

# Ceylon Investment PLC

A Carson Cumberbatch Company

Interim report for the six months ended 30th September 2021

## CEYLON INVESTMENT PLC

### Managers' Review

For the period ended 30th September 2021

The performance of the Colombo Stock Exchange (CSE) was mixed for the quarter and year to date with selective stocks showing strong and volatile share price movements while other stocks remained subdued. The All Share Price Index (ASPI) increased 32.84% for the 6 months ended FY 2022 while the S&P SL20 increased by 24.02%. The index was largely pushed up by significant increases in selective high market capitalization stocks. The discretionary portfolio experienced a marginal increase of 3.81% as most of its share holdings did not experience sharp price movements. The discretionary portfolio is actively managed with a focus on companies that display strong fundamentals with long-term potential and we are confident in our stock selections delivering on performance in the long term. The total portfolio which includes the strategic holding meanwhile declined by 1.21%. Ceylon Investment reported a profit after tax of Rs.16.4 million for the first half of FY 2022 compared to a profit after tax of Rs.861.8 million for the same period in the previous year.

### Portfolio Performance

For the quarter ended 30th September 2021, purchases have largely been focused on consumer oriented businesses with dominant market shares and insurance companies. Meanwhile we reduced exposures to specific financial institutions affected by macroeconomic concerns.

	As at		Change %	As at 30-Sep-21 (Dividend adjusted) *	Dividend adjusted performance
	30-Sep-21	31-Mar-21			
Discretionary portfolio (Rs. '000) *	3,768,908	3,690,953	2.11%	3,831,419	3.81%
Total Portfolio (Rs.'000)*	9,188,795	9,364,634	-1.88%	9,251,306	-1.21%
ASPI (Points)	9,460	7,121	32.84%		32.84%
S&P 20 (Points)	3,535	2,850	24.02%		24.02%

### Financial Performance

Ceylon Investment together with its share of associate company's profit reported a profit after tax of Rs. 16.3 Mn for the period ended 30th September 2021, compared to a profit after tax of Rs. 861.8 Mn in the previous year. The financial performance was mainly driven by the negative fair value movement of Rs. 66.7 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 September 2021, valued at market price, decreased 2.68% from the previous year to Rs. 90.36 per share. The trading price of Rs. 51.80 per share still indicates a discount of 43% to the NAV.

As at	30-Sep-2021	31-Mar-2021	Change %
ASPI	<b>9,460</b>	7,121	32.84
NAV per share (Rs.)	<b>90.36</b>	92.86	(2.68)
Market price per share (Rs.)	<b>51.80</b>	63.70	(18.68)
Discount of NAV to market price per share	<b>43%</b>	31%	

### Update on the market

With the accelerated implementation of the vaccination program the economy should be less susceptible to Covid lockdowns and we expect a bigger drive to more economic activity and the resumption of tourism. However, external debt repayments continue to stress the gross official reserves and economic uncertainty lies ahead with regard to debt servicing and balance of payments pressures. Turnover levels in the CSE have reduced towards the end of the quarter with lower retail participation possibly due to higher interest rates and economic concerns. Significant movement in the ASPI is largely attributable select stocks as opposed to a healthy broad based market movement. 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

