

CEYLON GUARDIAN INVESTMENT TRUST PLC

INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016

# **CEYLON GUARDIAN INVESTMENT TRUST PLC**

## **Managers' Review**

**For the period ended 30th September 2016**

### **Update on the market**

The quarter ending September 2016 saw the equity market extend its recovery with the All Share Price Index increasing by 4.00% and the S&P SL20 index by 9.61%. Market participation in term of daily average turnover saw a sharp increase in August with large stakes of NDB changing hands and interest shown in John Keells Holdings and Distilleries. Market direction continues to be dominated by economic news and events, with higher interest rates subduing market rallies. The Central bank increased policy rates in July 2016 resulting in the increase of overall market interest rates and investors finding the longer term debentures and government bonds more attractive. We continue to monitor credit growth and forex reserves which will be key determinants of central bank policy direction going forward.

Market capitalization of the CSE was Rs.2,79 billion as at end June 2016 which was lower than the Rs. 3 trillion mark achieved in December 2015. The CSE currently trades at a historical PER of 13.4x in line with its historical average. Subdued economic activity due to tighter monetary policy has resulted in earnings growth expectations at a moderate 14% for the current financial year based on our universe of stock coverage. As long term investors we view with concern that market growth has averaged – 0.74 % CAGR for the last 5 years.

The CSE recorded three consecutive months of foreign inflows with net foreign buying of Rs. 3.2 billion. This has been largely attributable to a spillover effect from global investors looking to emerging markets for higher returns and yields. Large disparities in economic growth rates between developed economies and emerging economies is a key fundamental reason for global investors to revisit the emerging market proposition. Furthermore, events such as Brexit, negative yields and economic growth concerns have resulted in the 'lower risk' labeling of developed economies coming into question.

Looking forward, current market valuations provide investors higher potential returns as the economy eventually moves into a better economic footing. Several companies on the CSE have begun expanding into regional markets providing a new platform of growth. New reforms and trade agreements with regional countries also provide brighter prospects for the Sri Lankan economy, as well as commitments into infrastructure projects. Investor expectations for policy consistency especially on taxation will impact confidence in markets going forward.

### **Financials and portfolio performance**

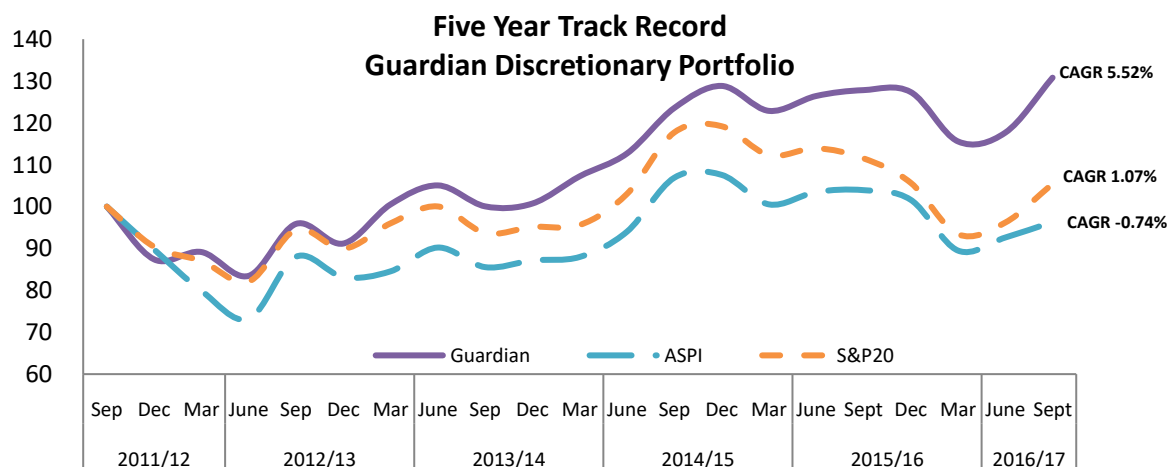
Ceylon Guardian Investment Trust PLC reported a consolidated profit after tax of Rs. 404.36 Mn for the period of six months ended 30<sup>th</sup> September 2016, compared to a profit of Rs. 774.44 Mn reported for the same period last year, a reflection of the subdued market activity when compared with last year. As at end September 2016 the Group's earnings per share stood at Rs. 3.64 and Net Asset Value when the portfolio is valued at market prices was Rs. 180.25 per share, a decline of 0.8 % for the period. This highlights a steep discount of 30% in the traded market price per share of Rs. 126.00.

