

CEYLON INVESTMENT PLC

INTERIM REPORT FOR THE THREE MONTHS ENDED 30TH JUNE 2021

A CARSON CUMBERBATCH COMPANY

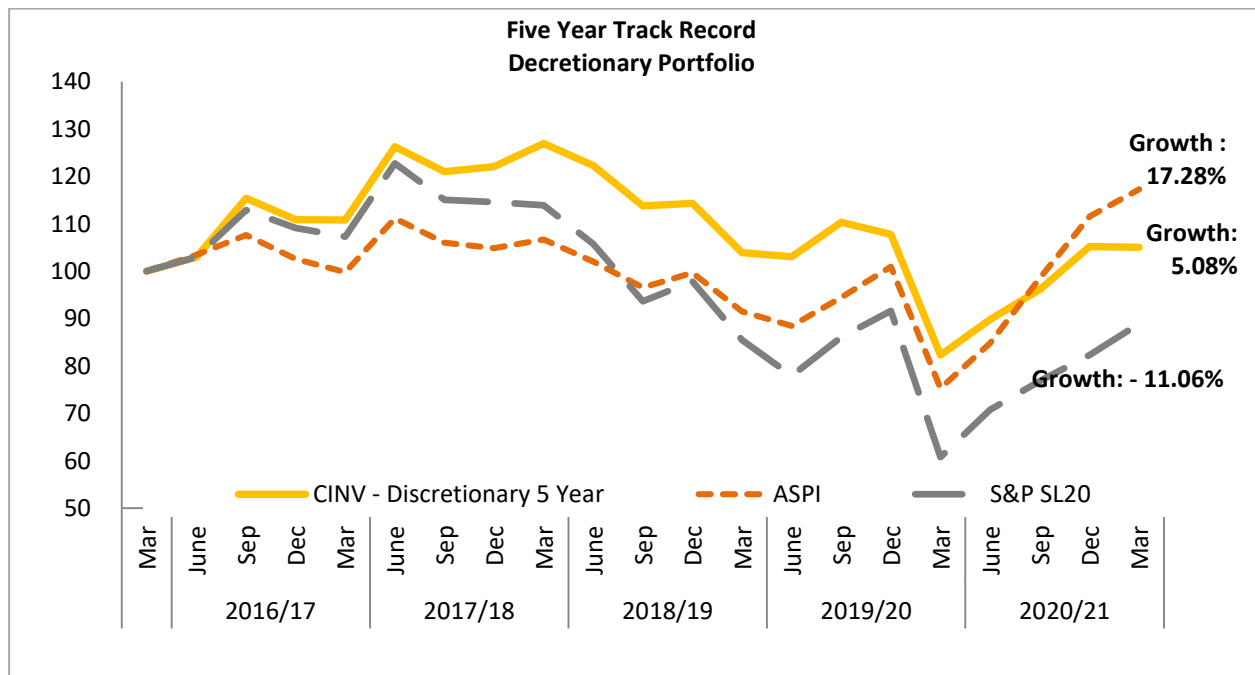
CEYLON INVESTMENT PLC

Managers' Review For the period ended 30th June 2021

The Colombo Stock Exchange (CSE) experienced a strong quarter with the All Share Price Index (ASPI) increasing 10.06% while the S&P SL20 increased by 4.15%. The discretionary portfolio grew by 2.40% to Rs. 3.78 billion for the quarter thereby lagging the ASPI due to the retail stocks dominating market direction. The discretionary portfolio is actively managed with a focus on companies that display strong fundamentals with long term potential. The total portfolio which includes the strategic holding meanwhile declined by 2.96%. Ceylon Investment reported a consolidated profit after tax of Rs.189.8 million for the first quarter of FY 2022, driven by a gain of Rs.118.3 million from fair value through profit or loss financial assets influenced by share price movements.

Portfolio Performance

Over a 5 year period Ceylon Investment's discretionary portfolio has provided a return of 5.08% where the ASPI has provided a return of 17.28%. We continue to focus on picking stocks that are fundamentally strong with long term potential.



During the quarter ended 30th June 2021 we made investment in companies listed on the CSE amounting to Rs.290 million and divestments of Rs. 169 million. Purchases have largely been focused on consumer oriented companies with dominant market shares in their respective product ranges, defensive segments such as pharmaceutical players and some banks that have traded at large discounts to our determined intrinsic values. Our divestments have been in companies that are significantly exposed to the economic vulnerabilities or that have appreciated significantly due to retail market activity.