10<sup>th</sup> November 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 September			Six months ended 30th September		
	2021	2020	Change %	2021	2020	Change %
<b>Revenue</b>	<b>89,345</b>	75,472	18	<b>136,430</b>	147,420	(7)
Net change in fair value through profit or loss financial assets	(184,920)	169,848	(209)	(66,669)	451,169	(115)
<b>Profit / (loss) on investment activities</b>	<b>(95,575)</b>	245,320	(139)	<b>69,761</b>	598,589	(88)
Administrative and other operating expenses	(13,697)	(15,249)	(10)	(28,725)	(28,385)	1
<b>Profit / (loss) from operations</b>	<b>(109,272)</b>	230,071	(147)	<b>41,036</b>	570,204	(93)
Finance expense	(49)	(7,348)	(99)	(101)	(15,743)	(99)
<b>Profit / (loss) from operations after finance expense</b>	<b>(109,321)</b>	222,723	(149)	<b>40,935</b>	554,461	(93)
Share of profit / (loss) of equity accounted investees, net of tax	(58,869)	142,557	(141)	(16,247)	317,351	(105)
<b>Profit / (loss) before taxation</b>	<b>(168,190)</b>	365,280	(146)	<b>24,688</b>	871,812	(97)
Income tax expense	(5,275)	(3,159)	67	(8,314)	(10,020)	(17)
<b>Profit / (loss) for the period</b>	<b>(173,465)</b>	362,121	(148)	<b>16,374</b>	861,792	(98)
<b>Other comprehensive income</b>						
<b>Items that are or may be reclassified to profit or loss</b>						
Share of other comprehensive income / (expense) of equity accounted investees, net of tax	212,138	2,929,634	(93)	(197,988)	2,853,859	(107)
<b>Other comprehensive income/ (expense) for the period</b>	<b>212,138</b>	2,929,634	(93)	<b>(197,988)</b>	2,853,859	(107)
<b>Total comprehensive income / (expense) for the period</b>	<b>38,673</b>	3,291,755	(99)	<b>(181,614)</b>	3,715,651	(105)
<b>Earnings / (loss) per share (Rs.)</b>	<b>(1.71)</b>	3.57		<b>0.16</b>	8.50	
<b>Dividend per share (Rs.)*</b>	-	-		-	-	

\* 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 Thousands)

	As at 30.09.2021 (Unaudited)	As at 31.03.2021 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in equity accounted investees	5,419,887	5,673,681
<b>Total non-current assets</b>	<b>5,419,887</b>	<b>5,673,681</b>
<b>Current assets</b>		
Trade and other receivables	511	77,527
Investment in equity and debt securities	3,086,952	2,872,413
Investment in unit trusts	106,539	105,462
Current tax assets	1,520	-
Investment in fixed deposits	310,984	256,580
Cash and cash equivalents	264,433	456,498
<b>Total current assets</b>	<b>3,770,939</b>	<b>3,768,480</b>
<b>Total assets</b>	<b>9,190,826</b>	<b>9,442,161</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	838,033	838,033
Capital reserves	187,141	187,141
Revenue reserves	8,132,189	8,384,740
<b>Total equity</b>	<b>9,157,363</b>	<b>9,409,914</b>
<b>Current liabilities</b>		
Trade and other payables	33,463	30,541
Current tax payable	-	1,706
<b>Total current liabilities</b>	<b>33,463</b>	<b>32,247</b>
<b>Total liabilities</b>	<b>33,463</b>	<b>32,247</b>
<b>Total equity and liabilities</b>	<b>9,190,826</b>	<b>9,442,161</b>
Net assets value per share (Rs.)	90.36	92.86

The Statement of Financial Position as at 30th September 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 3 to 6 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 and Signed on behalf of the Investment Managers,

(Sgd).

**K. Selvanathan**

Director

Guardian Fund Management Limited

10th November 2021

Colombo

Approved and 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 Thousands)

	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2020 (Audited)	763,497	187,141	5,445,000	6,395,638
Profit for the year	-	-	861,792	861,792
Other comprehensive income for the year	-	-	2,853,859	2,853,859
Total comprehensive income for the year	-	-	3,715,651	3,715,651
Dividend	74,536	-	(99,451)	(24,915)
Balance as at 30th September 2020 (Unaudited)	838,033	187,141	9,061,200	10,086,374
<b>Balance as at 1st April 2021 (Audited)</b>	<b>838,033</b>	<b>187,141</b>	<b>8,384,740</b>	<b>9,409,914</b>
Profit for the period	-	-	16,374	16,374
Other comprehensive expense for the period	-	-	(197,988)	(197,988)
Total comprehensive expense for the period	-	-	(181,614)	(181,614)
Dividend	-	-	(70,937)	(70,937)
Balance as at 30th September 2021 (Unaudited)	838,033	187,141	8,132,189	9,157,363

*Figures in brackets indicate deductions*

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

(All figures are in Sri Lankan Rupees Thousands)