As at	30/09/2016	31/03/2016	Change %
ASPI	6,534.77	6,072.00	7.6
NAV per share (Rs.)	180.25	181.77	(0.8)
Market price per share (Rs.)	126.00	119.70	5.3
Discount of NAV to market price per share	30%	34%	

The total portfolio depreciated from Rs. 19.43 Bn to Rs. 19.27 Bn during the period of review. The Ceylon Guardian portfolio is segmented into discretionary and non – discretionary components based on the ability to influence decision making on purchase and disposals. The discretionary component of the portfolio is made up of a trading portfolio and long term portfolio, which are actively managed. The non- discretionary component refers to the strategic holding. The composite performance is detailed below:

	As at			As at 30-Sep-16 (Dividend adjusted)	Dividend adjusted performance
	30-Sep-16	31-Mar-16	Change %		
Discretionary portfolio (Rs. '000) *	13,759,644	12,274,728	12.10%	14,072,107	14.64%
Total Portfolio (Rs.'000)*	19,277,972	19,428,117	-0.77%	19,590,435	0.84%
ASPI (Points)	6,534.77	6,071.88	7.62%		7.62%
S&P 20 (Points)	3,617.32	3,204.44	12.88%		12.88%

*\*After adding back the total cash outflow from the distribution of dividend by the Group which was Rs. 312.46 mn during the period.*



Despite outperforming the All Share Price Index by 6.26% CAGR over a five year period the return of the discretionary portfolio over this time period has been 5.52% CAGR. The 5 year CAGR -0.74% return provided by the All Share Price Index is pale in comparison to the Treasury bill return of 9.02%. We expect this anomaly to be rectified as Sri Lanka's economic development moves to a faster trajectory based on economic plans announced by the government.

The prevailing uncertainty for the CY 2016 in markets has provided Guardian an opportunity to deploy further cash into the equity market acquiring fundamentally strong companies that trade at a discount to their intrinsic values. During this financial year we took positions in Tokyo Cement due to its direct exposure to the growing construction industry, Softlogic due to a renewed management focus on core growth sectors and added onto our existing positions such as Sampath Bank, Hatton National Bank, Peoples Leasing and Finance, etc. We hold approximately 10.75% cash in the discretionary portfolio and will look to further increase equity exposure as opportunities arise. The discretionary portfolio remains largely bullish on the banking, finance & insurance sector, food & beverage sector and diversified sector. In terms of single company exposure the main stocks are to John Keells Holdings, Sampath Bank and Commercial Bank which are fundamentally strong and show strong growth potential.

On the private equity front we deployed LKR 45 Mn in Findmyfare (Pvt) Ltd during the quarter. Findmyfare is Sri Lanka's first and largest online travel agent. The company is strong in air tickets and plans to expand aggressively into the hotels, holiday packages, cruises and corporate sales. With respect to our joint venture initiative with Small Enterprise Assistance Funds (Pvt) Ltd, the marketing of the proposed PE fund has commenced, whilst necessary regulatory approvals are also in the process of being obtained.

Our unit trust business continues to grow attracting both corporate and retail investors. The confidence in Guardian from our unit trust investor base grows with AUM of the joint venture company Guardian Acuity growing by Rs.578.02 Mn up to 9 months ending Sept despite the overall industry declining by Rs.14.83 Bn during the same 9 months. Along with unit trust assets at Rs. 5.3 Bn and institutional client portfolios at Rs. 4.1 Bn, our total external funds under management stands at Rs. 9.4 Bn. Thus total actively managed assets collectively with the Guardian Group portfolio amounts to Rs. 23.2 bn, positioning us among the largest equity managers in the country.

Our successful strategy which has prevailed for well over a decade remains focused on a bottom up investment selection where it is very much investee company focused with a bias on medium to long term stock picking.

