

CEYLON INVESTMENT PLC

A Carson Cumberbatch Company

Condensed Interim Financial Statements
For the six months ended 30th September 2022

CEYLON INVESTMENT PLC

Managers' Review For the period ended 30th September 2022

The economic crisis continues to maintain a challenging operating environment for most companies across sectors of the economy. During this difficult period, the discretionary portfolio grew by 1.43% (dividend adjusted) compared to the All Share Price Index growth of 11.54%. For the discretionary portfolio, we remain committed in following our equity strategy of investing in companies that display strong fundamentals and lead to long-term potential for value creation. The total portfolio, which includes the strategic holdings, recorded a decline for the quarter of 3.14% (dividend adjusted). Ceylon Investment PLC reported a consolidated profit after tax of Rs. 308.4 million for the first half of FY 2023, largely resulting from a fair value gain of Rs. 144.8 million from fair value through profit or loss financial assets which is influenced by movements in the share price.

Portfolio Performance

With the escalation of the crisis, the share market has showed much volatility during the first half of FY 2023. We have been a net seller in the equity market for the reporting period with sales amounting to Rs. 279 million and purchases of Rs. 220 million for the reporting period. The selling was largely concentrated in financial institutions, which have a greater implication from the crisis leading to impairments and expected deterioration in asset quality. Meanwhile buying was largely focused on fundamentally strong companies that had weakened with the overall market. We will continue to deeply monitor our investee companies and the economic direction going forward and take investment decisions accordingly.

	As at		Change %	As at 30-Sep-22 (Dividend adjusted) *	Dividend adjusted performance
	30-Sep-22	31-Mar-22			
Discretionary portfolio (Rs.'000)*	3,365,971	3,389,227	-0.69%	3,437,860	1.43%
Total Portfolio (Rs.'000)*	9,006,385	9,372,163	-3.90%	9,078,274	-3.14%
ASPI (Points)	9,931	8,904	11.54%		11.54%
S&P 20 (Points)	3,165	3,031	4.43%		4.43%

Financial Performance

Ceylon Investment PLC together with its share of associate companies reported a profit after tax of Rs. 308.4 million for the period ended 30th September 2022, compared to a profit after tax of Rs. 16.4 million in the previous year. The financial performance was influenced by the positive fair value movement of Rs. 144.8 million from fair value through profit or loss financial assets, recognized in profit or loss as per SLFRS 9. The profits/loss 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 Company's net assets as at 30th September 2022, valued at market price, decreased 1.69 % from the previous year to Rs. 90.00 per share. The trading price of Rs. 43.80 per share still indicates a discount of 51% to the NAV.

As at	30/09/2022	31/03/2022	Change %
ASPI	9,931	8,904	11.53
NAV per share (Rs.)	90.00	91.55	(1.69)
Market price per share (Rs.)	43.80	37.10	18.06
Discount of NAV to market price per share	51%	59%	

Update on the market

Economic concerns have created significant anxiety amongst the investment community, which has led to volatility and fluctuating turnover levels in the overall market. Hardships experienced by the Sri Lankan population have come in the form of rampant inflation, high interest rates, shortages in essential items and significant reductions in real income. These factors, in the short term, are expected to seep into the listed companies financial cost structures and revenue and have implications on respective share prices. Overall market earnings expectations going forward will be largely linked to the economic trajectory. A comprehensive macro-economic framework will be essential to bring the country and CSE back to a stable footing.

Guardian Fund Management Limited
Investment Managers

11th November 2022

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		
	2022	2021	Change %	2022	2021	Change %
Revenue	80,838	89,345	(10)	100,428	136,430	(26)
Net change in fair value through profit or loss financial assets	455,878	(184,920)	347	144,762	(66,669)	317
Profit/(loss) on investment activities	536,716	(95,575)	662	245,190	69,761	251
Administrative and other operating expenses	(16,885)	(13,697)	23	(33,611)	(28,725)	17
Profit/(loss) from operations	519,831	(109,272)	576	211,579	41,036	416
Finance expense	(14,235)	(49)	28,951	(16,778)	(101)	16,512
Profit/(loss) from operations after finance expense	505,596	(109,321)	562	194,801	40,935	376
Share of profit/(loss) of equity accounted investees, net of tax	335,677	(58,869)	670	131,866	(16,247)	912
Profit/(loss) before taxation	841,273	(168,190)	600	326,667	24,688	1,223
Income tax expense	(7,690)	(5,275)	46	(18,313)	(8,314)	120
Profit/(loss) for the period	833,583	(173,465)	581	308,354	16,374	1,783
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Share of other comprehensive income / (expense) of equity accounted investees, net of tax	78,678	212,138	(63)	(431,192)	(197,988)	118
Other comprehensive income/(expense) for the period	78,678	212,138	(63)	(431,192)	(197,988)	118
Total comprehensive income /(expense) for the period	912,261	38,673	2,259	(122,838)	(181,614)	32
Earnings / (loss) per share (Rs.)	8.31	(1.73)		3.07	0.16	
Dividend per share (Rs.)*	-	-		-	-	

