

# CEYLON GUARDIAN INVESTMENT TRUST PLC

INTERIM REPORT FOR THE NINE MONTHS ENDED 31ST DECEMBER 2019

A CARSON CUMBERBATCH COMPANY

# CEYLON GUARDIAN INVESTMENT TRUST PLC

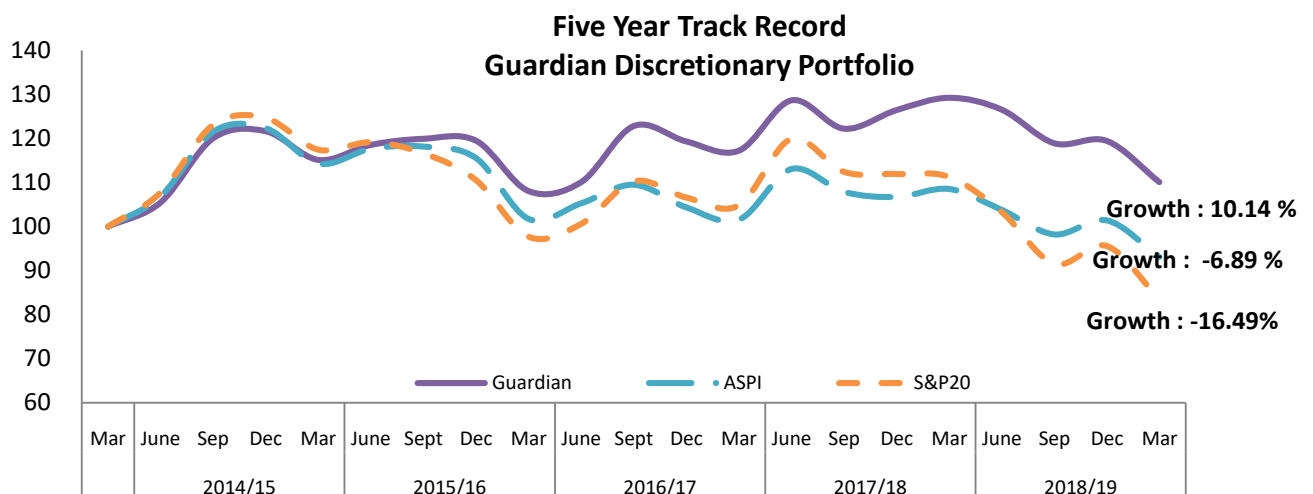
## Managers' Review

### For the period ended 31st December 2019

Ceylon Guardian's portfolio was valued at 17.58 Bn as at 31st December 2019 which is segregated into two components being a strategic portfolio and discretionary portfolio. The discretionary portfolio which was Rs. 12.89 Bn as at 31st December 2019, invests in listed companies that are selected using fundamental analysis. The discretionary portfolio was valued at Rs. 12.89 Bn compared to Rs. 11.42 Bn as at March 2019. Accordingly, Group recorded a profit after tax of Rs. 1.50 Bn for the nine months' period ended 31st December 2019, which is mainly due to the unrealized gain of Rs. 1.14 Bn on fair value adjustments on the Equity investments of the discretionary portfolio.

## Portfolio Performance

For the 5-year period ending March 2019, the discretionary portfolio increase by 10.14% whereas the ASPI declined by 6.89%. Guardian's investment philosophy of value investing has resulted in a strong outperformance over the ASPI benchmark by 17.03%. The portfolio has also outperformed the ASPI over the last three years where it recorded a negative performance of 2.06% compared to ASPI which dropped by 8.48%.



The economic environment remains challenging with slower growth and high debt, however the Colombo Stock Exchange experienced a significant recovery during the quarter. The conclusion of the presidential election and expected fiscal stimulus has improved sentiment within the CSE and business environment. Monetary policy indications by CBSL have pointed towards a lower interest rate climate which spurred retail interest in the CSE. We continued to practice our strategy of value investing which led to the portfolio being a net buyer throughout the quarter as we saw opportunity on specific shares. The portfolio increased positions within the finance and beverage sectors. The top stock exposures for Guardian include Central Finance, Cargills, Hatton National Bank.

	As at		Change %	As at 31- December- 19 (Dividend adjusted)	Dividend adjusted performance
	31-Dec-19	31-Mar-19			
Discretionary portfolio (Rs. '000) *	12,887,125	11,422,792	12.82%	12,914,952	13.06%
Total Portfolio (Rs.'000)*	17,589,968	15,510,443	13.41%	17,617,795	13.59%
ASPI (Points)	6,129	5,557	10.30%		10.30%
S&P 20 (Points)	2,937	2,739	7.23%		7.23%

***\*After adding back the total cash outflow from the distribution of dividend by the Group which was Rs. 27.83 Mn during the period.***

The total portfolio increased by Rs. 2.08 bn during the nine-month period. The discretionary component recorded a strong performance of 13.06% for the period compared to the All Share Price Index gain of 10.30%. At Guardian we do not let ourselves be influenced by the short term fluctuations of a stock price but study the company's ability to compete sustainably and grow fundamentally.