**Guardian Fund Management Limited**  
Investment Managers

07th November 2016

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			Six months ended			31.03.2016 Audited
	30th September			30th September			
	2016	2015	Change %	2016	2015	Change %	
<b>Revenue</b>	<b>172,105</b>	607,728	(72)	<b>359,136</b>	872,455	(59)	1,176,326
Impairment loss on available for sale financial assets	(17,799)	-	(100)	(29,517)	-	(100)	(95,232)
Net change in fair value of fair value through profit or loss financial assets	185,192	(1,283)	(14,534)	171,576	42,715	302	(211,643)
<b>Profit on investment activities</b>	<b>339,498</b>	606,445	(44)	<b>501,195</b>	915,170	(45)	869,451
Other operating income	-	-	-	-	198	(100)	198
Administrative and other operating expenses	(45,106)	(63,262)	(29)	(98,030)	(120,715)	(19)	(232,004)
<b>Profit from operations</b>	<b>294,392</b>	543,183	(46)	<b>403,165</b>	794,653	(49)	637,645
Net finance income/(expense)	(2,877)	(1,210)	138	5,091	(4,063)	(225)	(381)
<b>Profit from operations after net finance income/(expense)</b>	<b>291,515</b>	541,973	(46)	<b>408,256</b>	790,590	(48)	637,264
Share of profit of equity accounted investee net of tax	817	1,278	(36)	1,673	1,747	(4)	4,809
<b>Profit before taxation</b>	<b>292,332</b>	543,251	(46)	<b>409,929</b>	792,337	(48)	642,073
Income tax expense	(2,416)	(11,891)	(80)	(5,564)	(17,896)	(69)	(30,873)
<b>Profit for the period</b>	<b>289,916</b>	531,360	(45)	<b>404,365</b>	774,441	(48)	611,200
<b>Other comprehensive income</b>							
<b>Items that will never be reclassified to profit or loss</b>							
Actuarial gain on employee benefit obligation	-	-	-	-	-	-	93
<b>Items that are / or may be reclassified to profit or loss</b>							
Net change in fair value of available for sale financial assets	897,403	(420,481)	(313)	(257,891)	(466,121)	(45)	(7,592,354)
Transfer of realized gains on disposal of available for sale financial assets	15,077	(405,687)	(104)	(1,618)	(503,789)	(100)	(580,138)
Share of other comprehensive income / (expense) of equity accounted investee net of tax	559	(805)	(169)	1,022	(449)	(328)	955
Net exchange difference on translation of foreign operations	4,818	1,048	360	6,520	5,264	24	34,695
<b>Other comprehensive income / (expense) for the period</b>	<b>917,857</b>	(825,925)	(211)	<b>(251,967)</b>	(965,095)	(74)	(8,136,749)
<b>Total comprehensive income / (expense) for the period</b>	<b>1,207,773</b>	(294,565)	(510)	<b>152,398</b>	(190,654)	(180)	(7,525,549)
<b>Profit attributable to:</b>							
Equity holders of the parent	227,881	439,884	(48)	323,385	636,662	(49)	512,879
Non controlling interest	62,035	91,476	(32)	80,980	137,779	(41)	98,321
	<b>289,916</b>	531,360	(45)	<b>404,365</b>	774,441	(48)	611,200
<b>Total comprehensive income attributable to:</b>							
Equity holders of the parent	994,990	(222,846)	(546)	131,885	(141,286)	(193)	(6,179,746)
Non controlling interest	212,783	(71,719)	(397)	20,513	(49,368)	(142)	(1,345,803)
	<b>1,207,773</b>	(294,565)	(510)	<b>152,398</b>	(190,654)	(180)	(7,525,549)
<b>Earnings per share (Rs.)</b>	<b>2.57</b>	4.95		<b>3.64</b>	7.17		5.78
<b>Dividend per share (Rs.)*</b>	<b>-</b>	-		<b>-</b>	-		3.00

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 FINANCIAL POSITION

(All figures are in Sri Lankan Rupees '000)

As at 30th September	Group			Company		
	2016	2015	31.03.2016 Audited	2016	2015	31.03.2016 Audited
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	7,491	9,320	8,814	-	-	-
Intangible assets	231,917	231,917	231,917	-	-	-
Investment in subsidiaries	-	-	-	2,141,799	2,141,799	2,141,799
Investment in equity accounted investee	34,372	27,211	31,677	35,000	35,000	35,000
Available for sale financial assets	15,924,431	22,092,034	15,721,149	3,979,510	3,846,744	3,359,164
<b>Total non-current assets</b>	<b>16,198,211</b>	<b>22,360,482</b>	<b>15,993,557</b>	<b>6,156,309</b>	<b>6,023,543</b>	<b>5,535,963</b>
<b>Current assets</b>						
Trade and other receivables	21,224	23,318	55,700	1,748	4,640	113,087
Current tax assets	11,850	10,706	11,501	11,303	11,016	11,443
Fair value through profit or loss financial assets	2,851,144	3,059,224	2,661,626	248,242	222,902	285,555
Cash and cash equivalents	505,380	1,648,176	1,061,077	192,001	421,747	298,358
<b>Total current assets</b>	<b>3,389,598</b>	<b>4,741,424</b>	<b>3,789,904</b>	<b>453,294</b>	<b>660,305</b>	<b>708,443</b>
<b>Total assets</b>	<b>19,587,809</b>	<b>27,101,906</b>	<b>19,783,461</b>	<b>6,609,603</b>	<b>6,683,848</b>	<b>6,244,406</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	328,958	326,532	327,936	208,660	208,660	208,660
Revenue reserves	14,545,156	20,714,258	14,680,634	5,208,460	5,289,546	4,871,118
<b>Total equity attributable to equity holders of the parent</b>	<b>16,002,840</b>	<b>22,169,516</b>	<b>16,137,296</b>	<b>6,545,846</b>	<b>6,626,932</b>	<b>6,208,504</b>
Non controlling interest	3,435,205	4,763,653	3,414,692	-	-	-
<b>Total equity</b>	<b>19,438,045</b>	<b>26,933,169</b>	<b>19,551,988</b>	<b>6,545,846</b>	<b>6,626,932</b>	<b>6,208,504</b>
<b>Non-current liabilities</b>						
Employee benefits	10,799	11,282	9,528	-	-	-
<b>Total non-current liabilities</b>	<b>10,799</b>	<b>11,282</b>	<b>9,528</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>						
Trade and other payables	135,710	73,690	203,970	60,774	41,482	24,368
Current tax liabilities	272	77,689	2,240	-	13,919	-
Bank overdraft	2,983	6,076	15,735	2,983	1,515	11,534
<b>Total current liabilities</b>	<b>138,965</b>	<b>157,455</b>	<b>221,945</b>	<b>63,757</b>	<b>56,916</b>	<b>35,902</b>
<b>Total liabilities</b>	<b>149,764</b>	<b>168,737</b>	<b>231,473</b>	<b>63,757</b>	<b>56,916</b>	<b>35,902</b>
<b>Total equity and liabilities</b>	<b>19,587,809</b>	<b>27,101,906</b>	<b>19,783,461</b>	<b>6,609,603</b>	<b>6,683,848</b>	<b>6,244,406</b>