* 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 30.09.2022	As at 31.03.2022 (Audited)
ASSETS		
Non-current assets		
Investment in equity accounted investees	5,640,414	5,982,936
Investment in fixed deposits	745,482	-
Total non-current assets	6,385,896	5,982,936
Current assets		
Trade and other receivables	52,091	35,280
Fair value through profit or loss financial assets	2,311,697	2,274,233
Investment in unit trusts	47,447	98,540
Investment in fixed deposits	313,472	280,346
Cash and cash equivalents	148,426	736,108
Total current assets	2,873,133	3,424,507
Total assets	9,259,029	9,407,443
EQUITY AND LIABILITIES		
Equity		
Stated capital	838,033	838,033
Capital reserves	187,141	187,141
Revenue reserves	8,005,834	8,252,461
Total equity	9,031,008	9,277,635
Current liabilities		
Trade and other payables	25,509	124,591
Current tax payable	1,959	5,217
Short term borrowings	200,553	-
Total current liabilities	228,021	129,808
Total liabilities	228,021	129,808
Total equity and liabilities	9,259,029	9,407,443
Net assets value per share (Rs.)	90.00	91.55

The Statement of Financial Position as at 30th September 2022 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the period 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

11th November 2022

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 2022	838,033	187,141	8,252,461	9,277,635
Surcharge Tax for the year of assessment 2020/21*	-	-	(48,531)	(48,531)
Balance as at 1st April 2022 (Adjusted)	838,033	187,141	8,203,930	9,229,104
Profit for the period	-	-	308,354	308,354
Other comprehensive expense for the period	-	-	(431,192)	(431,192)
Total comprehensive expense for the period	-	-	(122,838)	(122,838)
Dividend	-	-	(75,258)	(75,258)
Balance as at 30 September 2022	838,033	187,141	8,005,834	9,031,008
Balance as at 1st April 2021	838,033	187,141	8,384,740	9,409,914
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	838,033	187,141	8,132,189	9,157,363

*As per the provisions of Surcharge Tax Act No. 14 of 2022, although the Company did not become liable to pay surcharge tax as a stand-alone entity, the Company was liable for surcharge tax on the basis that the Company is part of the Carson Cumberbatch PLC group, of which the aggregate taxable income exceeded the threshold as stipulated in the aforesaid Act.

Accordingly, the Company was liable for a surcharge tax of Rs. 32,974,304/- out of the taxable income of Rs. 131,897,216/- pertaining to the year of assessment 2020/21. Also, an associate Company of Ceylon Investment PLC was liable for a surcharge tax of Rs. 31,144,734/- out of the taxable income of Rs. 124,578,935/- . The surcharge tax liability was paid in two equal installments on 18th April 2022 and 18th July 2022.

The expense of surcharge tax is accounted in accordance with the "Addendum to Statement of Alternative Treatment on Accounting for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022 " issued by the Institute of Chartered Accountants of Sri Lanka on 10th August 2022.

Ceylon Investment PLC

Statement of Cash Flows

(All figures are in Sri Lankan Rupees Thousands)

For the six months ended 30th September	2022	2021
Cash flows from operating activities		
Profit before taxation	326,667	24,688
Adjustments for:		
Net change in fair value through profit or loss financial assets	(144,762)	66,669
Finance expense	16,778	101
Share of profit / (loss) of equity accounted investees, net of tax	(131,866)	16,247
Operating profit before changes in working capital	66,817	107,705
Decrease / (increase) in trade and other receivables	(16,811)	77,016
Decrease / (increase) in investments	158,391	(282,285)
Increase in fixed deposits	(778,608)	(54,404)
Decrease in trade and other payables	(102,451)	(5,504)
Cash used in operations	(672,662)	(157,472)
Current tax paid	(21,571)	(11,540)
Surcharge tax paid	(32,974)	-
Net cash used in operating activities	(727,207)	(169,012)
Cash flows from investing activities		
Investments in equity accounted investees	-	(1,900)
Dividend received from equity accounted investees	27,639	41,459
Net cash generated from investing activities	27,639	39,559
Cash flows from financing activities		
Finance expense paid	(16,225)	(101)
Short term borrowings (net movement)	200,000	-
Dividend paid	(71,889)	(62,511)
Net cash generated from / (used in) financing activities	111,886	(62,612)
Net decrease in cash and cash equivalents during the period	(587,682)	(192,065)
Cash and cash equivalents at the beginning of the period	736,108	456,498
Cash and cash equivalents at the end of the period	148,426	264,433
Statement of cash and cash equivalents		
Placements with banking institutions	101,767	10,101
Securities purchased under resale agreements	-	146,629
Cash at bank	46,659	107,703
Cash and cash equivalents for the cash flow statement purposes	148,426	264,433

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 has been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2022 and are in compliance with Sri Lanka Accounting Standard LKAS 34 - "Interim Financial Reporting". The provisions of the Companies Act, No. 7 of 2007 have been considered in preparing these Interim Financial Statements.

