

GUARDIAN CAPITAL PARTNERS PLC

INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016

A CARSON CUMBERBATCH COMPANY.

GUARDIAN CAPITAL PARTNERS PLC

Managers' Review

For the period ended 30th September 2016

For the 6 months ended September 2016, Guardian Capital Partners PLC (GCP) recorded a profit of Rs.15.7 Mn and a total other comprehensive income of Rs. 43.0 Mn. The improvement in comprehensive income was primarily driven by a revaluation gain of Rs. 30 Mn recognized on hSenid Business Solutions (Pvt) Ltd. This adjustment was done as the company carried out a small fund raise of Rs. 13.4 Mn at a higher valuation than recognized in our books at present. However we wish to stress that this is only a book profit, hence is subject to change depending on valuations at future funding rounds or at the time of the exit.

During the quarter we invested LKR 45 Mn into Findmyfare (Pvt) Ltd. 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.

The total value of investments in unlisted companies as at 30th September stands at Rs. 207 Mn, increasing from Rs. 125 Mn relative to March 2016. The increase was on account of the new investment and value appreciation explained before. The largest unlisted position is LVL Energy Fund Ltd, followed by hSenid Business Solutions (Pvt) Ltd, Findmyfare (Pvt) Ltd, and Kashmi Singapore Pte Ltd. The value of the listed positions also increased to Rs. 106 Mn from Rs. 96 Mn recorded in March due to appreciation in prices on the CSE, and consists of Access Engineering PLC and Expolanka Holdings PLC. Due to depressed market prices we continued to hold on to these positions during the quarter as we believe the current prices are below their intrinsic worth.

Your company has Rs. 392 Mn of cash which has largely been invested in fixed income unit trusts, pending deployment. We are in the process of evaluating a few projects at present and look to finalize on some of them over the next two quarters.

With respect to our joint venture initiative with Small Enterprise Assistance Funds (SEAF), we have commenced approaching potential investors to raise funds in to the PE fund. Further we are also in the process of obtaining the required regulatory approvals for our investment.

Guardian Fund Management Limited

Investment Managers

07th November 2016

GUARDIAN CAPITAL PARTNERS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(All figures are in Sri Lankan Rupees '000)

	Three months ended 30th September			Six months ended 30th September			31.03.2016 Audited
	2016	2015	Change %	2016	2015	Change %	
Revenue	2,919	6,249	(53)	4,571	11,447	(60)	25,852
Net change in fair value of fair value through profit or loss financial assets	8,297	1,627	410	17,115	3,137	446	11,831
Profit on investment activities	11,216	7,876	42	21,686	14,584	49	37,683
Administrative and other operating expenses	(3,117)	(2,125)	47	(5,929)	(7,216)	(18)	(12,632)
Profit before taxation	8,099	5,751	41	15,757	7,368	114	25,051
Income tax expense	(75)	(953)	(92)	(75)	(2,008)	(96)	(3,228)
Profit for the period	8,024	4,798	67	15,682	5,360	193	21,823
Other comprehensive income							
Net change in fair value of available for sale financial assets	43,646	1,611	2,609	43,002	9,525	351	(6,563)
Other comprehensive income / (expense) for the period	43,646	1,611	2,609	43,002	9,525	351	(6,563)
Total comprehensive income for the period	51,670	6,409	706	58,684	14,885	294	15,260
Earnings per share (Rs.)	0.31	0.19		0.61	0.21		0.84
Dividend per share (Rs.) *	-	-		-	-		0.25

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

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

Figures in brackets indicate deductions/ negative changes.

GUARDIAN CAPITAL PARTNERS PLC
STATEMENT OF FINANCIAL POSITION
(All figures are in Sri Lankan Rupees '000)

As at 30th September	2016	2015	31.03.2016 (Audited)
ASSETS			
Non-current assets			
Available for sale financial assets	316,844	227,173	221,342
Total non-current assets	316,844	227,173	221,342
Current assets			
Other receivables	241	312	511
Current tax recoverable	-	-	25
Fair value through profit or loss financial assets	380,665	253,267	261,961
Cash and cash equivalents	12,242	178,260	174,808
Total current assets	393,148	431,839	437,305
Total assets	709,992	659,012	658,647
EQUITY AND LIABILITIES			
Equity			
Stated capital	513,656	513,656	513,656
Revenue reserves	191,694	137,937	133,010
Total equity	705,350	651,593	646,666
Current liabilities			
Other payables	4,599	5,749	11,717
Current tax payable	43	1,670	-
Bank overdraft	-	-	264
Total liabilities	4,642	7,419	11,981
Total equity and liabilities	709,992	659,012	658,647
Net assets per share (Rs.)	27.30	25.22	25.03

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 2 to 4 have been drawn up from unaudited accounts.

I certify that these Financial Statements comply with the requirements of the Companies Act No. 7 of 2007.

(Sgd).

V. R. Wijesinghe
Financial Controller
Carsons Management Services (Private) Limited

Approved & signed on behalf of the Investment Managers,

(Sgd).