Net assets per ordinary/deferred share - Rs.

180.25      249.71      181.77      73.73      74.64      69.93

The Statement of Financial Position as at 30th September 2016 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 9 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**

Financial Controller

Carsons Management Services (Private) Limited.

Approved & Signed on behalf of the Investment Managers,

Approved & Signed on behalf of the Board,

(Sgd).

**W. Y. R. Fernando (Mrs.)**

Director

Guardian Fund Management Limited

(Sgd).

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

Chairperson

(Sgd).

**D. C. R. Gunawardena**

Director

07th November 2016

Colombo

**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 2015	953,167	326,981	21,350,696	22,630,844	4,827,637	27,458,481
Super gain tax for the year of Assessment 2013/14 *	-	-	(56,595)	(56,595)	(14,945)	(71,540)
Adjusted balance as at 1st April 2015	953,167	326,981	21,294,101	22,574,249	4,812,692	27,386,941
Profit for the year	-	-	512,879	512,879	98,321	611,200
Other comprehensive income / (expense) for the year	-	955	(6,693,581)	(6,692,626)	(1,444,123)	(8,136,749)
Total comprehensive income / (expense) for the year	-	955	(6,180,702)	(6,179,747)	(1,345,802)	(7,525,549)
Cash dividend	-	-	(263,509)	(263,509)	(57,319)	(320,828)
Scrip dividend	175,559	-	(175,673)	(114)	(3,127)	(3,241)
Effect due to change in shareholdings	-	-	176	176	6,561	6,737
Forfeiture of unclaimed dividends	-	-	6,241	6,241	1,687	7,928
Balance as at 31st March 2016 (Audited)	1,128,726	327,936	14,680,634	16,137,296	3,414,692	19,551,988
<b>Balance as at 1st April 2016</b>	<b>1,128,726</b>	<b>327,936</b>	<b>14,680,634</b>	<b>16,137,296</b>	<b>3,414,692</b>	<b>19,551,988</b>
Profit for the period	-	-	323,385	323,385	80,980	404,365
Other comprehensive income / (expense) for the period	-	1,022	(192,522)	(191,500)	(60,467)	(251,967)
Total comprehensive income for the period	-	1,022	130,863	131,885	20,513	152,398
Cash dividend	-	-	(266,341)	(266,341)	-	(266,341)
<b>Balance as at 30th September 2016 (Unaudited)</b>	<b>1,128,726</b>	<b>328,958</b>	<b>14,545,156</b>	<b>16,002,840</b>	<b>3,435,205</b>	<b>19,438,045</b>
Balance as at 1st April 2015	953,167	326,981	21,350,696	22,630,844	4,827,637	27,458,481
Super gain tax for the year of Assessment 2013/14 *	-	-	(56,595)	(56,595)	(14,945)	(71,540)
Adjusted balance as at 1st April 2015	953,167	326,981	21,294,101	22,574,249	4,812,692	27,386,941
Profit for the period	-	-	636,662	636,662	137,779	774,441
Other comprehensive expense for the period	-	(449)	(777,499)	(777,948)	(187,147)	(965,095)
Total comprehensive expense for the period	-	(449)	(140,837)	(141,286)	(49,368)	(190,654)
Effect due to change in shareholdings	-	-	176	176	6,561	6,737
Cash dividend	-	-	(263,509)	(263,509)	(3,105)	(266,614)
Scrip dividend	175,559	-	(175,673)	(114)	(3,127)	(3,241)
Balance as at 30th September 2015 (Unaudited)	1,128,726	326,532	20,714,258	22,169,516	4,763,653	26,933,169

\* As per the provisions of Part III of the Finance Act, No. 10 of 2015, although the Companies in the Group did not become liable to pay Super Gains Tax as standalone entities, Rs. 71.5 Mn was paid as Super Gain Tax on the basis that the Group is part of the Bukit Darah PLC group, of which the consolidated profit before tax exceeded the threshold stipulated in the aforesaid Act. According to the Act, the Super Gain Tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards and hence the expense of Super Gain Tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super gain tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24 November 2015.

