

# GUARDIAN CAPITAL PARTNERS PLC

INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2017

A CARSON CUMBERBATCH COMPANY.

**GUARDIAN CAPITAL PARTNERS PLC**  
**Managers' Review**  
**For the period ended 30th September 2017**

Deal flow in the 1st half of 2017 slowed down relative to last year, with Q2 deal flow coming in weaker than Q1. The deals evaluated did not meet our investment criteria and hence no new investments were made during the period.

We continue to explore avenues to exit two investments, and hope to conclude the process over the next couple of quarters.

For the 6 months ended September 2017, Guardian Capital Partners PLC (GCP) recorded a loss of Rs.29.9 mn and a total comprehensive expense of Rs. 24.6 mn. The loss recorded was primarily due to an impairment of Rs. 42.1 mn made against the investment in Swiss Institute for Service Industry Development (Pvt) Ltd, as reported in Q1, due to an alleged misappropriation of funds in the said investee company.

Administration costs increased due to costs incurred with respect to legal proceeding and other settlements with respect to Swiss Institute.

**Guardian Fund Management Limited**  
Investment Managers

6th November 2017

**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			31.03.2017 Audited
	2017	2016	Change %	2017	2016	Change %	
<b>Revenue</b>	<b>5,234</b>	2,919	79	<b>5,521</b>	4,571	21	48,342
Impairment loss on available for sale financial assets	-	-		<b>(42,118)</b>	-	(100)	-
Net change in fair value of fair value through profit or loss financial assets	<b>5,696</b>	8,297	(31)	<b>14,889</b>	17,115	(13)	839
<b>Profit / (loss) on investment activities</b>	<b>10,930</b>	11,216	(3)	<b>(21,708)</b>	21,686	(200)	49,181
Administrative and other operating expenses	<b>(3,735)</b>	(3,117)	20	<b>(7,970)</b>	(5,929)	34	(13,221)
<b>Profit / (loss) before taxation</b>	<b>7,195</b>	8,099	(11)	<b>(29,678)</b>	15,757	(288)	35,960
Income tax expense	<b>(232)</b>	(75)	209	<b>(232)</b>	(75)	209	172
<b>Profit / (loss) for the period</b>	<b>6,963</b>	8,024	(13)	<b>(29,910)</b>	15,682	(291)	36,132
<b>Other comprehensive income</b>							
Net change in fair value of available for sale financial assets	<b>(4,561)</b>	43,646	(110)	<b>5,316</b>	43,002	(88)	50,731
<b>Other comprehensive income / (expense) for the period</b>	<b>(4,561)</b>	43,646	(110)	<b>5,316</b>	43,002	(88)	50,731
<b>Total comprehensive income / (expense) for the period</b>	<b>2,402</b>	51,670	(95)	<b>(24,594)</b>	58,684	(142)	86,863
<b>Earnings / (loss) per share (Rs.)</b>	<b>0.27</b>	0.31		<b>(1.16)</b>	0.61		1.40
<b>Dividend per share (Rs.) *</b>	-	-		-	-		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	2017	2016	31.03.2017 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Available for sale financial assets	329,889	316,844	366,691
<b>Total non-current assets</b>	<b>329,889</b>	<b>316,844</b>	<b>366,691</b>
<b>Current assets</b>			
Other receivables	3,985	241	88
Current tax recoverable	2,247	-	636
Fair value through profit or loss financial assets	367,233	380,665	360,839
Cash and cash equivalents	5,559	12,242	10,617
<b>Total current assets</b>	<b>379,024</b>	<b>393,148</b>	<b>372,180</b>
<b>Total assets</b>	<b>708,913</b>	<b>709,992</b>	<b>738,871</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	513,656	513,656	513,656
Revenue reserves	188,821	191,694	219,873
<b>Total equity</b>	<b>702,477</b>	<b>705,350</b>	<b>733,529</b>
<b>Current liabilities</b>			
Other payables	5,401	4,599	5,342
Current tax payable	-	43	-
Bank overdraft	1,035	-	-
<b>Total liabilities</b>	<b>6,436</b>	<b>4,642</b>	<b>5,342</b>
<b>Total equity and liabilities</b>	<b>708,913</b>	<b>709,992</b>	<b>738,871</b>
Net assets per share (Rs.)	27.19	27.30	28.39