## Financial Performance

Ceylon Guardian Investment Trust PLC reported a consolidated profit after tax of Rs. 1.50 Bn for the period ended 31<sup>st</sup> December 2019, compared to a loss after tax of Rs. 1.17 Bn the previous year. The positive financial performance was driven by the upward movement in the equity market resulting in a profit of Rs. 1.14 Bn from fair value through profit or loss financial assets, recognized in profit or loss as per SLFRS 9.

Accordingly, the Group's net assets as at 31 December 2019, valued at market price, increased 13.3% from the previous year to Rs. 167.08 per share. However, the trading price of Rs. 91.30 per share still indicates a steep discount of 45% to the NAV.

As at	31/12/2019	31/03/2019	Change %
ASPI	<b>6,129</b>	5,557	10.3
NAV per share (Rs.)	<b>167.06</b>	147.42	13.3
Market price per share (Rs.)	<b>91.30</b>	61.80	47.7
Discount of NAV to market price per share	<b>45%</b>	58%	

## **Update on the market**

The All Share Price Index gained 6.8% for the quarter resulting in the nine-month return improving to 10.3%. Foreign investors were largely on the selling side influenced by weaker economic variables and corporate earnings. The Monetary Policy Committee of the Central Bank continued its stance of lowering interest rates in order to stimulate growth within the economy. Recently introduced fiscal stimulus by way of reduced taxation is expected to improve consumer sentiment but sustainability in the medium term will need to be determined. CSE valuations continue to indicate that the market valuations are attractive with a historical PER of 11x being recorded as at the quarter ended.

## **Private Equity and Unit Trust**

Activity in the private equity and venture capital market continued to be subdued. No new opportunities were identified for investment. A further sum of Rs. 6.75 Mn was invested in Findmyfare (Pvt) Ltd during the quarter at the same valuation the existing investment is being carried at.

The assets under management (AUM) of our unit trust business, Guardian Acuity Asset Management (GAAM), through our Joint Venture was at Rs. 5.3 billion as at December 2019.

## **Overseas Investments**

The Ceylon Guardian Group commenced its overseas investment initiative during this quarter. In order to facilitate the venture, a fund structure was set up in Mauritius. The structure is fully regulated by the Financial Services Commission of Mauritius, the regulatory authority responsible for the regulation, supervision and inspection of all financial services other than banking institutions and global business in Mauritius. A total of USD 4.5 Mn was infused into the structure by 3 group companies, namely Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC and Rubber Investment Trust Limited as per the remittance limits set out in the Foreign Exchange (Classes of Capital Transactions in Foreign Exchange Carried On by Authorized Dealers) Regulations No. 1 of 2017. We hope to commence deploying the funds into identified opportunities in Asian stock markets such as India, Bangladesh, Singapore and other countries as opportunities are identified.

## **Guardian Fund Management Limited**

Investment Managers

6<sup>th</sup> February 2020

**CEYLON GUARDIAN INVESTMENT TRUST PLC**
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - GROUP**

(All figures are in Sri Lankan Rupees '000)