	As at		Change %	As at 30-June-20 (Dividend adjusted) *	Dividend adjusted performance
	30-Jun-21	31-Mar-20			
Discretionary portfolio (Rs. '000) *	3,779,554	3,690,953	2.40%	3,779,556	2.40%
Total Portfolio (Rs.'000)*	9,087,631	9,364,634	-2.96%	9,087,633	-2.96%
ASPI (Points)	7,838	7,121	10.06%		10.06%
S&P 20 (Points)	2,968	2,850	4.15%		4.15%

Financial Performance

Ceylon Investment together with its share of associate company's profit reported a profit after tax of Rs. 189.8 Mn for the period ended 30th June 2021, compared to a profit after tax of Rs. 499.7 Mn in the previous year. The current period financial performance was driven by the upward movement in the equity market resulting in a profit of Rs.118.3 Mn from fair value through profit or loss financial assets, recognized in profit or loss as per SLFRS 9. The profits recorded on a quarterly basis are volatile due to the accounting standards requiring change in fair value, which largely reflects the change in share prices of investee companies, to be recognized in the income statement.

Accordingly, the Companies net assets as at 30th June 2021, valued at market price, decreased 2.34% from the previous year to Rs. 90.68 per share. The trading price of Rs. 59.20 per share still indicates a discount of 35% to the NAV.

As at	30/06/2021	31/03/2020	Change %
ASPI	7,838	7,121	10.06
NAV per share (Rs.)	90.68	92.86	(2.34)
Market price per share (Rs.)	59.20	63.70	(7.06)
Discount of NAV to market price per share	35%	31%	

Update on the market

In term of GDP growth, a recovery is expected after the Sri Lankan economy underwent a decline of -3.6% in 2020. This recovery is expected to translate into improved earnings across most listed companies on the CSE. Retail activity in the CSE continues to have buoyant participation despite uncertainty looming around future external debt repayment. The ASPI gained 10.06% for the quarter largely driven by retail investor participation spurred by low interest rates, strong earnings by domestic manufacturers and other select companies. CSE valuations continue to be tested with positive performances in the ASPI and the S&P SL20 Index, however, there still remains value in particular stocks that have strong fundamentals and sustainable business models. For a continued sustainable market performance, key economic concerns will need to be addressed such as the high debt burden and debt servicing obligations, low tourism receipts and higher GDP growth.

Guardian Fund Management Limited

Investment Managers

05th August 2021

CEYLON INVESTMENT PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All figures are in Sri Lankan Rupees Thousands)

	Three months ended		
	30th June		
	2021	2020	Change %
Revenue	47,085	71,948	(35)
Net change in fair value through profit or loss financial assets	118,251	281,321	(58)
Profit on investment activities	165,336	353,269	(53)
Administrative and other operating expenses	(15,028)	(13,136)	14
Profit from operations	150,308	340,133	(56)
Finance expense	(52)	(8,395)	(99)
Profit from operations after finance expense	150,256	331,738	(55)
Share of profit of equity accounted investees, net of tax	42,622	174,794	(76)
Profit before taxation	192,878	506,532	(62)
Income tax expense	(3,039)	(6,861)	(56)
Profit for the period	189,839	499,671	(62)
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Share of other comprehensive expense of equity accounted investees, net of tax	(410,126)	(75,775)	441
Other comprehensive expense for the period	(410,126)	(75,775)	441
Total comprehensive income /(expense) for the period	(220,287)	423,896	(152)
Earnings per share (Rs.)	1.87	4.93	

Figures in brackets indicate deductions.

CEYLON INVESTMENT PLC
STATEMENT OF FINANCIAL POSITION
(All figures are in Sri Lankan Rupees Thousands)

	As at 30.06.2021 (Unaudited)	As at 31.03.2021 (Audited)
ASSETS		
Non-current assets		
Investment in equity accounted investees	5,308,077	5,673,681
Total non-current assets	5,308,077	5,673,681
Current assets		
Trade and other receivables	125,872	77,527
Fair value through profit or loss financial assets	3,123,307	2,872,413
Investment in unit trusts	47,567	105,462
Current tax assets	1,795	-
Investment in fixed deposits	193,553	256,580
Cash and cash equivalents	415,127	456,498
Total current assets	3,907,221	3,768,480
Total assets	9,215,298	9,442,161
EQUITY AND LIABILITIES		
Equity		
Stated capital	838,033	838,033
Capital reserves	187,141	187,141
Revenue reserves	8,164,453	8,384,740
Total equity	9,189,627	9,409,914
Current liabilities		
Trade and other payables	25,671	30,541
Current tax payable	-	1,706
Total current liabilities	25,671	32,247
Total liabilities	25,671	32,247
Total equity and liabilities	9,215,298	9,442,161

Net assets value per share - (Rs.) 90.68 92.86

The Statement of Financial Position as at 30th June 2021 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the period then ended as disclosed in pages 4 to 7 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,

Approved & Signed on behalf of the Board,

(Sgd).

