

CEYLON GUARDIAN INVESTMENT TRUST PLC

INTERIM REPORT FOR THE NINE MONTHS ENDED 31ST DECEMBER 2016

A CARSON CUMBERBATCH COMPANY

# CEYLON GUARDIAN INVESTMENT TRUST PLC

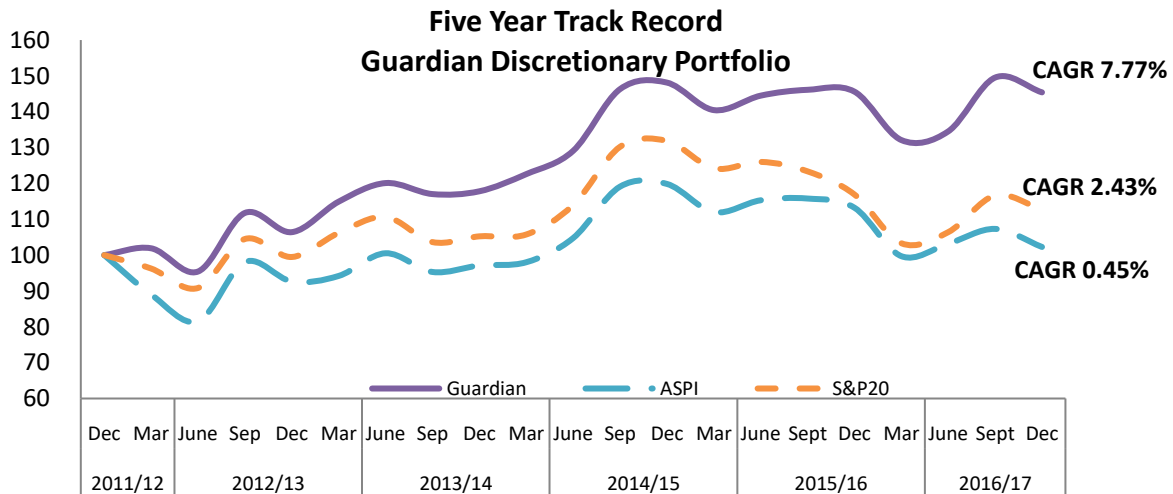
## Managers' Review

For the period ended 31st December 2016

### Financials and portfolio performance

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 discretionary portfolio has outperformed the All Share Price Index by 7.32% CAGR over a five year period providing a return of 7.77% CAGR. Meanwhile the 5 year CAGR return of the ASPI has been a mere 0.45% compared to the Treasury bill return of 9.16%. We expect better returns for equity markets as Sri Lanka's economic development eventually moves into a faster trajectory based on economic plans announced by the government.



Market inactivity has resulted in subdued price fluctuations resulting in Guardian maintaining its core positions. For the current financial year, the portfolio was buying into stocks such as Tokyo Cement, Cargills and Softlogic Holdings. We expect Tokyo Cement to benefit from construction activity which is expected to resume in line with the infrastructure requirements of the country. The company should achieve higher output volume growth with new capacity coming on-line along and margin stability resulting in attractive valuations. We have also increased exposure to Cargills which stands to benefit from recent restructuring and strong growth prospects of its FMGC and retail business. Despite the high debt levels of Softlogic Holdings, a renewed focus by management on its core sectors of retail, healthcare and hospitals should see the group increasing value in the medium term. The discretionary portfolio remains largely exposed to the banking, finance & insurance sector, food & beverage sector and diversified sector. The largest single company exposures are to John Keells Holdings, Sampath Bank and Commercial Bank which remain fundamentally strong and show strong growth potential.