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

(All figures are in Sri Lankan Rupees '000)

For the six months ended 30th September

	2016	2015	31.03.2016 Audited
<b>Cash flows from operating activities</b>			
Profit before taxation	409,929	792,337	642,073
<b>Adjustments for:</b>			
Share of profit of equity accounted investee net of tax	(1,673)	(1,747)	(4,809)
Depreciation on property, plant and equipment	1,629	1,491	3,097
Employee benefits obligation	1,272	1,247	2,637
Net finance (income) / expense	(5,091)	4,063	381
Impairment loss on available for sale financial assets	29,517	-	95,232
Net change in fair value of fair value through profit or loss financial assets	(171,576)	(42,715)	211,643
<b>Operating profit before working capital changes</b>	<b>264,007</b>	<b>754,676</b>	<b>950,254</b>
Decrease in trade and other receivables	34,476	39,302	6,920
Net increase in investments	(510,250)	(495,498)	(1,279,188)
(Increase) / decrease in trade and other payables	(22,138)	(58,551)	26,496
<b>Cash generated from / (used in) operations</b>	<b>(233,905)</b>	<b>239,929</b>	<b>(295,518)</b>
Employee benefit paid	-	-	(3,050)
Super gain tax paid	-	-	(71,540)
Income tax paid	(7,881)	(14,623)	(32,304)
<b>Net cash generated from / (used in) operating activities</b>	<b>(241,786)</b>	<b>225,306</b>	<b>(402,412)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(307)	(2,294)	(3,394)
Finance Income	253	945	628
Net cash generated from / (used in) investing activities	(54)	(1,349)	(2,766)
<b>Cash flows from financing activities</b>			
Dividend paid	(261,186)	(257,970)	(258,884)
Dividend paid to non-controlling interest	(51,277)	(86,677)	(86,816)
Subscriptions for units	-	6,737	6,737
Finance expense paid	4,838	(5,008)	(1,009)
<b>Net cash used in financing activities</b>	<b>(307,625)</b>	<b>(342,918)</b>	<b>(339,972)</b>
Net decrease in cash and cash equivalents	(549,465)	(118,961)	(745,150)
Cash and cash equivalents at the beginning of the period	1,045,342	1,755,797	1,755,797
Net exchange differences on translation of foreign operations	6,520	5,264	34,695
<b>Cash and cash equivalents at the end of the period</b>	<b>502,397</b>	<b>1,642,100</b>	<b>1,045,342</b>
<b>Statement of cash and cash equivalents</b>			
Short-term deposits	483,396	1,592,518	1,041,746
Cash at bank	21,984	55,658	19,331
Total cash and cash equivalents	505,380	1,648,176	1,061,077
Bank overdrafts	(2,983)	(6,076)	(15,735)
Net cash and cash equivalents for the purpose of statement of cash flows	502,397	1,642,100	1,045,342

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			Six months ended			31.03.2016 Audited
	30th September			30th September			
	2016	2015	Change %	2016	2015	Change %	
<b>Revenue</b>	<b>60,832</b>	217,094	(72)	<b>120,225</b>	335,532	(64)	601,591
Impairment loss on available for sale financial assets	(9,765)	-	(100)	(15,624)	-	(100)	(45,667)
Net change in fair value of fair value through profit or loss financial assets	20,945	(1,311)	(1,698)	31,805	13,980	128	(19,614)
<b>Profit on investment activities</b>	<b>72,012</b>	215,783	(67)	<b>136,406</b>	349,512	(61)	536,310
Other operating income	-	-	-	-	99	(100)	99
Administrative and other operating expenses	(16,010)	(32,236)	(50)	(39,204)	(56,613)	(31)	(109,200)
<b>Profit from operations</b>	<b>56,002</b>	183,547	(69)	<b>97,202</b>	292,998	(67)	427,209
Finance expense	(9)	-	100	(56)	(4)	1,300	(93)
<b>Profit before taxation</b>	<b>55,993</b>	183,547	(69)	<b>97,146</b>	292,994	(67)	427,116
Income tax expense	(881)	(1,786)	(51)	(2,039)	(3,099)	(34)	(6,214)
<b>Profit for the period</b>	<b>55,112</b>	181,761	(70)	<b>95,107</b>	289,895	(67)	420,902
<b>Other comprehensive income</b>							
Net change in fair value of available for sale financial assets	450,939	136,588	230	511,620	210,735	143	(306,415)
Transfer of realized gains on disposal of available for sale financial assets	126	(120,600)	(100)	(3,044)	(170,409)	(98)	(205,251)
<b>Other comprehensive income / (expense) for the period</b>	<b>451,065</b>	15,988	2,721	<b>508,576</b>	40,326	1,161	(511,666)
<b>Total comprehensive income / (expense) for the period</b>	<b>506,177</b>	197,749	156	<b>603,683</b>	330,221	83	(90,764)
<b>Earnings per share (Rs.)</b>	<b>0.62</b>	2.05		<b>1.07</b>	3.27		4.74
<b>Dividend per share (Rs.)*</b>	-	-		-	-		3.00

