
Finance expense	13	50,114	101
Share of (profit) / loss of equity accounted investees, net of tax	14	(256,416)	185,541
<b>Operating profit before changes in working capital</b>		<b>241,226</b>	<b>278,197</b>
Decrease in other receivables		28,911	42,247
Decrease in investments		391,447	36,822
Increase in investment in fixed deposits		(1,322,578)	(23,766)
Increase / (decrease) in trade and other payables		(101,270)	95,997
<b>Cash generated from / (used in) operations</b>		<b>(762,264)</b>	<b>429,497</b>
Income tax paid		(39,822)	(18,541)
Surcharge tax paid	15.3	(32,974)	-
<b>Net cash generated from / (used in) operating activities</b>		<b>(835,060)</b>	<b>410,956</b>
<b>Cash flows from investing activities</b>			
Dividend received from equity accounted investees	11	27,639	41,459
Investments in equity accounted investees	18.2	(3,423)	(1,900)
Adjustment on re-purchase of shares		-	(102,034)
<b>Net cash generated from / (used in) investing activities</b>		<b>24,216</b>	<b>(62,475)</b>
<b>Cash flows from financing activities</b>			
Finance expense paid		(48,485)	(101)
Short term borrowings (net movement)	26	250,000	-
Dividend paid		(73,175)	(68,770)
<b>Net cash generated from / (used in) financing activities</b>		<b>128,340</b>	<b>(68,871)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		<b>(682,504)</b>	<b>279,610</b>
Cash and cash equivalents at the beginning of the year		736,108	456,498
<b>Cash and cash equivalents at the end of the year</b>	22	<b>53,604</b>	<b>736,108</b>

The notes to the financial statements from pages 38 to 68 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 REPORTING ENTITY

### (a) Domicile and Legal form

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

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

### (b) Principal activities and nature of operations

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

### (d) Number of employees

The Company had no employees as at the reporting date (2022 - Nil).

## 2 BASIS OF PREPARATION

### (a) Statement of compliance

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

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

The financial statements were authorised for issue by the Board of Directors on 26th June 2023.

### (b) Basis of measurement

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

### (c) Functional and presentation currency

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

### (d) Use of estimates and judgements

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

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

Further, the tax liability arising from the Surcharge Tax Act No: 14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under the note 15.3 on Income Taxes.

#### Assumptions and estimation uncertainties:

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

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

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



## ii. Current taxation

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

## iii. Measurement of fair values

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

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

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

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

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

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

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety

in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

## (e) Materiality and aggregation

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

## (f) Going concern

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

## (g) Comparative figures

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

## 3 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Investments in Associates and jointly controlled entities 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 or joint control commences until the date that significant influence or joint control 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.

### 3.2 Foreign currency

#### (i) Foreign currency transactions

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

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

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

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

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is; and
- qualifying cash flow hedges to the extent that the hedges are effective.

### 3.3 Financial Instruments

#### (a) Financial assets

##### • Recognition and initial measurement

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

Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

##### • Classification and subsequent measurement of financial assets

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

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

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

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

The Company's financial assets classified and measured at amortized cost are limited to its other receivables, investment in fixed deposits, securities purchased under the resale agreements and cash and cash equivalents.

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

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

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

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

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

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

#### • **Financial assets - Business model assessment**

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

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

**(b) Financial liabilities**

- **Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

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

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

**(c) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards

of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

### 3.3.1 Impairment

**(a) Financial assets**

The Company recognises loss allowances for Expected Credit Losses (ECLs) on:

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

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

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

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

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

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

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

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

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

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

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

- **Measurement of ECLs**

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

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

- **Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 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 or a security because of financial difficulties.

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

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

For debt securities at FVOCI, the loss allowance is charged to statement profit or loss and is recognised in statement of profit or loss and other comprehensive income.

- **Write-off**

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

(b) **Non-financial assets**

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### 3.4 Liabilities and Provisions

#### 3.4.1 Liabilities

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

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

#### 3.4.2 Provisions

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

#### 3.4.3 Contingent liabilities and contingent assets

##### 3.4.3.1 Contingent Liabilities

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

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

##### 3.4.3.2 Contingent Assets

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

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

#### (i) Interest Income and expense

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

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

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

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

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

Gain/ (loss) on redemption of units comprises realised trading gain/ (loss) on disposal of investment in unit trust, is presented in direct income as sale of financial investments at

fair value through profit or loss in the statement of profit or loss and other comprehensive income.

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

Gain/(loss) on disposal of Financial Investments measured at fair value through other comprehensive income comprises realised capital gain/(loss) on disposal of investment in equity securities classified as financial assets measured at fair value through other comprehensive income, is presented in other comprehensive income.

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

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

**(vi) Dividend Income**

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

**3.6 Expenditure recognition**

**(i) Operating expenses**

All expenses incurred in day-to-day operations of the business have been charged to revenue in arriving at the profit or loss for the year. A provision has also been made for impaired receivables and all known liabilities.

**(ii) Finance income and finance expense**

Finance expense comprise interest expense on borrowings and bank overdrafts.

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

**(iii) Fee and commission expenses**

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

**3.7 Income tax expense**

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

**(i) Current taxation**

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

**(ii) Deferred taxation**

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

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

### (iii) Tax exposures

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

### 3.8 Related party transactions

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

### 3.9 Earnings per Share

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

### 3.10 Events after the reporting period

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

## 4 DIVIDENDS ON ORDINARY SHARES

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

## 5 SEGMENT REPORTING

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

## 6 PRESENTATION

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

### (i) Offsetting income and expenses

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

### (ii) Offsetting assets and liabilities

Assets and liabilities are offset and the net amount reported in the statement of financial position only where there is;

- a current enforceable legal right to offset the asset and the liability; and
- an intention to settle the liability simultaneously.

### (a) Equity securities

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

### (b) Other receivables

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

### (c) Other non-derivative financial liabilities

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

## 7 STATEMENT OF CASH FLOWS

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

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

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



### **Cash and Cash Equivalents**

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

## **8 STATED CAPITAL**

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

## **9 DIRECTORS' RESPONSIBILITY**

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

## **10 NEW ACCOUNTING STANDARDS ISSUED**

### **10.1 Standards issued but not yet adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted ; however, the Company has not early adopted the new and amended standards in preparing these financial statements.

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

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)
- Classification of Liability as Current or Non-current (Amendments to LKAS 1)
- Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to LKAS 8)
- Lease Liability in a Sale and Leaseback (Amendments to SLFRS 16)

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

For the year ended 31st March		2023	2022
<b>11. REVENUE</b>			
Net gain / (loss) from disposal of investment in equity securities		(47,547)	132,088
Net gain from disposal of investment in unit trusts		7,141	2,101
Dividend income		158,248	208,758
Interest income on financial assets carried at amortised cost (note 11.1)		224,722	37,266
		342,564	380,213
Dividend received from equity accounted investees		(27,639)	(41,459)
		314,925	338,754
<b>11.1 Interest income on financial assets carried at amortised cost</b>			
Savings deposits		36,402	4,456
Securities purchased under resale agreements		1,476	4,677
Placements with banking and financial institutions		186,844	25,862
Treasury bills		-	2,271
		224,722	37,266
<b>12. PROFIT / (LOSS) FROM OPERATIONS</b>			
Profit / (loss) from operations is stated after charging all expenses including the following:			
Auditors' remuneration and expenses			
- Audit and related fees		529	460
- Non audit fees		70	215
Directors' fees (note 27.3)		2,556	3,335
Personnel cost (note 12.a)		-	-
Support service fees (note 12.b)		12,834	11,666
Portfolio management fee (note 12.c)		42,901	37,256

**12.a** The Company had no employees of its own during the financial year under review (2022-nil) and the relevant services are received from Carsons Management Services (Private) Limited and Guardian Fund Management Limited.