The Statement of Financial Position as at 30th September 2017 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**  
Head of Finance  
Carsons Management Services (Private) Limited

Approved & signed on behalf of the Investment Managers,

(Sgd).  
**K. Selvanathan**  
Director  
Guardian Fund Management Limited

6th November 2017

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					Total equity
	Stated capital	Available for sale financial assets reserve	Fair value through profit or loss financial assets reserve	General reserve	Retained earning	
Balance as at 1st April 2016	513,656	10,138	11,961	619	110,292	646,666
Profit for the year	-	-	-	-	36,132	36,132
Other comprehensive expense for the year	-	50,731	-	-	-	50,731
Total comprehensive income / (expense) for the year	-	50,731	-	-	36,132	86,863
Transfers	-	-	(11,122)	-	11,122	-
Balance as at 31st March 2017 (Audited)	513,656	60,869	839	619	157,546	733,529
<b>Balance as at 1st April 2017</b>	<b>513,656</b>	<b>60,869</b>	<b>839</b>	<b>619</b>	<b>157,546</b>	<b>733,529</b>
Loss for the period	-	-	-	-	(29,910)	(29,910)
Other comprehensive income for the period	-	5,316	-	-	-	5,316
Total comprehensive income / (expense) for the period	-	5,316	-	-	(29,910)	(24,594)
Dividend	-	-	-	-	(6,458)	(6,458)
Balance as at 30th September 2017 (Unaudited)	513,656	66,185	839	619	121,178	702,477
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

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

For the six months ended 30th September	2017	2016	31.03.2017 (Audited)
<b>Cash flows from operating activities</b>			
Profit / (loss) before taxation	(29,678)	15,757	35,960
Impairment loss on available for sale financial assets	42,118	-	-
Net change in fair value of fair value through profit or loss financial assets	(14,889)	(17,115)	(839)
<b>Operating profit / (loss) before changes in working capital</b>	<b>(2,449)</b>	<b>(1,358)</b>	<b>35,121</b>
Increase / (decrease) in investments	8,495	(154,089)	(192,657)
(Increase) / decrease in trade and other receivables	(3,897)	270	423
Increase / (decrease) in other payables	(5)	(712)	32
<b>Cash generated from / (used in) operating activities</b>	<b>2,144</b>	<b>(155,889)</b>	<b>(157,081)</b>
Income tax paid	(1,843)	(7)	(439)
<b>Net cash generated from / (used in) operating activities</b>	<b>301</b>	<b>(155,896)</b>	<b>(157,520)</b>
<b>Cash flows from financing activities</b>			
Dividend paid	(6,394)	(6,406)	(6,407)
<b>Net cash used in financing activities</b>	<b>(6,394)</b>	<b>(6,406)</b>	<b>(6,407)</b>
<b>Net decrease in cash &amp; cash equivalents during the period</b>	<b>(6,093)</b>	<b>(162,302)</b>	<b>(163,927)</b>
Cash & cash equivalents at the beginning of the period	10,617	174,544	174,544
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>4,524</b>	<b>12,242</b>	<b>10,617</b>
<b>Statement of cash and cash equivalents</b>			
Short-term deposits	4,888	11,267	8,256
Cash at bank	671	975	2,361
Total cash and cash equivalents	5,559	12,242	10,617
Bank overdraft	(1,035)	-	-
Net cash and cash equivalents for the cash flow statement purpose	4,524	12,242	10,617

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 2017.

