

GUARDIAN CAPITAL PARTNERS PLC

INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2020

A CARSON CUMBERBATCH COMPANY.

GUARDIAN CAPITAL PARTNERS PLC

Mangers' Review

For the period ended 30th September 2020

The business and economic environment continues to be challenged by the effects of Covid 19. After the easing of lockdowns in mid-May we witnessed an improvement in business activity and sentiment. However with the resurgence of the virus since early October, lockdowns and movement restrictions have been re-introduced in the Western Province and other selected areas in order to control the spread. As at the time of writing, these restrictions have been relaxed. These measures however will hamper the recovery seen and further delay the return to normalcy.

Our investment in the online travel agency business continues to be impacted by the shutdown of the Bandaranaike International Airport. Our investment in the HR Software vertical continued to function within the constrained Covid 19 environment, both in Sri Lanka as well as its international markets. Continuous focus on cost control, working capital management and project implementation has enabled the company to navigate the challenging environment relatively well.

Given the highly volatile, uncertain business environment and unique circumstances faced by these companies, the valuations of the unlisted investments were reviewed as at 30th September. We would like to reiterate that the valuation assessment done on the unlisted investments have been done based on the information available at the time and are subject to a high degree of uncertainty given the situation as explained above

Accordingly, the value of the investment in the HR Software vertical was revised upwards by 15.7% primarily due to the better than expected performance recorded during the 1st half. However, the investment in the online travel agency space was revised down by a further 12.7%. This was due to an increase in borrowing levels and the environment for fund raisings becoming more challenging due to the recovery of international travel being further delayed.

For the period ending 30th September 2020, the company recorded a profit of Rs. 76.2 Mn up from the Rs. 30.6 Mn recorded last year. This was primarily due to the recovery in the share price of LVL Energy Fund PLC from Rs. 4.20 to Rs. 9.30 as at 30th September 2020 and the net gain of Rs. 12.4 Mn recorded on the revaluation of the unlisted investments as mentioned above. Revenue recorded for the quarter dropped due to a reduction in interest income, dividend income and reduced gains recorded on fixed income unit trust investments.

Disposal of 83.97% Stake of the Company Held by Ceylon Guardian Investment Trust PLC

As disclosed on the 23rd of September 2020 the Company together with its parent, Ceylon Guardian Investment Trust PLC has entered into a Share Sale and Purchase Agreement ("SSPA") with Gazelle Asset Management Pte Ltd ("Gazelle"). The purchase consideration per share will be determined based on the net asset value of the Company as at a date mutually agreed by the parties prior to the transaction, plus a premium of Rs. 40,000,000/-. The transaction is subject to certain conditions precedent contained in the said SSPA including obtaining shareholder approval for substantially altering the nature of the business carried on by the Company under section 185 (2) (d) of the Companies Act, No 07 of 2007. A Notice and Circular to shareholders will follow in due course, convening an Extra Ordinary General Meeting of Shareholders.

Considering the prevailing situation in the country due to the escalation of COVID-19 and the current health guidelines imposed by the Government, there could be a delay in convening the EGM.

Guardian Fund Management Limited

Investment Managers
12th November 2020

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			31.03.2020 Audited
	2020	2019	Change %	2020	2019	Change %	
Revenue	6,568	15,709	(58)	13,941	28,914	(52)	58,259
Net change in fair value of fair value through profit or loss financial assets	38,784	6,821	469	67,631	11,043	512	(44,318)
Profit on investment activities	45,352	22,530	101	81,572	39,957	104	13,941
Administrative and other operating expenses	(1,418)	(1,176)	21	(2,161)	(2,615)	(17)	(6,703)
Profit from operations	43,934	21,354	106	79,411	37,342	113	7,238
Income tax expense	(1,720)	(4,782)	(64)	(3,254)	(6,766)	(52)	(10,054)
Profit / (loss) for the period	42,214	16,572	155	76,157	30,576	149	(2,816)
Other comprehensive income							
Items that are or may be reclassified to profit or loss	-	-	-	-	-	-	-
Other comprehensive income/ (expense) for the period	-	-	-	-	-	-	-
Total comprehensive income / (expense) for the period	42,214	16,572	155	76,157	30,576	149	(2,816)
Earnings / (loss) per share (Rs.)	1.63	0.64		2.95	1.18		(0.11)
Dividend per share (Rs.)*	-	-		-	-		-