K. Selvanathan
Director
Guardian Fund Management Limited
5th August 2021

(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 Thousands)

	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2021	838,033	187,141	8,384,740	9,409,914
Profit for the period	-	-	189,839	189,839
Other comprehensive expense for the period	-	-	(410,126)	(410,126)
Total comprehensive expense for the period	-	-	(220,287)	(220,287)
Balance as at 30th June 2021 (Unaudited)	838,033	187,141	8,164,453	9,189,627
Balance as at 1st April 2020	763,497	187,141	5,445,000	6,395,638
Profit for the period	-	-	499,671	499,671
Other comprehensive expense for the period	-	-	(75,775)	(75,775)
Total comprehensive income for the period	-	-	423,896	423,896
Balance as at 30th June 2020 (Unaudited)	763,497	187,141	5,868,896	6,819,534

Figures in brackets indicate deductions

CEYLON INVESTMENT PLC
STATEMENT OF CASH FLOWS

(All figures are in Sri Lankan Rupees Thousands)

For the three months ended 30th June	2021	2020
Cash flows from operating activities		
Profit before taxation	192,878	506,532
Adjustments for:		
Net change in fair value through profit or loss financial assets	(118,251)	(281,321)
Finance expense	52	8,395
Share of profit / (loss) of equity accounted investees, net of tax	(42,622)	(174,794)
Operating profit before changes in working capital	32,057	58,812
Net decrease / (increase) in trade and other receivables	(48,345)	(26,596)
Net decrease / (increase) in investments	(74,748)	118,837
Net decrease / (increase) in fixed deposits	63,027	(103,930)
Net increase / (decrease) in trade and other payables	(4,868)	349
Cash generated from / (used in) operations	(32,877)	47,472
Current tax paid	(6,540)	-
Net cash generated from / (used in) operating activities	(39,417)	47,472
Cash flows from investing activities		
Investments in equity accounted investees	(1,900)	-
Net cash used in investing activities	(1,900)	-
Cash flows from financing activities		
Finance expense paid	(52)	(9,204)
Dividend paid	(2)	-
Net cash used in financing activities	(54)	(9,204)
Net increase / (decrease) in cash and cash equivalents during the period	(41,371)	38,268
Cash and cash equivalents at the beginning of the period	456,498	428,807
Cash and cash equivalents at the end of the period	415,127	467,075
Statement of cash and cash equivalents		
Placements with banking institutions	279,588	231,383
Securities purchased under resale agreements	12,281	157,360
Cash at bank	123,258	78,332
Cash and cash equivalents for the cash flow statement purposes	415,127	467,075

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 2021.

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

2 Revenue

For the three months ended 30th June	2021	2020
Dividend income	31,743	47,171
Interest income on financial assets carried at amortised cost	6,477	10,477
Net gain from disposal of financial assets at FVTPL	8,865	14,300
	47,085	71,948

3 Profit on investment activities

The Company recorded a profit of Rs. 165.3 Mn from investment activities for three months ended 30th June 2021.

4 Valuation of investment portfolio

	Fair value hierarchy	Carrying value/ as at 30.06.2021	Carrying value/ as at 31.03.2021
Summary of investment portfolio			
Strategic investments - Investment in equity accounted investees (4.1)		5,308,077	5,673,681
Investment in equity securities - Fair value through profit or loss-Quoted (4.2)	Level 1	3,123,297	2,872,403
Investment in equity securities - Fair value through profit or loss-Unquoted (4.2)	Level 3	10	10
Investment in unit trusts (4.3)	Level 2	47,567	105,462
		8,478,951	8,651,556

4.1 Strategic investments - Investment in equity accounted investees

	Carrying value/ as at		Carrying value/ as at	
	Cost	Fair value	Cost	Fair value
	as at 30.06.2021		as at 31.03.2021	
Rubber Investment Trust Limited	296	4,906,940	296	5,276,216
Guardian Value Fund LLC	357,139	393,860	357,139	391,776
Guardian Fund Management LLC	8,261	7,277	6,361	5,689
	365,696	5,308,077	363,796	5,673,681