**12.b** Support service fees are paid to Carsons Management Services (Private) Limited, a related company, which functions as the managers and secretaries of the Company, on receiving of respective services (note 27.4).

**12.c** Portfolio management fees are paid to Guardian Fund Management Limited, a related Company, which functions as the investment managers of the Company, on receiving of respective services (note 27.4).

### 13. FINANCE EXPENSE

For the year ended 31st March		2023	2022
On short-term borrowings		50,114	34
On bank overdraft		-	67
		50,114	101

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

For the year ended 31st March	Company's share of profit / (loss) of equity accounted investees, net of tax		Company's share of other comprehensive income / (expense) of equity accounted investees, net of tax	
	2023	2022	2023	2022
Rubber Investment Trust Limited	296,589	(179,260)	690,304	349,207
Guardian Value Fund LLC	(38,089)	(4,980)	67,708	182,214
Guardian Fund Management LLC	(2,084)	(1,301)	811	2,934
	256,416	(185,541)	758,823	534,355

Summarised financial information of equity accounted investees are given in note 18.3.

For the year ended 31st March	2023	2022
<b>15. INCOME TAX EXPENSE</b>		
Provision for the year (note 15.1)	46,773	22,066
Over provision for previous years	(307)	(14)
<b>Total tax expense for the year</b>	<b>46,466</b>	<b>22,052</b>
<b>15.1 Reconciliation between accounting profit / (loss) and taxable profit</b>		
Accounting profit / (loss) before taxation	703,268	(475,725)
Share of profit / (loss) of equity accounted investees, net of tax	(256,416)	185,541
Dividend income - exempt (note 15.2 (ii))	(80,575)	(95,118)
Exempt profit / (loss) on sale of shares (note 15.2 (iii))	47,547	(132,088)
Net change in fair value through profit or loss financial assets	(255,740)	568,280
Unit Trust - interest income - unrealised	551	3,242
Aggregate disallowable expenses / dividend received from equity accounted investees	45,229	77,784
<b>Taxable profit for the year</b>	<b>203,864</b>	<b>131,916</b>
Tax at 24 %	16,830	8,634
Tax at 30 %	21,037	-
Tax on dividend income at 14 %	8,906	13,432
<b>Current taxation thereon (note 15.2 (i) &amp; (ii))</b>	<b>46,773</b>	<b>22,066</b>

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 15.2 Current taxation on profits

- i) In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto, the Company was liable to income tax at 24% up to 30th September 2022 and 30% thereafter (2022-24%). Dividend income received by the company is liable to income tax at 14% for first six months and 15% for the last six months.
- ii) As per the Inland Revenue (Amendment) Act No.45 of 2022, 15% withholding tax is deducted from the dividend distribution by the paying company. Dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company exempt from income tax for the respective recipient.
- iii) In terms of item (h) of third schedule of the Inland Revenue Act, No. 24 of 2017, gains made on the realization of an asset consisting of shares quoted in any official list published by any stock exchange licensed by the Securities and Exchange Commission of Sri Lanka are exempt from income tax.

### 15.3 Surcharge tax

As per the provisions of Surcharge Tax Act No. 14 of 2022, although Ceylon Investment PLC, the Company did not become liable to pay surcharge tax as stand-alone entity, the Company was liable for surcharge tax on the basis that the companies are part of the Carson Cumberbatch PLC group, of which the aggregate taxable income exceeded the threshold as stipulated in the aforesaid Act.

Accordingly, the Company was liable for a surcharge tax of Rs. 32,974,304/-, out of the taxable income of Rs. 131,897,216/-, pertaining to the year of assessment 2020/21. Also, an associate Company of Ceylon Investment PLC was liable for a surcharge tax of Rs. 31,144,734/-, out of the taxable income of Rs. 124,578,935/-. The surcharge tax liability was paid in two equal installments on 18th April 2022 and 18th July 2022.

The expense of surcharge tax is accounted in accordance with the "Addendum to Statement of Alternative Treatment on Accounting for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022 " issued by the Institute of Chartered Accountants of Sri Lanka on 10th August 2022.

The impact of the surcharge tax under the Surcharge Tax Act on the year ended 31st March 2021 would have been as given below:

Profit After Tax for the year ended 31st March 2021	1,484,197
Surcharge tax levied under Surcharge Tax Act	(48,531)
Comparable Profit for the year ended 31st March 2021	1,435,666

## 16. EARNINGS / (LOSS) PER SHARE

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

The following reflects the earning and share data used for the computation of earnings / (loss) per share:

For the year ended 31st March	2023	2022
<b>Amount used as the numerator</b>		
Profit / (loss) for the year (Rs '000)	656,802	(497,777)
<b>Amount used as the denominator</b>		
Weighted average number of ordinary shares outstanding during the year		
No. of shares as at beginning of the year	101,338,041	101,338,041
Repurchase of ordinary shares (note 23.1.1)	(993,511)	(993,511)
Weighted average number of ordinary shares outstanding during the year	100,344,530	100,344,530
<b>Earnings / (loss) per share (Rs.)</b>	<b>6.55</b>	<b>(4.96)</b>

For the year ended 31st March		2023	2022
<b>17. DIVIDENDS</b>			
<b>17.1 Dividends paid during the year</b>			
Final dividend - cash			
Total dividend paid		-	70,937
Dividend per share (Rs.)		-	0.70
First interim dividend - cash			
Total dividend paid		75,258	-
Dividend per share (Rs.)		0.75	-
<b>Total dividend paid during the year</b>		<b>75,258</b>	<b>70,937</b>
<b>17.2 Dividend proposed during the year</b>			
First interim dividend - cash		55,189	75,258
Dividend per share (Rs.)		0.55	0.75

After satisfying the solvency tests in accordance with Section 57 of the Companies Act No. 07 of 2007, the Directors of the Company have approved a first interim dividend of Rs.0.55 per Ordinary share for the year ended 31st March 2023 amounting to Rs.55,189,491.50. The entitlement / record date for the above first interim dividend will be 11th July 2023.

According to the Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period", the proposed interim dividend has not been recognised as a liability as at 31st March 2023.