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

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

Figures in brackets indicate deductions

GUARDIAN CAPITAL PARTNERS PLC
STATEMENT OF FINANCIAL POSITION

(All figures are in Sri Lankan Rupees '000)

As at 30th September 2020 2019 31.03.2020
(Audited)

ASSETS

Current assets

Fair value through profit or loss financial assets	248,011	228,186	182,964
Other receivables	527	29	81
Investment in unit trusts	101,513	502,102	257,058
Cash and cash equivalents	426,327	5,297	257,936
Total current assets	776,378	735,614	698,039
Total assets	776,378	735,614	698,039

EQUITY AND LIABILITIES

Equity

Stated capital	513,656	513,656	513,656
Revenue reserves	254,843	212,078	178,686
Total equity	768,499	725,734	692,342

Current liabilities

Other payables	5,940	2,953	4,944
Current tax payable	1,939	6,927	753
Total current liabilities	7,879	9,880	5,697
Total equity and liabilities	776,378	735,614	698,039

Net assets per share (Rs.) 29.75 28.09 26.80

The Statement of Financial Position as at 30th September 2020 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

Director - Finance

Carsons Management Services (Private) Limited

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved & signed on behalf of the Investment Managers,

Approved & signed on behalf of the Board,

(Sgd).

K. Selvanathan

Director

Guardian Fund Management Limited

Colombo

12th November 2020

(Sgd).

D. C. R. Gunawardena

Director

(Sgd).

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

Director

GUARDIAN CAPITAL PARTNERS PLC
STATEMENT OF CHANGES IN EQUITY

(All figures are in Sri Lankan Rupees '000)

	Stated capital	Revenue reserves	Total equity
Balance as at 1st April 2019	513,656	181,502	695,158
Loss for the period	-	(2,816)	(2,816)
Other comprehensive income for the period	-	-	-
Total comprehensive expense for the period	-	(2,816)	(2,816)
Balance as at 31st March 2020 (Audited)	513,656	178,686	692,342
Balance as at 1st April 2020	513,656	178,686	692,342
Profit for the period	-	76,157	76,157
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	76,157	76,157
Balance as at 30th September 2020 (Unaudited)	513,656	254,843	768,499
Balance as at 1st April 2019	513,656	181,502	695,158
Profit for the period	-	30,576	30,576
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	30,576	30,576
Balance as at 30th September 2019 (Unaudited)	513,656	212,078	725,734

GUARDIAN CAPITAL PARTNERS PLC
STATEMENT OF CASH FLOWS

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

For the six months ended 30th September	2020	2019	31.03.2020 (Audited)
Cash flows from operating activities			
Profit from operations	79,411	37,342	7,238
Net change in fair value of fair value through profit or loss financial assets	(67,631)	(11,043)	44,318
Operating profit before changes in working capital	11,780	26,299	51,556
Decrease / (increase) in investments	158,129	(405,603)	(170,698)
Decrease / (increase) in other receivables	(446)	613	561
Decrease in investment in fixed deposits	-	215,102	215,102
Increase / (decrease) in other payable	996	(1,076)	917
Cash generated from / (used in) operating activities	170,459	(164,665)	97,438
Income tax paid	(2,068)	(5,110)	(14,572)
Net cash generated from / (used in) operating activities	168,391	(169,775)	82,866
Cash flows from financing activities			
Dividend paid	-	(1,531)	(1,533)
Net cash used in financing activities	-	(1,531)	(1,533)
Net increase / (decrease) in cash & cash equivalents during the period	168,391	(171,306)	81,333
Cash & cash equivalents at the beginning of the period	257,936	176,603	176,603
Cash & cash equivalents at the end of the period	426,327	5,297	257,936
Statement of cash and cash equivalents			
Placement with banking institutions	367,375	-	250,223
Securities purchased under resale agreements	5,439	4,434	5,845
Cash at bank	53,513	863	1,868
Total Cash and cash equivalents	426,327	5,297	257,936

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 2020.