4.2 Investment in equity securities- Fair value through profit or loss

Sector	Fair value as at 30.06.2021	Fair value as at 31.03.2021
Banks	886,209	910,800
Diversified Financials	893,526	790,825
Insurance	169,900	180,553
Food Beverage & Tobacco	435,472	261,142
Food & Staples Retailing	49,673	72,138
Capital Goods	442,522	401,285
Consumer Services	69,914	68,541
Real Estate	7,750	7,750
Telecommunication Services	168,331	179,369
Total investment in equity securities - Quoted	3,123,297	2,872,403
Unquoted investments	10	10
Total investment in equity securities - Fair value through profit or loss	3,123,307	2,872,413

CEYLON INVESTMENT PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

4.3 Investment in unit trusts	Fair value as at 30.06.2021	Fair value as at 31.03.2021
Guardian Acuity Equity Fund	5,743	5,602
Guardian Acuity Money Market Fund	41,824	99,860
Total investment in unit trusts	47,567	105,462

5 Price Index movements	As at 30.06.2021	As at 31.03.2021
All Share Price Index (points)	7,838	7,121
S&P SL 20 Index (points)	2,968	2,850

6 Events after the reporting period

After satisfying the solvency tests in accordance with Section 57 of the Company's Act, No. 7 of 2007, the directors of the Company have recommended to declare a final cash dividend of Rs. 0.70 per ordinary share for the year ended 31st March 2021 amounting to Rs. 70,936,628.70 which is to be approved at the forthcoming Annual General Meeting. In accordance with Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period" this proposed final dividend has not been recognised as a liability as at 30th June 2021.

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements, other than the above.

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 30th June 2021.

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.838 Mn which consists of 101,338,041 Ordinary Shares.

11 Related party transactions

	Value of the transactions	
For three months ended 30th June	2021	2020
Transactions with affiliate companies		
Receiving of services	12,107	9,831

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 30th June 2021

	Name of Shareholder	No. of Shares	%
1	Ceylon Guardian Investment Trust PLC A/C No. 03	66,822,185	65.94
2	Mr. K.C. Vignarajah	1,359,756	1.34
3	Mrs. M.L. De Silva	1,342,922	1.33
4	Miss G.I.A. De Silva	1,314,088	1.30
5	Associated Electrical Corporation Ltd	1,000,078	0.99
6	Thurston Investments Limited	940,416	0.93
7	Mr. G.J.W. De Silva	878,519	0.87
8	Mr. Y.H. Abdulhussein	830,984	0.82
9	Oakley Investments (Private) Limited	818,421	0.81
10	Hatton National Bank PLC/Sashimaal Ruhash Fernando	723,136	0.71
11	Miss R.H. Abdulhussein	686,510	0.68
12	Bank of Ceylon No. 1 Account	617,564	0.61
13	Miss N.K.R.H. De Silva	562,721	0.56
14	Commercial Bank of Ceylon Ltd/K.C.Vignarajah	510,352	0.50
15	People's Leasing & Finance PLC/Mr.M.A.N.Yoosufali	505,000	0.50
16	Mr. N.K.A.D. De Silva	504,644	0.50
17	Mercantile Bank (Agency) Private Limited	412,939	0.41
18	People's Leasing & Finance PLC/Mr.H.M. Abdulhussei	404,299	0.40
19	Miss G.N.A. De Silva	391,980	0.39
20	Mr. L.H. Abeyesundera	388,225	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 the Colombo Stock Exchange, under Option 5, i.e. Float-Adjusted Market Capitalization of less than Rs.2.5 Billion with 500 Public Shareholders and a Public Holding percentage of 20%.

The Company's Public Holding as at 30th June 2021;

Market Capitalization of the Public Holding	Rs.2.04 Billion
Percentage of ordinary shares held by the public	34.06%
Number of public shareholders	2,912

14 Directors Shareholding as at 30th June 2021

	No. of shares
Mrs. M.A.R.C. Cooray (Chairperson)	-
Mr. D. C. R. Gunawardena	2,157
Mr. A. P. Weeratunge	-
Mr. V. M. Fernando	-
Mr. K. Selvanathan	-
Mr. T.C.M. Chia (resigned w.e.f. 31/05/2021)	-

15 Investor Information

Market Performance - Ordinary Shares

<i>For the three months ended</i>	30.06.2021
Market value per share (Rs.)	59.20
Highest price per share (Rs.)	68.70
Lowest price per share (Rs.)	52.00
Market capitalization (in rupees thousands)	5,999,212

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. 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 (resigned w.e.f. 31/05/2021)

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: +94-11-2039385

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