	Three months ended 31st December			Nine months ended 31st December			31.03.2019 Audited
	2019	2018	Change %	2019	2018	Change %	
<b>Revenue</b>	<b>302,836</b>	63,219	379	<b>617,449</b>	376,577	64	518,282
Fair value change in financial assets measured at fair value through profit or loss financial assets	<b>731,516</b>	165,576	342	<b>1,137,882</b>	(1,282,501)	(189)	(2,539,648)
<b>Profit / (loss) on investment activities</b>	<b>1,034,352</b>	228,795	352	<b>1,755,331</b>	(905,924)	(294)	(2,021,366)
Administrative and other operating expenses	<b>(64,113)</b>	(57,468)	12	<b>(192,500)</b>	(191,416)	1	(255,978)
<b>Profit / (loss) from operations</b>	<b>970,239</b>	171,327	466	<b>1,562,831</b>	(1,097,340)	(242)	(2,277,344)
Net finance expense	<b>(7,129)</b>	(25,240)	(72)	<b>(17,053)</b>	(39,090)	(56)	(14,946)
<b>Profit / (loss) from operations after net finance income/(expense)</b>	<b>963,110</b>	146,087	559	<b>1,545,778</b>	(1,136,430)	(236)	(2,292,290)
Share of profit of equity accounted investee net of tax	<b>1,598</b>	2,013	(21)	<b>4,329</b>	5,829	(26)	6,909
<b>Profit / (loss) before taxation</b>	<b>964,708</b>	148,100	551	<b>1,550,107</b>	(1,130,601)	(237)	(2,285,381)
Income tax expense	<b>(16,658)</b>	(15,078)	10	<b>(46,847)</b>	(40,405)	16	(58,288)
<b>Profit / (loss) for the period</b>	<b>948,050</b>	133,022	613	<b>1,503,260</b>	(1,171,006)	(228)	(2,343,669)
<b>Other comprehensive income</b>							
<b>Items that will never be reclassified to profit or loss</b>							
Actuarial gain / (loss) on employee benefit obligation	-	-	-	-	-	-	(259)
Related tax on employee benefits	-	-	-	-	-	-	73
Fair value change in financial assets measured at fair value through other comprehensive income financial assets	<b>(175,769)</b>	53,140	(431)	<b>615,191</b>	(20,438)	(3,110)	(124,673)
<b>Items that are or may be reclassified to profit or loss</b>							
Share of other comprehensive income/ (expense) of equity accounted investee net of tax	-	-	-	-	-	-	30
Net exchange difference on translation of foreign operations	<b>6,205</b>	21,178	(71)	<b>(4,615)</b>	32,147	(114)	59,452
<b>Other comprehensive income / (expense) for the period</b>	<b>(169,564)</b>	74,318	(328)	<b>610,576</b>	11,709	5,115	(65,377)
<b>Total comprehensive income / (expense) for the period</b>	<b>778,486</b>	207,340	275	<b>2,113,836</b>	(1,159,297)	(282)	(2,409,046)
<b>Profit/(loss) attributable to:</b>							
Equity holders of the parent	<b>785,678</b>	115,086	583	<b>1,236,162</b>	(942,265)	(231)	(1,921,652)
Non controlling interest	<b>162,372</b>	17,936	805	<b>267,098</b>	(228,741)	(217)	(422,017)
	<b>948,050</b>	133,022	613	<b>1,503,260</b>	(1,171,006)	(228)	(2,343,669)
<b>Total comprehensive income / (expenses) attributable to:</b>							
Equity holders of the parent	<b>644,390</b>	183,302	252	<b>1,743,164</b>	(926,708)	(288)	(1,982,149)
Non controlling interest	<b>134,096</b>	24,038	458	<b>370,672</b>	(232,589)	(259)	(426,897)
	<b>778,486</b>	207,340	275	<b>2,113,836</b>	(1,159,297)	(282)	(2,409,046)
<b>Earnings / (loss) per share (Rs.)</b>	<b>8.85</b>	1.30		<b>13.92</b>	(10.61)		(21.65)
<b>Dividend per share (Rs.)*</b>	-	-		-	-		0.75

Change % represent the percentage change in current period's results compared to the comparative period of previous year.

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

*Figures in brackets indicate deductions.*

**CEYLON GUARDIAN INVESTMENT TRUST PLC**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - COMPANY**

(All figures are in Sri Lankan Rupees '000)

	Three months ended 31st December			Nine months ended 31st December			31.03.2019 Audited
	2019	2018	Change %	2019	2018	Change %	
<b>Revenue</b>	<b>53,922</b>	22,042	145	<b>171,760</b>	83,249	106	165,882
Fair value change in financial assets measured at fair value through profit or loss financial assets	<b>279,103</b>	52,561	431	<b>341,771</b>	(454,485)	(175)	(903,660)
<b>Profit / (loss) on investment activities</b>	<b>333,025</b>	74,603	346	<b>513,531</b>	(371,236)	(238)	(737,778)
Administrative and other operating expenses	<b>(22,269)</b>	(19,325)	15	<b>(66,139)</b>	(65,030)	2	(86,922)
<b>Profit / (loss) from operations</b>	<b>310,756</b>	55,278	462	<b>447,392</b>	(436,266)	(203)	(824,700)
Profit from disposal of investment in subsidiary	<b>8,539</b>	-	100	<b>8,539</b>	-	100	-
Net Finance expense	<b>(5,165)</b>	(1,847)	180	<b>(12,579)</b>	(1,885)	567	(4,168)
<b>Profit / (loss) before taxation</b>	<b>314,130</b>	53,431	488	<b>443,352</b>	(438,151)	(201)	(828,868)
Income tax expense	<b>192</b>	(38)	(605)	<b>(908)</b>	(428)	112	(1,626)
<b>Profit / (loss) for the period</b>	<b>314,322</b>	53,393	489	<b>442,444</b>	(438,579)	(201)	(830,494)
Other comprehensive income	-	-	-	-	-	-	-
<b>Other comprehensive income for the period</b>	-	-	-	-	-	-	-
<b>Total comprehensive income / (expense) for the period</b>	<b>314,322</b>	53,393	489	<b>442,444</b>	(438,579)	(201)	(830,494)
<b>Earnings / (loss) per share (Rs.)</b>	<b>3.54</b>	0.60		<b>4.98</b>	(4.94)		(9.35)
<b>Dividend per share (Rs.)*</b>	-	-		-	-		0.75

Change % represent the percentage change in current period's results compared to the comparative period of previous year.

