

CEYLON INVESTMENT PLC

INTERIM REPORT FOR THE TWELVE MONTHS ENDED 31ST MARCH 2019

A CARSON CUMBERBATCH COMPANY

CEYLON INVESTMENT PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All figures are in Sri Lankan Rupees '000)

	Three months ended			Twelve months ended		
	31st March			31st March		
	2019	2018	Change %	2019	2018	Change %
Revenue	45,165	147,975	(69)	169,018	449,610	(62)
Impairment loss on available for sale financial assets	-	2,382	(100)	-	(13,233)	(100)
Net change in fair value of fair value through profit or loss financial assets	(484,834)	(26,912)	1,702	(1,054,018)	2,254	(46,862)
Profit/(loss) on investment activities	(439,669)	123,445	(456)	(885,000)	438,631	(302)
Administrative and other operating expenses	(17,992)	(13,827)	30	(69,987)	(52,819)	33
Profit/(loss) from operations	(457,661)	109,618	(518)	(954,987)	385,812	(348)
Finance expense	(2,979)	-	100	(7,174)	(3)	239,033
Profit/(loss) from operations after finance expense	(460,640)	109,618	(520)	(962,161)	385,809	(349)
Share of profit/(loss) of equity accounted investee net of tax	(124,382)	78,179	(259)	(210,967)	134,638	(257)
Profit/(loss) before taxation	(585,022)	187,797	(412)	(1,173,128)	520,447	(325)
Income tax expense	(3,352)	(7,005)	(52)	(13,174)	(8,202)	61
Profit/(loss) for the period	(588,374)	180,792	(425)	(1,186,302)	512,245	(332)
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Share of other comprehensive expense of equity accounted investee net of tax	(52,065)	(74,258)	(30)	(62,274)	(507,924)	(88)
Net change in fair value of available for sale financial assets	-	(5,639)	(100)	-	256,652	(100)
Transfer of realized gains on disposal of available for sale financial assets	-	(9,531)	(100)	-	(102,007)	(100)
Foreign currency differences arising on translation of available for sale financial assets	-	3,574	(100)	-	3,811	(100)
Other comprehensive expense for the period	(52,065)	(85,854)	(39)	(62,274)	(349,468)	(82)
Total comprehensive income / (expense) for the period	(640,439)	94,938	(775)	(1,248,576)	162,777	(867)
Earnings/(loss) per share (Rs.)	(5.92)	1.82		(11.93)	5.15	
Dividend per share (Rs.)*	-	-		0.50	2.00	

* Dividend per share is based on the proposed / interim dividends.

Figures in brackets indicate deductions.

CEYLON INVESTMENT PLC
STATEMENT OF FINANCIAL POSITION

(All figures are in Sri Lankan Rupees '000)

As at 31st March

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

The Statement of Financial Position as at 31st March 2019 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flow for the period then ended as disclosed in pages 1 to 4 have been drawn up from unaudited accounts.

I certify that these Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

(Sgd).

V. R. Wijesinghe

Director - Finance

Carsons Management Services (Private) Limited.

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

Approved & Signed on behalf of the Investment Managers,

(Sgd).

K. Selvanathan

Director

Guardian Fund Management Limited

27th May 2019

Approved & Signed on behalf of the Board,

(Sgd).

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

Chairperson

(Sgd).

D. C. R. Gunawardena

Director

CEYLON INVESTMENT PLC
STATEMENT OF CHANGES IN EQUITY

(All figures are in Sri Lankan Rupees '000)