W. Y. R. Fernando
Director
Guardian Fund Management Limited

07th November 2016
Colombo

Approved & signed on behalf of the Board,

(Sgd).

S. Mahendrarajah
Director

(Sgd).

D. C. R. Gunawardena
Director

GUARDIAN CAPITAL PARTNERS PLC
STATEMENT OF CHANGES IN EQUITY
(All figures are in Sri Lankan Rupees '000)

	Revenue reserves					
	Stated capital	Available for sale financial assets reserve	Fair value through profit or loss financial assets reserve	General reserve	Retained earning/ accumulated losses	Total equity
Balance as at 1st April 2015	513,656	16,701	130	619	125,254	656,360
Super gain tax for the year of Assessment 2013/14 *	-	-	-	-	(277)	(277)
Adjusted balance as at 1st April 2015	513,656	16,701	130	619	124,977	656,083
Profit for the year	-	-	-	-	21,823	21,823
Other comprehensive expense for the year	-	(6,563)	-	-	-	(6,563)
Total comprehensive income / (expense) for the year	-	(6,563)	-	-	21,823	15,260
Dividend	-	-	-	-	(25,834)	(25,834)
Forfeiture of unclaimed dividend	-	-	-	-	1,157	1,157
Transfers	-	-	11,831	-	(11,831)	-
Balance as at 31st March 2016 (Audited)	513,656	10,138	11,961	619	110,292	646,666
Balance as at 1st April 2016	513,656	10,138	11,961	619	110,292	646,666
Profit for the period	-	-	-	-	15,682	15,682
Other comprehensive income for the period	-	43,002	-	-	-	43,002
Total comprehensive income for the period	-	43,002	-	-	15,682	58,684
Balance as at 30th September 2016 (Unaudited)	513,656	53,140	11,961	619	125,974	705,350
Balance as at 1st April 2015	513,656	16,701	130	619	125,254	656,360
Super gain tax for the year of Assessment 2013/14 *	-	-	-	-	(277)	(277)
Adjusted balance as at 1st April 2015	513,656	16,701	130	619	124,977	656,083
Profit for the period	-	-	-	-	5,360	5,360
Other comprehensive income for the period	-	9,525	-	-	-	9,525
Total comprehensive income for the period	-	9,525	-	-	5,360	14,885
Dividend	-	-	-	-	(19,375)	(19,375)
Balance as at 30th September 2016 (Unaudited)	513,656	26,226	130	619	110,962	651,593

* 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. 277,000/- 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.

GUARDIAN CAPITAL PARTNERS PLC
STATEMENT OF CASH FLOWS
(All figures are in Sri Lankan Rupees '000.)

For the six months ended 30th September	2016	2015	31.03.2016 (Audited)
Cash flows from operating activities			
Profit before taxation	15,757	7,368	25,051
Net change in fair value of fair value through profit or loss financial assets	(17,115)	(3,137)	(11,831)
Operating profit / (loss) before changes in working capital	(1,358)	4,231	13,220
Increase in investments	(154,089)	(149,999)	(160,256)
(Increase) / decrease in trade and other receivables	270	161	(38)
Decrease in other payables	(712)	(826)	(150)
Cash used in operating activities	(155,889)	(146,433)	(147,224)
Income tax paid	(7)	(467)	(3,382)
Net cash used in operating activities	(155,896)	(146,900)	(150,606)
Cash flows from financing activities			
Dividend paid	(6,406)	(19,272)	(19,282)
Net cash used in financing activities	(6,406)	(19,272)	(19,282)
Net decrease in cash & cash equivalents during the period	(162,302)	(166,172)	(169,888)
Cash & cash equivalents at the beginning of the period	174,544	344,432	344,432
Cash & cash equivalents at the end of the period	12,242	178,260	174,544
Statement of cash and cash equivalents			
Short-term deposits	11,267	176,950	172,757
Cash at bank	975	1,310	2,051
Total cash and cash equivalents	12,242	178,260	174,808
Bank overdraft	-	-	(264)
Net cash and cash equivalents for the cash flow statement purpose	12,242	178,260	174,544

Figures in brackets indicate deductions/negative changes.

GUARDIAN CAPITAL PARTNERS 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 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.

2 Revenue

For the six months ended 30th September	2016	2015
Interest income	910	10,105
Dividend income	2,071	1,342
Net gain from disposal of fair value through profit or loss financial assets	1,590	-
	4,571	11,447

3 Summary of Investment Portfolio

	Fair value/ Cost as at 30.09.2016	Fair value/ Cost as at 30.09.2015	Fair value/ Cost as at 31.03.2016
Available for sale financial assets - quoted (3.1)	316,844	227,173	221,342
Fair value through profit or loss financial assets (3.2)	380,665	253,267	261,961
	697,509	480,440	483,303

3.1 Available for sale financial assets

(a) Investments in equity securities - Quoted

Access Engineering PLC	63,216	56,038	48,165
Expolanka Holdings PLC	45,863	56,130	47,916
	109,079	112,168	96,081

(b) Investments in equity securities (Private equity) - unquoted

hSenid Business Solutions (Pvt) Ltd.	70,009	40,005	40,005
Kashmi Singapore PTE. LTD	10,256	-	10,256
LVL Energy Fund Limited	82,500	75,000	75,000
Findmyfare Private Limited	45,000	-	-
	207,765	115,005	125,261
	316,844	227,173	221,342

3.2 Fair value through profit or loss financial assets

Guardian Acuity Money Market Gilt Fund	166,896	178,267	183,951
Guardian Acuity Money Market Fund	213,769	75,000	78,010
	380,665	253,267	261,961

4 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.