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 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 2015	953,167	208,660	5,412,426	6,574,253
Super gain tax for the year of Assessment 2013/14 *	-	-	(13,919)	(13,919)
Adjusted balance as at 1st April 2015	953,167	208,660	5,398,507	6,560,334
Profit for the year	-	-	420,902	420,902
Other comprehensive expense for the year	-	-	(511,666)	(511,666)
Total comprehensive expense for the year	-	-	(90,764)	(90,764)
Cash dividend	-	-	(263,509)	(263,509)
Scrip dividend	175,559	-	(175,673)	(114)
Forfeiture of unclaimed dividends	-	-	2,557	2,557
Balance as at 31st March 2016 (Audited)	1,128,726	208,660	4,871,118	6,208,504
<b>Balance as at 1st April 2016</b>	<b>1,128,726</b>	<b>208,660</b>	<b>4,871,118</b>	<b>6,208,504</b>
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>95,107</b>	<b>95,107</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>508,576</b>	<b>508,576</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>603,683</b>	<b>603,683</b>
<b>Cash dividend</b>	<b>-</b>	<b>-</b>	<b>(266,341)</b>	<b>(266,341)</b>
<b>Balance as at 30th September 2016 (Unaudited)</b>	<b>1,128,726</b>	<b>208,660</b>	<b>5,208,460</b>	<b>6,545,846</b>
Balance as at 1st April 2015	953,167	208,660	5,412,426	6,574,253
Super gain tax for the year of Assessment 2013/14 *	-	-	(13,919)	(13,919)
Adjusted balance as at 1st April 2015	953,167	208,660	5,398,507	6,560,334
Profit for the period	-	-	289,895	289,895
Other comprehensive income for the period	-	-	40,326	40,326
Total comprehensive income for the period	-	-	330,221	330,221
Cash dividend	-	-	(263,509)	(263,509)
Scrip dividend	175,559	-	(175,673)	(114)
Balance as at 30th September 2015 (Unaudited)	1,128,726	208,660	5,289,546	6,626,932

\* As per the provisions of Part III of the Finance Act, No. 10 of 2015, although the Company did not become liable to pay Super Gains Tax as standalone entity, Rs. 13.9 Mn was paid as Super Gain Tax on the basis that the Company is part of the Bukit Darah PLC group, of which the consolidated profit before tax exceeded the threshold stipulated in the aforesaid Act. According to the Act, the Super Gain Tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards and hence the expense of Super Gain Tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24 November 2015.

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

	2016	2015	31.03.2016 Audited
For the six months ended 30th September			
<b>Cash flows from operating activities</b>			
Profit before taxation	97,146	292,994	427,116
<b>Adjustments for:</b>			
Finance expense	56	4	93
Scrip dividend from subsidiaries	-	(57,987)	(57,987)
Impairment loss on available for sale financial assets	15,624	-	45,667
Net change in fair value of fair value through profit or loss financial assets	(31,805)	(13,980)	19,614
<b>Operating profit before working capital changes</b>	<b>81,021</b>	<b>221,031</b>	<b>434,503</b>
Decrease in trade and other receivables	111,339	170,819	62,372
Net (increase) / decrease in investments	(58,276)	178,774	(27,552)
Increase / (decrease) in trade and other payables	31,251	660	(12,983)
<b>Cash generated from / (used in) operations</b>	<b>165,335</b>	<b>571,284</b>	<b>456,340</b>
Super gain tax paid	-	-	(13,919)
Income tax paid	(1,899)	(1,866)	(5,408)
<b>Net cash generated from / (used in) operating activities</b>	<b>163,436</b>	<b>569,418</b>	<b>437,013</b>
<b>Cash flows from financing activities</b>			
Dividend paid	(261,186)	(257,970)	(258,884)
Finance expense paid	(56)	(4)	(93)
<b>Net cash used in financing activities</b>	<b>(261,242)</b>	<b>(257,974)</b>	<b>(258,977)</b>
Net increase / (decrease) in cash and cash equivalents	(97,806)	311,444	178,036
Cash and cash equivalents at the beginning of the period	286,824	108,788	108,788
<b>Cash and cash equivalents at the end of the period</b>	<b>189,018</b>	<b>420,232</b>	<b>286,824</b>
<b>Statement of cash and cash equivalents</b>			
Short-term deposits	185,011	412,337	296,489
Cash at bank	6,990	9,410	1,869
Total cash and cash equivalents	192,001	421,747	298,358
Bank overdraft	(2,983)	(1,515)	(11,534)
Net cash and cash equivalents for the purpose of statement of cash flows	189,018	420,232	286,824

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 2016.