	As at		Change %	As at 31-Dec-16 (Dividend adjusted)	Dividend adjusted performance
	31-Dec-16	31-Mar-16			
Discretionary portfolio (Rs. '000) *	13,333,531	12,274,728	8.63%	13,645,994	11.17%
Total Portfolio (Rs.'000)*	19,056,241	19,428,117	-1.91%	19,368,704	-0.31%
ASPI (Points)	6,228.26	6,071.88	2.58%		2.58%
S&P 20 (Points)	3,496.44	3,204.44	9.11%		9.11%

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

The total portfolio depreciated from Rs. 19.43 Bn to Rs. 19.05 Bn during the period of review. Ceylon Guardian Investment Trust PLC reported a consolidated profit after tax of Rs. 353.18 Mn for the period of nine months ended 31<sup>st</sup> December 2016, compared to a profit of Rs. 866.42 Mn reported for the same period last year, a reflection of the subdued market activity when compared with last year. As at end December 2016 the Group's earnings per share stood at Rs. 3.12 and Net Asset Value when the portfolio is valued at market prices was Rs. 179.08 per share, a decline of 1.5% for the period. This highlights a steep discount of 41% in the traded market price per share of Rs. 105.50.

As at	31/12/2016	31/03/2016	Change %
ASPI	<b>6,228.26</b>	6,072.00	2.6
NAV per share (Rs.)	<b>179.08</b>	181.77	(1.5)
Market price per share (Rs.)	<b>105.50</b>	119.70	(11.9)
Discount of NAV to market price per share	<b>41%</b>	34%	

## Update on the market

The final quarter for the calendar year 2016 saw the All Share Price Index decline by 4.69% and the S&P SL20 decline by 3.34%. Daily average turnover levels (an indication of market participation) was at historically low levels for October and November but recovered in December due to a strategic transaction on Commercial Credit & Finance. Markets were weak in the quarter as a result of investors anticipating higher taxation from the budget and post announcement grappling with the implications. The Central Bank of Sri Lanka maintained policy rates throughout the quarter but secondary market bond yields increased by approximately 100 basis points during the quarter.

The historical PER of the Colombo Stock Exchange was recorded at 12.4x as at 31<sup>st</sup> December 2016 indicating that the index is relatively undervalued based on historical averages. Market earnings, as per our universe of stocks, is expected to increase by a moderate 15% largely due to tight monetary conditions and reduced economic activity. Despite challenging economic condition we feel the CSE remains undervalued and provides significant long term return potential for investors.

The CSE recorded foreign inflows of Rs. 4.9 billion for the quarter with all three months recording positive inflows. The Fed increased US rates in December which is widely expected to be a precursor to future increases expected in 2017. This will result in a strengthening dollar and may limit flows into emerging markets. Global fund flows are also expected to be disrupted based on the strength of US recovery, European elections, Brexit developments and higher commodity prices resulting in uncertainty with regard to global financial market conditions.

We expect the economy to be challenged in the short term with external debt repayments, commodity price increases, droughts and a strengthening dollar. However, new reforms and trade agreements with regional countries will result in better prospects for the Sri Lankan economy in the future. The proposed infrastructure projects will also provide growth prospects for the construction sector. Investor expectations for policy consistency especially on taxation will impact confidence in markets going forward.

## **Private Equity and Unit Trust**

On the private equity front our joint venture with Small Enterprise Assistance Funds (Pvt) Ltd, is now in the process of marketing the proposed fund both locally and overseas, and we plan to formally launch the Fund when sufficient commitments are obtained. The regulatory approvals required for this purpose are also in the process of being obtained. Continuing with our ongoing investments, we deployed LKR 42 Mn into Swiss Institute for Service Industry Development (Pvt) Ltd, a new venture in hospitality and banking training during the quarter. Our total commitment is LKR 52 Mn, the balance will be invested upon the company meeting set performance criteria. The institute has entered in to partnerships with the Swiss Hotel Management Academy of Lucern and the Swiss Banking Consulting and Training Academy, which will provide certification and curriculum. Our current portfolio is being closely monitored, with a few of the investments coming up for exit.

