

# Guardian Capital Partners PLC

Annual Report 2010/11

An innovative  
**growth strategy**  
to create  
**outstanding**  
shareholder value.

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## Company at a Glance

*(All figures in Sri Lankan Rupees thousands unless otherwise stated).*

<i>For the year ended / As at 31st March</i>	<b>2011</b>	2010	<b>%</b>
<b>In Rs. '000</b>			<b>Change</b>
Revenue	<b>2,991</b>	67,478	(96)
Profit / (Loss) from operations	<b>(3,192)</b>	18,086	(118)
Profit / (Loss) before taxation	<b>(8,910)</b>	18,086	(149)
Profit / (Loss) for the year	<b>(9,004)</b>	15,769	(157)
Net cash flows from operating activities	<b>(337,842)</b>	38,441	(979)
Profit / (Loss) available for appropriation	<b>(6,068)</b>	91,509	(107)
Shareholders' funds	<b>508,207</b>	102,528	396
Total assets	<b>513,635</b>	105,555	387
Market capitalization	<b>7,507,305</b>	671,008	1,019
Market value of investment portfolio*	<b>473,213</b>	105,485	349
Return on ordinary shareholders' funds (%)	<b>(2)</b>	15	(113)
Earnings / (Loss) per share (Rs.)	<b>(0.37)</b>	0.66	(156)
Net assets per share (Rs.)	<b>19.67</b>	152.80	(87)

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

# Chairman's Statement

Dear Shareholders,

I welcome you to the 91st Annual General Meeting of the Company and on behalf of the Board of Directors, take pleasure in presenting the Annual Report and Audited Accounts of the Company for the year ended 31st March 2011.

The year under review proved to be an eventful one for the company whereby a series of offers to purchase the controlling shareholding of Watapota Investment PLC were made to our parent company, during the quarter ended September 2010. These offers ranged in price from Rs.40/60 per share to Rs.95/- per share. However, the majority shareholder Carson Cumberbatch PLC, decided not to sell its shareholdings considering the long term potential of the investment business and hence committed to maintain the controlling stake within the Carson Cumberbatch Group. Details of these offers were communicated to all shareholders, in compliance with the disclosure requirements of the Colombo Stock Exchange, ensuring transparency and an opportunity for price discovery.

In this context, we strategized on how best the company could be positioned in the investment business, and focussed on private equity as a new emerging asset class that offers attractive opportunity to grow our business. As part of this strategy, we decided to re-brand the company to best represent the identity of the investment business of the parent company by changing the name to Guardian Capital Partners PLC. The name change reflects

the change in the scope of business. Thus in future, the majority of the private equity investments of the Carsons Investment business would be carried out through this company.

The execution of this strategy was further supported by the acquisition of this company's controlling interest by Ceylon Guardian Investment Trust PLC, the flagship company through which the Carsons Group conducts its investment business. This was achieved through the sale of the rights entitlement of Carson Cumberbatch PLC to Ceylon Guardian Investment Trust PLC at a premium price of Rs.10/30 per right during the recently concluded rights issue.

We have funded the new line of business through a rights issue of Rs.503mn during the year which we believed was the best course of action in building scale for the company to make it a viable private equity investor. Thus the fund management team's financing plan was implemented, with the announcement of a rights issue in February at a ratio of 75 new ordinary shares for every 2 shares held at an issue price of Rs.20/- per share, to raise Rs.503 mn to the company. With the conclusion of the rights issue, which was fully subscribed, the fund value of the company has increased to Rs.513 mn. Ceylon Guardian Investment Trust PLC, the majority shareholder, subscribed for its full entitlement of rights valued at Rs.433.8 mn, with the balance coming from the public.

The investment climate in Sri Lanka has continued to be positive with the Colombo Stock Exchange being the second best performing market in the world for the second year running, from 2009 (up 126%) and 2010 (up 96%), and beating all regional markets in terms of growth figures. This is attributed to the turnaround in the Sri Lankan economy with the resurgent effect of post war development in the island. The depth of the equity market has also seen improvement with market capitalisation crossing the Rs.1 trillion mark in 2009 and the Rs.2 trillion mark in 2010 achieving a milestone year on year. The number and volume of pre-IPO deal flows in the market have increased considerably during the year under review, with a record value of approximately Rs.12.7 bn in placements, that were oversubscribed multiple times. This company will selectively take positions in pre-IPO deals that satisfy its investment criteria of a growth sector, competitive business model, dynamic management, strong cashflows and attractive valuations.

A sense of optimism and confidence has returned to the country, and on the economic front two key developments contributed to the 8% GDP growth reported in 2010 – these being increasing investment on development as well as enhanced consumer purchasing power given the increase in per capita income. Policy makers have committed themselves to taking Sri Lanka to double digit growth in the next decade, and a concerted effort

to fast track development strategies has been a positive force spurring the economy forward. The country rating has improved to Standard & Poor's B+ with a stable outlook and Fitch B+ with a positive outlook due to risk premiums coming down. The IMF stand by arrangement has been continuing, adding to the strength of the foreign currency reserves, whilst advocating better economic management.

We believe that Sri Lanka has not yet seen the full benefits of post war development trickling in to the economy. The opening up of the Northern and Eastern markets is a positive factor for corporates due to the construction boom, opening up of new retail markets and agricultural sources. The Government's priority of investing into infrastructure by way of highways and ports is likely to lay the foundation for growth in the long term. The Central Bank of Sri Lanka will likely stay focused in consolidating the strong growth momentum witnessed in 2010 through committed policies of managing inflation, reduction in debt to GDP ratio and investment into infrastructure. Going forward we believe the Sri Lankan economy can achieve an 8.0% growth over the medium term, as envisaged in the forecasts of the Central Bank of Sri Lanka.

While the fund value under management as at the beginning of the year was zero, the fund pool increased to Rs.513.8 mn as at the end of the year after raising of capital via a rights issue in March 2011 amounting to Rs.503.2 mn. The first private equity

## Chairman's Statement

transaction entered into by the company during the year under review is in a regional freight forwarding company, Expolanka Holdings Limited amounting to Rs.250.8 mn inclusive of transaction costs. The proposal to enter into this major transaction got the approval of shareholders at an Extraordinary General Meeting of the company. Since then, Expolanka Holdings has announced its intention to go for an initial public offer, which would result in the establishment of a formal market price for the investment.

All cash surpluses during the period of review have been invested in fixed income investments, yielding an average return of 6.7%. A loss of Rs.9.0 mn was recorded for the year, mainly comprising expenses involved in and connected to the fund raising exercise. The net worth of the company's balance sheet stood at Rs.508.2 mn compared to Rs.102.5 mn as at end March 2010. The net asset value per share of the company stands at Rs.19/67. We continue to note a considerable discrepancy between the net worth of the company and the price at which the share trades in the market. In this context, we also noted that the regulator once imposed a trading price band for the shares of this company. The payment of a dividend is not recommended due to the growth plans previously spelt out. Shareholders are reminded that private equity investments are riskier and relatively illiquid by nature and therefore carry a higher risk weight than listed equity. Furthermore, the availability of lucrative high quality private

equity opportunities is scarce. Dividend payouts would be linked to realization of capital gains on private equity investments.

During the year under review, the Company portfolios continued to be managed by Guardian Fund Management Limited, the fund management company within the Carson Cumberbatch Group. They will continue to be responsible for managing the private equity portfolios.

In conclusion, I would like to thank the shareholders for the confidence and trust placed in the management over the years. We thank the audit committee, regulators our business associates for their continued support. I also like to thank the members of our staff for their contribution, and to my colleagues on the Board for their inputs.

*(Sgd.)*

**Israel Paulraj**

*Chairman*

*Colombo*

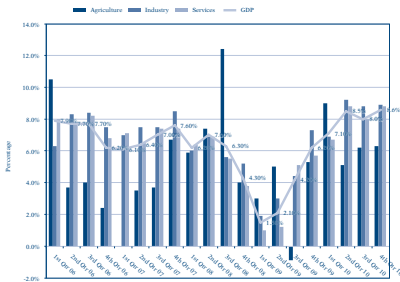
*05th May 2011*

# Managers' Review

## Economy and the Equity Market

The economic turnaround was very much evident in the year under review with the Sri Lankan economy expanding at 7.1% in Qtr 1, 8.5% in Qtr 2, 8.0% in Qtr 3 and 8.5% in final Qtr 4. Thereby, Sri Lanka's economy is estimated to have grown by 8% in the current year in comparison to an annual growth rate of 3.5% recorded in 2009. The country's per capita income improved to US\$ 2399 in 2010 from US\$ 2,057 in 2009.

Quarterly Growth Rates



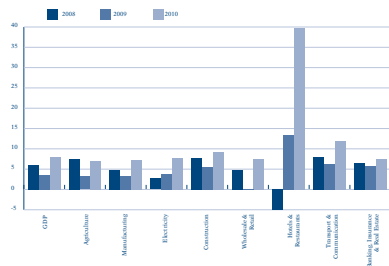
The upturn in the domestic economy has been represented by Agriculture, Industry and Services which have registered positive growth rates of 7%, 8.4% and 8% respectively during the year. Sri Lanka posted a trade deficit of Rs.5,205 mn but recorded a balance of payments surplus of Rs.921 mn with remittances of Rs.3,607 mn and net capital flows of Rs.2,713 mn. A marked improvement in private capital flows resulted from positive economic fundamentals, demonstrating improved confidence among expat workers and investors.

Key economic indicators such as interest rates have remained at relatively low levels,

along with low inflation and stability in exchange rates with the strengthening of the Rupee following the inflow of foreign funds to the country. The Sri Lankan Rupee closed at Rs.110.95 against the US\$ as at end December 2010 (end Dec 2009 – Rs. 114.38), amounting to an appreciation of 2.9% during the year. Inflation as measured by point-to-point change in the Colombo Consumers' Price Index (CCPI) increased from 4.8% end Dec 2009 to 6.9% end Dec 2010 and 8.6% end March 2011. These indicators contributed to increased willingness amongst corporates to borrow more funds for investment.

Currently the policy rates represented by the repurchase rate is at 7.0% and reverse repurchase rate is at 8.50%. The 3 month T-Bill rate has remained at single digits through the year and is currently at 7.24% (down 49 basis points) and the 12 month T-Bill rate is at 7.55% (down 178 basis points). Interbank call money rates during the period of review have been stable at single digits, ranging from a low of 8% and a high of 9%. On the long end of the yield curve, the government 2-3 year bonds are currently trading around 7.50 -9.00%.