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	2020	2019
Interest income on financial assets carried at amortized cost	9,067	11,063
Dividend income	3,504	5,570
Net gain from disposal of financial assets measured at fair value through profit or loss	1,370	12,281
	13,941	28,914

3 Summary of Investment Portfolio

		Fair value as at 30.09.2020	Fair value as at 30.09.2019	Fair value as at 31.03.2020
Fair value through profit or loss financial assets	Fair value hierarchy			
Current Assets				
Investment in Equity Securities - Quoted Shares (3.1 (a))	Level 1	95,906	78,425	43,313
Investment in Equity Securities- Private Equity- Unquoted (3.1 (b))	Level 3	152,105	149,761	139,651
		248,011	228,186	182,964
Investment in Unit Trusts				
Investment in Unit Trusts -Unquoted (3.2)	Level 2	101,513	502,102	257,058

3.1 Investment in Equity Securities

	Fair value as at 30.09.2020	Fair value as at 30.09.2019	Fair value as at 31.03.2020
(a) Investment in Equity Securities- Quoted Shares			
Access Engineering PLC	-	24	-
Expolanka Holdings PLC	-	26	-
LVL Energy Fund PLC	95,906	78,375	43,313
	95,906	78,425	43,313
(b) Investment in Equity Securities- Private Equity (Unquoted)			
hSenid Business Solutions (Pvt) Ltd.	123,157	80,000	106,472
Findmyfare Private Limited	28,948	69,761	33,179
	152,105	149,761	139,651

3.2 Investment in Unit Trusts

	Fair value as at 30.09.2020	Fair value as at 30.09.2019	Fair value as at 31.03.2020
Guardian Acuity Money Market Fund	101,513	502,102	257,058
	101,513	502,102	257,058

4 Impact of COVID-19

As at 30th September 2020, the Company maintained 68% of its assets in cash and cash equivalents and investment in unit trusts. The Company has valued its private equity investments taking into consideration the estimated impact of COVID-19 on respective private equity investee companies.

Further, considering the prevailing situation in the country due to the escalation of COVID-19 and the current health guidelines imposed by the Government, there could be a delay in convening the EGM as per the Announcement made to the Colombo Stock Exchange on 23rd September 2020, titled 'the Disposal of majority holding in Guardian Capital Partners PLC by Ceylon Guardian Investment Trust PLC'.

5 Disposal of majority holding in Guardian Capital Partners PLC by Ceylon Guardian Investment Trust PLC

The Company together with its parent Company, Ceylon Guardian Investment Trust PLC ("CGIT"), have entered into a share sales and purchase agreement ("SSPA") with Gazelle Asset Management Pte Ltd (GAZELLE") for the sale of 21,692,800 ordinary shares being 83.97% stake held by CGIT of the Company to GAZELLE. The purchase consideration per share will be determined based on the net asset value of the Company as at a date mutually agreed by the parties prior to the transaction plus a premium of LKR 40,000,000. The transaction is subject to certain conditions precedent contained in the said SSPA including obtaining shareholder approval for substantially altering the nature of the business carried on by the Company under section 185 (2) (d) of the Companies Act, No 07 of 2007. A Notice and Circular to shareholders will follow in due course, convening an Extra Ordinary General Meeting of Shareholders.

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.