5 Contingent Liabilities and Capital Commitments

There were no material contingent liabilities and capital commitments since the last reporting date.

6 Liabilities for expenditure

There were no liabilities for management fees or any other similar expenditure not provided for in the Interim Financial Statements.

7 Comparative figures

Previous period's figures and phrases have been rearranged wherever necessary to conform to the current period's presentation.

8 Stated capital

Stated capital of the Company amounted to Rs. 513.7mn comprise of 25,833,808 fully paid ordinary shares.

GUARDIAN CAPITAL PARTNERS PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

(All figures are in Sri Lankan Rupees thousands, unless otherwise stated).

9 Related party transactions	2016	2015
Transactions with the parent company		
Dividend paid	-	16,270
Transactions with affiliate companies		
Receiving of services	2,567	2,361

10 Twenty major shareholders as at 30th September 2016

Name of the Shareholder	No. of Shares	%
1 Ceylon Guardian Investment Trust PLC	21,692,800	83.97
2 Carson Cumberbatch PLC	581,950	2.25
3 Union Investments Private Ltd	111,000	0.43
4 Bansci Securities Capital (Pvt) Ltd/S.M.T.B.Samarakoon	105,058	0.41
5 Mr. V. Nataraj	99,532	0.39
6 Mrs. V. Nataraj	99,532	0.39
7 Mr. M.P.D.D. Fernando	88,732	0.34
8 Natwest Nominees (Pvt) Limited	84,858	0.33
9 Wardley Investments (Pvt) Limited	84,858	0.33
10 Mr. J.P. Paul	82,477	0.32
11 Goodhope Holdings (Pvt) Limited	76,940	0.30
12 Mr. M. Selvanathan	63,409	0.25
13 Skan Investments (Pvt) Limited	51,774	0.20
14 First Capital Markets Limited /Mr.S.P.Jayakumar	50,139	0.19
15 Mr. M.W. De Silva	49,291	0.19
16 Mr. B.S. Goonesekera	49,090	0.19
17 Mr. M.S. Hiripitiya	42,196	0.16
18 Mr. H.A. Van Starrex	38,569	0.15
19 Mr. K.S.H. Mawellage	35,887	0.14
20 Mr. K.C. Vignarajah	29,926	0.12

11 Public holding

Ordinary Shares of the Company held by the public as at 30th September 2016 were as follows :

Number of public shareholders	2,304
Percentage of public holding	13.77%

12 Investor information

Share valuation

For the three months ended
30th September 2016

Market value per share (Rs.)	41.00
Highest price per share for the period (Rs.)	47.50
Lowest price per share for the period (Rs.)	38.30
Market capitalization (Rs. thousands)	1,059,186

13 Directors shareholdings

No. of shares held as at
30th September 2016

Mr. I. Paulraj	200
Mr. D. C. R. Gunawardena	25
Mr. S. Mahendrarajah	25
Mrs.W.Y.R. Fernando (Appointed w.e.f. 15th August 2016)	-

CORPORATE INFORMATION

Name of Company	Guardian Capital Partners PLC (A Carson Cumberbatch Company)
Company Registration No.	PQ 49
Legal Form	A Public Quoted Company with limited liability, incorporated in Sri Lanka in 1920
Principal activity and nature of operation	The principal activity of the company is to hold and manage a portfolio of private equity investments.
Parent and Ultimate Parent Entities	Ceylon Guardian Investment Trust PLC is the immediate Parent Company of Guardian Capital Partners PLC. In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Guardian Investment Trust PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Guardian Investment Trust PLC.
Directors	I. Paulraj (<i>Chairman</i>) D. C. R. Gunawardena S. Mahendrarajah Mrs.W.Y.R. Fernando (Appointed w.e.f. 15th August 2016)
Alternate Director	S. Mahendrarajah (for I. Paulraj)
Bankers	Standard Chartered Bank Commercial Bank of Ceylon PLC Deutsche Bank AG
Auditors	Messrs. KPMG Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03 Sri Lanka.
Managers	Carsons Management Services (Private) Limited 61, Janadhipathi Mawatha, Colombo 01 Sri Lanka. Telephone No: +94-11-2039200 Fax No: +94-11-2039300
Investment Managers	Guardian Fund Management Limited 61, Janadhipathi Mawatha, Colombo 01 Sri Lanka Telephone No: +94-11-2039200 Fax No: +94-11-2439777
Registered Office	61, Janadhipathi Mawatha, Colombo 01 Sri Lanka Telephone No: +94-11-2039200 Fax No: +94-11-2039300
Corporate Website	www.carsoncumberbatch.com