GDP & sector growth rates



## Managers' Review

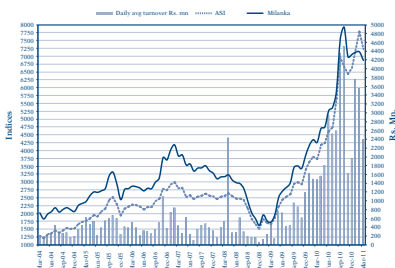
	31st Mar 10	30th Jun 10	30th Sept 10	31st Dec 10	31st Mar 11	Movement for 2010/11
All Share Index	3724.6	4612.5	6997.2	6635.8	7226.1	94.0%
Milanka Index	4270.7	5278.4	7552.7	7061.5	6874.7	60.9%
Avg.T/O Rs.mn	1487	2954	4358	1962	2401	61.5%
Mkt Cap Rs.bn	1210.84	1503.91	2,308.75	2,217.81	2,425.05	100.3%
Mkt P/E ratio	18.4	23.3	27.8	25.25	25.73	39.8%

The stock market in Sri Lanka is among the best performing in the world for the second year running with an appreciation of 125% in 2009 and 96% for the year 2010. The Colombo Bourse has reached its all time high of 7147.7 index level in Sept 2010 and thereafter surpassed it in Feb 2011 with the index reaching 7811 points.

The depth of the equity market was also seen improving with Market Capitalisation

times to 25.3 times on historic earnings, which looks very expensive, although it is pertinent to note that corporate earnings overall have shown the capacity to increase steadily with earnings growth of over 100% recorded in year 2010. In relation to regional markets the Colombo bourse is looking fairly valued, even on a forward PE of 16 times, which is somewhat higher than other emerging Asian Markets. This may deter foreign investors.

CSE Indicators



of the Colombo Stock Exchange (CSE) crossing the Rs. 2 trillion mark in 2010 achieving a milestone year on year. The daily average turnover too has seen improvement to Rs.1,962 mn in comparison to Rs.1,487 mn, given strong contributions from domestic retail and institutional investors. However the valuation of the market have gone up tremendously from P/E multiples of 18.4

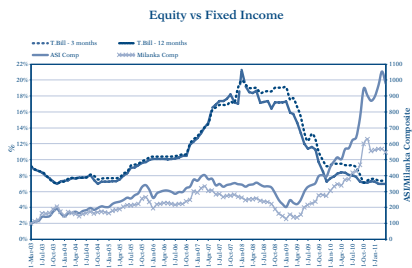
However the market cap to GDP ratio is still at 43% in comparison to 23% in 2009 which points to a relatively immature market which is likely to see further upside, given that the norm for developed countries is over 100%. Hence we believe that the true potential of CSE is yet to be harnessed in the medium to long term.

We anticipate the private equity deal flows in the market to swell, with the need for more capital by entrepreneurs and promoters to supplement their own capital contributions for business expansion. Furthermore, we also believe that most entrepreneurs and promoters of business would be motivated by the present positive macro environment in the country and the growth in capital markets, to attempt to discover value for their investment by listing on the CSE.

The market witnessed pre-IPO deals of over Rs12.7 bn this year, which were heavily oversubscribed. We are encouraged by the regulator's move to bring in a lock in period of one year for private equity investors who infuse fresh capital to a company, so that only serious institutional investors who have a longer term interest in a placement would commit money to such projects.

### Portfolio Review and Financial Results

The minimal portfolio of the company up until the time of the rights issue, has been



held in the form of fixed income investments after the divestment of equity holdings in previous financial years. A substantial dividend was paid out to shareholders in the last financial year to pass on the benefits of capital gains booked from divesting equity holdings. Thus the Net Asset Value per share, from Rs.152/80 at end FY 2009/10 decreased to Rs.20/80, immediately after the payment of a dividend of Rs.132/- per share. The rights issue therefore took place at Rs.20/- per share and the present Net Asset Value per share stands at Rs.19/71 at end FY 2010/11.

It is noted that the share still continues to trade in the market at a significant premium to net asset value.

The total net asset value of Guardian Capital Partners stood at Rs.508.2 mn as at 31st March 2011, from Rs.102.5 mn as at 31st March 2010 inclusive of rights funds of Rs.503.2 mn. Loss after tax amounted to Rs.9.0 mn for the year under review as against the profit Rs.15.8mn recorded last year. The loss arose as a result of expenses incurred in connection with the fund raising and interim financing arrangements, comprising mainly stamp duty on the rights issue and interest payments to an affiliate company for purchase of investments. The net worth of the balance sheet represented by shareholders funds translates to a value per share of Rs.19/67.

Post rights issue, one investment was committed to Expolanka Holdings Ltd to the value of Rs.252 mn inclusive of transaction costs. The investee company's business is spread among transportation, international trading, manufacturing and strategic investment segments, that have regional exposures. The largest contributor to the top line and bottom line of Expo is the transportation and logistics sector which operates in the freight forwarding, GSA, travels and courier sub sectors. Its other sectors are international trading where it exports vegetables & tea and trades agro commodities; and manufacturing which consists of pharmaceuticals and paper recycling. Expo also has business interests in the business process outsourcing (BPO) sector and

## Managers' Review

tertiary education. The private equity placement was made at Rs.6/- per share and according to our forecast earnings and future valuations gives an internal rate of return which is over our minimum target threshold of 25%. Expolanka Holdings is expected to make an initial public offer of 172 mn shares at Rs.14/- per share to raise Rs.2.4bn shortly.

### Change in Company Strategy

The company's asset base increased to Rs.513.6 mn with the conclusion of the rights issue. With approximately half of the rights issue proceeds still being available for investment, Guardian Capital Partners now has the capacity to vet more private equity projects in the ongoing year, finally

management fee of 2% p.a. on the net asset value of the fund for managing the private equity portfolio and a market based incentive fee for successful divestments which earn an internal rate of return above the benchmark return agreed with the Board of Directors.

The team has set strict investment criteria when evaluating private equity projects. Our rigorous approach is consistent across all investments and our private equity evaluation is based on extensive due diligence. We take strength in our ability to invest for the long haul benefiting both the investor and investee company. Our typical investment horizon can range from one to five years and our disciplined

Assets under management	Available capital to invest
Rs.287.4 mn	Rs.226.2 mn

committing to a selected few that meet the internal evaluation criteria set by the Investment Managers. In the current financial year, a further sum of money was invested in the private placement of Textured Jerseys Private Limited.

The capital, combined with our talent pool, networking base and strong relationships, places us on a firm platform to identify opportunities that lie ahead for PE investments. Guardian Capital Partners' investment team has gained experience operating in challenging times as well as buoyant times, having made substantial investments for the Guardian Group in both private and listed equity investments. The Company would be charged a

approach which is built into our private equity shareholder agreement, will benefit the investee company in its preparation for listing. Hence we look to build healthy business partnerships in the companies we invest, and take up board representation selectively or take on a passive investor's role, depending on the need of the day. We believe that our flexibility, agility and business knowledge drawn from our wide exposures, will make us a desirable investor for companies seeking private equity financing.

Guardian Capital Partners would seek investment opportunities in capital offers in the unlisted domain which would give it the ability to create value for shareholders

through exposure to new innovative entrepreneurial business models and sectors that are not represented in the listed market. In the light of new emerging opportunities in the country's growth phase, the ability to enter and profit from a diversity of private equity investments is looked forward to, accruing greater returns to shareholders.

*(Sgd.)*

**Guardian Fund Management Limited,**  
Investment Managers.

*Colombo*  
*5th May 2011*

# Annual Report of the Board of Directors on the Affairs of the Company

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 recommended best accounting practices. The Annual Report was approved by the Directors on 05th May 2011.

## **GENERAL**

The Directors have pleasure in presenting to the Shareholders their report together with the audited financial statements for the year ended 31st March 2011 of Guardian Capital Partners PLC (formerly known as Watapota Investments PLC) a public limited liability company incorporated in Sri Lanka in 1920.

## **THE PRINCIPAL ACTIVITIES OF THE COMPANY**

Guardian Capital Partners PLC was a company involved in investment holding & portfolio management.

During the year, as part of the restructure process within the investments sector of Carsons Group, the line of business of the Company was focussed on private equity investments, a specialised activity within the investment business.

## **CHANGES TO THE SHARE HOLDING STRUCTURE – ACQUISITION OF VOTING RIGHTS OF THE COMPANY**

During the year, the Investment business of the Carsons Group was structured along the lines of an investment house concept by designating specific investment vehicles to carry out focussed investment activities.

Accordingly the Company was re-branded during the year as Guardian Capital Partners PLC (GCP) to specialise in private equity investments within the Carsons Group's investment business.

To execute this strategy, Carson Cumberbatch PLC (CCPLC) sold its rights entitlement, to Ceylon Guardian Investment Trust PLC (CGIT), the investment sector holding company of the Carsons Group, thereby transferring the controlling interest of the Company to CGIT during the year. CGIT acquired the rights entitlement of CCPLC at Rs.10/30 per share for a total consideration of Rs.224.8 mn. CGIT infused a further Rs.433.9 mn as subscription for the rights acquired. Further to this transaction, CGIT holds 83.97% (21,692,800 shares) of the Company, being the major shareholder.

## **REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS**

The Chairman's Statement and Manager's review on pages 2 to 9 provide an overall assessment of the business performance of the Company and its future developments.

These reports together with the audited financial statements reflect the state of affairs of the Company.

## **FINANCIAL STATEMENTS**

The Financial Statements of the company which comprise the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity, Summary of significant accounting policies and

Notes to the Financial Statements for the year ended 31st March 2011 are set out on pages 28 to 49. These financial statements do comply with the requirements of the Section 151 of the Companies Act, No 7 of 2007.

**SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies adopted in the preparation of the Financial Statements are given on pages 32 to 40. There have been no changes in the Accounting Policies adopted by the Company during the year under review.

**FINANCIAL RESULTS**

The audited results of the Company for the financial years ended were as follows;

<i>For the year ended 31st March</i>	<b>2011</b>	<b>2010</b>
Retained earnings brought forward from previous year	<b>91,509</b>	82,188
Realisation of the market value adjustment reserve	-	5,295
	<b>91,509</b>	87,483
Dividend paid during the year	<b>(88,573)</b>	(11,743)
Profit / (Loss) for the year	<b>(9,004)</b>	15,769
<b>Retained earnings / (Accumulated Loss) carried forward</b>	<b>(6,068)</b>	91,509

**RESERVES**

As at 31st March 2011, the Company's total reserves stood at a negative Rs 5.4 mn (2010 - Rs.92.1 mn).