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**

<b>For the six months ended 30th September</b>	<b>2017</b>	<b>2016</b>
Interest income	1,052	910
Dividend income	1,365	2,071
Net gain from disposal of fair value through profit or loss financial assets	3,104	1,590
	<b>5,521</b>	<b>4,571</b>

**3 Summary of Investment Portfolio**

	<b>Fair value/ Cost as at 30.09.2017</b>	<b>Fair value/ Cost as at 30.09.2016</b>
Available for sale financial assets - quoted (3.1)	329,889	316,844
Fair value through profit or loss financial assets (3.2)	367,233	380,665
	<b>697,122</b>	<b>697,509</b>

**3.1 Available for sale financial assets**

**(a) Investments in equity securities - Quoted**

Access Engineering PLC	59,744	63,216
Expolanka Holdings PLC	41,756	45,863
	<b>101,500</b>	<b>109,079</b>

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

hSenid Business Solutions (Pvt) Ltd.	70,008	70,009
Kashmi Singapore PTE. LTD	10,256	10,256
LVL Energy Fund Limited	103,125	82,500
Findmyfare Private Limited	45,000	45,000
Swiss Institute for Service Industry Development	-	-
	<b>228,389</b>	<b>207,765</b>
	<b>329,889</b>	<b>316,844</b>

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

Guardian Acuity Money Market Gilt Fund	160,700	166,896
Guardian Acuity Money Market Fund	206,533	213,769
	<b>367,233</b>	<b>380,665</b>

**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** **2017** **2016**

**Transactions with the parent company**

Dividend paid	5,423	-
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**Transactions with affiliate companies**

Receiving of services	3,360	2,567
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**10 Twenty major shareholders as at 30th September 2017**

	<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
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	Bansei Securities Capital (Pvt) Ltd/S.M.T.B.Samara	93,401	0.36
7	Mr. M.P.D.D. Fernando	93,041	0.36
8	Natwest Nominees ( Pvt) Limited.	84,858	0.33
9	Wardley Investments ( Pvt ) Limited	84,858	0.33
10	Mr. J.P. Paul	83,173	0.32
11	Goodhope Holdings(Pvt) Limited.	76,940	0.30
12	Sandwave Limited	64,804	0.25
13	Mr. M. Selvanathan	63,409	0.25
14	Skan Investments (Pvt) Limited.	51,774	0.20
15	First Capital Markets Limited/Mr.S.P.Jayakumar	50,139	0.19
16	Mr. M.W. De Silva	49,291	0.19
17	Mr. B.S. Goonesekera	49,090	0.19
18	Mr. M.S. Hiripitiya	42,196	0.16
19	Mr. H.A. Van Starrex	38,569	0.15
20	Mr. K.S.H. Mawellage	35,887	0.14

**11 Public holding**

Ordinary Shares of the Company held by the public as at 30th September 2017 were as follows :

Number of public shareholders	2,153
Percentage of public holding	13.61%

**12 Investor information**

**Share valuation**

**For the three months ended  
30th September 2017**

Market value per share (Rs.)	37.90
Highest price per share for the period (Rs.)	41.50
Lowest price per share for the period (Rs.)	34.00
Market capitalization (Rs. thousands)	979,101

**13 Directors shareholdings**

**No. of shares held as at  
30th September 2017**

Mr. I. Paulraj	200
Mr. D. C. R. Gunawardena	25
Mr. S. Mahendrarajah	25
Mrs.W.Y.R. Fernando (Resigned w.e.f 30 September 2017)	-
Mrs. M.A.R.C. Cooray	-
Mr. K. Selvanathan (Appointed w.e.f 30 September 2017)	-

## 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 (Director and Alternate to Mr. I. Paulraj) Mrs. W.Y.R. Fernando (Resigned w.e.f 30 September 2017)) Mrs. M.A.R.C. Cooray Mr. K. Selvanathan (Appointed w.e.f 30 September 2017)
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	<a href="http://www.carsoncumberbatch.com">www.carsoncumberbatch.com</a>