For the six months ended 30th September	2021	2020
<b>Cash flows from operating activities</b>		
Profit before taxation	24,688	871,812
<b>Adjustments for:</b>		
Net change in fair value through profit or loss financial assets	66,669	(451,169)
Finance expense	101	15,743
Share of profit / (loss) of equity accounted investees, net of tax	16,247	(317,351)
<b>Operating profit before changes in working capital</b>	<b>107,705</b>	<b>119,035</b>
Decrease / (increase) in trade and other receivables	77,016	(625)
Decrease / (increase) in investments	(282,285)	131,613
Decrease / (increase) in fixed deposits	(54,404)	(47,933)
Increase / (decrease) in trade and other payables	(5,504)	813
<b>Cash generated from / (used in) operations</b>	<b>(157,472)</b>	<b>202,903</b>
Current tax paid	(11,540)	(6,999)
<b>Net cash generated from / (used in) operating activities</b>	<b>(169,012)</b>	<b>195,904</b>
<b>Cash flows from investing activities</b>		
Investments in equity accounted investees	(1,900)	-
Dividend received from equity accounted investees	41,459	16,781
<b>Net cash generated from / (used in) investing activities</b>	<b>39,559</b>	<b>16,781</b>
<b>Cash flows from financing activities</b>		
Finance expense paid	(101)	(16,692)
Dividend paid	(62,511)	(4,596)
<b>Net cash generated from / (used in) financing activities</b>	<b>(62,612)</b>	<b>(21,288)</b>
Net increase in cash and cash equivalents during the period	(192,065)	191,397
Cash and cash equivalents at the beginning of the period	456,498	428,807
<b>Cash and cash equivalents at the end of the period</b>	<b>264,433</b>	<b>620,204</b>
<b>Statement of cash and cash equivalents</b>		
Placements with banking institutions	10,101	502,542
Securities purchased under resale agreements	146,629	28,276
Cash at bank	107,703	89,386
<b>Cash and cash equivalents for the cash flow statement purposes</b>	<b>264,433</b>	<b>620,204</b>

*Figures in brackets indicate deductions.*

CEYLON INVESTMENT PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(All figures are in Sri Lankan Rupees Thousands unless otherwise stated)

1 Basis of Preparation of Interim Financial Statements

The Interim Financial Statements of the Company have been prepared in accordance 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 provision of the Companies Act No. 7 of 2007 have been considered in preparing the Interim Financial Statements of the Company.

2 Revenue

For the six months ended 30th September	2021	2020
Dividend income	73,324	71,090
Interest income on financial assets carried at amortised cost	14,500	23,136
Net gain from disposal of financial assets at FVTPL	48,606	53,194
	<b>136,430</b>	<b>147,420</b>

3 Profit on investment activities

The Company recorded a profit of Rs. 69.8 Mn from investment activities for the six months ended 30th September 2021.

4 Valuation of investment portfolio

	Fair value hierarchy	Carrying value/ Fair value as at 30.09.2021	Carrying value/ Fair value as at 31.03.2021
<b>Summary of investment portfolio</b>			
Strategic investments – Investment in equity accounted investees (4.1)		5,419,887	5,673,681
Investment in debt securities– Treasury bills –Amortised cost		49,275	-
Investment in debt securities– Securities purchased under resale agreements – Amortised cost		46,814	-
Investment in equity securities– Fair value through profit or loss–Quoted (4.2)	Level 1	2,990,853	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	106,539	105,462
		<b>8,613,378</b>	<b>8,651,556</b>

4.1 Strategic investments – Investment in equity accounted investees

	Cost	Carrying value/ Fair value	Cost	Carrying value/ Fair value
	as at 30.09.2021		as at 31.03.2021	
Rubber Investment Trust Limited	296	5,026,299	296	5,276,216
Guardian Value Fund LLC	357,139	386,459	357,139	391,776
Guardian Fund Management LLC	8,261	7,129	6,361	5,689
	<b>365,696</b>	<b>5,419,887</b>	<b>363,796</b>	<b>5,673,681</b>

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

Sector	Fair value as at 30.09.2021	Fair value as at 31.03.2021
Banks	747,799	910,800
Diversified Financials	785,965	790,825
Insurance	207,116	180,553
Food Beverage & Tobacco	401,702	261,142
Food & Staples Retailing	47,811	72,138
Capital Goods	552,945	401,285
Consumer Services	98,500	68,541
Real Estate	-	7,750
Telecommunication Services	149,015	179,369
<b>Total investment in equity securities – Quoted</b>	<b>2,990,853</b>	<b>2,872,403</b>
Unquoted investments	10	10
<b>Total investment in equity securities – Fair value through profit or loss</b>	<b>2,990,863</b>	<b>2,872,413</b>