The movements are set out in the Statement of Changes in Equity and Note 9 to the Financial Statements.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The responsibilities of the Directors, in relation to the financial statements are

detailed in the following paragraphs, while the responsibilities of the Auditors are set out in the Report of the Auditors.

According to the Companies Act No. 7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, 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.

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; and
- Reasonable and prudent judgments and estimates have been made.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company, and for ensuring that the financial statements have been prepared and presented in accordance with the

## Annual Report of the Board of Directors on the Affairs of the Company

Sri Lanka Accounting and Auditing Standards Act. No. 15 of 1995, and meet with the requirements of the Companies Act, No. 7 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 fraud 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, for 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.

### INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on page 27.

### INTERESTS REGISTER

The Company maintains an Interest 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. 7 of 2007 have been entered in the Interest Register during the year under review.

The Interest Register is available for inspection as required by the Companies Act.

### REMUNERATION OF DIRECTORS

No directors' fees or remuneration was paid during the year.

### DIRECTORS' INTEREST IN CONTRACTS AND SHARES

Directors' interests in transactions of the Company are disclosed in Note 14 to these financial statements and 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, while they had the following interests in Ordinary shares of the Company.

Directors	No. of shares	No. of shares
	31.03.2011	01.04.2010
Mr. I. Paulraj	200	200
Mr. D.C.R. Gunawardena	25	25
Mr. S. Mahendrarajah	25	25

### DIRECTORS

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

### DIRECTORS TO RETIRE BY ROTATION

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. D.C.R. Gunawardena retires by rotation and being eligible offers himself for re-election.

## **APPOINTMENT OF DIRECTORS WHO ARE OVER 70 YEARS OF AGE**

Mr. I. Paulraj who is over 70 years of age to be re-appointed as a Director of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act No.7 of 2007 shall not be applicable.

## **AUDITORS**

Company's Auditors during the year under review were Messrs. KPMG Ford, Rhodes, Thornton & Co., Chartered Accountants.

A sum of Rs.95,000/- was paid to them by the Company as audit fees for the year ended 31st March 2011 (2010 - Rs.92,000/-). In addition to the above, the auditors were paid Rs.112,000/- as professional fees for non-audit services (2010 – Rs. 150,000/-).

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, the effectiveness and their relationship with the Company, including the level of audit and non-audit fees paid to the Auditors.

## **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 relationship or any

interest with the Company that would impair their independence.

## **SIGNIFICANT EVENTS DURING THE YEAR**

### **Voluntary Offer / Offers to acquire the shares of the Company**

The series of voluntary offers were brought up during the year to purchase the majority shareholding of Watapota Investments PLC (Now known as Guardian Capital Partners PLC). These offers ranged in price from Rs.40/60 per share to Rs.95/- per share. The majority shareholder at the time of the offer, Carson Cumberbatch PLC, having evaluated these offers decided not to divest its shareholding and the offers received were invalidated thereby. The details of these offers and the subsequent decision by the majority shareholder have been communicated to the Colombo Stock Exchange.

Given below are the offers received by the Company,

- I. Voluntary offer received by M/s Capital Alliance Holdings Limited to purchase all the shares of the Company at Rs.40/60 per share.
- II. Offer from a client of M/s IIFL Securities Ceylon (Pvt) Ltd to purchase the entire shareholding of Carson Cumberbatch PLC in the Company at a price of Rs.81/20 per share.
- III. Offer from Mr. K. C. Vignarajah for the purchase of 57% of shares of the Company out of the shareholding of Carson Cumberbatch PLC at a price of Rs.83/- per share .(Price and percentage was negotiable).

## Annual Report of the Board of Directors on the Affairs of the Company

- IV. Offer from a Client of M/s Acuity Stock Brokers (Pvt) Ltd to purchase the entire shareholding of Carson Cumberbatch PLC in the Company, at a price of Rs.89/40 per share.
- V. Conditional Offer from a Client of M/s Taprobane Securities (Pvt) Ltd to purchase the entire shareholding of Carson Cumberbatch PLC in the Company, at a price of Rs.95/- per share.

### Change of Corporate Name

During the financial year the Company's name was changed to Guardian Capital Partners PLC to give the identity of Carson Group's investment business and to reflect its move towards Private Equity investment strategy. The Company's name was changed with effect from 21st January 2011 which was approved by the shareholders of the Company at the Extraordinary General Meeting held on 18th January 2011.

### Rights Issue of Shares

During the year Company raised a sum of Rs.503,256,000/- via a rights issue of ordinary shares to the shareholders of the Company. This resulted in 25,162,800 new shares being issued at a ratio of 75 new shares for every 02 shares held at a price of Rs.20/- per share. The funds were raised with a view of expanding the capital base of the Company to undertake new investment projects mainly in the area of private equity. The rights issue of shares were approved by the shareholders of the Company at its Extraordinary General Meeting held on 18th February 2011.

The rights issue price of Rs.20/- per share was determined based on the net assets value per share of the Company, which was Rs.21/25 per share as at 31st December 2010 and based on the valuation report obtained from Messrs. KPMG Ford, Rhodes, Thornton & Co. for the said purpose. The net assets value as at 31st March 2011 was Rs.19/67 per share.

### Change of Articles of Association of the Company

The Company adopted a new set of Articles of Association to fall in line with the other companies within the group. This was approved by the Shareholders of the Company at the Extraordinary General Meeting held on 18th February 2011.

### Major Transaction

In line with positioning itself as the private equity investments arm of Carson Cumberbatch Group, Company participated in the private placement of shares in Expolanka Holdings Limited. The Company purchased 41.6 mn shares of the said company for a total consideration of Rs.249.6 mn.

This transaction amounted to a major transaction in accordance with the section 185 (2) of the Companies Act, No. 7 of 2007 and accordingly shareholders' approval was sought and obtained at its Extraordinary General Meeting held on 18th February 2011.

**RELATED PARTY TRANSACTIONS  
EXCEEDING 10% OF THE EQUITY OR  
5% OF THE TOTAL ASSETS OF THE  
COMPANY**

The Company carried out transactions in the Ordinary course of business with the following related parties and the aggregate monetary value of these transactions exceeded 10% of the share holder's equity or 5% of the total assets of the Company as at 31st March 2011:

<b>Name of the Director</b>	<b>Executive/ Non-Executive/ Independent</b>
Mr. I. Paulraj	Executive
Mr. D.C.R. Gunawardena*	Executive
Mr. S. Mahendrarajah**	Non-Executive/ Independent

\* *Mr. D. C. R. Gunawardena having assumed Non-Executive responsibilities with effect from 15th April 2011, is categorised as a Non – Executive Director.*

<b>Company</b>	<b>Relationship</b>	<b>Transaction</b>
Ceylon Investment PLC (CIPLC)	Affiliated Company	On 30th March 2011, CIPLC transferred 41,600,000 ordinary shares of Expolanka Holdings Limited representing 2.34% of the total ordinary shares in issue of the said company, to the Company, at a consideration of Rs.250,848,000/-.  CIPLC had held this investment on behalf of the Company. This transfer was in line with plan to structure private equity investments of the Guardian Group under the Company.
Ceylon Guardian Investment Trust PLC	Parent Company	On 17th March 2011, Ceylon Guardian Investment Trust PLC subscribed for 21,692,800 ordinary shares of the Company at the rights issue of shares for a total consideration of Rs.433,856,000/-. This transaction resulted in a change of controlling interest of the Company, from Carson Cumberbatch PLC to Ceylon Guardian Investment Trust PLC, the latter having acquired 83.97% of the voting rights of the Company through this transaction.

**CORPORATE GOVERNANCE**

Given below is the status of Compliance of Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

**Board of Directors**

The following Directors held office as at the balance sheet date and their brief profiles are given on page 21 of the Annual Report.

\*\* *The Board has determined that Mr. S. Mahendrarajah is an independent Non Executive Director in spite of being on the Board for more than 9 years and being a Director of Mylands Investments Limited and Weniwella Investments Limited in which a majority of the other Directors of the Board are also Directors, since he is not directly involved in the management of the Company.*

## Annual Report of the Board of Directors on the Affairs of the Company

### Remuneration Committee

As per the Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of Carson Cumberbatch PLC (CCPLC), the Ultimate Parent Company, functions as the Remuneration Committee of the Company and comprises the following members -

Remuneration Committee Members	Executive/ Non-executive/ Independent
Mr. I. Paulraj – Chairman	Non Executive/ Independent Director of CCPLC
Mr. M. Moonesinghe	Non Executive/ Independent Director of CCPLC
Mr. H. Selvanathan*	Executive Director of CCPLC
Mr. M. Selvanathan*	Executive Director of CCPLC
Mr. D.C.R. Gunawardena**	Executive Director of CCPLC

\* Messrs H.Selvanathan and M.Selvanathan have stepped down from the CCPLC Remuneration Committee with effect from 15th April 2011.

\*\* Mr. D. C. R. Gunawardena having assumed Non-Executive responsibilities with effect from 15th April 2011, is categorised as a Non – Executive Director of CCPLC.

The committee has formulated a remuneration policy based on market and industry factors and individual performance for all group Companies.

Executive Directors and Non Executive Directors are not compensated for their role on the Board.

### Audit Committee

As per the Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange the Audit Committee of Carson Cumberbatch PLC (CCPLC), the Ultimate Parent Company functions as the Audit Committee of the Company and comprises the following members.

Audit Committee Members	Executive/ Non-executive/ Independent
Mr. Vijaya Malalasekera	Non Executive/ Independent Director of CCPLC
Mr. Chandima Gunawardena*	Executive Director of CCPLC
Mr. Faiz Mohideen	Non Executive/ Independent Director of CCPLC

\* Mr. D. C. R. Gunawardena having assumed Non-Executive responsibilities with effect from 15th April 2011, is categorised as a Non – Executive Director of CCPLC.

Additionally Mr. T. Rodrigo acts as the Expert Advisory Member to the Investments Sector.

The Audit Committee Report is given on pages 24 to 25 of this Annual Report.

### Directors Meeting Attendance

Two (02) Board Meetings were convened during the financial year and the attendance of the Directors were as follows:

Director	Meetings attended (out of 2)
Mr. I. Paulraj	2
Mr. D.C.R.Gunawardena	1
Mr. S. Mahendrarajah	2

### Internal Control and Risk Management

The ultimate responsibility to establish, monitor and review a companywide 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.

The delegation of the effective maintenance of internal controls and risk identification and mitigation is handed down to the respective members of 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 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 resource base and governance requirements.