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

*Figures in brackets indicate deductions.*

**CEYLON GUARDIAN INVESTMENT TRUST PLC**  
**STATEMENT OF FINANCIAL POSITION**  
(All figures are in Sri Lankan Rupees '000)

As at 31st December	Group			Company		
	2019	2018	31.03.2019 Audited	2019	2018	31.03.2019 Audited
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	2,090	2,368	2,185	-	-	-
Intangible assets	244,512	248,958	247,846	-	-	-
Investment in subsidiaries	-	-	-	2,097,320	2,155,687	2,155,687
Investment in shares/units - pending allotments	-	-	-	363,796	-	-
Investment in equity accounted investee	52,454	47,015	48,125	35,000	35,000	35,000
Investment in equity and debt securities	4,702,843	4,191,886	4,087,651	-	-	-
Investment in fixed deposits	286,153	-	257,485	-	-	-
Deferred tax asset	922	2,850	2,611	-	-	-
<b>Total non-current assets</b>	<b>5,288,974</b>	<b>4,493,077</b>	<b>4,645,903</b>	<b>2,496,116</b>	<b>2,190,687</b>	<b>2,190,687</b>
<b>Current assets</b>						
Trade and other receivables	23,717	23,180	44,019	3,143	6,329	18,278
Current tax assets	26,308	32,693	30,738	23,833	23,013	22,116
Investment in equity and debt securities	10,428,807	9,876,050	9,642,658	4,064,807	4,015,914	3,847,122
Investment in unit trusts	832,622	625,606	188,711	171,566	178,730	5,246
Investment in fixed deposits	443,043	2,155,971	1,346,479	-	-	-
Cash and cash equivalents	1,422,352	124,538	160,979	23,587	26,337	33,860
<b>Total current assets</b>	<b>13,176,849</b>	<b>12,838,038</b>	<b>11,413,584</b>	<b>4,286,936</b>	<b>4,250,323</b>	<b>3,926,622</b>
<b>Total assets</b>	<b>18,465,823</b>	<b>17,331,115</b>	<b>16,059,487</b>	<b>6,783,052</b>	<b>6,441,010</b>	<b>6,117,309</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Stated capital	1,128,726	1,128,726	1,128,726	1,128,726	1,128,726	1,128,726
Capital reserves	324,751	324,721	324,751	208,660	208,660	208,660
Revenue reserves	13,378,496	12,753,032	11,634,465	4,992,111	5,005,947	4,549,667
<b>Total equity attributable to equity holders of the parent</b>	<b>14,831,973</b>	<b>14,206,479</b>	<b>13,087,942</b>	<b>6,329,497</b>	<b>6,343,333</b>	<b>5,887,053</b>
Non controlling interest	2,994,881	2,841,715	2,629,463	-	-	-
<b>Total equity</b>	<b>17,826,854</b>	<b>17,048,194</b>	<b>15,717,405</b>	<b>6,329,497</b>	<b>6,343,333</b>	<b>5,887,053</b>
<b>Non-current liabilities</b>						
Employee benefits	9,226	9,121	7,758	-	-	-
<b>Total non-current liabilities</b>	<b>9,226</b>	<b>9,121</b>	<b>7,758</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>						
Trade and other payables	85,519	94,467	147,748	32,303	33,513	62,351
Current tax liabilities	18,372	8,885	13,056	-	-	-
Short term borrowings	521,399	160,667	162,430	421,252	60,041	162,430
Bank overdraft	4,453	9,781	11,090	-	4,123	5,475
<b>Total current liabilities</b>	<b>629,743</b>	<b>273,800</b>	<b>334,324</b>	<b>453,555</b>	<b>97,677</b>	<b>230,256</b>
<b>Total liabilities</b>	<b>638,969</b>	<b>282,921</b>	<b>342,082</b>	<b>453,555</b>	<b>97,677</b>	<b>230,256</b>
<b>Total equity and liabilities</b>	<b>18,465,823</b>	<b>17,331,115</b>	<b>16,059,487</b>	<b>6,783,052</b>	<b>6,441,010</b>	<b>6,117,309</b>
Net assets per ordinary/deferred share - (Rs.)	167.06	160.02	147.42	71.29	71.45	66.31

The Statement of Financial Position as at 31st December 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 4 to 8 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

Colombo

06th February 2020

Approved & Signed on behalf of the Board,

(Sgd).

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

Chairperson

(Sgd).

**D. C. R. Gunawardena**

Director

**CEYLON GUARDIAN INVESTMENT TRUST PLC**  
**STATEMENT OF CHANGES IN EQUITY - GROUP**  
(All figures are in Sri Lankan Rupees '000)