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.

**2 Revenue**

For the six months ended	Company		Group	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Dividend income	77,202	133,713	238,737	224,596
Interest income	10,006	11,135	24,650	45,646
Net gain from disposal of fair value through profit or loss financial assets	8,811	3,735	36,783	53,241
Net gain from disposal of available for sale financial assets	24,206	186,949	54,139	544,946
Portfolio Management fees	-	-	4,827	4,026
	<b>120,225</b>	<b>335,532</b>	<b>359,136</b>	<b>872,455</b>

**3 Profit on portfolio activities**

The Group recorded a profit of Rs. 501.19 Mn and the Company recorded a profit of Rs. 136.4 Mn on investments activities for the six months ended 30th September 2016.

**4 Valuation of investment portfolio**

4.1 Group	Fair value	Fair value	Fair value
	As at	As at	As at
	30.09.2016	30.09.2015	31.03.2016
<b>Summary of investment portfolio</b>			
Available for sale financial assets (4.1.1)	15,924,431	22,092,034	15,721,149
Fair value through profit or loss financial assets (4.1.2)	2,851,144	3,059,224	2,661,626
	<b>18,775,575</b>	<b>25,151,258</b>	<b>18,382,775</b>

**4.1.1 Available for sale financial assets**

	Fair value	Fair value	Fair value
	as at	as at	as at
	30.09.2016	30.09.2015	31.03.2016
<b>Sector</b>			
Bank, Finance & Insurance	4,517,966	3,793,645	3,784,983
Beverage, Food & Tobacco	1,432,885	1,703,741	1,373,909
Constructions & engineering	176,784	156,710	134,693
Diversified	1,815,804	1,603,534	1,526,341
Footwear & Textiles	407,544	-	398,684
Healthcare	-	98,978	74,857
Hotels & Travels	261,683	282,218	286,372
Manufacturing	740,390	435,259	20,430
Motors	-	98,272	77,194
Oil Palms	5,518,328	13,072,304	7,153,389
Telecommunications	719,628	591,522	617,475
Unit trusts	98,463	122,217	120,370
	<b>15,689,475</b>	<b>21,958,400</b>	<b>15,568,697</b>
Unquoted investments	234,956	133,634	152,452
<b>Total investment in available for sale financial assets</b>	<b>15,924,431</b>	<b>22,092,034</b>	<b>15,721,149</b>

**4.1.2 Fair value through profit or loss financial assets**

	Fair value	Fair value	Fair value
	as at	as at	as at
	30.09.2016	30.09.2015	31.03.2016
<b>Sector</b>			
Bank, Finance & Insurance	708,630	743,678	686,380
Beverage, Food & Tobacco	153,320	235,900	188,761
Constructions & engineering	116,726	39,165	74,560
Diversified	410,474	439,422	413,667
Footwear & Textiles	18,608	18,340	23,209
Healthcare	38,634	50,090	53,014
Hotels & Travels	71,990	61,026	75,533
Land & Property	10,350	58,535	58,286
Manufacturing	245,644	59,126	56,063
Motors	-	6,641	-
Power & Energy	27,901	29,980	12,423
Telecommunications	71,502	-	71,095
Trading	-	7,674	7,012
Unit trusts	977,365	1,309,647	941,623
<b>Total investment in fair value through profit or loss financial assets</b>	<b>2,851,144</b>	<b>3,059,224</b>	<b>2,661,626</b>

The total fair value of the investment portfolio of the Group including cash and cash equivalents amounts to Rs. 19.27 Bn as at 30th September 2016 (2015 - Rs. 26.79 Bn).

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

**4 Valuation of Investment Portfolio (Continued)**

**4.2 Company**

	Fair value As at 30.09.2016	Fair value As at 30.09.2015	Fair value As at 31.03.2016
<b>Summary of investment portfolio</b>			
Available for sale financial assets (4.2.1)	3,979,510	3,846,744	3,359,164
Fair value through profit or loss financial assets (4.2.2)	248,242	222,902	285,555
	<b>4,227,752</b>	<b>4,069,646</b>	<b>3,644,719</b>

**4.2.1 Available for sale financial assets**

	Fair value As at 30.09.2016	Fair value As at 30.09.2015	Fair value As at 31.03.2016
<b>Sector</b>			
Bank, Finance & Insurance	1,906,252	1,861,021	1,607,244
Beverage, Food & Tobacco	1,008,692	1,089,590	913,239
Constructions & engineering	58,968	52,272	44,928
Diversified	117,180	159,030	123,039
Footwear & Textiles	200,261	-	195,908
Healthcare	-	61,686	46,653
Hotels & Travels	137,896	118,953	150,963
Manufacturing	321,600	213,642	-
Motors	-	54,496	42,807
Telecommunications	179,457	168,628	157,799
Unit Trusts	22,027	50,738	49,407
	<b>3,952,333</b>	<b>3,830,056</b>	<b>3,331,987</b>
Unquoted investments	27,177	16,688	27,177
<b>Total investments in available for sale financial assets</b>	<b>3,979,510</b>	<b>3,846,744</b>	<b>3,359,164</b>