GUARDIAN CAPITAL PARTNERS PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

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

7 Contingent Liabilities and Capital Commitments

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

8 Liabilities for expenditure

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

9 Comparative figures

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

10 Stated capital

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

11 Related party transactions

For six months ended 30th September **2020** **2019**

Transactions with affiliate companies

Receiving of services **237** **237**

12 Twenty major shareholders as at 30th September 2020

Name of the Shareholder	No. of Shares	%
1 Ceylon Guardian Investment Trust PLC A/C No 3	21,692,800	83.97
2 Carson Cumberbatch PLC A/C No.2	581,950	2.25
3 Union Investments Private Ltd	111,000	0.43
4 Mr. V. Nataraj	99,532	0.39
5 Mrs. V. Nataraj	99,532	0.39
6 Natwest Nominees (Pvt) Limited.	84,858	0.33
7 Wardley Investments (Pvt) Limited	84,858	0.33
8 Bansi Securities Capital (Pvt) Ltd/S.M.T.B.Samarakoon	77,147	0.30
9 Goodhope Holdings(Pvt) Limited.	76,940	0.30
10 Mrs. H.R.P. Sanjeevani	69,008	0.27
11 Mr. M. Selvanathan	63,409	0.25
12 Dialog Finance PLC /R.Collom	58,567	0.23
13 Skan Investments (Pvt) Limited.	51,774	0.20
14 Mr. J.P. Paul	51,698	0.20
15 Mr. S.P. Jayakumar	50,139	0.19
16 Merchant Bank of Sri Lanka & Finance PLC/W B R Somaweera	49,700	0.19
17 Mr. M.W. De Silva	49,291	0.19
18 Mr. B.S. Goonesekera	49,090	0.19
19 Mr. M.S. Hiripitiya	43,870	0.17
20 Dr. R.M.N.K. Ranasingha	36,425	0.14

13 Public holding

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diri Savi Board as per Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange, under Option 2, i.e. Float-Adjusted Market Capitalization of less than Rs.1 Billion with 200 Public Shareholders and a Public Holding percentage of 10%.

The Company's Public Holding as at 30th September 2020;

Market Capitalization of the Public Holding	Rs.128.12 Million
Percentage of ordinary shares held by the public	12.91%
Number of public shareholders	2,109

14 Investor information

Share valuation	For the three months ended 30th September 2020
Market value per share (Rs.)	38.40
Highest price per share for the period (Rs.)	44.70
Lowest price per share for the period (Rs.)	21.00
Market capitalization (Rs. thousands)	992,018

15 Directors shareholdings

	No. of shares held as at 30th September 2020
Mr. I. Paulraj (vacated office w.e.f. 31/05/2020 / Appointed w.e.f. 17/07/2020)	200
Mr. D. C. R. Gunawardena	25
Mr. S. Mahendrarajah (Director / Ceased to be Alternate to Mr. I. Paulraj w.e.f. 31/05/2020)	25
Mrs. M. A. R. C. Cooray (vacated office w.e.f. 31/05/2020 / Appointed w.e.f. 17/07/2020)	-
Mr. K. Selvanathan	-

CORPORATE INFORMATION

Name of Company	Guardian Capital Partners PLC <i>(A Carson Cumberbatch Company)</i>
Company Registration No.	PQ 49
Legal Form	A Public Quoted Company listed on the Diri Sari Board of the Colombo stock exchange 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	Mr. I. Paulraj - Chairman (vacated office w.e.f. 31/05/2020 / Appointed w.e.f. 17/07/2020) Mr. D. C. R. Gunawardena Mr. S. Mahendrarajah (Director / Ceased to be Alternate to Mr. I. Paulraj w.e.f. 31/05/2020) Mr. K. Selvanathan Mrs. M. A. R. C. Cooray (vacated office w.e.f. 31/05/2020 / Appointed w.e.f. 17/07/2020)
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 & Secretaries	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: +94-11-2039385
Registered Office	61, Janadhipathi Mawatha, Colombo 01 Sri Lanka Telephone No: +94-11-2039200 Fax No: +94-11-2039300
Corporate Website	www.carsoncumberbatch.com