

# GUARDIAN CAPITAL PARTNERS PLC

INTERIM REPORT FOR THE NINE MONTHS ENDED 31ST DECEMBER 2016

A CARSON CUMBERBATCH COMPANY.

## **GUARDIAN CAPITAL PARTNERS PLC**

### **Managers' Review**

**For the period ended 31st December 2016**

Guardian Capital Partners PLC deployed Rs. 42 Mn into Swiss Institute for Service Industry Development (Pvt) Ltd during the quarter. Our total commitment is Rs. 52 Mn, the balance will be invested upon the company meeting set performance criteria. Swiss Institute is a startup venture focused on providing vocational training to the hospitality and banking sector. The institute has entered into partnerships with the Swiss Hotel Management Academy of Lucern and the Swiss Banking Consulting and Training Academy, which will provide certification and curriculum.

The total value of investments in unlisted companies as at 31st December stands at Rs. 250 Mn, increasing from Rs. 125 Mn relative to March 2016. The increase was on account of the new investment into Findmyfare, Swiss Institute and the value appreciation in hSenid. The largest unlisted position is LVL Energy Fund Ltd, followed by hSenid Business Solutions (Pvt) Ltd, Findmyfare (Pvt) Ltd, Swiss Institute and Kashmi Singapore Pte Ltd. The value of the listed positions also increased to Rs. 100 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.

For the 9 months ended December 2016, the company recorded a profit of Rs.27.3 Mn and a total comprehensive income of Rs. 61.8 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, as explained in last quarters review. Further we would like to stress again 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.

Your company has Rs. 362.8 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 quarter.

With respect to our joint venture initiative with Small Enterprise Assistance Funds (SEAF), we are in the process of meeting potential local and foreign 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

6th February 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 31st December			Nine months ended 31st December			31.03.2016 Audited
	2016	2015	Change %	2016	2015	Change %	
<b>Revenue</b>	<b>6,985</b>	9,345	(25)	<b>11,556</b>	20,792	(44)	25,852
Net change in fair value of fair value through profit or loss financial assets	<b>7,361</b>	4,369	68	<b>24,476</b>	7,506	226	11,831
<b>Profit on investment activities</b>	<b>14,346</b>	13,714	5	<b>36,032</b>	28,298	27	37,683
Administrative and other operating expenses	<b>(2,575)</b>	(2,369)	9	<b>(8,504)</b>	(9,585)	(11)	(12,632)
<b>Profit before taxation</b>	<b>11,771</b>	11,345	4	<b>27,528</b>	18,713	47	25,051
Income tax expense	<b>(104)</b>	(465)	(78)	<b>(179)</b>	(2,473)	(93)	(3,228)
<b>Profit for the period</b>	<b>11,667</b>	10,880	7	<b>27,349</b>	16,240	68	21,823
<b>Other comprehensive income</b>							
Net change in fair value of available for sale financial assets	<b>(8,527)</b>	(3,232)	164	<b>34,475</b>	6,293	448	(6,563)
<b>Other comprehensive income / (expense) for the period</b>	<b>(8,527)</b>	(3,232)	164	<b>34,475</b>	6,293	448	(6,563)
<b>Total comprehensive income for the period</b>	<b>3,140</b>	7,648	(59)	<b>61,824</b>	22,533	174	15,260
<b>Earnings per share (Rs.)</b>	<b>0.45</b>	0.42		<b>1.06</b>	0.63		0.84
<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 31st December	2016	2015	31.03.2016 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Available for sale financial assets	350,435	223,941	221,342
<b>Total non-current assets</b>	<b>350,435</b>	<b>223,941</b>	<b>221,342</b>
<b>Current assets</b>			
Other receivables	107	5,350	511
Current tax recoverable	113	-	25
Fair value through profit or loss financial assets	354,952	257,636	261,961
Cash and cash equivalents	7,849	180,092	174,808
<b>Total current assets</b>	<b>363,021</b>	<b>443,078</b>	<b>437,305</b>
<b>Total assets</b>	<b>713,456</b>	<b>667,019</b>	<b>658,647</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	513,656	513,656	513,656
Revenue reserves	194,834	145,585	133,010
<b>Total equity</b>	<b>708,490</b>	<b>659,241</b>	<b>646,666</b>
<b>Current liabilities</b>			
Other payables	4,966	6,096	11,717
Current tax payable	-	1,682	-
Bank overdraft	-	-	264
<b>Total liabilities</b>	<b>4,966</b>	<b>7,778</b>	<b>11,981</b>
<b>Total equity and liabilities</b>	<b>713,456</b>	<b>667,019</b>	<b>658,647</b>
Net assets per share (Rs.)	27.42	25.52	25.03

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 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

6th February 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					
	Stated capital	Available for sale financial assets reserve	Fair value through profit or loss financial assets reserve	General reserve	Retained earnings	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
<b>Balance as at 1st April 2016</b>	<b>513,656</b>	<b>10,138</b>	<b>11,961</b>	<b>619</b>	<b>110,292</b>	<b>646,666</b>
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,349</b>	<b>27,349</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>34,475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,475</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>34,475</b>	<b>-</b>	<b>-</b>	<b>27,349</b>	<b>61,824</b>
<b>Balance as at 31st December 2016 (Unaudited)</b>	<b>513,656</b>	<b>44,613</b>	<b>11,961</b>	<b>619</b>	<b>137,641</b>	<b>708,490</b>
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	-	-	-	-	16,240	16,240
Other comprehensive income for the period	-	6,293	-	-	-	6,293
Total comprehensive income for the period	-	6,293	-	-	16,240	22,533
Dividend	-	-	-	-	(19,375)	(19,375)
Balance as at 31st December 2016 (Unaudited)	513,656	22,994	130	619	121,842	659,241