This allows the Board to have total control of the fulfillment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. More detailed description of the Risk management strategies of the Company is given on pages 22 to 23.

### 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 (CMSL)

GFM continued to invest in Human Capital Development and implemented effective Human Resource practices and policies to develop and build an efficient and effective workforce aligned around new business priorities of Guardian Capital Partners PLC and to ensure that its employees are developing the skills and knowledge required for the future success of the Company.

The number of persons employed by the GFM as at 31st March 2011 was 09 (31st March 2010 – 04).

# Annual Report of the Board of Directors on the Affairs of the Company

## **EQUITABLE TREATMENT TO SHAREHOLDERS**

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

## **DIVIDENDS**

No dividend is declared during the year since the Company is yet to realise profits from its new line of business.

## **STATED CAPITAL**

The Stated Capital of the Company as at 31st March 2011 was Rs.513,655,750/- consisting of 25,833,808 Ordinary Shares (2010 - Rs.10,400,000/- consisting of 671,008 ordinary shares).

The stated capital of the Company changed during the year due to the rights issue of 75 new ordinary shares for every 02 existing ordinary shares.

The movement in stated capital of the Company is given in Note 8 to the financial statements.

## **STATUTORY PAYMENTS**

The Directors to the best of their knowledge and belief were satisfied that all statutory dues have been paid up to date or have been provided for in the Financial Statements.

## **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 the Going Concern Concept.

## **EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

Subsequent to the Balance Sheet date, no circumstances have arisen, which required adjustments to or disclosures in the Financial Statements, other than those detailed in Note 11 to the Financial Statements.

## **CONTINGENT LIABILITIES AND CAPITAL COMMITMENT**

The Contingent Liabilities and Commitments made on account of capital expenditure as at 31st March 2011 are given in Notes 12 & 13 to the Financial Statements.

## **CORPORATE DONATIONS**

There were no donations granted during the year.

## **SHARE INFORMATION**

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 50 and 52 of the Annual Report.

## **SUBSTANTIAL SHAREHOLDINGS**

The parent company, Ceylon Guardian Investment Trust PLC holds 83.97% of the total ordinary shares in issue of the Company.

## TWENTY MAJOR SHAREHOLDERS

As at 31st March Name of shareholders	2011		2010	
	No. of shares	%	No. of shares	%
Ceylon Guardian Investment Trust				
PLCA/C # 01	21,692,800	83.97	-	-
Lake View Investments Ltd	882,898	3.42	22,948	3.42
Carson Cumberbatch PLC	581,950	2.25	581,950	86.73
Merchant Bank of Sri Lanka Limited/ Union Investment Limited	84,700	0.33	2,200	0.33
Dr. C.E.G. Abayasekera	65,600	0.25	1,600	0.24
Walwin Arnold De Silva (Decd) & Manik Walwin De Silva	51,280	0.20	1,280	0.19
First Capital Markets Limited/ Mr. M.A.U. Gnanathi	45,342	0.18	466	0.07
Mr. A.C.M. Nilawfer	29,700	0.11	-	-
Seylan Bank PLC/Ms.Prime Lands (Pvt) Ltd	29,000	0.11	-	-
Mrs. J.R. Kelaart	27,537	0.11	217	0.03
Mr. M.A.U. Gnanatilake	26,400	0.10	100	0.01
Mrs. S. Hussainsa	25,600	0.10	-	-
Mr. S.N.C.W.M.B.C. Kandegedara	22,000	0.09	-	-
Mr. T.A.B. Gomis	17,600	0.07	-	-
Mrs S. Samarasinghe	15,400	0.06	400	0.06
Mrs. P. Captain	15,247	0.06	422	0.06
Mr. K. Kalapuge	15,000	0.06	-	-
Mr. T. Rajasekaran	14,000	0.05	-	-
Mr. M.A. Lukmanjee	13,860	0.05	240	0.04
Mr. S.E. Dias	13,800	0.05	-	-

## Annual Report of the Board of Directors on the Affairs of the Company

### ANNUAL REPORT

The Board of Directors approved the Company's Financial Statements together with the reviews which forms a part of the Annual Report on 5th May 2011.

The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standard Monitoring Board and the Registrar of Companies within the given time frames.

### ANNUAL GENERAL MEETING

91st Annual General Meeting of the Company will be held on Wednesday, the 8th day of June 2011 at 2.30 p.m. at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 7.

The Notice of the Annual General Meeting is on page 54 of the Annual Report.

Signed on behalf of the Board,

*(Sgd.)*

**I. Paulraj**

*Chairman*

*(Sgd.)*

**D.C.R. Gunawardena**

*Director*

*Colombo*

*05th May 2011*

# Profiles of the Directors

## **Israel Paulraj**

Israel Paulraj is the Chairman of Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC, and Rubber Investment Trust Limited. He serves as a Director of Carson Cumberbatch PLC and of several other subsidiary companies within the Carsons Group. He is the Chairman of the Incorporated Trustees of the Church of Ceylon.

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

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

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

## **Chandima Gunawardena**

Chandima Gunawardena is a Director of Carson Cumberbatch PLC. He is the Chairman and a Director in most of the Carsons Group companies in Sri Lanka and overseas. He is a member of the Group's Strategic Planning Forum. He also serves as a member of the Audit Committees of the Group, in Sri Lanka and overseas. Mr.Gunawardena has over three decades of experience in varied fields of business and commercial activities and has held senior positions in the corporate sector. He is a Fellow of the Chartered Institute of Management Accountants, UK.

## **Subramaniam Mahendrarajah**

Subramaniam Mahendrarajah is a Director of Equity One PLC, Weniwella Investments Limited, Leechman & Company (Private) Limited and Mylands Investments Limited. He is the Group Finance Director of Sri Krishna Group of Companies. Has wide experience in manufacturing, trading, financial services and management. Past President of the Rotary Club of Colombo Down Town. Recipient of the prestigious "Service above Self" award from Rotary International.

# Risk Management

Risk management is an integral part of our business, particularly since balancing risks against returns is a critical trade off decision we have to make everyday when it comes to making investment decisions . We have in place several measures to strengthen our risk management processes which are linked to our daily investment decisions. These include policies to mitigate business risks along with the upgrading of the support systems that enable easy monitoring and management of risks.

We have extended our risk management process to cover our new line of business in private equity investments.

## **Organisation structure**

The management of the portfolio has been delegated to Guardian Fund Management Ltd. (GFM) an independent fund management company within the Ceylon Guardian Investment Trust Group. The Board of Directors of the Company have formulated and approved an investment framework and control limits that the fund management company has to work within. GFM's management team is responsible for the recommendation and execution of the investment decisions, during the course of which oversight over the management of the strategic, financial and operational risks of the company come into play.

The risk categories are identified below:

### *Country and Currency risk*

Since the company does not invest in markets other than Sri Lanka, there is no impact to the company from diverse

country risks nor from currency risks arising as a result of investments being designated in multiple currencies.

### *Market risk*

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

Market risks are inherent in every security and are thus collectively considered at the portfolio level.

As an asset class, private equity is not closely correlated with the public equity markets and, therefore, helps diversify market risk from a traditional investment portfolio consisting of publicly traded stocks and bonds. Private equity investments in Sri Lanka also offer exposure to new avenues of businesses that listed companies do not. Surplus funds of the Company are invested in fixed income instruments.

### *Liquidity and valuation risk*

Since private equity investments are unlisted, there is no official market price available for valuing the investment.

However we monitor secondary market trades to monitor traded price. However this would not be an accurate guide, as the volume of trades is a key factor in determining fair price. As we take fairly significant positions in PE investee companies, divestment of our stakes is more difficult, bringing a further element of illiquidity to our investments.

Also liquidity risk increases given that the longer time horizon of a typical private equity investment is 2-3 years.

#### *Exit risk*

The exit from private equity investments can pose a risk whereby company cashflows are tied up due to limited exit options. Finding ready buyers at fair valuation or even at a discount might be a challenge. However, risk mitigating strategies are adopted for some of our unlisted investments by way of covenants to create multiple avenues of exit, in the shareholder agreement. These take various forms including listing, buy back and sale to a third party.

#### *Monitoring risk*

No regular performance reporting requirements are there for unlisted companies and hence private equity investors face the risk of not getting financial statements on a quarterly & yearly basis as is mandatory for listed securities. However we request the investee companies through our shareholder agreement to provide us quarterly & annual financial statements and also schedule review meetings with management on a regular basis. A rapport

with the management is built through time, along with a monitoring process.

#### *Governance risk*

Since unlisted companies don't have a large minority shareholder base, it is difficult to set in place governance practices and also to enforce them since there is no regulatory framework governing investor interests.

However, we request investee companies through the shareholder agreement to get our approval for critical decisions such as divestment of major assets, business acquisitions etc. We also require appointment of audit committees and adherence to disclosure requirements of listed companies, so that they may prepare themselves for eventual listing requirements. Where our stake in a company exceeds a particular threshold, we may request board representation to safeguard our interests as investors.

# Audit Committee Report

The Audit Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company, acts as the Audit Committee of the Company, as provided for by the Colombo Stock Exchange Listing Rules.

The members of the Audit Committee are as follows :

Rodrigo as a member of the Panel of Expert Advisors to the Audit Committee of CCPLC, for the Investment, Leisure and the Property Sectors of the Group.

Mr. Rodrigo is a Director of Good Hope PLC and was the former Managing Director and Chief Executive of Capital Development and

<b>Audit Committee members</b>	<b>Executive / Non-Executive / Independent</b>
Mr.Vijaya Malalasekera - Chairman	Non-Executive, Independent (CCPLC)
Mr.Chandima Gunawardena	Executive* (CCPLC)
Mr.Faiz Mohideen	Non-Executive, Independent (CCPLC)

\* *Mr. Chandima Gunawardena having assumed Non-Executive responsibilities with effect from 15th April 2011, is categorised as a Non – Executive Director.*

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

Mr.Chandima Gunawardena is a Director of CCPLC and in most of its' Group Companies.

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

In addition, Mr.Tennyson Rodrigo is the Expert Advisor to the Audit Committee for the Investment Sector.

The audit aspects of Guardian Capital Partners PLC are conducted within the Agenda of CCPLC - Audit Committee and the Committee is advised by Mr.Tennyson

Investment Company PLC and was the former Chairman of the Audit Committee of Eagle Insurance Company PLC.