Our unit trust business upto December continued 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. 232 Mn up to 9 months ending December despite the overall industry declining by Rs. 9.7 Bn during the same 9 months. However with the corporate tax shelter available for unit trusts being disallowed from the next fiscal year, we will see the industry being challenged to build new retail markets. Along with unit trust assets at Rs. 6 Bn and institutional client portfolios at Rs. 4 Bn, our total external funds under management stands at Rs. 10 Bn. Thus total actively managed assets collectively with the Guardian Group portfolio amounts to Rs. 23.3 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

6th February 2017

**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			Nine months ended			31.03.2016 Audited
	31st December			31st December			
	2016	2015	Change %	2016	2015	Change %	
<b>Revenue</b>	<b>115,256</b>	188,247	(39)	<b>474,392</b>	1,060,702	(55)	1,176,326
Impairment loss on available for sale financial assets	(50,615)	-	(100)	(80,132)	-	(100)	(95,232)
Net change in fair value of fair value through profit or loss financial assets	(57,783)	(22,008)	163	113,793	20,707	450	(211,643)
<b>Profit on investment activities</b>	<b>6,858</b>	166,239	(96)	<b>508,053</b>	1,081,409	(53)	869,451
Other operating income	-	-	-	-	198	(100)	198
Administrative and other operating expenses	(57,334)	(55,928)	3	(155,364)	(176,643)	(12)	(232,004)
<b>Profit / (loss) from operations</b>	<b>(50,476)</b>	110,311	(146)	<b>352,689</b>	904,964	(61)	637,645
Net finance income/(expense)	165	(12,609)	(101)	5,256	(16,672)	(132)	(381)
<b>Profit / (loss) from operations after net finance income/(expense)</b>	<b>(50,311)</b>	97,702	(151)	<b>357,945</b>	888,292	(60)	637,264
Share of profit of equity accounted investee net of tax	483	486	(1)	2,156	2,233	(3)	4,809
<b>Profit / (loss) before taxation</b>	<b>(49,828)</b>	98,188	(151)	<b>360,101</b>	890,525	(60)	642,073
Income tax expense	(1,352)	(6,207)	(78)	(6,916)	(24,103)	(71)	(30,873)
<b>Profit / (loss) for the period</b>	<b>(51,180)</b>	91,981	(156)	<b>353,185</b>	866,422	(59)	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	(174,926)	(2,702,383)	(94)	(432,817)	(3,168,504)	(86)	(7,592,354)
Transfer of net realized gains / (losses) on disposal of available for sale financial assets	76,449	(75,740)	(201)	74,831	(579,529)	(113)	(580,138)
Share of other comprehensive income of equity accounted investee net of tax	661	917	(28)	1,683	468	260	955
Net exchange difference on translation of foreign operations	319	21,253	(98)	6,839	26,517	(74)	34,695
<b>Other comprehensive expense for the period</b>	<b>(97,497)</b>	(2,755,953)	(96)	<b>(349,464)</b>	(3,721,048)	(91)	(8,136,749)
<b>Total comprehensive income / (expense) for the period</b>	<b>(148,677)</b>	(2,663,972)	(94)	<b>3,721</b>	(2,854,626)	(100)	(7,525,549)
<b>Profit attributable to:</b>							
Equity holders of the parent	(46,652)	75,245	(162)	276,733	711,907	(61)	512,879
Non controlling interest	(4,528)	16,736	(127)	76,452	154,515	(51)	98,321
	(51,180)	91,981	(156)	353,185	866,422	(59)	611,200
<b>Total comprehensive income attributable to:</b>							
Equity holders of the parent	(108,948)	(2,181,206)	(95)	22,937	(2,322,492)	(101)	(6,179,746)
Non controlling interest	(39,729)	(482,766)	(92)	(19,216)	(532,134)	(96)	(1,345,803)
	(148,677)	(2,663,972)	(94)	3,721	(2,854,626)	(100)	(7,525,549)
<b>Earnings per share (Rs.)</b>	<b>(0.53)</b>	0.85		<b>3.12</b>	8.02		5.78
<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.