## 18. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

### 18.1 Summary

As at 31st March	2023				2022			
	Holding %	No. of shares	Cost	Carrying value	Holding %	No. of shares	Cost	Carrying value
Rubber Investment Trust Limited	49.95%	3,948,495	296	6,348,402	49.95%	3,948,495	296	5,404,705
Guardian Value Fund LLC	44.36%	1,965,000	357,139	598,629	44.36%	1,965,000	357,139	569,010
Guardian Fund Management LLC	50.00%	53,452	11,684	11,371	50.00%	44,250	8,261	9,221
			369,119	6,958,402			365,696	5,982,936

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 18.2 Movement in equity accounted investees

For the year ended / As at 31st March	2023 Carrying value	2022 Carrying value
<b>Investment at cost</b>		
Opening balance	365,696	363,796
Investments made during the year	3,423	1,900
<b>Closing balance</b>	<b>369,119</b>	<b>365,696</b>
<b>Investors' share of reserves</b>		
At the beginning of the year	5,617,240	5,309,885
Share of profit / (loss) of equity accounted investees, net of tax (note 14)	256,416	(185,541)
Share of other comprehensive income of equity accounted investees, net of tax (note 14)	758,823	534,355
Dividend received from equity accounted investees	(27,639)	(41,459)
Surcharge tax (Note 15.3)	(15,557)	-
At the end of the year	6,589,283	5,617,240
<b>The carrying value of investments in associates on equity method of accounting</b>	<b>6,958,402</b>	<b>5,982,936</b>

### 18.3 Summarised financial information of the Associate / Joint Venture Companies

For the year ended 31st March / as at 31st March	2023			2022		
	Rubber Investment Trust Limited	Guardian Value Fund LLC	Guardian Fund Management LLC	Rubber Investment Trust Limited	Guardian Value Fund LLC	Guardian Fund Management LLC
Revenue	380,539	13,926	7,754	475,820	20,751	4,497
Net change in fair value through profit or loss financial assets	333,945	(70,817)	-	(755,395)	(17,101)	-
Profit / (loss) for the year	593,779	(85,870)	(4,168)	(358,883)	(11,228)	(2,584)
Other comprehensive income for the year	1,382,009	-	-	699,122	-	-
Total comprehensive income / (expense) for the year	1,975,788	(85,870)	(4,168)	340,239	(11,228)	(2,584)
Current assets	3,185,090	1,437,682	28,775	3,305,104	1,286,735	22,018
Non - current assets	9,633,922	-	-	7,538,325	-	-
Current liabilities	109,328	88,101	6,033	23,053	3,928	3,577
Total equity	12,709,684	1,349,581	22,742	10,820,376	1,282,807	18,441

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

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

## 19. OTHER RECEIVABLES

As at 31st March	2023	2022
<b>Financial</b>		
Dividend receivable	5,859	34,687
	5,859	34,687
<b>Non-financial</b>		
Advances and prepaid expenses	510	593
	510	593
	6,369	35,280

## 20. FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

### 20.a Summary

As at 31st March	Note	2023 Fair value	2022 Fair value
Investment in Equity Securities - Quoted Shares	20.1	2,215,808	2,274,223
Investment in Equity Securities - Unquoted Shares	20.2	10	10
		2,215,818	2,274,233

#### Valuation of Listed Equity Investments

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

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

For the year ended 31st March 2023	Fair value as at 1st April 2022	Additions	Disposals / write-off	Change in fair value	Fair value as at 31st March 2023
Investment in Equity Securities - Quoted Shares	2,274,223	461,765	(774,094)	253,914	2,215,808
Investment in Equity Securities - Unquoted Shares	10	-	-	-	10
	2,274,233	461,765	(774,094)	253,914	2,215,818

For the year ended 31st March 2022	Fair value as at 1st April 2021	Additions	Disposals / write-off	Change in fair value	Fair value as at 31st March 2022
Investment in Equity Securities - Quoted Shares	2,872,403	857,544	(884,666)	(571,058)	2,274,223
Investment in Equity Securities - Unquoted Shares	10	-	-	-	10
	2,872,413	857,544	(884,666)	(571,058)	2,274,233

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 20.1 Investments in equity securities - Quoted Shares

As at 31st March	2023		2022	
	No. of shares	Fair value	No. of shares	Fair value
<b>Banks</b>				
Commercial Bank of Ceylon PLC	-	-	2,688,965	168,595
Hatton National Bank PLC	526,396	68,168	1,253,218	136,914
National Development Bank PLC	-	-	89,595	4,990
Sampath Bank PLC	1,897,055	99,595	1,982,720	90,809
Seylan Bank PLC	-	-	211,455	6,682
		167,763		407,990
<b>Capital Goods</b>				
Hemas Holdings PLC	3,706,719	240,937	6,450,208	298,000
John Keells Holdings PLC	1,636,523	229,113	845,478	122,594
		470,050		420,594
<b>Consumer Services</b>				
Aitken Spence Hotel Holdings PLC	2,269,575	135,948	2,269,575	80,570
		135,948		80,570
<b>Diversified Financials</b>				
Central Finance Company PLC	6,804,535	492,648	8,804,535	599,589
Peoples' Leasing & Finance PLC	11,722,136	92,607	7,465,914	60,474
		585,255		660,063
<b>Food Beverage &amp; Tobacco</b>				
Distilleries Company of Sri Lanka PLC	7,071,227	138,596	7,046,227	95,829
Melstacorp PLC	1,442,443	79,190	458,092	18,828
Sunshine Holdings PLC	630,000	28,350	-	-
Nestle Lanka PLC	85,000	90,865	85,000	79,794
Ceylon Cold Stores PLC	1,266,756	50,670	459,000	17,855
Ceylon Tobacco Company PLC	30,436	20,719	-	-
		408,390		212,306
<b>Food &amp; Staples Retailing</b>				
Cargills (Ceylon) PLC	206,972	48,224	206,972	37,772
		48,224		37,772
<b>Insurance</b>				
HNB Assurance PLC	1,712,174	85,437	1,712,174	74,137
Ceylinco Insurance PLC - Non voting	140,010	147,501	140,010	169,342
		232,938		243,479



As at 31st March	2023		2022	
	No. of shares	Fair value	No. of shares	Fair value
<b>Materials</b>				
Tokyo Cement Company (Lanka) PLC	517,061	25,853	-	-
		25,853		-
<b>Telecommunication Services</b>				
Dialog Axiata PLC	13,594,932	141,387	21,144,932	211,449
		141,387		211,449
<b>Total investments in equity securities - Quoted Shares - FVTPL</b>		<b>2,215,808</b>		<b>2,274,223</b>

## 20.2 Investment in equity securities - Unquoted Shares

As at 31st March	2023		2022	
	No. of shares	Fair value	No. of shares	Fair value
Guardian Fund Management Limited	7	-	7	-
Kandy Private Hospitals Limited	600	10	600	10
<b>Total investment in equity securities - Unquoted shares - FVTPL</b>		<b>10</b>		<b>10</b>

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 21. INVESTMENT IN UNIT TRUSTS

#### 21.1 Movement in investment in unit trusts

As at 31st March	2023	2022
Balance as at the beginning of the year	98,540	105,462
Investments during the year	93,150	515,177
Disposals during the year	(172,268)	(524,877)
Fair value adjustment	1,826	2,778
<b>Balance as at the end of the year</b>	<b>21,248</b>	<b>98,540</b>

#### 21.2 Investment in unit trusts - unquoted

As at 31st March	2023		2022	
	No. of units	Fair value	No. of units	Fair value
Guardian Acuity Equity Fund	310,079	6,413	310,079	5,137
Guardian Acuity Money Market Fund	585,921	14,835	950,552	20,558
Guardian Acuity Income Fund	-	-	7,000,000	72,845
		21,248		98,540