CCPLC - Audit Committee held 04 Meetings during the financial year to discuss matters relating to the Company and the attendance of the Members of the Audit Committee was as follows :

<b>Meetings attended (out of four)</b>	
Mr.Vijaya Malalasekera	04
Mr.Chandima Gunawardena	04
Mr.Faiz Mohideen	04

Mr.Tennyson Rodrigo, the Expert Advisor attended all 04 Audit Committee Meetings.

The Audit Committee Meetings were also attended by the internal auditors and senior management staff members.

The Committee has also met the external auditors twice during the year, i.e. to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The draft Financial Report and Accounts were

discussed with the external auditors, without the management being present.

In accordance with the audit plan formulated and approved by the Audit Committee for the financial year 2010/2011, the Group Internal Audit (GIA) carried out five detailed audits on the Investment Sector companies.

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

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

The interim financial statements of Guardian Capital Partners PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings. The draft financial statements of Guardian Capital Partners PLC for the year ended 31st March 2011 have also been reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs. KPMG Ford Rhodes Thornton & Company, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by the Managers, Carsons Management Services (Private) Limited that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presents a true and

fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

The Audit Committee has determined that Messrs.KPMG Ford Rhodes Thornton & Company, the Auditors are independent on the basis that they do not carry out any management related functions of the Company.

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG Ford Rhodes Thornton & Company as Auditors for the financial year ending 31st March 2012, subject to the approval of the shareholders of Guardian Capital Partners PLC at the Annual General Meeting.

The purpose of the Audit Committee of Carson Cumberbatch PLC, the Audit Committee of Guardian Capital Partners PLC is as follows :

“To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the process for monitoring compliance with Company policies and procedures, laws and regulations and the code of conduct and the identification of and management of risks that would impact on the Company/Group's business objectives”.

**Vijaya Malalasekera**

*Chairman – Audit Committee*

**Carson Cumberbatch PLC**

*Date : 05th May 2011*

## **FINANCIAL CALENDAR**

Financial year end	31st March 2011
91st Annual General Meeting	08th June 2011

### **ANNOUNCEMENT OF RESULTS**

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

- Six Months ended 30th September 2010                      12th November 2010

In addition,

- Three Months ended 30th June 2010                      03rd September 2010
  - Nine Months ended 31st December 2010                      01st March 2011
- were released to the Colombo Stock Exchange.

# Independent Auditors' Report



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

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+94 - 11 542 6426  
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+94 - 11 230 7345  
Internet : www.lk.kpmg.com

## TO THE SHAREHOLDERS OF GUARDIAN CAPITAL PARTNERS PLC Report on the Financial Statements

We have audited the accompanying financial statements of Guardian Capital Partners PLC, as at 31st March 2011 which comprise the balance sheet as at 31st March 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements set out on pages 28 to 49.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Scope of Audit and Basis of Opinion

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2011 and the financial statements give a true and fair view of the Company's state of affairs as at 31st March 2011 and its loss and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

Chartered Accountants  
05th May 2011  
Colombo

KPMG Ford, Rhodes, Thornton & Co., a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

A.N. Fernando FCA  
P.Y.S. Perera FCA  
W.W.J.C. Perera FCA  
W.K.D.C. Abeyathne ACA

M.R. Mihular FCA  
C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA

Ms. M. P. Perera FCA  
T.J.S. Rajakarier FCA  
Ms. S.M.E. Jayasinghe ACA  
G.A.U. Karunaratne ACA

Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

# Income Statement

<i>For the year ended 31st March</i> <i>In Rs.'000</i>	<b>Note</b>	<b>2011</b>	<b>2010</b>
<b>Revenue</b>	1	<b>2,991</b>	67,478
Cost of investments disposed		-	(52,422)
Mark to market value adjustment - Realised		-	5,135
Profit on investment activities		<b>2,991</b>	20,191
Administrative and other operating expenses		<b>(6,183)</b>	(2,105)
Profit/(Loss) from operations	2	<b>(3,192)</b>	18,086
Finance cost	3	<b>(5,718)</b>	-
Profit/(Loss) before taxation		<b>(8,910)</b>	18,086
Taxation	4	<b>(94)</b>	(2,317)
Profit/(Loss) for the year		<b>(9,004)</b>	15,769
Earnings/(Loss) Per Share (Rs.)	5	<b>(0.37)</b>	0.66
Dividend Per Share		-	132.00

The Accounting Policies and Notes on pages 32 to 49 form an integral part of these financial statements.

*Figures in brackets indicate deductions.*

*\* Dividend per share is based on proposed & interim dividends for the year.*

# Balance Sheet

<i>As at 31st March</i> <i>In Rs.'000</i>	<b>Note</b>	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Long-term investments	6.1	<b>287,427</b>	-
		<b>287,427</b>	-
<b>Current Assets</b>			
Trade and other receivables	7	<b>39,715</b>	70
Income tax receivable		<b>707</b>	-
Short-term deposits		<b>176,573</b>	-
Cash at bank		<b>9,213</b>	105,485
		<b>226,208</b>	105,555
<b>Total assets</b>		<b>513,635</b>	105,555
<b>EQUITY AND LIABILITIES</b>			
<b>Capital &amp; Reserves</b>			
Stated capital	8	<b>513,656</b>	10,400
Revenue reserves	9	<b>(5,449)</b>	92,128
<b>Shareholders' funds</b>		<b>508,207</b>	102,528
<b>Current Liabilities</b>			
Other payables	10	<b>5,428</b>	1,647
Income tax payable		-	1,380
		<b>5,428</b>	3,027
<b>Total equity &amp; liabilities</b>		<b>513,635</b>	105,555
Net assets per share (Rs.)		<b>19.67</b>	152.80

The Accounting Policies and Notes on pages 32 to 49 form an integral part of these financial statements.

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act, No. 7 of 2007.

(Sgd.)

**V. R. Wijesinghe**

*Financial Controller*

**Carsons Management Services (Private) Limited**

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

Approved and signed on behalf of the  
Investment Managers

(Sgd.)

**W. Y. R. Fernando**

*Director*

**Guardian Fund Management Limited**

Approved and signed on behalf of the Board,

(Sgd.)

**I. Paulraj**

*Chairman*

(Sgd.)

**D. C. R. Gunawardena**

*Director*

*Colombo*

*5th May 2011*

## Statement of Changes in Equity

<i>In Rs.'000</i>	Stated Capital	Market Value Adjustment Reserve	General Reserve	Retained earnings/ (Accumulated losses)	Total Equity
Balance as at 1st April 2009	10,400	5,295	619	82,188	98,502
Profit for the year	-	-	-	15,769	15,769
Transfers	-	(5,295)	-	5,295	-
Dividend paid for the year 2009	-	-	-	(11,743)	(11,743)
Balance as at 31st March, 2010	10,400	-	619	91,509	102,528
<b>Balance as at 1st April 2010</b>	<b>10,400</b>	<b>-</b>	<b>619</b>	<b>91,509</b>	<b>102,528</b>
<b>Rights issue of shares (Note 8.2)</b>	<b>503,256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>503,256</b>
<b>Loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,004)</b>	<b>(9,004)</b>
<b>Dividend paid for the year 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(88,573)</b>	<b>(88,573)</b>
<b>Balance as at 31st March, 2011</b>	<b>513,656</b>	<b>-</b>	<b>619</b>	<b>(6,068)</b>	<b>508,207</b>

The Accounting Policies and Notes on pages 32 to 49 form an integral part of these financial statements.

*Figures in brackets indicate deductions.*

# Cash Flow Statement

<i>For the year ended 31st March</i>		<b>2011</b>	<b>2010</b>
<i>In Rs.'000</i>	<b>Note</b>		
<b>Cash Flows from Operating Activities</b>			
Profit/(Loss) before taxation		<b>(8,910)</b>	18,086
<b>Operating Profit/(Loss) before working capital changes</b>		<b>(8,910)</b>	18,086
(Increase)/Decrease in long-term investments		<b>(287,427)</b>	20,488
(Increase)/Decrease in trade and other receivables		<b>(39,645)</b>	662
Increase in other payables		<b>321</b>	2
<b>Cash (used in)/generated from Operating Activities</b>		<b>(335,661)</b>	39,238
Taxation paid		<b>(2,181)</b>	(797)
<b>Net Cash (used in)/generated from Operating Activities</b>		<b>(337,842)</b>	38,441
<b>Cash Flows from Financing Activities</b>			
Proceeds from the rights issue of shares	8	<b>503,256</b>	-
Dividend paid		<b>(85,113)</b>	(11,418)
<b>Net Cash Generated from/(used in) Financing Activities</b>		<b>418,143</b>	(11,418)
<b>Net increase in Cash &amp; Cash equivalents during the year</b>		<b>80,301</b>	27,023
Cash & Cash equivalents as at the beginning of the year		<b>105,485</b>	78,462
<b>Cash &amp; Cash equivalents as at the end of the year</b>		<b>185,786</b>	105,485
<b>Cash &amp; Cash Equivalents</b>			
Cash at bank		<b>9,213</b>	105,485
Short-term deposits		<b>176,573</b>	-
		<b>185,786</b>	105,485

The Accounting Policies and Notes on pages 32 to 49 form an integral part of these financial statements.

*Figures in brackets indicate deductions.*

# Significant Accounting Policies

## 1 REPORTING ENTITY

Guardian Capital Partners PLC is a limited liability company which is incorporated and domiciled in Sri Lanka. The shares of the Company are listed on the Diri - Savi Board of the Colombo Stock Exchange.

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

Principal activity of the Company was investment holding & portfolio management services.

During the year, as an extension of the restructure process within the investments sector of Carson Cumberbatch Group, the line of business of the Company was focused on Private equity investments, a specialized activity within the investment business.

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

## 2 STATEMENT OF COMPLIANCE

The Financial Statements of the Company comprise the Balance Sheet, Statements of Income, Changes in Equity and Cash Flows together with Accounting policies

and Notes to the Financial Statements.

These statements are prepared in accordance with the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of Companies Act, No. 7 of 2007.

## 3 BASIS OF PREPARATION

### 3.1 Basis of Measurement

The Financial Statements of the company have been prepared on a historical cost basis and applied consistently, except for the market value adjustment of investment portfolios stated in the respective notes to the financial statements.

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLAS) requires the use of certain critical accounting estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the respective notes to the financial statements.

### 3.2 Functional and Presentation currency

Items included in the financial statements are measured using the currency of the primary economic

environment in which the entity operates ('the functional currency'), which is Sri Lankan Rupees.

The financial statements are presented in Sri Lankan Rupees Thousands (Rs. '000) unless otherwise stated, which is the Company's presentation currency.

Figures in brackets indicate deductions/negative changes.