\* 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 31st December	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	6,695	8,529	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	35,516	28,614	31,677	35,000	35,000	35,000
Available for sale financial assets	15,949,656	19,643,300	15,721,149	4,003,596	3,787,224	3,359,164
<b>Total non-current assets</b>	<b>16,223,784</b>	<b>19,912,360</b>	<b>15,993,557</b>	<b>6,180,395</b>	<b>5,964,023</b>	<b>5,535,963</b>
<b>Current assets</b>						
Trade and other receivables	33,799	16,216	55,700	2,688	733	113,087
Current tax assets	14,466	10,590	11,501	13,184	10,448	11,443
Fair value through profit or loss financial assets	2,801,351	3,027,192	2,661,626	236,578	241,219	285,555
Cash and cash equivalents	317,249	1,459,861	1,061,077	77,126	419,179	298,358
<b>Total current assets</b>	<b>3,166,865</b>	<b>4,513,859</b>	<b>3,789,904</b>	<b>329,576</b>	<b>671,579</b>	<b>708,443</b>
<b>Total assets</b>	<b>19,390,649</b>	<b>24,426,219</b>	<b>19,783,461</b>	<b>6,509,971</b>	<b>6,635,602</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	329,619	327,449	327,936	208,660	208,660	208,660
Revenue reserves	14,440,306	18,532,135	14,680,634	5,134,545	5,255,747	4,871,118
<b>Total equity attributable to equity holders of the parent</b>	<b>15,898,651</b>	<b>19,988,310</b>	<b>16,137,296</b>	<b>6,471,931</b>	<b>6,593,133</b>	<b>6,208,504</b>
Non controlling interest	3,390,091	4,280,887	3,414,692	-	-	-
<b>Total equity</b>	<b>19,288,742</b>	<b>24,269,197</b>	<b>19,551,988</b>	<b>6,471,931</b>	<b>6,593,133</b>	<b>6,208,504</b>
<b>Non-current liabilities</b>						
Employee benefits	11,435	8,855	9,528	-	-	-
<b>Total non-current liabilities</b>	<b>11,435</b>	<b>8,855</b>	<b>9,528</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>						
Trade and other payables	78,457	124,435	203,970	28,631	26,703	24,368
Current tax liabilities	-	7,966	2,240	-	-	-
Bank overdraft	12,015	15,766	15,735	9,409	15,766	11,534
<b>Total current liabilities</b>	<b>90,472</b>	<b>148,167</b>	<b>221,945</b>	<b>38,040</b>	<b>42,469</b>	<b>35,902</b>
<b>Total liabilities</b>	<b>101,907</b>	<b>157,022</b>	<b>231,473</b>	<b>38,040</b>	<b>42,469</b>	<b>35,902</b>
<b>Total equity and liabilities</b>	<b>19,390,649</b>	<b>24,426,219</b>	<b>19,783,461</b>	<b>6,509,971</b>	<b>6,635,602</b>	<b>6,244,406</b>
Net assets per ordinary/deferred share - Rs.	179.08	225.14	181.77	72.90	74.26	69.93

The Statement of Financial Position as at 31st December 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,

(Sgd).

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

Director

Guardian Fund Management Limited

Approved & Signed on behalf of the Board,

(Sgd).

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

Chairperson

(Sgd).