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

### 22. CASH AND CASH EQUIVALENTS

As at 31st March	2023	2022
Cash at bank	53,604	391,981
Placements with banking and financial institutions	-	344,127
<b>Net cash and cash equivalents for the cash flow statement purpose</b>	<b>53,604</b>	<b>736,108</b>

### 23. STATED CAPITAL

As at 31st March	Note	2023		2022	
		No. of shares	Value	No. of shares	Value
Ordinary shares					
Issued and fully paid	23.1	100,344,530	838,033	101,338,041	838,033
			838,033		838,033
<b>23.1 Ordinary share - Issued and fully paid</b>					
Balance as at the beginning of the year		101,338,041	838,033	101,338,041	838,033
Repurchase of shares (note 23.1.1)		(993,511)	-	-	-
<b>Balance as at the end of the year</b>		<b>100,344,530</b>	<b>838,033</b>	<b>101,338,041</b>	<b>838,033</b>

The Stated Capital of the Company as at 31st March 2023 was Rs. 838,032,311.66 consisting of 100,344,530 Ordinary Shares.

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

### 23.1.1 Repurchase of shares

- A On 23rd June 2023, the Company announced a Repurchase of Shares at a ratio of 01 ordinary share for every 102 ordinary shares held and accordingly, the Company would repurchase a maximum 983,770 ordinary shares from the Shareholders at a price of Rs.105.36 per share and total value of the share repurchase transaction amount would be Rs. 103.7 Mn.
- B On 11th February 2022 the Company made a Repurchase Offer whereby, 993,511 Ordinary shares were repurchased by the Company at a price of Rs. 102.70 per share. The said offer was closed on 17th March 2022. The share repurchase transaction amounting to Rs 102 Mn was accounted through retained earnings and the repurchased shares were cancelled on 12th May 2022.

As at 31st March	Note	2023	2022
<b>24. CAPITAL AND REVENUE RESERVES</b>			
<b>24.1 Capital reserves</b>			
Investment reserve	24.1.1	8,401	8,401
Other capital reserve	24.1.1	178,740	178,740
		<u>187,141</u>	<u>187,141</u>
<b>24.1.1 Investment reserve and other capital reserve</b>			
These represent the amounts set aside to meet any contingencies.			
<b>24.2 Revenue reserves</b>			
General reserve	24.2.1	27,217	27,217
Retained earnings		2,930,533	2,608,004
Associate Companies reserve	24.2.2	6,589,283	5,617,240
		<u>9,547,033</u>	<u>8,252,461</u>

#### 24.2.1 General reserve

This represents the amounts set aside to meet any contingencies.

#### 24.2.2 Associate Companies reserve

This represents the Company's share of net assets of the equity accounted investees.  
The movement of the above reserves are given in the statement of changes in equity.

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 25. TRADE AND OTHER PAYABLES

As at 31st March	2023	2022
<b>Financial</b>		
Payable on share repurchase - related party (note 27.5)	-	67,281
Payable on share repurchase - other shareholders	136	34,752
Other payables	20,171	20,824
	20,307	122,857
<b>Non-financial</b>		
Provisions and accrued expenses	2,361	1,734
	2,361	1,734
	22,668	124,591

### 26. SHORT TERM BORROWINGS

As at 31st March	2023	2022
Balance as at the beginning of the year	-	-
Loans obtained during the year	500,000	100,000
Accrued interest	1,629	-
Payments made during the year	(250,000)	(100,000)
Balance as at the end of the year	251,629	-

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

### 27. RELATED PARTY TRANSACTIONS

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) - "Related Party Disclosures", the details of which are reported below.

#### 27.1 Parent and ultimate controlling entity

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

#### 27.2 Transactions with Key Management Personnel (KMP)

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

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

For the year ended 31st March	2023	2022
Short-term benefits	2,556	3,335
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
Non cash benefits	-	-
	2,556	3,335

**27.4 Transactions with the Related Companies**

Name of the related company	Relationship	Nature of the transactions	Value of the transactions	
			2023	2022
Ceylon Guardian Investment Trust PLC	Parent company	Dividend paid	49,625	46,776
		Share repurchase	-	67,281
Rubber Investment Trust Limited	Associate Company	Dividends received	27,639	41,459
Guardian Fund Management Limited (GFM)	Fellow subsidiary	Portfolio management fees paid*	42,901	37,256
Carsons Management Services (Private) Limited (CMSL)	Fellow subsidiary	Support service fees paid**	12,834	11,666
		Computer fees paid	420	420
		Secretarial fees paid	533	444

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

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

**27.5 Amounts due to a related party**

Name of the related company	Relationship	Value of the transactions	
		2023	2022
<b>As at 31st March</b>			
Ceylon Guardian Investment Trust PLC	Parent company	-	67,281

**27.6 Significant Holdings**

As at 31st March	Holding %	
	2023	2022
<b>Associate Companies</b>		
Rubber Investment Trust Limited	49.95%	49.95%
Guardian Value Fund LLC	44.36%	44.36%
<b>Joint Ventures</b>		
Guardian Fund Management LLC	50.00%	50.00%

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 28. FINANCIAL INSTRUMENTS

#### Financial risk management - Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing such risks, and the Company's management of capital. Pages 08 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 comprise of investments in listed / unlisted equity securities, unit trusts and fixed income securities. The Company's investment manager has been given discretionary authority to manage the assets, in line with the Company's investment policies and objectives.

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

#### 28.1 Credit risk

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

##### 28.1.1 Credit risk exposure and managing the risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

As at 31st March	Note	Carrying Amount	
		2023	2022
Other receivables*	19	5,859	34,687
Investment in unit trusts	21	21,248	98,540
Investment in fixed deposits		1,602,924	280,346
Cash and cash equivalents - Placements with banking and financial institutions	22	-	344,127
Cash and cash equivalents - Cash at bank	22	53,604	391,981
		1,683,635	1,149,681

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

## Investment in unit trusts

The Company has invested in following unit trusts:

Name of the fund	Fund category	Fund's investment instruments
Guardian Acuity Money Market Fund	Money market fund	Fixed income securities within the maturity period less than 365 days
Guardian Acuity Income Fund	Income fund	Fixed income securities that focus on providing medium term returns
Guardian Acuity Equity Fund	Equity fund	Listed equity securities

Guardian Acuity Asset Management Limited, is a fully owned subsidiary of CT CLSA Holding Limited, is the Investment Manager of the 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.

## Other receivables

A significant portion of the other receivable comprise of 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 twelve (12) market days and no risk of default, based on past experience in the industry.

## Age profile of other receivables

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

As at 31st March	2023	2022
Less than 30 days	5,859	34,687
	5,859	34,687

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

## Investment in fixed deposits

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

## Cash and cash equivalents

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

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

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

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

As at 31st March	2023	2022
<b>Credit rating</b>		
AAA	249	841
AA-	-	451,933
A+	-	562,090
A	1,533,927	-
A-	120,642	-
BBB+	1,680	1,590
BBB-	30	-
	1,656,528	1,016,454

All the ratings are obtained based on ratings published by Fitch Ratings Lanka Ltd.