### **3.3 Materiality and Aggregation**

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

## **4 USES OF ESTIMATES AND JUDGMENTS**

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate

is revised and in any future periods affected. Information about significant areas of estimation and uncertainty that have the most significant effect on the amounts recognised in the Financial Statements are described below.

### **4.1 Assessment of Impairment**

The Company assesses at each Balance Sheet date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to present value using appropriate discount rates that reflects the current market assessments of the time value of money and risks specific to the asset.

Fair value less cost to sell will be based on the available market information as at the date of assessment.

### **4.2 Current Taxation**

Current tax liabilities are provided for in the Financial Statements applying the relevant tax statutes and regulations which the management believes reflect actual liability. There

## Significant Accounting Policies

can be instances where the stand taken by the Company on transactions is contested by Revenue Authorities. Any additional costs on account of these issues are accounted for as a tax expense at the point the liability is confirmed.

### 4.3 Value of Unquoted Investments

The unquoted investments are stated at lower of cost and directors' valuation.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, and deviations if any, have been disclosed accordingly.

### ASSETS AND BASES OF THEIR VALUATION

Assets classified as current assets in the Balance Sheet are cash and those which are expected to realise in cash, during the normal operating cycle of the Company's business, or within one year from the Balance Sheet date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the Balance Sheet date.

## 5.1 Investments

### 5.1.1 Classification

- Investments held for yield or capital appreciation are classified as long-term investments.
- Investments derived from the private placements of unlisted securities and held for yield or capital appreciation are classified as Private equity investments, within the category of long-term investments. Such investments are initially categorized under non-current assets. Subsequently, upon obtaining the listing in the Colombo Stock Exchange, such investments will be classified in to long term investments or short term investments, as appropriate.
- Investments that are intended to be held for trading purposes are classified as short-term investments.

### 5.1.2 Cost

Cost of investments is the cost of acquisition including brokerage, commission and such other fees, including all directly attributable costs of acquisition.

### 5.1.2 Valuation

- *Quoted Investments*  
The Quoted investments that are acquired principally for the purpose

of selling or held as part of a portfolio that is managed for short term profit are classified as short term investments. Those investments are initially recognised at cost and subsequently measured at market value. Gains and losses on market valuation are dealt with in the income statement.

The Quoted investments that are acquired and held for capital growth in the medium/long term are classified as long term investments. These are initially recognised at cost and subsequently measured at revalued amounts on quarterly basis, based on market value. Any gains are recognized in the equity as revaluation surplus. A decrease in the carrying amount of an investment over the amounts credited against such investments in to equity is recognized as an expense. A subsequent decline will be offset against a previous increase for the same investment which is credited to the revaluation surplus. An increase on revaluation that is relating to a previous decrease in carrying amount recognized as an expense, is credited to income to the extent it offsets the previously recorded decrease.

On disposal, the amount of gains applicable to that investment

previously credited to the revaluation surplus is transferred from revaluation surplus to income statement.

- *Unquoted Investments/  
Private Equity Investments*

All unquoted investments are carried at lower of cost and Directors' valuation. Provision is made for any permanent diminution in value.

#### **5.1.4 Market Value of the Investment Portfolio**

Marketable equity securities are stated at the values published in the Official Valuation List of the Colombo Stock Exchange. Where the Official Valuation is not available, the market value is stated at the last transacted price.

#### **5.2 Trade and Other Receivables**

Trade and other receivables are carried at original invoice amount less provision for impairment of trade receivables when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced and the amount of the loss is recognised, if any, in the income statement. When a trade receivable is uncollectible, it is written off against the provision for trade receivables.

## Significant Accounting Policies

Subsequent recoveries of amounts previously written off are credited to the income statement.

### 5.3 Cash & Cash Equivalents

Cash & cash equivalents are defined as cash in hand and bank, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, cash & cash equivalents comprise cash in hand, bank deposits held in banks and investments in money market instruments, net of bank overdraft.

### 5.4 Impairment of assets

The Company assesses assets or groups of assets for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Individual assets are grouped for impairment testing purposes at the lowest level at which there are identifiable cash flows that are largely independent from the cash flows of other groups of assets. Where the carrying amount of an

asset group exceeds its recoverable amount, the asset group is considered to be impaired and is written down to its recoverable amount.

Previously recognised impairment losses are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount, which would have been determined, had no impairment losses were recognized previously.

The recoverable amount of an asset is the higher of its fair value less costs to sell or its value in use. Any decrease in the carrying value is recognised as an expense in the Income Statement in the reporting period in which the impairment loss occurs.

For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs. Management judgment is applied to establish cash generating units.

## **LIABILITIES AND PROVISIONS**

### **5.5 Liabilities**

Liabilities classified as current liabilities in the Balance Sheet are those obligations payable on demand or within one year from the Balance Sheet date. Items classified as non-current liabilities are those obligations which expire beyond a period of one year from the Balance Sheet date.

All known liabilities have been accounted for in preparing these Financial Statements. Provisions and liabilities are recognised 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.

### **5.6 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

### **5.7 Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

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

## **INCOME STATEMENT**

### **5.8 Revenue Recognition**

Revenue is recognised to the extent that it is probable the economic

## Significant Accounting Policies

benefits will flow to the Company, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and directly attributable taxes and government levies. The following specific criteria are used for the purpose of recognition of revenue:

### 5.8.1 Disposal of investments

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

### 5.8.2 Proceeds on Sales of Shares

On accrual basis.

### 5.8.3 Dividend Income

When the shareholders' right to receive dividend is established.

### 5.8.4 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## 5.9 Expenditure Recognition

### 5.9.1 Operating Expenses

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

has also been made for bad and doubtful debts and all known liabilities.

## 5.9.2 Finance Expenses

Interest expenses are recognised on an accrual basis.

## 5.10 Current income tax

### 5.10.1 Income taxation

Current income tax expenses are recognized in the Income Statement except to the extent that it relates to the items recognised directly in equity, in which case it is recognized in Statement of Changes in Equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to Revenue Authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The provision for current tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

The relevant details are disclosed in respective notes to the Financial Statements.

### **5.10.2 Social Responsibility Levy (SRL)**

As per the provisions of Finance Act No. 5 of 2005, and amendments thereto, the SRL was introduced with effect from January 1, 2005. SRL is payable at the rate of 1.5% on all taxes and levies chargeable as specified in the First Schedule of the Act.

### **5.11 Earnings / (loss) per share**

The Company presents Earnings / (loss) Per Share data for its ordinary shares. Earnings / (loss) Per Share 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.

### **CASH FLOW**

Interest paid, interest received and dividend received are classified as operating cash flows, while dividend paid is classified as financing cash flows for the purpose of presentation of Cash Flow Statement which has been prepared using the "Indirect Method".

### **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.

### **EVENTS AFTER THE BALANCE SHEET DATE**

All material and significant events which occur after the Balance Sheet date have been considered and disclosed in the notes to the financial statements.

## **6 DIVIDENDS ON ORDINARY SHARES**

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

## **7 PRESENTATION**

### **7.1 Offsetting Income and Expenses**

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

### **7.2 Offsetting Assets and Liabilities**

Assets and liabilities are offset and the net amount reported in the Balance Sheet only where there is:

- a current enforceable legal right to offset the asset and liability; and

## Significant Accounting Policies

- an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously

### 8 **DIRECTORS' RESPONSIBILITY**

The Board of Directors are responsible for the preparation and presentation of the Financial Statements.

This is more fully described under the relevant clause in the Directors' Report.

### 9 **COMPARATIVE FIGURES**

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

### 10 **NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT BALANCE SHEET DATE**

The Institute of Chartered Accountants of Sri Lanka (ICASL) has issued a new volume of Sri Lanka Accounting Standards – 2011, applicable for financial periods beginning on or after 1, January 2012. These new Accounting Standards are prefixed as both SLFRS and LKAS which correspond to the relevant International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

Accordingly, these Standards have not been applied in preparing these financial statements as they were not effective for the year ended 31st March 2011.

The Company is currently in the process of evaluating the potential effects of these Standards on its financial statements and the impact on the adoption of these Standards have not been quantified as at Balance Sheet date.

# Notes to the Financial Statements

<i>For the year ended 31st March</i>		<b>2011</b>	<b>2010</b>
<i>In Rs.'000</i>			
<b>1</b>	<b>Revenue</b>		
	Proceeds from disposal of investments	<b>2</b>	58,319
	Dividend Income	<b>20</b>	-
	Interest income	<b>2,969</b>	9,038
	Other Income	-	121
		<b>2,991</b>	67,478
<b>2</b>	<b>Profit from operations</b>		
<b>2.1</b>	Profit from operations is stated after charging all expenses including the following:		
	Auditors' remuneration & expenses		
	- Audit fees	<b>95</b>	92
	- Audit Related fees	-	72
	- Non Audit fees	<b>112</b>	150
	Directors' fees & emoluments	-	-
	Management & Secretarial fees	<b>323</b>	1,091
<b>2.2</b>	The Company did not have any employees of its own during the financial year under review.		
<b>3</b>	<b>Finance cost</b>		
	Finance cost - Related Companies	<b>5,718</b>	-
		<b>5,718</b>	-
<b>4</b>	<b>Taxation</b>		
	Provision for the year (Note 4.1)	-	2,252
	Under provision for previous years	<b>57</b>	3
	Social Responsibility Levy on income tax @ 1.5% (Note 4.6)	-	34
	Social Responsibility Levy on dividend tax	<b>37</b>	28
	Total tax expense for the year	<b>94</b>	2,317

## Notes to the Financial Statements

<i>For the year ended 31st March</i>	<b>2011</b>	<b>2010</b>
<i>In Rs.'000</i>		
<b>4.1 Reconciliation between accounting profit and taxable profit</b>		
Accounting (loss) / profit before taxation	<b>(8,910)</b>	18,086
Less: Exempt profits on share trading activities	<b>(15)</b>	(5,898)
Add: Disallowed expenses	<b>4,205</b>	5
Mark to market value adjustment	-	(5,135)
Allowable Claims	-	(121)
Taxable profit/(loss) for the year	<b>(4,720)</b>	6,937
Accumulation / (utilization) of tax losses (Note 4.2)	<b>4,720</b>	(502)
Taxable income	-	6,435
Taxation thereon @ 35%	-	2,252

#### 4.2 Movement in tax losses

Tax losses at the beginning of the year	-	502
Tax losses incurred during the year	<b>4,720</b>	-
Utilization of tax losses during the year	-	(502)
Tax losses at the end of the year	<b>4,720</b>	-

**4.3** In accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and amendments thereto, the Company is liable to income tax at 35% (2010 - 35%).