\* 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 nine months ended 31st December	2016	2015	31.03.2016 (Audited)
<b>Cash flows from operating activities</b>			
Profit before taxation	27,528	18,713	25,051
Net change in fair value of fair value through profit or loss financial assets	(24,476)	(7,506)	(11,831)
<b>Operating profit before changes in working capital</b>	<b>3,052</b>	<b>11,207</b>	<b>13,220</b>
Increase in investments	(163,133)	(149,999)	(160,256)
(Increase) / decrease in trade and other receivables	404	(4,877)	(38)
Decrease in other payables	(345)	(479)	(150)
<b>Cash used in operating activities</b>	<b>(160,022)</b>	<b>(144,148)</b>	<b>(147,224)</b>
Income tax paid	(267)	(920)	(3,382)
<b>Net cash used in operating activities</b>	<b>(160,289)</b>	<b>(145,068)</b>	<b>(150,606)</b>
<b>Cash flows from financing activities</b>			
Dividend paid	(6,406)	(19,272)	(19,282)
<b>Net cash used in financing activities</b>	<b>(6,406)</b>	<b>(19,272)</b>	<b>(19,282)</b>
<b>Net decrease in cash &amp; cash equivalents during the period</b>	<b>(166,695)</b>	<b>(164,340)</b>	<b>(169,888)</b>
Cash & cash equivalents at the beginning of the period	174,544	344,432	344,432
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>7,849</b>	<b>180,092</b>	<b>174,544</b>
<b>Statement of cash and cash equivalents</b>			
Short-term deposits	6,879	177,672	172,757
Cash at bank	970	2,420	2,051
Total cash and cash equivalents	7,849	180,092	174,808
Bank overdraft	-	-	(264)
<b>Net cash and cash equivalents for the cash flow statement purpose</b>	<b>7,849</b>	<b>180,092</b>	<b>174,544</b>

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 nine months ended 31st December**

	<b>2016</b>	2015
Interest income	<b>1,153</b>	13,136
Dividend income	<b>6,689</b>	7,656
Net gain from disposal of fair value through profit or loss financial assets	<b>3,714</b>	-
	<b>11,556</b>	20,792

**3 Summary of Investment Portfolio**

	Fair value/ Cost as at <b>31.12.2016</b>	Fair value/ Cost as at 31.12.2015	Fair value/ Cost as at 31.03.2016
Available for sale financial assets - quoted (3.1)	<b>350,435</b>	223,941	221,342
Fair value through profit or loss financial assets (3.2)	<b>354,952</b>	257,636	261,961
	<b>705,387</b>	481,577	483,303

**3.1 Available for sale financial assets**

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

	57,427	53,490	48,165
Access Engineering PLC	<b>43,124</b>	55,446	47,916
Expolanka Holdings PLC	<b>100,551</b>	108,936	96,081

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

hSenid Business Solutions (Pvt) Ltd.	<b>70,009</b>	40,005	40,005
Kashmi Singapore PTE. LTD	<b>10,256</b>	-	10,256
LVL Energy Fund Limited	<b>82,500</b>	75,000	75,000
Findmyfare Private Limited	<b>45,000</b>	-	-
Swiss Institute for Service Industry Development	<b>42,119</b>	-	-
	<b>249,884</b>	115,005	125,261
	<b>350,435</b>	223,941	221,342

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

Guardian Acuity Money Market Gilt Fund	<b>160,626</b>	181,100	183,951
Guardian Acuity Money Market Fund	<b>194,326</b>	76,536	78,010
	<b>354,952</b>	257,636	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
	<b>Transactions with the parent company</b>		
	Dividend paid	-	16,270
	<b>Transactions with affiliate companies</b>		
	Receiving of services	4,169	3,542

**10 Twenty major shareholders as at 31st December 2016**

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 Bansei Securities Capital (Pvt) Ltd/S.M.T.B.Samara	96,879	0.38
7 Mr. M.P.D.D. Fernando	92,024	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	83,477	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 31st December 2016 were as follows :

Number of public shareholders	2,275
Percentage of public holding	13.78%

**12 Investor information**

**For the three months ended  
31st December 2016**

**Share valuation**

Market value per share (Rs.)	38.90
Highest price per share for the period (Rs.)	44.50
Lowest price per share for the period (Rs.)	35.00
Market capitalization (Rs. thousands)	1,004,935

**13 Directors shareholdings**

**No. of shares held as at  
31st December 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)	-
Mrs. M.A.R.C. Cooray (appointed w.e.f. 5th December 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 (Director and Alternate to Mr. I. Paulraj) Mrs.W.Y.R. Fernando (Appointed w.e.f. 15th August 2016) Mrs. M.A.R.C. Cooray (Appointed w.e.f. 5th December 2016)
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>