	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2017	763,497	187,141	7,602,502	8,553,140
Profit for the year	-	-	512,245	512,245
Other comprehensive expense for the year	-	-	(349,468)	(349,468)
Total comprehensive income for the year	-	-	162,777	162,777
Forfeiture of unclaimed dividends	-	-	3,772	3,772
Dividend	-	-	(198,902)	(198,902)
Balance as at 31st March 2018 (Audited) (Under LKAS 39)	763,497	187,141	7,570,149	8,520,787
Balance as at 1st April 2018 (Under SLFRS 9 - note 1.2)	763,497	187,141	7,570,149	8,520,787
Loss for the period	-	-	(1,186,302)	(1,186,302)
Other comprehensive expense for the year	-	-	(62,274)	(62,274)
Total comprehensive expense for the year	-	-	(1,248,576)	(1,248,576)
Forfeiture of unclaimed dividends	-	-	1,924	1,924
Dividend	-	-	(49,726)	(49,726)
Balance as at 31st March 2019 (Unaudited)	763,497	187,141	6,273,771	7,224,409

Figures in brackets indicate deductions

CEYLON INVESTMENT PLC
STATEMENT OF CASH FLOWS

(All figures are in Sri Lankan Rupees '000)
For the twelve months ended 31st March

	2019	2018
		Audited
Cash flows from operating activities		
Profit / (loss) before taxation	(1,173,128)	520,447
Adjustments for:		
Impairment loss on available for sale financial assets	-	13,233
Net change in fair value of fair value through profit or loss financial assets	1,054,018	(2,254)
Finance expense	7,174	3
Share of (profit) / loss of equity accounted investee net of tax	210,967	(134,638)
Operating profit before changes in working capital	99,031	396,791
Net decrease / (increase) in trade and other receivables	(5,245)	17,006
Net decrease / (increase) in investments	123,580	(107,000)
Net increase in investment in fixed deposits	(263,494)	-
Net decrease in trade and other payables	15,372	(256)
Cash generated from / (used in) operations	(30,756)	306,541
Income tax paid	(10,352)	(8,576)
Net cash generated from / (used in) operating activities	(41,108)	297,965
Cash flows from investing activities		
Dividend received from equity accounted investee	24,678	105,957
Net cash generated from investing activities	24,678	105,957
Cash flows from financing activities		
Finance expense paid	(7,174)	(3)
Dividend paid	(80,675)	(319,150)
Net cash used in financing activities	(87,849)	(319,153)
Net increase / (decrease) in cash and cash equivalents during the period	(104,279)	84,769
Cash and cash equivalents at the beginning of the year	198,769	114,000
Cash and cash equivalents at the end of the year	94,490	198,769
Statement of cash and cash equivalents		
Placements with banking institutions	55,836	-
Securities purchased under resale agreements	11,628	64,424
Cash at bank	30,820	137,050
Total cash and cash equivalents	98,284	201,474
Bank overdraft	(3,794)	(2,705)
Cash and cash equivalents for the cash flow statement purpose	94,490	198,769

Figures in brackets indicate deductions

CEYLON INVESTMENT PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(All figures are in Sri Lankan Rupees '000 unless otherwise stated).

1 Basis of Preparation of Interim Financial Statements

The Interim Financial Statements of the Company have been prepared in consistence with the accounting policies and methods applied for the year ended 31st March 2018 except as disclosed in note 1.1 - "adoption of SLFRS 09 - Financial Instruments".

These Interim Financial Statements are in compliance with Sri Lanka Accounting Standard - "Interim Financial Reporting" (LKAS 34). Further, the provision of the Companies Act No. 7 of 2007 have been considered in preparing the Interim Financial Statements of the Company.

1.1 Adoption of SLFRS 09 - Financial Instruments

The Company has initially adopted SLFRS 9 Financial Instruments with effect from 1st April 2018 in preparation of its financial statements. The effect of applying this standard is described below.

Classification and measurement of financial assets and financial liabilities

SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous LKAS 39 categories for financial assets, held to maturity, loans and receivables and available for sale.

The impact of SLFRS 9 on the classification and measurement of financial assets is set out below.

Under SLFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost (AC), fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The following table is the reconciliation of original measurement categories and carrying value in accordance with LKAS 39 and the new measurement categories under SLFRS 9 for the Company's financial assets as at 1st April 2018.