	Stated capital	Capital reserves	Revenue reserves	Attributable to equity holders of the parent	Non controlling interest	Total equity
Balance as at 1st April 2018	1,128,726	324,721	13,616,223	15,069,670	3,197,287	18,266,957
Profit/(loss) for the year	-	-	(1,921,652)	(1,921,652)	(422,017)	(2,343,669)
Other comprehensive income / (expense) for the year	-	30	(60,527)	(60,497)	(4,880)	(65,377)
Total comprehensive income / (expense) for the year	-	30	(1,982,179)	(1,982,149)	(426,897)	(2,409,046)
Effect due to change in shareholdings□	-	-	63,517	63,517	(122,983)	(59,466)
Cash dividend	-	-	(66,585)	(66,585)	(18,599)	(85,184)
Forfeiture of unclaimed dividends	-	-	3,489	3,489	655	4,144
Balance as at 31st March 2019 (Audited)	1,128,726	324,751	11,634,465	13,087,942	2,629,463	15,717,405
<b>Balance as at 1st April 2019</b>	<b>1,128,726</b>	<b>324,751</b>	<b>11,634,465</b>	<b>13,087,942</b>	<b>2,629,463</b>	<b>15,717,405</b>
Profit/(loss) for the period	-	-	<b>1,236,162</b>	<b>1,236,162</b>	<b>267,098</b>	<b>1,503,260</b>
Other comprehensive income / (expense) for the period	-	-	<b>507,002</b>	<b>507,002</b>	<b>103,574</b>	<b>610,576</b>
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>1,743,164</b>	<b>1,743,164</b>	<b>370,672</b>	<b>2,113,836</b>
<b>Effect due to change in shareholdings□</b>	<b>-</b>	<b>-</b>	<b>867</b>	<b>867</b>	<b>(5,254)</b>	<b>(4,387)</b>
<b>Balance as at 31st December 2019 (Unaudited)</b>	<b>1,128,726</b>	<b>324,751</b>	<b>13,378,496</b>	<b>14,831,973</b>	<b>2,994,881</b>	<b>17,826,854</b>
Balance as at 1st April 2018	1,128,726	324,721	13,616,223	15,069,670	3,197,287	18,266,957
Profit/(loss) for the period	-	-	(942,265)	(942,265)	(228,741)	(1,171,006)
Other comprehensive income / (expense) for the period	-	-	15,557	15,557	(3,848)	11,709
Total comprehensive income/ (expense) for the period	-	-	(926,708)	(926,708)	(232,589)	(1,159,297)
Effect due to change in shareholdings□	-	-	63,517	63,517	(122,983)	(59,466)
Balance as at 31st December 2018 (Unaudited)	1,128,726	324,721	12,753,032	14,206,479	2,841,715	17,048,194

**CEYLON GUARDIAN INVESTMENT TRUST PLC**  
**STATEMENT OF CHANGES IN EQUITY - COMPANY**  
(All figures are in Sri Lankan Rupees '000)

	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2018	1,128,726	208,660	5,444,526	6,781,912
Profit/(loss) for the year	-	-	(830,494)	(830,494)
Other comprehensive income / (expense) for the year	-	-	-	-
Total comprehensive income / (expense) for the year	-	-	(830,494)	(830,494)
Cash dividend	-	-	(66,585)	(66,585)
Forfeiture of unclaimed dividends	-	-	2,220	2,220
Balance as at 31st March 2019 (Audited)	1,128,726	208,660	4,549,667	5,887,053
<b>Balance as at 1st April 2019</b>	<b>1,128,726</b>	<b>208,660</b>	<b>4,549,667</b>	<b>5,887,053</b>
Profit/(loss) for the period	-	-	<b>442,444</b>	<b>442,444</b>
Other comprehensive income / (expense) for the period	-	-	-	-
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>442,444</b>	<b>442,444</b>
<b>Balance as at 31st December 2019 (Unaudited)</b>	<b>1,128,726</b>	<b>208,660</b>	<b>4,992,111</b>	<b>6,329,497</b>
Balance as at 1st April 2018	1,128,726	208,660	5,444,526	6,781,912
Profit/(loss) for the period	-	-	(438,579)	(438,579)
Other comprehensive income / (expense) for the period	-	-	-	-
Total comprehensive income/ (expense) for the period	-	-	(438,579)	(438,579)
Balance as at 31st December 2018 (Unaudited)	1,128,726	208,660	5,005,947	6,343,333



**CEYLON GUARDIAN INVESTMENT TRUST PLC**
**STATEMENT OF CASH FLOWS**

(All figures are in Sri Lankan Rupees '000)