### 28.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are required to be settled by delivering cash or another financial asset.

#### 28.2.1 Exposure to liquidity risk

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

As at 31st March 2023	Carrying amount	Contractual cash flows			
		Total	up to 3 months	3-12 months	More than a year
<b>Non derivative financial liabilities</b>					
Trade and other payables*	20,307	20,307	20,307	-	-
Short-term loans	251,629	255,191	255,191	-	-
	271,936	275,498	275,498	-	-

As at 31st March 2022	Carrying amount	Contractual cash flows			
		Total	up to 3 months	3-12 months	More than a year
<b>Non derivative financial liabilities</b>					
Trade and other payables*	122,857	122,857	122,857	-	-
	122,857	122,857	122,857	-	-

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

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

As at 31st March	2023	2022
Investment in unit trusts	21,248	98,540
Cash and cash equivalents	53,604	736,108
Total liquid assets	74,852	834,648
Liquid assets as a % of total net assets	0.7%	9.0%



## 28.2.2 Management of liquidity risk

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

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

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

## 28.3 Market risk

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

### 28.3.1 Interest rate risk

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

#### Exposure and management of interest rate risk

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

As at 31st March	Carrying Amount	
	2023	2022
<b>Variable rate instruments</b>		
Financial assets - Cash at bank	53,604	391,981
- Investments in unit trusts	14,835	93,403
	68,439	485,384
<b>Fixed rate instruments</b>		
Financial assets - Placement with banking and financial institutions	-	344,127
- Investment in fixed deposits - current	347,097	280,346
- Investment in fixed deposits - non-current	1,255,827	-
Financial liabilities - Short term loans	(251,629)	-
	1,351,295	624,473

The Company invested in fixed deposits in licensed commercial banks in Sri Lanka for period of 1 - 5 years and at interest rates between 19% -26%.

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

As at 31st March	2023	2022
Commercial Banks Averaged Weighted Prime Lending Rate (AWPLR) *	22.42%	9.47%
Commercial Banks Averaged Weighted Deposit Rate (AWDR) *	15.06%	5.17%

\* Monthly average rate as at reporting date

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 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%
<b>As at 31st March 2023</b>		
Variable rate instruments	684	(684)
<b>As at 31st March 2022</b>		
Variable rate instruments	4,854	(4,854)

### 28.3.2 Exposure and management of other market price risks

#### Equity price risk

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

Having 61% (2022 - 67%) of its discretionary portfolio as equity investments designated as listed investments in the Colombo Stock Exchange, market volatilities bring in substantial variations to the Company's earnings and value of its asset base.

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

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

As at 31st March	Note	Carrying Amount	
		2023	2022
Investment in Equity Securities - Fair value through profit or loss	20	2,215,818	2,274,233
Investment in Unit Trusts - Unquoted			
- Guardian Acuity Equity Fund	21	6,413	5,137
		2,222,231	2,279,370

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

### Sensitivity Analysis

An increasing / (decreasing) of the equity market prices 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 equity market price	Equity	
	Increasing	Decreasing
<b>As at 31 March 2023</b>		
- Equity market price ( 10% movement)	222,223	(222,223)
	222,223	(222,223)
<b>As at 31st March 2022</b>		
- Equity market price ( 10% movement)	227,937	(227,937)
	227,937	(227,937)

### 28.3.3 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 "Guardian Value Fund LLC" and "Guardian Fund Management LLC" - funds invested in Mauritius, to which the Company has infused promoters capital.

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

As at 31st March	Carrying Amount 2023		Carrying Amount 2022	
	LKR (000')	USD	LKR (000')	USD
Investment in equity accounted investee - Guardian Value Fund LLC	598,629	1,829,886	569,010	1,936,264
Investment in equity accounted investee - Guardian Fund Management LLC	11,371	34,759	9,221	31,378
Exchange rates applied as at the reporting dates - USD / LKR		327.14		293.87

### 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
<b>As at 31st March 2023</b>		
- United State Dollars (15% movement)	91,500	(91,500)
	91,500	(91,500)
<b>As at 31st March 2022</b>		
- United State Dollars (15% movement)	86,735	(86,735)
	86,735	(86,735)

## NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

### 28.4 Accounting classification and fair values

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

As at 31st March 2023	Fair value through profit or loss financial assets	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
<b>Financial assets measured at fair value</b>					
Fair value through profit or loss financial assets	2,215,818	-	-	2,215,818	2,215,818
Investment in unit trusts	21,248	-	-	21,248	21,248
<b>Financial assets not measured at fair value</b>					
Investment in fixed deposits	-	1,602,924	-	1,602,924	
Other receivables	-	5,859	-	5,859	
Cash and cash equivalents	-	53,604	-	53,604	
<b>Total financial assets</b>	<b>2,237,066</b>	<b>1,662,387</b>	<b>-</b>	<b>3,899,453</b>	
<b>Financial liabilities not measured at fair value</b>					
Trade and other payables	-	-	20,307	20,307	
Short term borrowings	-	-	251,629	251,629	
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>271,936</b>	<b>271,936</b>	

As at 31st March 2022	Fair value through profit or loss financial assets	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
<b>Financial assets measured at fair value</b>					
Fair value through profit or loss financial assets	2,274,233	-	-	2,274,233	2,274,233
Investment in unit trusts	98,540	-	-	98,540	98,540
<b>Financial assets not measured at fair value</b>					
Investment in fixed deposits	-	280,346	-	280,346	
Other receivables	-	34,687	-	34,687	
Cash and cash equivalents	-	736,108	-	736,108	
<b>Total financial assets</b>	<b>2,372,773</b>	<b>1,051,141</b>	<b>-</b>	<b>3,423,914</b>	
<b>Financial liabilities not measured at fair value</b>					
Trade and other payables	-	-	122,857	122,857	
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>122,857</b>	<b>122,857</b>	

## 28.5 Fair value hierarchy

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

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

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

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

	Level 1	Level 2	Level 3	Total
<b>As at 31st March 2023</b>				
Fair value through profit or loss financial assets	2,215,808	-	10	2,215,818
Investments in unit trusts	-	21,248	-	21,248
	2,215,808	21,248	10	2,237,066
<b>As at 31st March 2022</b>				
Fair value through profit or loss financial assets	2,274,223	-	10	2,274,233
Investments in unit trusts	-	98,540	-	98,540
	2,274,223	98,540	10	2,372,773

There were no movements during the year in the fair value measurements in Level 3 financial instruments of the fair value hierarchy (2022 - Nil).

## 29. SEGMENTAL REPORTING

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

## 30. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements, other than those disclosed in notes 17.2 and 23.1.1.A.

## 31. GOING CONCERN

The Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the financial statements are prepared on a going concern basis.