**D. C. R. Gunawardena**

Director

6th February 2017

**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>
<b>Profit for the period</b>	-	-	<b>276,733</b>	<b>276,733</b>	<b>76,452</b>	<b>353,185</b>
<b>Other comprehensive income / (expense) for the period</b>	-	<b>1,683</b>	<b>(255,479)</b>	<b>(253,796)</b>	<b>(95,668)</b>	<b>(349,464)</b>
<b>Total comprehensive income / (expense) for the period</b>	-	<b>1,683</b>	<b>21,254</b>	<b>22,937</b>	<b>(19,216)</b>	<b>3,721</b>
<b>Effect due to change in shareholdings</b>	-	-	<b>4,759</b>	<b>4,759</b>	<b>(5,385)</b>	<b>(626)</b>
<b>Cash dividend</b>	-	-	<b>(266,341)</b>	<b>(266,341)</b>	-	<b>(266,341)</b>
<b>Balance as at 31st December 2016 (Unaudited)</b>	<b>1,128,726</b>	<b>329,619</b>	<b>14,440,306</b>	<b>15,898,651</b>	<b>3,390,091</b>	<b>19,288,742</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	-	-	711,907	711,907	154,515	866,422
Other comprehensive income / (expense) for the period	-	468	(3,034,867)	(3,034,399)	(686,649)	(3,721,048)
Total comprehensive income / (expense) for the period	-	468	(2,322,960)	(2,322,492)	(532,134)	(2,854,626)
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 31st December 2015 (Unaudited)	1,128,726	327,449	18,532,135	19,988,310	4,280,887	24,269,197

\* 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 nine months ended 31st December