For the nine months ended 31st December	Group			Company		
	2019	2018	2019 Audited	2019	2018	2019 Audited
<b>Cash flows from operating activities</b>						
Profit / (loss) before taxation	1,550,107	(1,130,601)	(2,285,381)	443,352	(438,151)	(828,868)
<b>Adjustments for:</b>						
Share of profit of equity accounted investee net of tax	(4,329)	(5,829)	(6,909)	-	-	-
Depreciation on property, plant and equipment	520	730	912	-	-	-
Amortisation of intangible assets	3,335	3,334	4,446	-	-	-
Provision for employee benefit	1,468	1,819	1,957	-	-	-
Net finance (income) / expense	17,053	39,090	14,946	12,579	1,885	4,168
Fair value change in financial assets measured at fair value through profit or loss financial assets	(1,137,882)	1,282,501	2,539,648	(341,771)	454,485	903,660
<b>Operating profit before working capital changes</b>	<b>430,272</b>	<b>191,044</b>	<b>269,619</b>	<b>114,160</b>	<b>18,219</b>	<b>78,960</b>
Increase / (decrease) in trade and other receivables	20,302	4,583	(16,256)	15,135	(83)	(12,032)
(Increase) / decrease in investments	(292,179)	376,201	(210,659)	(42,234)	(98,393)	(205,292)
(Increase)/decrease in investment in fixed deposits	874,768	(983,834)	(431,827)	-	-	-
Increase / (decrease) in trade and other payables	(34,401)	5,214	28,298	(15,820)	(1,324)	10,314
<b>Cash generated from / (used in) operations</b>	<b>998,762</b>	<b>(406,792)</b>	<b>(360,825)</b>	<b>71,241</b>	<b>(81,581)</b>	<b>(128,050)</b>
Employee benefit paid	-	(124)	(1,884)	-	-	-
Income tax paid	(35,412)	(42,602)	(54,047)	(2,625)	(3,709)	(4,010)
<b>Net cash generated from / (used in) operating activities</b>	<b>963,350</b>	<b>(449,518)</b>	<b>(416,756)</b>	<b>68,616</b>	<b>(85,290)</b>	<b>(132,060)</b>
<b>Cash flows from investing activities</b>						
Acquisition of property, plant and equipment	(426)	(244)	(243)	-	-	-
Movement in investment in subsidiary	-	(59,388)	(59,388)	58,367	(59,388)	(59,388)
Investment in shares/units - pending allotments	-	-	-	(363,796)	-	-
Finance income received	1,691	61	166	-	-	-
<b>Net cash generated from/ (used in) investing activities</b>	<b>1,265</b>	<b>(59,571)</b>	<b>(59,465)</b>	<b>(305,429)</b>	<b>(59,388)</b>	<b>(59,388)</b>
<b>Cash flows from financing activities</b>						
Dividend paid	(14,228)	(76,316)	(123,481)	(14,228)	(76,316)	(123,481)
Dividend paid to non-controlling interest	(13,599)	(44,275)	(47,953)	-	-	-
Short term borrowings obtained	358,969	160,667	162,430	258,822	60,041	162,430
Redemption of units	(4,388)	(78)	(78)	-	-	-
Finance expense paid	(18,744)	(39,151)	(15,112)	(12,579)	(1,885)	(4,168)
<b>Net cash generated from / (used in) financing activities</b>	<b>308,010</b>	<b>847</b>	<b>(24,194)</b>	<b>232,015</b>	<b>(18,160)</b>	<b>34,781</b>
Net increase / (decrease) in cash and cash equivalents	1,272,625	(508,242)	(500,415)	(4,798)	(162,838)	(156,667)
Cash and cash equivalents at the beginning of the period	149,889	590,852	590,852	28,385	185,052	185,052
Net exchange differences on translation of foreign operations	(4,615)	32,147	59,452	-	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>1,417,899</b>	<b>114,757</b>	<b>149,889</b>	<b>23,587</b>	<b>22,214</b>	<b>28,385</b>
<b>Statement of cash and cash equivalents</b>						
Short-term deposits	570,574	93,254	34,399	10,703	19,083	-
Cash at bank	851,778	31,284	126,580	12,884	7,254	33,860
Total cash and cash equivalents	1,422,352	124,538	160,979	23,587	26,337	33,860
Bank overdrafts	(4,453)	(9,781)	(11,090)	-	(4,123)	(5,475)
<b>Net cash and cash equivalents for the purpose of statement of cash flows</b>	<b>1,417,899</b>	<b>114,757</b>	<b>149,889</b>	<b>23,587</b>	<b>22,214</b>	<b>28,385</b>

Figures in brackets indicate deductions.

**CEYLON GUARDIAN INVESTMENT TRUST 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 and the Group have been prepared in consistence with the accounting policies and methods applied for the year ended 31st March 2019.

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 and the Group.

<b>2 Revenue</b>	<b>Group</b>		<b>Company</b>	
	<b>31.12.2019</b>	31.12.2018	<b>31.12.2019</b>	31.12.2018
<b>For the nine months ended</b>				
Dividend income	<b>355,827</b>	228,038	<b>133,950</b>	81,690
Interest income	<b>108,513</b>	167,048	<b>2,027</b>	2,313
Net gain /(loss) from disposal of financial assets measured at fair value through profit or loss	<b>145,216</b>	(26,524)	<b>35,783</b>	(754)
Portfolio Management fees	<b>7,893</b>	8,015	-	-
	<b>617,449</b>	376,577	<b>171,760</b>	83,249

**3 Valuation of investment portfolio**

<b>3.1 Investments in equity and debt securities - Group</b>	Fair value hierarchy	<b>Fair value As at 31.12.2019</b>	Fair value As at 31.12.2018	Fair value As at 31.03.2019
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**Non-current assets**

Investment in equity securities - Quoted shares- Fair value through other comprehensive income (FVOCI) (Note 3.1.1)	Level 1	<b>4,702,843</b>	4,191,886	4,087,651
<b>Total investments in equity and debt securities - Non-current assets</b>		<b>4,702,843</b>	4,191,886	4,087,651