**4.4** In terms of section 13 (t) of Inland Revenue Act, No. 10 of 2006 and amendments thereto, profits derived on the sale of shares on which the Share Transaction Levy has been paid is exempt from Income Tax.

**4.5** Utilisation of tax losses brought forward is restricted to 35% of the current year's Statutory Income. Any part of unutilized tax losses can be carried forward indefinitely.

**4.6** The Company is liable to pay 1.5% of income tax as Social Responsibility Levy (SRL) (2010 - 1.5%).

## 5 Earnings / (loss) per share

The Company's earnings / (loss) per share is calculated on profit attributable to the shareholders over the weighted average number of ordinary shares in issue during the year, as required by SLAS 34 (Revised 2005) - "Earnings per share".

The impact of the bonus element included within the price of the rights issue has been adjusted in arriving at the number of Ordinary Shares used as the denominator for the year and accordingly prior periods have been restated on this basis.

The following reflects the earning and share data used for the computation of Earning Per Share.

<i>For the year ended 31st March</i>	<b>2011</b>	<b>2010</b>
<b>Amount used as the Numerator</b>		
Profit / (Loss) for the year - Rs.'000	<b>(9,004)</b>	15,769
<b>Amount used as the Denominator</b>		
Weighted average number of ordinary shares		
Outstanding during the year	<b>24,066,193</b>	23,836,349
Earnings / (Loss) Per Share (Rs.)	<b>(0.37)</b>	0.66



- 6.2** The Company invested in the private placement of equity shares in Expolanka Holdings Limited, where the Company acquired 41,600,000 shares representing 2.34% of the issued share capital of the said Company at a total consideration of Rs.250,848,000/-, excluding transaction cost.

In accordance with the section 185 of the Companies Act, No. 7 of 2007, this amounted to a major transaction and accordingly, shareholder approval by means of a special resolution was obtained at the Extraordinary General Meeting held on 18th February 2011.

Expolanka Holdings Limited announced an Initial Public Offering of shares and released its prospectus on the 20th April 2011. The IPO opens on 12th May 2011 to raise Rs.2,408 mn by issuing 172 mn shares at Rs.14/- per share.

- 6.3** The Company participated in the private placement of equity shares in Textured Jersey Lanka (Pvt) Limited and subscribed for 5,000,000 shares of the said company for a total consideration of Rs.75 mn. Subsequent to the Balance Sheet date, on 1 April 2011, the Company was allotted with 2,343,300 shares for a total consideration of Rs.35,325,248/-, accordingly necessary adjustments are made to the financial statements as disclosed in Note 11 to these financial statements.

<i>As at 31st March</i>	<b>2011</b>	<b>2010</b>
<i>In Rs.'000</i>		
<b>7 Trade and other receivables</b>		
Refunds due on unallotted shares (Note 7.1)	<b>39,675</b>	-
Other receivables	<b>40</b>	70
	<b>39,715</b>	70

- 7.1** This represents the amount due on unallotted shares in Textured Jersey Lanka (Pvt) Limited as explained in Note 11 to the financial statements.

## Notes to the Financial Statements

<i>As at 31st March</i>	<b>2011</b>	<b>2010</b>
<i>In Rs.'000</i>		

### 8 Stated capital

As at the beginning of the year	<b>10,400</b>	10,400
Rights issue of shares (Note 8.2)	<b>503,256</b>	-
As at the end of the year	<b>513,656</b>	10,400

### 8.1 Movement in the number of shares

As at the beginning of the year - Issued and fully paid	<b>671,008</b>	671,008
Rights issue of shares (Note 8.2)	<b>25,162,800</b>	-
As at the end of the year - Issued and fully paid	<b>25,833,808</b>	671,008

**8.2** During the year Company raised Rs.503.2 mn via a rights issue of ordinary shares to the shareholders of the Company. This resulted in 25,162,800 new shares being issued at a ratio of 75 new shares for every 02 shares held at a price of Rs.20/- per share. The funds were raised for expanding the capital base of the Company to undertake new investment projects mainly in the area of Private Equity Investments. Part of rights issue funds were utilised to acquire the shares of Expolanka Holdings Limited, at a total value of Rs.250.8 mn, Both the rights issue and the investment in Expolanka Holdings Limited (the latter being a major transaction in terms of the Companies Act), were approved by the shareholders of the Company on 18th February 2011. The balance rights issue funds will be used for private equity investments.

<i>As at 31st March</i>	<b>2011</b>	<b>2010</b>
<i>In Rs.'000</i>		

### 9 Revenue reserves

General reserve	<b>619</b>	619
Retained earnings / (Accumulated loss)	<b>(6,068)</b>	91,509
	<b>(5,449)</b>	92,128

**9.1** General reserve represents the amounts set aside by the Directors to meet any contingencies.

**9.2** The movements of the above reserves are given in the Statement of Changes in Equity.

<i>As at 31st March</i>	<b>2011</b>	<b>2010</b>
<i>In Rs.'000</i>		
<b>10 Other payables</b>		
Unclaimed dividends	<b>4,885</b>	1,425
Accruals and other payables	<b>543</b>	222
	<b>5,428</b>	1,647

## **11 Events occurring after the Balance Sheet date**

### **Investment in Textured Jersey Lanka (Pvt) Limited**

The Company participated in the private placement of equity shares in Textured Jersey Lanka (Pvt) Limited and subscribed for 5,000,000 shares at a total consideration of Rs.75,000,000/-. Subsequent to the balance sheet date on the 01st April 2011, the Company was allotted 2,343,300 shares at a total consideration of Rs.35,325,248/-

Accordingly Rs.35,325,248/- has been recognised as an investment and the resulting refund due amounting to Rs.39,674,752/- was recognised as a receivable in the financial statements.

Subsequent to the Balance Sheet date, no circumstances have arisen which would require adjustments to or disclosure in the financial statements other than those disclosed above.

## **12 Contingent liabilities**

There were no material Contingent Liabilities as at Balance Sheet date.

## **13 Capital commitments**

There were no contracts for capital expenditure of a material nature as at the Balance Sheet date.

## **14 Related Party Transaction**

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 30 (Revised 2005) "Related Party Disclosures", the details of which are reported below.

### **14.1 Parent and Ultimate Controlling Party**

Ceylon Guardian Investment Trust PLC is the Parent Company of Guardian Capital Partners PLC.

In the opinion of the Directors, Carson Cumberbatch PLC is the Ultimate Parent Company of Guardian Capital Partners PLC.

## Notes to the Financial Statements

### 14.2 Transactions with Related Companies

Name of Company	Nature of the Relationship	Name of Common Directors	Nature of Transactions
Carson Cumberbatch PLC	Ultimate parent	I. Paulraj D.C.R. Gunawardena	Interest Income of Rs.2,178,890/- (2010 - Rs.3,153,299/-) was received on short-term advances given to Carson Cumberbatch PLC which was fully settled as at the Balance Sheet date.
Ceylon Guardian Investment Trust PLC	Parent	I. Paulraj D.C.R. Gunawardena	The Company paid a Dividend of Rs.69,169,993/- to CCPLC during the year (2010 - 9,412,370/-).  Ceylon Guardian Investment Trust PLC subscribed for 21,692,800 ordinary shares of the Company at the rights issue of shares for a total consideration of Rs.433,856,000/-. This transaction resulted in a change of controlling interest of the Company, from Carson Cumberbatch PLC to Ceylon Guardian Investment Trust PLC, the latter having acquired 83.97% of the voting rights of the Company through this transaction.
Ceylon Investments PLC	Affiliate	I. Paulraj D.C.R. Gunawardena	41,600,000 ordinary shares of Expolanka Holdings Limited, amounting to Rs.250,848,000/-, was transferred from Ceylon Investment PLC to the Company on 30th March 2011.  The latter held the said investment on behalf of the Company until such time as the Company obtained requisite shareholder approval and sourced funding to acquire the investment. The company paid Rs.5.72 mn as interest to Ceylon Investment PLC against the cost of funds on the above transaction. Interest was charged at 8% per annum.
Carsons Management Services (Private) Limited	Affiliate	D.C.R. Gunawardena (Relinquished his services as a Director w.e.f. 15th April 2011)	The Company paid; Computer charges - Rs.30,848/- (2010 - Rs.30,000/-) Secretarial fees - Rs.15,277/- (2010 - Rs.13,800/- ) Management fees - Rs.308,490/- (2010 - Rs.1,077,141/-) which also includes fees for portfolio management services obtained from Guardian Fund Management (GFM) Limited.

### **14.3 Transactions with Key Management Personnel (KMP)**

According to Sri Lanka Accounting Standard 30 (Revised 2006) “Related Party Disclosures” Key Management personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company and its parent Company (including executive and non executive directors) and their immediate family members have been classified as Key Management Personnel of the Company.

No payments such as short term employment benefits, post employment benefits, termination benefits and share based payments have been made to KMP during the year.

# Five Year Financial Summary

<i>For the year ended / As at 31st March</i> In Rs. '000	2011	2010	2009	2008	2007
<b>Operating Results</b>					
Revenue	2,991	67,478	77,113	27,260	49,579
<b>Profit / (Loss) before taxation</b>	<b>(8,910)</b>	18,086	47,151	(7,800)	25,688
Taxation	(94)	(2,317)	(582)	-	(51)
<b>Profit / (Loss) for the year</b>	<b>(9,004)</b>	15,769	46,569	(7,800)	25,637
<b>Balance Sheet</b>					
Stated capital	513,656	10,400	10,400	10,400	10,400
Reserves	(5,449)	92,128	88,102	51,598	66,108
<b>Shareholders' funds</b>	<b>508,207</b>	102,528	98,502	61,998	76,508
<b>Assets Employed</b>					
Current assets	226,208	105,555	99,822	62,405	76,440
Current liabilities	(5,428)	(3,027)	(1,320)	(882)	(1,407)
Net current assets	220,780	102,528	98,502	61,523	75,033
Long-term Investments	287,427	-	-	475	1,475
<b>Net assets</b>	<b>508,207</b>	102,528	98,502	61,998	76,508
<b>Ratios &amp; Statistics</b>					
<b>Profitability</b>					
Return on shareholders' funds (%)	(1.77)	15.38	47.28	(12.58)	33.51
<b>Liquidity</b>					
Current ratio (times)	41.67	34.87	75.62	70.75	54.33
<b>Investor Ratios</b>					
Earnings / (Loss) per share (Rs.)	(0.37)	0.66	69.40	(11.62)	38.21
Earnings yield (%)	(0.13)	0.07	13.88	(2.90)	7.64
P/E ratio (times)	(785.41)	1,515.15	7.20	(34.44)	13.09
Dividend per share	-	132.00	17.50	15.00	10.00
Dividend payout ratio (%)	-	561.7	25.22	N/A	26.17
<b>Valuation of Shares</b>					
Net assets per share (Rs.)	19.67	152.80	146.80	92.40	114.02
Market price per share (Rs.)*	290.60	1,000.00	500.00	400.25	500.00
Market value of investments (Rs.'000) **	287,427	105,485	98,950	146,983	154,120
All share price index (points)	7,226.1	3,724.6	1,638.1	2,550.5	2,790.0
Milanka price index (points)	6,874.7	4,270.7	1,736.2	3,181.3	3,838.0

\* The current year's decrease in market price has resulted due to the rights issue of shares.