## NOTES TO THE FINANCIAL STATEMENTS

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In Rupees Thousands

### **32. COMMITMENTS AND CONTINGENT LIABILITIES**

#### **32.1 Capital expenditure commitments**

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

#### **32.2 Contingent liabilities**

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

#### **32.3 Litigations and claims**

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

### **33. COMPARATIVE FIGURES**

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

### **34. RESPONSIBILITY FOR FINANCIAL STATEMENTS**

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

# FIVE YEAR SUMMARY

In Rupees Thousands

For the year ended / As at 31st March	2023	2022	2021	2020	2019
<b>Financial highlights</b>					
<b>Revenue</b>					
Net gain / (loss) on disposal of investments	(40,406)	134,189	321,324	64,233	(4,887)
Dividend income	158,248	208,758	172,121	134,368	142,753
Interest income	224,722	37,266	44,651	28,836	55,830
	342,564	380,213	538,096	227,437	193,696
Less :					
Dividend received from equity accounted investee	(27,639)	(41,459)	(16,781)	-	(24,678)
	314,925	338,754	521,315	227,437	169,018
Net fair value adjustment - unrealised	255,740	(568,280)	554,393	(655,281)	(1,054,018)
Profit / (loss) on investment activities	570,665	(229,526)	1,075,708	(427,844)	(885,000)
Profit / (loss) before taxation	703,268	(475,725)	1,503,665	(636,273)	(1,173,128)
Income tax expense	(46,466)	(22,052)	(19,468)	(9,072)	(13,174)
Profit / (loss) for the year	656,802	(497,777)	1,484,197	(645,345)	(1,186,302)
<b>Statement of Financial Position</b>					
<b>Capital employed</b>					
Stated capital	838,033	838,033	838,033	763,497	763,497
Reserves	9,734,174	8,439,602	8,571,881	5,632,141	6,460,912
Total equity	10,572,207	9,277,635	9,409,914	6,395,638	7,224,409
<b>Assets employed</b>					
Non current assets	8,214,229	5,982,936	5,673,681	3,630,867	3,584,558
Current assets	2,644,136	3,424,507	3,768,480	3,135,306	3,701,957
Total assets	10,858,365	9,407,443	9,442,161	6,766,173	7,286,515
Current liabilities	(286,158)	(129,808)	(32,247)	(370,535)	(62,106)
Net assets	10,572,207	9,277,635	9,409,914	6,395,638	7,224,409
<b>Cash Flow Statements</b>					
Net cash generated from / (used in) operating activities	(835,060)	410,956	398,091	373,797	(41,108)
Net cash generated from / (used in) investing activities	24,216	(62,475)	16,781	(363,500)	24,678
Net cash generated from / (used in) financing activities	128,340	(68,871)	(387,181)	324,020	(87,849)
Net increase / (decrease) in cash & cash equivalents	(682,504)	279,610	27,691	334,317	(104,279)
<b>Ratios &amp; statistics</b>					
<b>Operational ratio</b>					
Return on ordinary shareholders funds (%)	6.21	(5.37)	15.77	(10.09)	(16.42)
<b>Liquidity ratio</b>					
Current ratio (times)	9.24	26.38	116.86	8.46	59.61
<b>Investor ratio</b>					
Earnings / (loss) per share (Rs.)	6.55	(4.96)	14.65	(6.37)	(11.93)
Dividend per share *	0.55	0.75	0.70	1.00	0.50
Dividend cover (times)	11.91	(6.61)	20.93	N/A	N/A
Dividend growth (%)	27	7	(30)	100	(75)
Dividend yield (%)	1.64	2.02	1.10	3.43	1.37
Dividend payout ratio (%)	8.40	(15.12)	4.78	N/A	N/A
Net assets value per share (Rs.)	105.36	91.55	92.86	64.31	72.64
Market value per share (Rs.)**	33.50	37.10	63.70	29.10	36.50
Price earning ratio (times)	5.11	(7.48)	4.35	(4.57)	(3.06)
Price to book value ratio (times)	0.32	0.41	0.69	0.45	0.50
Total fund value	10,600,367	9,372,163	9,364,634	6,419,959	7,264,307
Market capitalisation	3,361,542	3,759,641	6,455,233	2,894,026	3,629,964
All Share Price Index (points)	9,301	8,904	7,121	4,572	5,557
S&P SL 20 Index (points)	2,683	3,031	2,850	1,947	2,739

\* 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	2023	2022
Number of Shareholders	2,979	2,911

The number of ordinary shares held by non-residents as at 31st March 2023 was 2,733,505 (2022 - 2,752,768) which amounts to 2.72% (2022 - 2.73%) of the total number of Ordinary Shares in issue.

## 3. FREQUENCY DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2023

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	1,704	395,181	0.39	5	597	0.00	1,709	395,778	0.40
1,001-10,000	898	3,098,057	3.09	21	101,537	0.10	919	3,199,594	3.19
10,001-100,000	265	7,709,522	7.68	27	757,999	0.75	292	8,467,521	8.44
100,001-1,000,000	49	14,787,044	14.74	5	1,873,372	1.87	54	16,660,416	16.60
Above 1,000,000	5	71,621,221	71.38	-	-	-	5	71,621,221	71.37
Total	2,921	97,611,025	97.28	58	2,733,505	2.72	2,979	100,344,530	100.00

Categories of Shareholders As at 31st March 2023	No. of Shareholders	No. of Shares	%
Individuals	2,734	22,137,640	22.06
Institutions	245	78,206,890	77.94
Total	2,979	100,344,530	100.00

## 4. PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.14.1(a) of the Listing Rules of the Colombo Stock Exchange, under Option 5, i.e. Float-Adjusted Market Capitalization of less than Rs.2.5 Billion with 500 Public Shareholders and a Public Holding percentage of 20%.

### The Company's Public Holding as at 31st March 2023

Market Capitalization of the Public Holding	Rs.1.14 Billion
Percentage of Public Holding	34.06%
Number of Public Shareholders	2,967



## 5. MARKET PERFORMANCE - ORDINARY SHARES

For the year ended 31st March	2023	2022
Share price as at 31st March (Rs.)	33.50	37.10
Highest (Rs.)	44.50	68.70
Lowest (Rs.)	21.00	37.00
Value of the shares traded (Rs.)	129,618,692	595,863,025
No. of shares traded	3,994,014	10,539,885
Volume of transactions (Nos.)	4,329	14,920
Market Capitalisation (Rs.)	3,361,541,755	3,759,641,321

## 6. DIVIDENDS

1. A First Interim Dividend of Cents 75 (Rs.0.75) per ordinary share for the financial year ended 31st March 2022 was announced on 02nd June 2022. Shareholders of the Company who had provided accurate bank account details were paid on 21st June 2022 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details, the dividends was paid on 04th July 2022.

2. First Interim Dividend of Cents 55 (Rs.0.55) per ordinary share for the financial year ended 31st March 2023 was announced on 23rd June 2023. Shareholders of the Company who have provided accurate bank account details will be paid on 14th July 2023 and to the Shareholders who had not provided accurate bank account details or had not provide any bank account details, the dividends will be paid on 27th July 2023.