**Current assets**

Investment in equity securities - Quoted shares- Fair value through profit or loss ( FVTPL) (Note 3.1.2)	Level 1	<b>10,139,428</b>	9,703,208	9,251,960
Investment in equity securities - Unquoted shares- Fair value through profit or loss ( FVTPL)	Level 3	<b>33,836</b>	33,072	33,836
Investment in Equity Securities- Private Equity (Unlisted)-Fair value through profit or loss (FVTPL)	Level 3	<b>156,513</b>	139,770	149,761
Investment in Debt Securities- Debentuers- Quoted -Held to maturity (HTM)	Level 2	<b>99,030</b>	-	-
Investment in Debt Securities- Treasury bonds- Unquoted -Fair value through profit or loss (FVTPL)	Level 2	-	-	207,101
<b>Total investments in equity and debt securities - Current assets</b>		<b>10,428,807</b>	9,876,050	9,642,658

The fair value of the Group's listed investment portfolio is based on the volume weighted average price as at 31st December, published by the Colombo Stock Exchange.

The fair value of the Group's unlisted equity investment portfolio is based on the valuation carried out by investment managers, Guardian Fund Management Limited.

The Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC and Rubber Investment Trust Limited invested USD 2Mn, USD 2Mn and USD 0.5Mn respectively to commence its overseas investment initiative during the quarter. In order to facilitate the venture, a fund structure was set up in Mauritius. The structure is fully regulated by the Financial Services Commission of Mauritius, the regulatory authority responsible for the regulation, supervision and inspection of all financial services other than banking institutions and global business in Mauritius.

<b>3.1.1 Investment in equity securities-quoted shares-Fair value through other comprehensive income Sector</b>	<b>Fair value As at 31.12.2019</b>	Fair value As at 31.12.2018	Fair value As at 31.03.2019
Oil Palms	<b>4,702,843</b>	4,191,886	4,087,651
<b>Total investment in equity securities-quoted shares-Fair value through other comprehensive income</b>	<b>4,702,843</b>	4,191,886	4,087,651

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

**3.1.2 Investment in equity securities-quoted shares-Fair value through profit or loss**

	Fair value As at 31.12.2019	Fair value As at 31.12.2018	Fair value As at 31.03.2019
<b>Sector</b>			
Bank	2,398,080	3,308,695	2,564,330
Finance	2,662,526	1,380,990	1,864,730
Insurance	756,594	828,748	757,008
Beverage, Food & Tobacco	1,409,662	1,348,319	1,574,049
Constructions & engineering	20,832	104,329	96,190
Diversified	1,391,971	1,279,202	1,144,860
Footwear & Textiles	193,750	162,744	149,093
Healthcare	25,078	31,652	32,469
Hotels & Travels	153,208	169,119	148,172
Land & Property	8,000	11,550	11,480
Manufacturing	555,431	313,889	263,542
Power & Energy	86,772	109,996	100,462
Telecommunications	477,524	653,975	545,575
<b>Total investment in equity securities-quoted shares-Fair value through profit or loss</b>	<b>10,139,428</b>	<b>9,703,208</b>	<b>9,251,960</b>

**3.2 Investment in unit trusts - Group**

	Fair value hierarchy	Fair value As at 31.12.2019	Fair value As at 31.12.2018	Fair value As at 31.03.2019
Guardian Acuity Equity Fund	Level 2	10,774	9,997	9,095
Guardian Acuity Money Market Fund	Level 2	821,848	615,609	179,616
<b>Total investment in unit trusts</b>		<b>832,622</b>	<b>625,606</b>	<b>188,711</b>

**3.3 Investments in equity and debt securities - Company**

	Fair value hierarchy	Fair value As at 31.12.2019	Fair value As at 31.12.2018	Fair value As at 31.03.2019
<b>Current assets</b>				
Investment in equity securities - Quoted shares- Fair value through profit or loss ( FVTPL) (Note 3.3.1)	Level 1	4,030,981	3,982,852	3,813,296
Investment in equity securities - Unquoted shares- Fair value through profit or loss ( FVTPL)	Level 3	33,826	33,062	33,826
<b>Total investments in equity and debt securities-Current assets-Company</b>		<b>4,064,807</b>	<b>4,015,914</b>	<b>3,847,122</b>

**3.3.1 Investment in equity securities-quoted shares-Fair value through profit or loss**

	Fair value As at 31.12.2019	Fair value As at 31.12.2018	Fair value As at 31.03.2019
<b>Sector</b>			
Bank	992,360	1,303,611	1,054,999
Finance	696,551	382,733	495,157
Insurance	383,350	392,141	356,603
Beverage, Food & Tobacco	973,807	1,081,499	1,134,473
Constructions & engineering	18,652	27,636	25,480
Diversified	475,681	367,021	369,201
Footwear & Textiles	101,980	78,671	71,553
Healthcare	8,879	12,567	12,892
Hotels & Travels	69,303	76,664	66,455
Manufacturing	169,329	88,898	73,023
Power & Energy	-	5,059	3,578
Telecommunications	141,089	166,352	149,882
<b>Total investment in equity securities-quoted shares-Fair value through profit or loss</b>	<b>4,030,981</b>	<b>3,982,852</b>	<b>3,813,296</b>