\*\* Dividend per share is based on proposed dividends and interim dividends for the year.

\*\* Based on market value of portfolio after adjusting for cash & cash equivalents.

# Information to Shareholders and Investors

## 1 Stock Exchange Listing

Guardian Capital Partners PLC (formerly known as Watapota Investments PLC), is a Public Quoted Company, the ordinary shares of which are listed on the Diri-Savi Board of the Colombo Stock Exchange of Sri Lanka.

## 2 Ordinary Shareholders

<i>As at 31st March</i>	<b>2011</b>	<b>2010</b>
Number of Shareholders	<b>2,668</b>	272

The number of shares held by non-residents as at 31st March, 2011 was 35,587 (2010 - 21,642) which amounts to 0.14% (2010 - 3.23%) of the issued share capital.

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	2,136	579,373	2.24	29	7,624	0.03	2,165	586,997	2.27
1,001 - 10,000	466	1,448,859	5.61	8	27,963	0.11	474	1,476,822	5.72
10,001 - 100,000	26	612,341	2.37	-	-	-	26	612,341	2.37
100,001 - 1,000,000	2	1,464,848	5.67	-	-	-	2	1,464,848	5.67
Above 1,000,000	1	21,692,800	83.97	-	-	-	1	21,692,800	83.97
Grand Total	2,631	25,798,221	99.86	37	35,587	0.14	2,668	25,833,808	100.00

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Individuals	2,602	2,354,528	9.11
Institutions	66	23,479,280	90.89
Total	2,668	25,833,808	100.00

## Information to Shareholders and Investors

### 3 Market Performance - Ordinary Shares

<i>For the year</i>	<b>2011</b>	<b>2010</b>
Share price as at 31 March	<b>290.60</b>	1,000.00
Highest price (Rs.)	<b>10,012.50</b>	1,050.00
Lowest price (Rs.)	<b>196.00</b>	800.00
Value of shares traded (Rs.)	<b>881,426,470</b>	1,685,000
No. of shares traded	<b>2,724,000</b>	1,900
Volume of transactions (Nos.)	<b>8,501</b>	11

### 4 Market Capitalization

Market capitalization of the Company which is the number of ordinary shares in issue multiplied by the market value of an ordinary share was Rs.7,507,304,605/- as at 31st March, 2011 (2010 - Rs 671,008,000).

### 5 Public Holding

The percentage of issued share capital held by public as at 31st March 2011 was 13.78% (2010 - 13.23%).

### 6 Dividend

The Directors do not recommended a dividend for the year ended 31st March 2011 (2010 - Rs.132/-).

### 7 Number of employees

There were no employees of the Company as at the end of the period (2010 - Nil).

# Glossary of Financial Terms

## **Appropriations**

Apportioning of earnings to capital reserves, revenue reserves or as dividends.

## **Capital Reserves**

Reserves identified for specific purposes and considered not available for distribution.

## **Cash Equivalents**

Liquid investments with original maturities of three months or less.

## **Contingencies**

Conditions or situations at the Balance Sheet date, the financial effects of which are to be determined by future events which may or may not occur.

## **Current Ratio**

Current assets divided by current liabilities.

## **Dividend Cover**

Post tax profit divided by gross dividend. Measures the number of times dividend is covered by distributable profits.

## **Dividend per Share**

Dividend proposed for the year, divided by the number of ordinary shares in issue which ranked for those dividends.

## **Dividend Yield**

Dividend per share as a percentage of market price per share.

## **Earnings per Share**

Profits attributable to ordinary shareholders after preference dividend divided by the number of ordinary shares in issue and ranking for dividend.

## **Equity**

Shareholders' funds (stated capital + reserves).

## **Events occurring after the Balance Sheet date**

Significant events that occur between the Balance Sheet date and the date on which the financial statements are authorised for issue, which would require adjustments to or disclosure in the financial statements.

## **Market Capitalisation**

The market value of a company at a given date obtained by multiplying the share price by the number of shares in issue.

## **Mark to Market Valuation**

Policy of expressing the values of the securities in a portfolio at their market prices.

## **Net Assets per Share**

Total assets less liabilities divided by the number of ordinary shares in issue. This can be expressed at cost or market value.

## **Net Current Assets**

Capital required to finance the day-to-day operations. (current assets less current liabilities).

## **Price Earning Ratio (P/E)**

Market price of a share divided by earnings per share.

## **Related Parties**

Parties who could control or significantly influence the financial and operating decisions/policies of the business.

## **Return on Shareholders' Funds**

Profit attributable to shareholders divided by shareholders' funds (total of share capital and reserves).

## **Revenue Reserves**

Reserves considered as being available for distribution and other appropriations.

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the NINETY FIRST Annual General Meeting of GUARDIAN CAPITAL PARTNERS PLC will be held on Wednesday, the 8th day of June 2011 at 2.30 p.m. at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 7 for the following purposes :

1. To receive and adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2011, together with the Report of the Auditors thereon.
2. To re-elect Mr. D.C.R. Gunawardena who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.
3. To Re-appoint Mr. I. Paulraj 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. 7 of 2007 shall not be applicable to Mr. I. Paulraj who is 74 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.”

4. To re-appoint Messrs. KPMG Ford, Rhodes, Thornton & Company, 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

**CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED**

*Secretaries*

*Colombo,*

*05th May 2011*

## **Notes:**

1. A member is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
2. The completed Form of Proxy must be deposited at the Registered Office, No. 61, Janadhipathi Mawatha, Colombo 1, not later than 2.30 p.m. on 6th June 2011.
3. A person representing a Corporation is required to carry a certified copy of the resolution authorizing him/her to act as the representative of the Corporation. A representative need not be a member.
4. The transfer books of the Company will remain open.
5. Security Check -

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

# Form of Proxy

\*I/ We .....  
of .....  
being \*a Member/Members of GUARDIAN CAPITAL PARTNERS PLC .....  
hereby appoint .....  
of .....  
bearing NIC No./ Passport No ..... or failing him/her

Israel Paulraj or failing him,  
Don Chandima Rajakaruna Gunawardena or failing him,  
Subramaniam Mahendrarajah

as \*my/our proxy to attend at the 91st Annual General Meeting of the Company to be held on Wednesday, the 8th day of June 2011 at 2.30 p.m., at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 07 and any adjournment thereof and at every poll which may be taken in consequence thereof.

- |   | For                      | Against                  |
|---|--------------------------|--------------------------|
| (i) To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2011, together with the Report of the Auditors thereon.   | <input type="checkbox"/> | <input type="checkbox"/> |
| (ii) To re-elect Mr. D.C.R. Gunawardena who retires in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.   | <input type="checkbox"/> | <input type="checkbox"/> |
| (iii) To re-appoint Mr. I. Paulraj who is over seventy years of age as a Director of the Company  | <input type="checkbox"/> | <input type="checkbox"/> |
| (iv) To re-appoint Messrs. KPMG Ford, Rhodes, Thornton & Company, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act. No. 07 of 2007 and to authorise the Directors to determine their remuneration. | <input type="checkbox"/> | <input type="checkbox"/> |

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

.....  
Signature /s

Note:

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

## Instructions as to Completion

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 54 of the Articles of Association of the Company:
  - (1) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a Shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.
  - (2) An instrument appointing a proxy shall be in writing and :
    - (a) in the case of an individual shall be signed by the appointor or by his attorney; and
    - (b) in the case of a corporation shall be either under its common seal or signed by its attorney or by an authorised 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 authorised 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 deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1 not later than 2.30 p.m. on 6th June 2011.

Please fill in the following details	
Name	: .....
Address	: .....
	.....
Jointly with	: .....
Share folio no.	: .....

# Corporate Information

## **Name of the Company**

Guardian Capital Partners PLC  
(A Carson Cumberbatch Company)

## **Company Registration No**

PQ 49

## **Legal Form**

A Public Quoted Company (Quoted on the Diri Savi Board of the Colombo Stock Exchange) with Limited Liability, Incorporated in Sri Lanka in 1920

## **Principal Activity and Nature of Operations**

The principal activity of the company is holding and managing of an investment portfolio comprising of Private Equity.

## **Parent Enterprise**

The Company's holding Company and Controlling Entity is Ceylon Guardian Investment Trust PLC, which is incorporated in Sri Lanka

## **Ultimate Parent Company**

Carson Cumberbatch PLC

## **Directors**

I. Paulraj (Chairman)  
D. C. R. Gunawardena  
S. Mahendrarajah

## **Alternate Director**

S. Mahendrarajah (for I.Paulraj )

## **Bankers**

Standard Chartered Bank  
Commercial Bank of Ceylon PLC  
Deutsche Bank AG Colombo

## **Auditors**

Messrs. KPMG Ford, Rhodes, Thornton & Company  
Chartered Accountants  
No 32A, Sir Mohamed Macan Marker  
Mawatha, Colombo 03  
Sri Lanka.

## **Managers & Secretaries**

Carsons Management Services (Private) Limited  
No. 61, Janadhipathi Mawatha,  
Colombo 01.  
Sri Lanka  
Telephone No: +94-11-4739200  
Fax No: +94-11-4739300

## **Investment Managers**

Guardian Fund Management Limited  
No. 61, Janadhipathi Mawatha,  
Colombo 01.  
Sri Lanka  
Telephone No: +94-11-4739200  
Fax No: +94-11-4739385

## **Registered Office & Principle Place of Business**

No. 61, Janadhipathi Mawatha,  
Colombo 01.  
Sri Lanka  
Telephone No: +94-11-4739200  
Fax No: +94-11-4739300

## **Corporate Website**

[www.carsoncumberbatch.com](http://www.carsoncumberbatch.com)