## 7. RECORD OF BONUS ISSUES, RIGHTS ISSUES, REPURCHASE AND SUBDIVISION OF SHARES

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

Year ended 31st March	Month	Issue	Basis	No. of shares	Cumulative No. of shares
1919		Initial Capital	-	547,343	547,343
1954		Bonus	1:10	54,734	602,077
1956		Bonus	1:10	60,208	662,285
1988		Bonus	1:1	662,285	1,324,570
1991		Bonus	1:5	264,914	1,589,484
1999		Bonus	1:4	397,371	1,986,855
2000		Bonus	1:4	496,714	2,483,569
2002	April	Rights	1:4	620,892	3,104,461
	May	Bonus	1:4	776,115	3,880,576
2003	June	Rights	1:3	1,293,525	5,174,101
	August	Bonus	1:6	862,350	6,036,451
2004	July	Rights	1:2	3,018,225	9,054,676
	September	Bonus	1:2	4,527,338	13,582,014
2005	March	Rights	1:3	4,527,338	18,109,352
	June	Bonus	1:3	6,036,451	24,145,803
2009	October	Repurchase	1:5	(4,829,161)	19,316,642
2010	October	Subdivision	5:1	77,266,568	96,583,210
	October	Capitalisation of reserves	1:50	1,931,664	98,514,874
2015	August	Scrip Dividend	1:105.083934	936,185	99,451,059
2020	September	Scrip Dividend	1: 52.6666735511	1,886,982	101,338,041
2022	May	Repurchase	1:102	(993,511)	100,344,530

## 8. MAJOR SHAREHOLDERS

A list of major shareholders of the Company as at 31st March 2023 is provided in the Annual Report of the Board of Directors, on page 23.

# NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN** that the 77th Annual General Meeting of **Ceylon Investment PLC** will be held on **Tuesday, 25th July 2023 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 including the Financial Statements of the Company for the financial year ended 31st March 2023, together with the Report of the Auditors thereon.
2. To re-elect Mr. S . M. Perera as a Director in terms of Article 68 of the Articles of Association of the Company.
3. To re-elect Mr. A. P. Weeratunge who retires by rotation in term of Articles 72, 73 and 74 of the Articles of Association of the Company.
4. To re-appoint Mrs. M. A. R. C. Cooray as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution:

**“IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mrs. M. A. R. C. Cooray who is 74 years of age and that she be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

5. To re-appoint Mr. V. M. Fernando as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution:

**“IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. V. M. Fernando who is 73 years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

6. To re-appoint Mr. D. C. R. Gunawardena as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution:

**“IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. D. C. R. Gunawardena who is 72 years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

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

By Order of the Board

(Sgd)

**K. D. De Silva (Mrs.)**

Director

**Carsons Management Services (Private) Limited**

Secretaries

Colombo

26th June 2023

## Notes:

1. The Annual Report 2022/23 will be made available on the Colombo Stock Exchange website [www.cse.lk](http://www.cse.lk) and on the Group’s website [www.carsoncumberbatch.com](http://www.carsoncumberbatch.com)
2. A shareholder is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
3. The completed **Form of Proxy** must be submitted to the Company **not later than 4.45 p.m. on 23rd July 2023**,
  - via email to [CINVAGM2023@carcumb.com](mailto:CINVAGM2023@carcumb.com), or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
4. A person representing a Corporation is required to submit a certified copy of the resolution authorizing him/her to act as the representative of the Corporation. A representative need not be a member.
5. The transfer books of the Company will remain open.
6. Security Check -

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

# NOTES

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# 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 (Mrs)	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
Sumith Mahen Perera	

as \*my/our proxy to attend at the 77th Annual General Meeting of the Company to be held on **Tuesday, 25th July 2023 at 9.30 a.m.**, at the Auditorium of The Institute of Chartered Accountants of Sri Lanka (Ground Floor), 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	<b>For</b>	<b>Against</b>
1. To re-elect Mr. S . M. Perera as a Director in terms of Article 68 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. A. P. Weeratunge who retires by rotation in term of Articles 72, 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Mrs. M. A. R. C. Cooray who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mr. V. M. Fernando who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. D. C. R. Gunawardena who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 07 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this.....day of ..... Two Thousand and Twenty Three.

.....  
Signature /s

**Note:**

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

# FORM OF PROXY

## INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf. Shareholders could also appoint a member of the Board to act as their proxy if they so choose.
3. In terms of Article 54 of the Articles of Association of the Company:
  - (1) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a Shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.
  - (2) An instrument appointing a proxy shall be in writing and:
    - (i) in the case of an individual shall be signed by the appointor or by his attorney;  
and
    - (ii) in the case of a corporation shall be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.

The Directors may, but shall not be bound to, require evidence of the authority of any such attorney or officer.

4. In terms of Article 50 of the Articles of Association of the Company:

Where there are joint registered holders of any Share any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy as if he were solely entitled thereto and if more than one (01) of such joint holders be so present at any meeting one (01) of such persons so present whose name stands first in the Register in respect of such Share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any Share stands shall for the purpose of this Article be deemed joint holders thereof.
5. To be valid the completed **Form of Proxy** should be submitted to the Registered Office of the Company **not later than 4.45 p.m. on 23rd July 2023,**
  - **via email to CINVAGM2023@carcumb.com,** or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.

Please fill in the following details:

Name & contact no. of Shareholder : .....

CDS Account No. / Folio No. : .....

Name & contact no. of Proxyholder : .....

NIC No. of the Proxyholder : .....

# CORPORATE INFORMATION

## **NAME OF COMPANY**

Ceylon Investment PLC  
(A Carson Cumberbatch Company)

## **COMPANY REGISTRATION NO.**

PQ 68

## **DOMICILE AND LEGAL FORM**

Ceylon Investment PLC is a Public Quoted Company with limited liability domiciled in Sri Lanka.  
The Company was incorporated in Sri Lanka in 1919.

## **PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS**

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

## **PARENT ENTERPRISE**

Ceylon Guardian Investment Trust PLC is the immediate Parent Company of Ceylon Investment PLC. 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. S. M Perera (appointed 01/09/2022)

## **BANKERS**

Standard Chartered Bank  
Commercial Bank of Ceylon PLC  
Deutsche Bank AG Colombo  
Hatton National Bank PLC  
National Development Bank PLC  
Sampath Bank PLC  
DFCC Bank PLC  
SBI Sri Lanka  
Nations Trust Bank PLC

## **AUDITORS**

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

## **MANAGERS & SECRETARIES**

Carsons Management Services (Private) Limited  
No. 61, Janadhipathi Mawatha,  
Colombo 1.  
Sri Lanka  
Telephone No.: +94-11-2039200  
Fax No.: +94-11-2039300

## **INVESTMENT MANAGERS**

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

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

## **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](http://www.carsoncumberbatch.com)

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## CEYLON INVESTMENT PLC - PQ 68

### ADDITIONAL INFORMATION TO SHAREHOLDERS

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

#### INVESTMENT PORTFOLIO OF RUBBER INVESTMENT TRUST LIMITED

(In Rupee thousands)

### 1 INVESTMENTS IN FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

#### 1.1 Summary

As at 31st March	Note	2023 Fair value	2022 Fair value
Investment in Equity Securities - Quoted Shares	1.2	8,768,010	7,393,538
Investment in Equity Securities - Unquoted Shares	1.3	152,324	144,787
		8,920,334	7,538,325

#### 1.1.1 Movement in investments in fair value through other comprehensive income

	Fair value as at the beginning of the year	Additions	Disposals / write-off	Change in fair value	Fair value as at the end of the year
For the year ended 31st March 2023					
Investment in equity securities	7,538,325	-	-	1,382,009	8,920,334
	7,538,325	-	-	1,382,009	8,920,334
For the year ended 31st March 2022					
Investment in equity securities	6,839,203	-	-	699,122	7,538,325
	6,839,203	-	-	699,122	7,538,325

The change in fair value represents the net unrealized gain / (loss) on fair value adjustment of investment portfolio.