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

**3.4 Investment in unit trusts - Company**

	Fair value hierarchy	<b>Fair value As at 31.12.2019</b>	Fair value As at 31.12.2018	Fair value As at 31.03.2019
Guardian Acuity Equity Fund	Level 2	<b>5,387</b>	4,999	4,547
Guardian Acuity Money Market Fund	Level 2	<b>166,179</b>	173,731	699
<b>Total investment in unit trusts</b>		<b>171,566</b>	178,730	5,246

		<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>	As at 31.03.2019
<b>4 Price Index movements</b>				
All Share Price Index (points)		<b>6,129</b>	6,052	5,557
S&P SL 20 Index (points)		<b>2,937</b>	3,135	2,739

**5 Events after the reporting period**

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosure in the financial statements.

**6 Commitments and contingencies**

**6.1 Capital expenditure commitments**

No material capital commitments exist as at the reporting date.

**6.2 Contingencies**

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

**6.3 Litigation and claims**

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

**7 Comparative Figures**

Comparative figures and phrases have been rearranged where necessary to conform the current period presentation.

**8 Liabilities for Expenditure**

There were no liabilities for management fees or any similar expenditure not provided for in the interim financial statements.

**9 Stated Capital**

Stated Capital of the Company amounted to Rs.1,128.7Mn which consists of 82,978,868 Ordinary Shares and 5,801,487 Fully paid Deferred Shares.

**10 Related party transactions**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Transactions with subsidiaries</b>				
Portfolio management fee paid	-	-	<b>29,870</b>	27,429
<b>Transactions with jointly controlled entity</b>				
Portfolio management fee received	<b>4,500</b>	4,500	-	-
<b>Transactions with affiliate companies</b>				
Receiving of services	<b>22,374</b>	25,151	<b>7,837</b>	8,901

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

**11 Twenty Major Shareholders as at 31st December 2019 - Ordinary shares**

	<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
1	Carson Cumberbatch PLC A/C No.2	55,723,635	67.15
2	Employees Provident Fund	2,969,515	3.58
3	Thurston Investments Limited	2,480,581	2.99
4	Gf Capital Global Limited	1,617,666	1.95
5	Northern Trust Company S/A Hosking Global Fund PLC	933,588	1.13
6	Miss G.I.A. De Silva	877,613	1.06
7	Mr. G.J.W. De Silva	877,234	1.06
8	Mrs. M.L. De Silva	866,845	1.04
9	Miss M.P. Radhakrishnan	686,026	0.83
10	Miss A. Radhakrishnan	686,026	0.83
11	Mr. R. Maheswaran	685,016	0.83
12	Mr. K.C. Vignarajah	628,967	0.76
13	Mr. H.A. Van Starrex	559,388	0.67
14	Employees Trust Fund Board	490,998	0.59
15	Mr. S. Vasudevan	473,296	0.57
16	Miss R.H. Abdulhussein	473,023	0.57
17	People S Leasing & Finance Plc/Mr.M.A.N.Yoosufali	419,200	0.51
18	Miss G.N.A. De Silva	353,252	0.43
19	Mr. O.D. Liyanage	267,368	0.32
20	Sinharaja Hills Plantation Pvt Limited	254,861	0.31

**12 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 of less than Rs.2.5 Billion with 500 Public Shareholders and a Public Holding percentage of 20%

The Company's Public Holding as at 31st December 2019;  
Market Capitalization of the Public Holding      Rs. 2.48 Billion  
Percentage of public holding      32.71%  
Number of public shareholders      1,612

**13 Directors Shareholding as at 31st December 2019**

	<b>No. of shares</b>
Mrs. M.A.R.C. Cooray	-
Mr. D. C. R. Gunawardena	257
Mr. V. M. Fernando	-
Mr. K. Selvanathan	-
Mr. C. W. Knight	-
Mr.T. C. M. Chia	-

**14 Investor Information**

Market Performance - Ordinary Shares

<i>For the three months ended</i>	<b>31.12.2019</b>
Market value per share (Rs.)	91.30
Highest price per share (Rs.)	95.90
Lowest price per share (Rs.)	65.10
Market capitalization (Rs. thousands)	7,575,971

## Corporate Information

### **Name of Company**

Ceylon Guardian Investment Trust PLC  
(A Carson Cumberbatch Company)

### **Domicile and Legal Form**

Ceylon Guardian Investment Trust PLC is a Public Quoted Company with limited liability domiciled in Sri Lanka. The Company was incorporated in Sri Lanka in 1951.

### **Company Registration No.**

PQ 52

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

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

### **Parent and Ultimate Parent Entities**

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  
Mr. D. C. R. Gunawardena  
Mr.V. M. Fernando  
Mr.K. Selvanathan  
Mr. C.W. Knight  
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](http://www.carsoncumberbatch.com)