	2016	2015	31.03.2016 Audited
<b>Cash flows from operating activities</b>			
Profit before taxation	360,101	890,525	642,073
<b>Adjustments for:</b>			
Share of profit of equity accounted investee net of tax	(2,156)	(2,233)	(4,809)
Depreciation on property, plant and equipment	2,425	2,282	3,097
Employee benefits obligation	1,907	1,871	2,637
Net finance (income) / expense	(5,256)	16,672	381
Impairment loss on available for sale financial assets	80,132	-	95,232
Net change in fair value of fair value through profit or loss financial assets	(113,793)	(20,707)	211,643
<b>Operating profit before working capital changes</b>	<b>323,360</b>	<b>888,410</b>	<b>950,254</b>
Decrease in trade and other receivables	21,901	46,404	6,920
Net increase in investments	(692,557)	(814,864)	(1,279,188)
(Increase) / decrease in trade and other payables	(78,907)	(6,803)	26,496
<b>Cash generated from / (used in) operations</b>	<b>(426,203)</b>	<b>113,147</b>	<b>(295,518)</b>
Employee benefit paid	-	(3,050)	(3,050)
Super gain tax paid	-	(71,540)	(71,540)
Income tax paid	(12,121)	(18,897)	(32,304)
<b>Net cash generated from / (used in) operating activities</b>	<b>(438,324)</b>	<b>19,660</b>	<b>(402,412)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(306)	(2,294)	(3,394)
Finance Income	5,414	1,046	628
Net cash generated from / (used in) investing activities	5,108	(1,248)	(2,766)
<b>Cash flows from financing activities</b>			
Dividend paid	(261,669)	(258,645)	(258,884)
Dividend paid to non-controlling interest	(51,278)	(87,005)	(86,816)
Subscriptions for / (redemption of) units	(626)	6,737	6,737
Finance expense paid	(158)	(17,718)	(1,009)
<b>Net cash used in financing activities</b>	<b>(313,731)</b>	<b>(356,631)</b>	<b>(339,972)</b>
Net decrease in cash and cash equivalents	(746,947)	(338,219)	(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	6,839	26,517	34,695
<b>Cash and cash equivalents at the end of the period</b>	<b>305,234</b>	<b>1,444,095</b>	<b>1,045,342</b>
<b>Statement of cash and cash equivalents</b>			
Short-term deposits	289,928	1,359,446	1,041,746
Cash at bank	27,321	100,415	19,331
Total cash and cash equivalents	317,249	1,459,861	1,061,077
Bank overdrafts	(12,015)	(15,766)	(15,735)
Net cash and cash equivalents for the purpose of statement of cash flows	305,234	1,444,095	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 31st December			Nine months ended 31st December			31.03.2016 Audited
	2016	2015	Change %	2016	2015	Change %	
<b>Revenue</b>	<b>24,498</b>	54,592	(55)	<b>144,723</b>	390,124	(63)	601,591
Impairment loss on available for sale financial assets	(25,886)	-	(100)	(41,510)	-	(100)	(45,667)
Net change in fair value of fair value through profit or loss financial assets	(15,758)	(3,828)	312	16,047	10,152	58	(19,614)
<b>Profit / (loss) on investment activities</b>	<b>(17,146)</b>	50,764	(134)	<b>119,260</b>	400,276	(70)	536,310
Other operating income	-	-	-	-	99	(100)	99
Administrative and other operating expenses	(25,637)	(27,034)	(5)	(64,841)	(83,647)	(22)	(109,200)
<b>Profit / (loss) from operations</b>	<b>(42,783)</b>	23,730	(280)	<b>54,419</b>	316,728	(83)	427,209
Finance expense	-	(16)	100	(56)	(20)	180	(93)
<b>Profit / (loss) before taxation</b>	<b>(42,783)</b>	23,714	(280)	<b>54,363</b>	316,708	(83)	427,116
Income tax expense	(231)	(1,717)	(87)	(2,270)	(4,816)	(53)	(6,214)
<b>Profit / (loss) for the period</b>	<b>(43,014)</b>	21,997	(296)	<b>52,093</b>	311,892	(83)	420,902
<b>Other comprehensive income</b>							
Net change in fair value of available for sale financial assets	(62,338)	(20,715)	201	449,282	190,020	136	(306,415)
Transfer of realized gains on disposal of available for sale financial assets	31,437	(35,081)	(190)	28,393	(205,490)	(114)	(205,251)
<b>Other comprehensive income / (expense) for the period</b>	<b>(30,901)</b>	(55,796)	(45)	<b>477,675</b>	(15,470)	(3,188)	(511,666)
<b>Total comprehensive income / (expense) for the period</b>	<b>(73,915)</b>	(33,799)	119	<b>529,768</b>	296,422	79	(90,764)
<b>Earnings per share (Rs.)</b>	<b>(0.48)</b>	0.25		<b>0.59</b>	3.51		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>52,093</b>	<b>52,093</b>
<b>Other comprehensive income for the period</b>	-	-	<b>477,675</b>	<b>477,675</b>
<b>Total comprehensive income for the period</b>	-	-	<b>529,768</b>	<b>529,768</b>
<b>Cash dividend</b>	-	-	<b>(266,341)</b>	<b>(266,341)</b>
<b>Balance as at 31st December 2016 (Unaudited)</b>	<b>1,128,726</b>	<b>208,660</b>	<b>5,134,545</b>	<b>6,471,931</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	-	-	311,892	311,892
Other comprehensive expense for the period	-	-	(15,470)	(15,470)
Total comprehensive income for the period	-	-	296,422	296,422
Cash dividend	-	-	(263,509)	(263,509)
Scrip dividend	175,559	-	(175,673)	(114)
Balance as at 31st December 2015 (Unaudited)	1,128,726	208,660	5,255,747	6,593,133

\* 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)