	Note	Original classification under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39	New carrying amount under SLFRS 9
Financial assets					
Investment in equity securities - quoted	1.1.1	Available-for-sale	FVTPL	3,452,216	3,452,216
Investment in equity securities - unquoted	1.1.1	Available-for-sale	FVTPL	10	10
Investment in debentures - unquoted	1.1.2	Available-for-sale	FVOCI	1	1
Investment in unit trust - unquoted	1.1.1	Available-for-sale	FVTPL	186,678	186,678
Trade and other receivables	1.1.3	Loans and receivables	Amortised cost	5,609	5,609
Investment in equity securities - quoted	1.1.4	FVTPL	FVTPL	620,788	620,788
Investment in unit trust - unquoted	1.1.4	FVTPL	FVTPL	239,670	239,670
Cash at bank and cash in hand	1.1.3	Loans and receivables	Amortised cost	137,050	137,050
Securities purchased under resale agreements	1.1.3	Loans and receivables	Amortised cost	64,424	64,424
Total financial assets				4,706,446	4,706,446

1.1.1 The non-derivative financial assets that were designated as available-for-sale under the LKAS 39, have been classified as FVTPL because they are managed and the performance is monitored on a fair value basis.

1.1.2 The Debentures categorised as available-for-sale under LKAS 39, which are held by the Company to earn interest income and may be sold or redeemed in the normal course of business. Hence, the Company considers that these securities are held within a business model with the objective of collecting contractual cash flows and selling securities.

1.1.3 Trade and other receivables that were classified as loans and receivables under LKAS 39 are now classified as financial assets measured at amortised cost.

1.1.4 Under LKAS 39, these investments were designated as FVTPL because they were managed on a fair value basis and their performance was monitored on that basis. These assets have been classified as measured at FVTPL under SLFRS 9.

Impairment of financial assets

SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with a forward looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECL, which will be determined on a probability weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under SLFRS 9, loss allowances will be measured on either of the following bases,

- 12 month ECL: these are ECL that result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

CEYLON INVESTMENT PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

(All figures are in Sri Lankan Rupees '000 unless otherwise stated).

1.2 The following table summarises the impact of transition to SLFRS 9 on the opening balances of the reserves, and or retained earnings as at 1st April 2018.

	Revenue reserves			Total revenue reserves
	Available for sale financial assets reserve	Retained earning	Other revenue reserves	
As at 31st March 2018 (Under LKAS 39)	651,182	3,009,569	3,909,398	7,570,149
Impact on reclassification and remeasurments				
- Classification of investment securities (equity) from available-for-sale to FVTPL under SLFRS 9	(641,035)	641,035	-	-
- Classification of investment securities (unit trust - unquoted) from available-for-sale to FVTPL under SLFRS 9	(10,147)	10,147	-	-
As at 1st April 2018 (Under SLFRS 9)	-	3,660,751	3,909,398	7,570,149

1.3 Transition

Changes in accounting policies resulting from the adoption of SLFRS 9 have been applied retrospectively, except as described below.

Comparative periods have been not been restated. Any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SLFRS 9 are recognised in retained earnings and reserves as at 1st April 2018. Accordingly, the information presented for comparative periods do not reflect the requirements of SLFRS 9 but rather those of LKAS 39.

2 Revenue
For the twelve months ended 31st March

	2019	2018
Dividend income	118,075	138,499
Interest income on financial assets carried at amortised cost	55,830	6,511
Net gain / (loss) from disposal of Financial assets at FVTPL	(4,887)	73,824
Net gain from disposal of available for sale financial assets	-	230,776
	169,018	449,610

3 Profit / (loss) on investment activities

The Company recorded a loss of Rs.885Mn from investment activities for the twelve months ended 31st March 2019.