#### 1.2 Investment in equity securities - quoted shares

As at 31st March	2023		2022	
	No. of Shares	Fair value	No. of Shares	Fair value
Food Beverage & Tobacco				
Bukit Darah PLC	20,438,250	8,768,009	20,438,250	7,393,537
Bukit Darah PLC -Preference Shares 8% participative cumulative	31,875	1	31,875	1
<b>Total investment in equity securities - quoted shares</b>		<b>8,768,010</b>		<b>7,393,538</b>

#### Valuation of Listed Equity Investments

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

#### 1.3 Investment in equity securities - unquoted shares

As at 31st March	2023		2022	
	No. of Shares	Fair value	No. of Shares	Fair value
Guardian Value Fund LLC	500,000	152,324	500,000	144,787
<b>Total investment in equity securities - unquoted shares</b>		<b>152,324</b>		<b>144,787</b>

## 2 INVESTMENTS IN EQUITY AND DEBT SECURITIES

### 2.1 Summary

As at 31st March	Note	2023 Fair value	2022 Fair value
Investment in Equity Securities - Quoted Shares	2.2	2,953,674	2,358,949
		2,953,674	2,358,949

#### Valuation of Listed Equity Investments

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

#### 2.1.1 Movement in investment in equity and debt securities

	Fair value as at the beginning of the year	Additions	Disposals / write off	Amortised interest	Change in fair value	Fair value as at the end of the year
<b>For the year ended 31st March 2023</b>						
Investment in equity securities	2,358,949	1,543,275	(1,275,211)	-	326,661	2,953,674
Investment in treasury bonds	-	697,629	(683,939)	(13,690)	-	-
	2,358,949	2,240,904	(1,959,150)	(13,690)	326,661	2,953,674
<b>For the year ended 31st March 2022</b>						
Investment in equity securities	2,971,156	1,695,057	(1,548,719)	-	(758,545)	2,358,949
Investment in debentures	-	99,964	(101,902)	1,938	-	-
	2,971,156	1,795,021	(1,650,621)	1,938	(758,545)	2,358,949

### 2.2 Investment in equity securities - quoted shares

As at 31st March	2023		2022	
	No. of Shares	Fair value	No. of Shares	Fair value
<b>Banks</b>				
Commercial Bank of Ceylon PLC	-	-	2,735,516	171,517
Hatton National Bank PLC	566,311	73,337	729,648	79,714
National Development Bank PLC	-	-	332,376	18,513
Sampath Bank PLC	1,402,579	73,635	2,168,406	99,313
Seylan Bank PLC	-	-	303,166	9,580
		146,972		378,637
<b>Capital Goods</b>				
ACL Cables PLC	902,835	74,303	-	-
Hayleys PLC	410,000	29,520	-	-
Hemas Holding PLC	7,339,008	477,036	7,543,333	348,502
John Keells Holdings PLC	1,367,287	191,420	1,167,287	169,257
Royal Ceramics Lanka PLC	184,468	5,091	252,500	10,277
Richard Pieris and Company PLC	1,461,008	30,243	461,008	6,131
		807,613		534,167

As at 31st March	2023		2022	
	No. of Shares	Fair value	No. of Shares	Fair value
<b>Consumer Durables &amp; Apparel</b>				
Dankotuwa Porcelain PLC	198,820	4,076	-	-
Hayleys Fabric PLC	586,827	14,788	-	-
Teejay Lanka PLC	4,907,389	157,036	4,697,389	186,956
		175,900		186,956
<b>Consumer Services</b>				
Aitken Spence Hotel Holdings PLC	990,634	59,339	326,548	11,592
John Keells Hotels PLC	5,036,213	95,184	-	-
		154,523		11,592
<b>Diversified Financials</b>				
Central Finance Company PLC	2,253,312	163,140	4,403,312	299,866
Peoples' Leasing & Finance PLC	20,517,725	162,090	22,146,695	179,388
		325,230		479,254
<b>Food, Beverage &amp; Tobacco</b>				
Ceylon Cold Stores PLC	1,570,000	62,800	150,000	5,835
Ceylon Grain Elevators PLC	1,678,654	140,839	214,928	13,111
Distilleries Company of Sri Lanka PLC	18,058,452	353,946	19,681,665	267,671
Ceylon Tobacco Company PLC	317,698	216,273	-	-
Nestle Lanka PLC	4,000	4,276	4,000	3,755
Sunshine Holdings PLC	2,097,307	94,379	700,142	25,625
Watawala Plantation PLC	-	-	106,821	9,966
		872,513		325,963
<b>Food &amp; Staples Retailing</b>				
Carqils (Ceylon) PLC	6,814	1,588	6,814	1,244
		1,588		1,244
<b>Insurance</b>				
Ceylinco Insurance PLC - Non Voting	70,000	73,744	70,000	84,665
HNB Assurance PLC	1,337,058	66,719	46,524	2,014
Union Assurance PLC	-	-	197,763	59,972
		140,463		146,651
<b>Materials</b>				
Chevron Lubricants Lanka PLC	619,104	56,710	844,944	73,595
Alumex PLC	-	-	1,570,000	11,461
Tokyo Cement Company (Lanka) PLC	1,865,684	93,284	775,000	26,273
Ex-Pack Corrugated Cartons PLC	1,352,918	19,753	-	-
		169,747		111,329
<b>Retailing</b>				
Diesel & Motor Engineering PLC	42,131	19,633	-	-
RIL Property PLC	5,722,359	31,473	-	-
United Motors Lanka PLC	389,427	23,327	-	-
		74,433		-
<b>Telecommunication Services</b>				
Dialog Axiata PLC	7,333,525	76,269	17,246,973	172,471
		76,269		172,471
<b>Utilities</b>				
LVL Energy Fund Limited	1,257,100	8,423	1,257,100	10,685
		8,423		10,685
<b>Total investment in equity securities - quoted shares</b>		2,953,674		2,358,949

### 3 INVESTMENTS IN UNIT TRUSTS - UNQUOTED

#### 3.1 Movement in investment in unit trusts

As at 31st March	2023	2022
Balance as at the beginning of the year	95,457	65
Investments during the year	158,357	849,837
Disposals during the year	(153,691)	(757,595)
Fair value adjustment	7,284	3,150
<b>Balance as at the end of the year</b>	<b>107,407</b>	<b>95,457</b>

#### 3.2 Investment in unit trusts - unquoted

As at 31st March	2023		2022	
	No. of units	Fair value	No. of units	Fair value
Guardian Acuity Money Market Fund	4,242,183	107,407	1,526,653	33,018
Guardian Acuity Income Fund	-	-	6,000,000	62,439
<b>Total investment in unit trusts - unquoted</b>		<b>107,407</b>		<b>95,457</b>

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