For the nine months ended 31st December	2016	2015	31.03.2016 Audited
<b>Cash flows from operating activities</b>			
Profit before taxation	54,363	316,708	427,116
<b>Adjustments for:</b>			
Finance expense	56	20	93
Scrip dividend from subsidiaries	-	(57,987)	(57,987)
Impairment loss on available for sale financial assets	41,510	-	45,667
Net change in fair value of fair value through profit or loss financial assets	(16,047)	(10,152)	19,614
<b>Operating profit before working capital changes</b>	<b>79,882</b>	<b>248,589</b>	<b>434,503</b>
Decrease in trade and other receivables	110,399	174,726	62,372
Net (increase) / decrease in investments	(143,243)	160,353	(27,552)
Decrease in trade and other payables	(409)	(13,444)	(12,983)
<b>Cash generated from operations</b>	<b>46,629</b>	<b>570,224</b>	<b>456,340</b>
Super gain tax paid	-	(13,919)	(13,919)
Income tax paid	(4,011)	(3,015)	(5,408)
<b>Net cash generated from operating activities</b>	<b>42,618</b>	<b>553,290</b>	<b>437,013</b>
<b>Cash flows from financing activities</b>			
Dividend paid	(261,669)	(258,645)	(258,884)
Finance expense paid	(56)	(20)	(93)
<b>Net cash used in financing activities</b>	<b>(261,725)</b>	<b>(258,665)</b>	<b>(258,977)</b>
Net increase / (decrease) in cash and cash equivalents	(219,107)	294,625	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>67,717</b>	<b>403,413</b>	<b>286,824</b>
<b>Statement of cash and cash equivalents</b>			
Short-term deposits	71,144	415,020	296,489
Cash at bank	5,982	4,159	1,869
Total cash and cash equivalents	77,126	419,179	298,358
Bank overdraft	(9,409)	(15,766)	(11,534)
Net cash and cash equivalents for the purpose of statement of cash flows	67,717	403,413	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 nine months ended	Company		Group	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Dividend income	91,910	144,648	301,116	295,959
Interest income	13,004	18,962	32,353	73,433
Net gain from disposal of fair value through profit or loss financial assets	12,906	3,735	63,062	61,092
Net gain from disposal of available for sale financial assets	26,903	222,779	70,253	624,137
Portfolio Management fees	-	-	7,608	6,081
	144,723	390,124	474,392	1,060,702

**3 Profit on portfolio activities**

The Group recorded a profit of Rs. 508.05 Mn and the Company recorded a profit of Rs. 119.26 Mn on investments activities for the nine months ended 31st December 2016.

**4 Valuation of investment portfolio**

**4.1 Group**

	Fair value As at 31.12.2016	Fair value As at 31.12.2015	Fair value As at 31.03.2016
<b>Summary of investment portfolio</b>			
Available for sale financial assets (4.1.1)	15,949,656	19,643,300	15,721,149
Fair value through profit or loss financial assets (4.1.2)	2,801,351	3,027,192	2,661,626
	18,751,007	22,670,492	18,382,775

**4.1.1 Available for sale financial assets**

	Fair value as at 31.12.2016	Fair value as at 31.12.2015	Fair value as at 31.03.2016
<b>Sector</b>			
Bank, Finance & Insurance	4,444,581	3,765,188	3,784,983
Beverage, Food & Tobacco	1,095,114	1,681,972	1,373,909
Constructions & engineering	160,595	149,587	134,693
Diversified	2,255,915	1,727,174	1,526,341
Footwear & Textiles	332,237	-	398,684
Healthcare	-	84,173	74,857
Hotels & Travels	234,698	316,489	286,372
Manufacturing	733,580	496,140	20,430
Motors	-	86,434	77,194
Oil Palms	5,722,710	10,448,032	7,153,389
Telecommunications	651,388	633,922	617,475
Unit trusts	41,763	123,444	120,370
	15,672,581	19,512,555	15,568,697
Unquoted investments	277,075	130,745	152,452
<b>Total investment in available for sale financial assets</b>	15,949,656	19,643,300	15,721,149

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

	Fair value as at 31.12.2016	Fair value as at 31.12.2015	Fair value as at 31.03.2016
<b>Sector</b>			
Bank, Finance & Insurance	711,022	744,453	686,380
Beverage, Food & Tobacco	45,451	216,643	188,761
Constructions & engineering	110,177	79,597	74,560
Diversified	493,122	454,735	413,667
Footwear & Textiles	17,976	19,773	23,209
Healthcare	35,620	57,063	53,014
Hotels & Travels	66,121	93,849	75,533
Land & Property	10,000	57,788	58,286
Manufacturing	266,019	52,020	56,063
Power & Energy	32,285	29,757	12,423
Telecommunications	79,161	57,426	71,095
Trading	-	8,177	7,012
Unit trusts	934,397	1,155,911	941,623
<b>Total investment in fair value through profit or loss financial assets</b>	2,801,351	3,027,192	2,661,626