4 Valuation of investment portfolio

	Carrying value/ Fair value as at 31.03.2019	Carrying value/ Fair value as at 31.03.2018
Summary of investment portfolio		
Strategic investments - Investment in equity accounted investee (4.1)	3,584,558	3,882,477
Investment in equity and debt securities - Available for sale (4.2)	-	3,452,227
Investment in equity and debt securities - Fair value through profit or loss (4.3)	3,144,916	620,788
Investment in unit trusts (4.4)	176,849	426,348
	6,906,323	8,381,840

4.1 Strategic investments - Investment in equity accounted investee

	Carrying value/ Fair value as at 31.03.2019	Carrying value/ Fair value as at 31.03.2018
Rubber Investment Trust Limited	296	296
Company's share of Associate Company's reserves	3,584,262	3,882,181
	3,584,558	3,882,477

CEYLON INVESTMENT PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS
(All figures are in Sri Lankan Rupees '000 unless otherwise stated).

4.2 Investment in equity and debt securities - Available for sale

Sector	Fair value as at 31.03.2019	Fair value as at 31.03.2018
Bank	-	1,394,368
Finance	-	645,274
Insurance	-	210,419
Beverage, Food & Tobacco	-	151,360
Construction & Engineering	-	41,000
Diversified	-	403,871
Footwear & Textiles	-	105,927
Hotels & Travels	-	76,031
Manufacturing	-	164,558
Telecommunications	-	259,408
Total investment in equity and debt securities - Quoted	-	3,452,216
Unquoted investments	-	10
Investment in debentures	-	1
Total investment in equity and debt securities - Available for sale	-	3,452,227

4.3 Investment in equity and debt securities- Fair value through profit or loss

Sector	Fair value as at 31.03.2019	Fair value as at 31.03.2018
Bank	1,068,293	311,178
Finance	763,668	-
Insurance	204,870	-
Beverage, Food & Tobacco	221,158	1,848
Construction & Engineering	40,555	26,847
Diversified	438,489	153,288
Healthcare	19,578	26,880
Footwear & Textiles	70,106	-
Hotels & Travels	57,144	3,994
Land & Property	11,480	12,670
Manufacturing	73,021	74,597
Power and Energy	5,484	9,486
Telecommunications	171,059	-
Total investment in equity and debt securities - Quoted	3,144,905	620,788
Unquoted investments	10	-
Investment in debentures	1	-
Total investment in equity and debt securities - Fair value through profit or loss	3,144,916	620,788

4.4 Investment in unit trusts

Non Current Assets	Fair value as at 31.03.2019	Fair value as at 31.03.2018
The Sri Lanka Fund	-	164,031
Guardian Acuity Equity Fund	-	22,647
	-	186,678
Current Assets		
The Sri Lanka Fund	133,053	-
Guardian Acuity Equity Fund	4,547	-
Guardian Acuity Money Market Fund	39,249	163,606
Guardian Acuity Money Market Gilt Fund	-	76,064
	176,849	239,670
Total investment in unit trusts	176,849	426,348

The total fair value of the investment portfolio, including the investment in Associate Company based on the net asset value which is arrived after fair valuation of it's investment portfolio, including cash and cash equivalents amounts to Rs.7.26 Bn as at 31st March 2019 (2018 - Rs.8.58 Bn).

CEYLON INVESTMENT PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

(All figures are in Sri Lankan Rupees '000 unless otherwise stated).

	As at 31.03.2019	As at 31.03.2018
5 Price Index movements		
All Share Price Index (points)	5,557	6,477
S&P SL 20 Index (points)	2,739	3,650
6 Events after the reporting period		
No circumstances have arisen since the reporting date, which would require adjustments to or disclosure in the financial statements.		
7 Commitments and contingencies		
7.1 Capital expenditure commitments		
No material capital commitments exist as at the reporting date.		
7.2 Contingencies		
There were no material contingent liabilities as at the reporting date.		
8 Comparative Figures		
Comparative figures have been rearranged where necessary to conform to the classification and presentation as at 31st March 2019, excepts what is disclosed in note 1.3.		
9 Liabilities for Expenditure		
There were no liabilities for management fees or any similar expenditure not provided for in the interim financial statements.		
10 Stated Capital		
Stated Capital of the Company amounted to Rs.763.4 Mn which consists of 99,451,059 Ordinary Shares.		
11 Related party transactions		
	Value of the transactions	
For twelve months ended 31st March	2019	2018
Transactions with the parent company		
Dividend paid	32,789	128,022
Transactions with associate company		
Dividend received	24,678	105,957
Transactions with affiliate companies		
Receiving of services	54,537	36,644