**4.3 Investment in unit trusts**

	Fair value as at 30.09.2021	Fair value as at 31.03.2021
Guardian Acuity Equity Fund	5,496	5,602
Guardian Acuity Money Market Fund	30,390	99,860
Guardian Acuity Income Fund	70,653	-
<b>Total investment in unit trusts</b>	<b>106,539</b>	<b>105,462</b>

**5 Price Index movements**

	As at 30.09.2021	As at 31.03.2021
All Share Price Index (points)	9,460	7,121
S&P SL 20 Index (points)	3,535	2,850

**6 Events after the reporting period**

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

**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 September 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**

For six months ended 30th September	Value of the transactions	
	2021	2020
<b>Transactions with the parent company</b>		
Dividend paid	46,776	65,577
<b>Transactions with associate company</b>		
Dividend received	41,459	16,781
<b>Transactions with affiliate companies</b>		
Receiving of services	23,501	20,632

**CEYLON INVESTMENT PLC**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

(All figures are in Sri Lankan Rupees Thousands unless otherwise stated)

**12 Twenty Major Shareholders as at 30th September 2021**

	<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
1	Ceylon Guardian Investment Trust Plc A/C No.03	66,822,185	65.94
2	Mr. K.C. Vignarajah	1,362,206	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	725,236	0.72
11	Miss R.H. Abdulhussein	686,510	0.68
12	Bank Of Ceylon No. 1 Account	608,451	0.60
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	506,000	0.50
16	Mr. N.K.A.D. De Silva	504,644	0.50
17	Peoples Leasing & Finance Plc/Mr.D.M.P.Disanayake	447,645	0.44
18	Mercantile Bank (Agency) Private Limited	412,939	0.41
19	Peoples Leasing & Finance Plc/Mr.H.M. Abdulhussei	404,299	0.40
20	Miss G.N.A. De Silva	391,980	0.39

**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 September 2021:

Market Capitalization of the Public Holding	Rs.1.79 Billion
Percentage of ordinary shares held by the public	34.06%
Number of public shareholders	3,025

**14 Directors Shareholding as at 30th September 2021**

	<b>No. of shares</b>
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	-

**15 Investor Information**

Market Performance – Ordinary Shares

*As at/ for the three months ended*

**30.09.2021**

Market value per share (Rs.)	51.80
Highest price per share (Rs.)	63.80
Lowest price per share (Rs.)	49.90
Market capitalization (in rupees thousands)	5,249,311

## Corporate Information

<b>Name of Company</b>	Ceylon Investment PLC (A Carson Cumberbatch Company)
<b>Domicile and Legal Form</b>	Ceylon Investment PLC is a Public Quoted Company with limited liability domiciled in Sri Lanka. The Company was incorporated in Sri Lanka in 1919.
<b>Company Registration No.</b>	PQ 68
<b>Principal Activity and Nature of Operations</b>	During the period, the principal activity of the Company was holding and managing of an investment portfolio.
<b>Parent Enterprise and Ultimate Parent Enterprise</b>	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.
<b>Directors</b>	Mrs. M.A.R.C. Cooray (Chairperson) Mr. D. C. R. Gunawardena Mr. A.P. Weeraturge Mr. V. M. Fernando Mr. K. Selvanathan
<b>Number of Employees</b>	The Company did not have any employees of its own during the period under review.
<b>Bankers</b>	Standard Chartered Bank Commercial Bank of Ceylon PLC Deutsche Bank AG Colombo Hatton National Bank PLC
<b>Auditors</b>	Messrs. KPMG Chartered Accountants, No. 32A, Sir Mohamed Macan Markar Mawatha, Colombo 3.
<b>Investment Managers</b>	Guardian Fund Management Limited No. 61, Janadhipathi Mawatha, Colombo 1. Tele: +94-11-2039200 Fax: +94-11-2039385
<b>Managers &amp; Secretaries</b>	Carsons Management Services (Private) Limited, No. 61, Janadhipathi Mawatha, Colombo 1. Tele: +94-11-2039200 Fax: +94-11-2039300
<b>Registered Office and Principal Place of Business</b>	No. 61, Janadhipathi Mawatha, Colombo 1. Tele: +94-11-2039200 Fax: +94-11-2039300
<b>Corporate Website</b>	<a href="http://www.carsoncumberbatch.com">www.carsoncumberbatch.com</a>