The total fair value of the investment portfolio of the Group including cash and cash equivalents amounts to Rs. 19.05 Bn as at 31st December 2016 (2015 - Rs. 24.11 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 31.12.2016	Fair value As at 31.12.2015	Fair value as at 31.03.2016
<b>Summary of investment portfolio</b>			
Available for sale financial assets (4.2.1)	4,003,596	3,787,224	3,359,164
Fair value through profit or loss financial assets (4.2.2)	236,578	241,219	285,555
	<b>4,240,174</b>	<b>4,028,443</b>	<b>3,644,719</b>

**4.2.1 Available for sale financial assets**

	Fair value As at 31.12.2016	Fair value As at 31.12.2015	Fair value as at 31.03.2016
<b>Sector</b>			
Bank, Finance & Insurance	1,863,935	1,701,438	1,607,244
Beverage, Food & Tobacco	900,508	1,132,386	913,239
Constructions & engineering	53,568	49,896	44,928
Diversified	370,836	161,876	123,039
Footwear & Textiles	163,256	-	195,908
Healthcare	-	52,459	46,653
Hotels & Travels	123,682	165,036	150,963
Manufacturing	317,312	243,796	-
Motors	-	47,931	42,807
Telecommunications	162,440	165,534	157,799
Unit Trusts	20,882	51,147	49,407
	<b>3,976,419</b>	<b>3,771,499</b>	<b>3,331,987</b>
Unquoted investments	27,177	15,725	27,177
<b>Total investments in available for sale financial assets</b>	<b>4,003,596</b>	<b>3,787,224</b>	<b>3,359,164</b>

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

	Fair value As at 31.12.2016	Fair value As at 31.12.2015	Fair value as at 31.03.2016
<b>Sector</b>			
Bank, Finance & Insurance	93,800	103,767	88,136
Beverage, Food & Tobacco	-	32,595	27,322
Diversified	107,690	77,678	95,992
Healthcare	6,500	6,030	5,100
Hotels & Travels	10,449	10,449	8,127
Manufacturing	-	-	-
Power & Energy	6,519	-	-
Telecommunications	10,500	10,700	10,200
Unit trusts	1,120	-	50,678
<b>Total investments in fair value through profit or loss financial assets</b>	<b>236,578</b>	<b>241,219</b>	<b>285,555</b>

	As at 31.12.2016	As at 31.12.2015	As at 31.03.2016
<b>5 Price Index movements</b>			
All Share Price Index (points)	6,228	6,895	6,072
S&P SL 20 Index (points)	3,496	3,626	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 31st December 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 nine months ended 31st December	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	-	-	10,333	11,016
Business development fee paid	-	-	15,000	28,500
<b>Transactions with jointly controlled entity</b>				
Portfolio management fee received	3,600	2,790	-	-
<b>Transactions with affiliate companies</b>				
Dividends received	20,692	62,003	-	-
Expenses on CSR activities	5,000	5,000	2,500	2,500
Receiving of services	26,384	27,837	8,885	9,544

**12 Twenty Major Shareholders as at 31st December 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.L.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	623,388	0.75
13 Mr. H.A. Van Starrex	585,491	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 Waldock Mackenzie Ltd / Mr. M.A.N. Yoosufali	365,356	0.44
17 Mrs. S.E. Lokhandwalla	358,502	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 31st December 2016 are as follows;

Number of public shareholders	1,593
Percentage of public holding	32.51%

**14 Directors Shareholding as at 31st December 2016**

	No. of shares
Mrs. M.A.R.C. Cooray (Appointed Chairperson w.e.f. 1st September 2016)	-
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	31.12.2016
Market value per share (Rs.)	105.50
Highest price per share (Rs.)	130.10
Lowest price per share (Rs.)	100.10
Market capitalization (Rs. thousands)	8,754,271

## 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. 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)