CEYLON INVESTMENT PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

(All figures are in Sri Lankan Rupees '000 unless otherwise stated).

12 Twenty Major Shareholders as at 31st March 2019

	Name of Shareholder	No. of Shares	%
1	Ceylon Guardian Investment Trust PLC A/C No 3	65,577,052	65.94
2	Associated Electrical Corporation Ltd	1,700,000	1.71
3	Mrs. M.L. De Silva	1,317,899	1.33
4	Mr. K.C. Vignarajah	1,312,770	1.32
5	Miss G.I.A. De Silva	1,289,602	1.30
6	Thurston Investments Limited	1,052,515	1.06
7	Mr. Y.H. Abdulhussein	986,170	0.99
8	Mr. G.J.W. De Silva	862,150	0.87
9	Miss R.H. Abdulhussein	803,461	0.81
10	Oakley Investments (Private) Limited	803,171	0.81
11	Miss N.K.R.H. De Silva	552,236	0.56
12	Pershing LLC S/A Averbach Grauson & co.	548,740	0.55
13	People's Leasing & Finance PLC/Mr.H.M. Abdulhussein	547,311	0.55
14	People's Leasing & Finance PLC/Mr.M.A.N.Yoosufali	503,000	0.51
15	Commercial Bank of Ceylon Ltd/K.C.Vignarajah	500,843	0.50
16	Mr. N.K.A.D. De Silva	495,241	0.50
17	Bank of Ceylon No. 1 Account	446,206	0.45
18	Mercantile Bank (Agency) Private Limited	412,937	0.42
19	Miss G.N.A. De Silva	384,677	0.39
20	Mr. L.H. Abeyesundera	380,991	0.38

13 Public Holding

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

The Company's Public Holding as at 31st March 2019;

Market Capitalization of the Public Holding	Rs.1.24 Billion
Percentage of public holding	34.06%
Number of public shareholders	2,521

14 Directors Shareholding as at 31st March 2019

	No. of shares
Mrs. M.A.R.C. Cooray	-
Mr. D. C. R. Gunawardena	257
Mr. A. P. Weeratunge	-
Mr. V. M. Fernando	-
Mr. K. Selvanathan	-
Mr.T.C.M. Chia	-

15 Investor Information

Market Performance - Ordinary Shares

<i>For the three months ended</i>	31.03.2019
Market value per share (Rs.)	36.50
Highest price per share (Rs.)	39.80
Lowest price per share (Rs.)	33.50
Market capitalization (in rupees thousands)	3,629,964

Corporate Information

Name of Company

Ceylon Investment PLC
(A Carson Cumberbatch Company)

Domicile and Legal Form

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

Company Registration No.

PQ 68

Principal Activity and Nature of Operations

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

Parent Enterprise and Ultimate Parent Enterprise

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

Directors

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

Number of Employees

The Company did not have any employees of its own during the period under review.

Bankers

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

Auditors

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

Investment Managers

Guardian Fund Management Limited
No. 61, Janadhipathi Mawatha,
Colombo 1.
Tele: +94-11-2039200
Fax: +94-11-2439777

Managers & Secretaries

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

Registered Office and Principal Place of Business

No. 61, Janadhipathi Mawatha,
Colombo 1.
Tele: +94-11-2039200
Fax: +94-11-2039300

Corporate Website

www.carsoncumberbatch.com