2 VALUATION OF INVESTMENT PORTFOLIO

		Carrying/ fair value as at	
		30.09.2022	31.03.2022
Summary of investment portfolio			
Strategic investments - Investment in equity accounted investees		5,640,414	5,982,936
Investment in equity securities- Fair value through profit or loss-Quoted	Level 1	2,311,687	2,274,223
Investment in equity securities- Fair value through profit or loss- Unquoted	Level 3	10	10
Investment in unit trusts	Level 2	47,447	98,540
		7,999,558	8,355,709

3 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.

4 COMMITMENTS AND CONTINGENCIES

4.1 Capital expenditure commitments

No material capital commitments exist as at the reporting date.

4.2 Contingencies

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

5 COMPARATIVE FIGURES

Comparative figures have been rearranged where necessary to conform to the classification and presentation as at 30th September 2022.

6 LIABILITIES FOR EXPENDITURE

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

7 STATED CAPITAL

As at 30th September 2022 the Stated Capital of the Company amounted to Rs.838 Mn which consisted of 100,344,530 Ordinary Shares.

8 GOING CONCERN

Based on currently available information, the directors are satisfied that the Company will continue its operations in the foreseeable future.

9 RELATED PARTY TRANSACTIONS

For the six months ended 30th September	2022	2021
Transactions with the parent company		
Dividends paid	49,625	46,776
Transactions with associate company		
Dividends received	27,639	41,459
Transactions with affiliated companies		
Receiving of services	27,239	23,501

Ceylon Investment PLC

Notes to the Interim Financial Statements

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

10 TWENTY MAJOR SHAREHOLDERS AS AT 30TH SEPTEMBER 2022

	Name of Shareholder	No. of Shares	%
1	Ceylon Guardian Investment Trust PLC A/C No.03	66,167,066	65.94
2	Mr. K.C. Vignarajah	1,417,151	1.41
	Commercial Bank Of Ceylon Ltd/K.C.Vignarajah	510,352	0.51
3	Mrs. M.L. De Silva	1,342,922	1.34
4	Miss G.I.A. De Silva	1,314,088	1.31
5	Associated Electrical Corporation Ltd	1,227,679	1.22
6	Thurston Investments Limited	914,351	0.91
7	Mr. Y.H. Abdulhussein	887,249	0.88
8	Mr. G.J.W. De Silva	881,870	0.88
9	Oakley Investments (Private) Limited	818,421	0.82
10	Miss R.H. Abdulhussein	771,772	0.77
11	Miss N.K.R.H. De Silva	562,721	0.56
12	People'S Leasing & Finance PLC/Mr.M.A.N.Yoosufali	555,500	0.55
13	Bank Of Ceylon No. 1 Account	538,124	0.54
14	Mercantile Bank (Agency) Private Limited	412,939	0.41
15	Mr. L.H. Abeysondera	388,225	0.39
16	Miss G.N.A. De Silva	387,981	0.39
17	Aitken Spence PLC A/C No. 2	375,010	0.37
18	Akbar Brothers Pvt Ltd A/C No 1	373,730	0.37
19	People'S Leasing & Finance PLC/Mr.H.M. Abdulhussein	357,240	0.36
20	Miss J.B. Aymer	347,135	0.35

11 PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.14.1(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 2022:

Market Capitalization of the Public Holding	Rs.1.50 Billion
Percentage of ordinary shares held by the public	34.05%
Number of public shareholders	3,040

12 DIRECTORS SHAREHOLDING AS AT 30TH SEPTEMBER 2022

	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. S. M. Perera (Appointed w.e.f. 01/09/2022)	-

13 INVESTOR INFORMATION

Market Performance - Ordinary Shares

As at/ for the three months ended	30.09.2022
Last traded price per share (Rs.)	43.80
Highest price per share (Rs.)	44.50
Lowest price per share (Rs.)	23.00
Market capitalization (in rupees thousands)	4,395,090

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. S. M. Perera [Appointed w.e.f. 01/09/2022]
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 National Development Bank PLC Sampath Bank PLC DFCC 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