**4.2.2 Fair value through profit or loss financial assets**

	Fair value As at 30.09.2016	Fair value As at 30.09.2015	Fair value As at 31.03.2016
<b>Sector</b>			
Bank, Finance & Insurance	96,072	95,243	88,136
Beverage, Food & Tobacco	31,416	36,424	27,322
Diversified	82,908	73,444	95,992
Healthcare	7,050	5,020	5,100
Hotels & Travels	10,681	12,771	8,127
Manufacturing	-	-	-
Power & Energy	7,423	-	-
Telecommunications	11,600	-	10,200
Unit trusts	1,092	-	50,678
<b>Total investments in fair value through profit or loss financial assets</b>	<b>248,242</b>	<b>222,902</b>	<b>285,555</b>

	As at 30.09.2016	As at 30.09.2015	As at 31.03.2016
<b>5 Price Index movements</b>			
All Share Price Index (points)	6,535	7,051	6,072
S&P SL 20 Index (points)	3,617	3,826	3,204

**6 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.

**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 2016.

**CEYLON GUARDIAN INVESTMENT TRUST PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

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

**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.1,128.7Mn which consists of 82,978,868 Ordinary Shares and 5,801,487 Fully paid Deferred Shares.

**11 Related party transactions**

For the six months ended 30th September	Group		Company	
	2016	2015	2016	2015
<b>Transactions with the parent company</b>				
Dividend paid	184,575	304,353	184,575	304,353
<b>Transactions with subsidiaries</b>				
Dividends received	-	-	-	74,256
Portfolio management fee paid	-	-	6,923	7,421
Business development fee paid	-	-	8,000	20,500
<b>Transactions with jointly controlled entity</b>				
Portfolio management fee received	2,400	1,860	-	-
<b>Transactions with affiliate companies</b>				
Dividends received	20,692	62,003	-	-
Receiving of services	17,386	18,538	5,968	6,435

**12 Twenty Major Shareholders as at 30th September 2016 - Ordinary shares**

Name of the Shareholder	No. of Shares	%
1 Carson Cumberbatch PLC A/C No.2	55,723,635	67.15
2 Thurston Investments Limited	3,139,814	3.78
3 Employees Provident Fund	2,969,515	3.58
4 GF Capital Global Limited	1,599,983	1.93
5 Mellon Bank N.A.- Commonwealth of Massachusetts	1,374,657	1.66
6 Miss G.I.A. De Silva	877,611	1.06
7 Mr. G.J.W. De Silva	877,232	1.06
8 Mrs. M.L. De Silva	866,837	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	623,178	0.75
13 Mr. H.A. Van Starrex	587,991	0.71
14 Employees Trust Fund Board	490,998	0.59
15 The Ceylon Desiccated Coconut and Oil Company Pvt Limited	386,550	0.47
16 Mrs. S.E. Lokhandwalla	358,502	0.43
17 Waldock Mackenzie Ltd / Mr. M.A.N. Yoosufali	356,523	0.43
18 Miss G.N.A. De Silva	353,250	0.43
19 Mr. O.D. Liyanage	266,443	0.32
20 Timex Garments (Pvt) Ltd	252,689	0.30

**13 Public Holding**

Ordinary Shares of the Company held by the public as at 30th September 2016 are as follows;

Number of public shareholders	1,595
Percentage of public holding	32.51%

**14 Directors Shareholding as at 30th September 2016**

	No. of shares
Mrs. M. A .R. C. Cooray	-
Mr. I. Paulraj (Resigned w.e.f. 15th August 2016)	257
Mr. D. C. R. Gunawardena	257
Mr. V. M. Fernando	-
Mr. K. Selvanathan	-
Mr. C. W. Knight	-
Mr.T. C. M. Chia	-
Mrs. W.Y.R. Fernando (Appointed Director w.e.f. 15th August 2016)	-

**15 Investor Information**

Market Performance - Ordinary Shares

For the three months ended

	30.09.2016
Market value per share (Rs.)	126.00
Highest price per share (Rs.)	150.00
Lowest price per share (Rs.)	120.00
Market capitalization (Rs. thousands)	10,455,337

## 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 Director's 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.I. Paulraj (Resigned w.e.f. 15th August 2016)  
Mr. D. C. R. Gunawardena  
Mr.V. M. Fernando  
Mr.K.Selvanathan  
Mr. C.W. Knight  
Mr.T.C.M. Chia  
Mrs. W.Y.R. Fernando (Appointed Director w.e.f. 15th August 2016)

### Number of Employees

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

### Bankers

Standard Chartered Bank  
HSBC  
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)