

# Ceylon Investment PLC

A Carson Cumberbatch Company

Interim report for the nine months ended 31st December 2021

# CEYLON INVESTMENT PLC

## Managers' Review

### For the period ended 31st December 2021

All Share Price Index (ASPI) recorded a gain of 71.68% for the 9 months of FY 2022 and the S&P SL20 increased by 48.52%. The index continues to show substantial increases on the back of selective high market capitalization stocks. The discretionary portfolio increased by 9.10% (dividend adjusted) for the 9 months ended FY 2022 which was largely due to the more liquid longer term fundamentally stronger share prices not keeping pace with the ASPI. Ceylon Investment's discretionary portfolio follows a strategy of investing in companies that display strong fundamentals with long term potential and we expect this strategy to deliver strong returns in the long term. The total portfolio which also includes strategic holdings increased by 12.29% (dividend adjusted). Ceylon Investment reported a consolidated profit after tax of Rs. 343.5 million for the nine months ended FY 2022.

#### Portfolio Performance

For the nine months ended 31<sup>st</sup> December 2021, we have been a net seller in the Colombo Stock Exchange with sales of Rs.663 million and purchases of Rs.657 million. Selling has largely been focused on financial institutions given the broader economic implications and diversified companies where prices have shown sharp increases. Going ahead, we maintain our longer term focused strategy but remain cautious as the economy wades deeper into its debt and forex crisis.

	As at		Change %	As at 31-Dec-21 (Dividend adjusted) *	Dividend adjusted performance
	31-Dec-21	31-Mar-21			
Discretionary portfolio (Rs. '000) *	3,958,967	3,690,953	7.26%	4,026,724	9.10%
Total Portfolio (Rs. '000)*	10,447,839	9,364,634	11.57%	10,515,596	12.29%
ASPI (Points)	12,226	7,121	71.68%		71.68%
S&P 20 (Points)	4,233	2,850	48.52%		48.52%

## Financial Performance

Ceylon Investment together with its share of associate company's profit reported a profit after tax of Rs. 343.5 million for the period ended 31st December 2021, compared to a profit after tax of Rs. 1,442.5 million in the previous year. The financial performance was influenced by the positive fair value movement of Rs. 79.5 million from fair value through profit or loss financial assets, recognized in profit or loss as per SLFRS 9. The profits recorded on a quarterly basis are volatile due to the accounting standards requiring change in fair value, which largely reflects the change in share prices of investee companies, to be recognized in the income statement.

Accordingly, the Companies net assets as at 31st December 2021, valued at market price, increased 10.81% from the previous year to Rs. 102.89 per share. The trading price of Rs. 53.60 per share still indicates a discount of 48% to the NAV.

As at	31-Dec-21	31-Mar-21	Change %
ASPI	12,226	7,121	71.68
NAV per share (Rs.)	102.89	92.86	10.81
Market price per share (Rs.)	53.6	63.7	-15.86
Discount of NAV to market price per share	48%	31%	

## Update on the market

Domestic investors still remain active in the CSE despite foreign investors continuing to be on sell side. However, economic concerns are increasing further with external debt repayment concerns and foreign exchange shortages affecting businesses. The positive run of the ASPI is largely attributable select stocks and not a broad-based movement. A positive for the country is its relatively successful vaccination drive which will help mitigate COVID-19 implications going forward. Market earnings growth is expected to be derived from companies that are indirectly benefitting from import restrictions and logistics demand. However, inflation affecting input costs and its tapering effects on consumption will affect some companies negatively.

**Guardian Fund Management Limited**  
Investment Managers

09<sup>th</sup> February 2022

**CEYLON INVESTMENT PLC**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
(All figures are in Sri Lankan Rupees Thousands)

	Three months ended 31st December			Nine months ended 31st December		
	2021	2020	Change %	2021	2020	Change %
<b>Revenue</b>	<b>67,701</b>	174,025	(61)	<b>204,131</b>	321,445	(36)
Net change in fair value through profit or loss financial assets	<b>146,252</b>	218,907	(33)	<b>79,583</b>	670,076	(88)
<b>Profit on investment activities</b>	<b>213,953</b>	392,932	(46)	<b>283,714</b>	991,521	(71)
Administrative and other operating expenses	<b>(10,572)</b>	(13,142)	(20)	<b>(39,297)</b>	(41,527)	(5)
<b>Profit from operations</b>	<b>203,381</b>	379,790	(46)	<b>244,417</b>	949,994	(74)
Finance expense	-	(5,429)	(100)	<b>(101)</b>	(21,172)	(100)
<b>Profit from operations after finance expense</b>	<b>203,381</b>	374,361	(46)	<b>244,316</b>	928,822	(74)
Share of profit of equity accounted investees, net of tax	<b>126,765</b>	207,564	(39)	<b>110,518</b>	524,915	(79)
<b>Profit before taxation</b>	<b>330,146</b>	581,925	(43)	<b>354,834</b>	1,453,737	(76)
Income tax expense	<b>(3,002)</b>	(1,183)	154	<b>(11,316)</b>	(11,203)	1
<b>Profit for the period</b>	<b>327,144</b>	580,742	(44)	<b>343,518</b>	1,442,534	(76)
<b>Other comprehensive income</b>						
<b>Items that are or may be reclassified to profit or loss</b>						
Share of other comprehensive income / (expense) of equity accounted investees, net of tax	<b>942,220</b>	(1,132,854)	183	<b>744,232</b>	1,721,005	(57)
<b>Other comprehensive income/ (expense) for the period</b>	<b>942,220</b>	(1,132,854)	183	<b>744,232</b>	1,721,005	(57)
<b>Total comprehensive income /(expense) for the period</b>	<b>1,269,364</b>	(552,112)	330	<b>1,087,750</b>	3,163,539	(66)
<b>Earnings / (loss) per share (Rs.)</b>	<b>3.23</b>	5.73		<b>3.39</b>	14.23	
<b>Dividend per share (Rs.)*</b>	-	-		-	-	

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

*Figures in brackets indicate deductions.*

**CEYLON INVESTMENT PLC**  
**STATEMENT OF FINANCIAL POSITION**  
(All figures are in Sri Lankan Rupees Thousands)

	As at 31.12.2021 (Unaudited)	As at 31.03.2021 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in equity accounted investees	6,488,872	5,673,681
<b>Total non-current assets</b>	<b>6,488,872</b>	<b>5,673,681</b>
<b>Current assets</b>		
Trade and other receivables	3,128	77,527
Investment in equity and debt securities	3,137,075	2,872,413
Investment in unit trusts	97,871	105,462
Current tax assets	2,019	-
Investment in fixed deposits	357,912	256,580
Cash and cash equivalents	366,109	456,498
<b>Total current assets</b>	<b>3,964,114</b>	<b>3,768,480</b>
<b>Total assets</b>	<b>10,452,986</b>	<b>9,442,161</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	838,033	838,033
Capital reserves	187,141	187,141
Revenue reserves	9,401,553	8,384,740
<b>Total equity</b>	<b>10,426,727</b>	<b>9,409,914</b>
<b>Current liabilities</b>		
Trade and other payables	26,259	30,541
Current tax payable	-	1,706
<b>Total current liabilities</b>	<b>26,259</b>	<b>32,247</b>
<b>Total liabilities</b>	<b>26,259</b>	<b>32,247</b>
<b>Total equity and liabilities</b>	<b>10,452,986</b>	<b>9,442,161</b>
Net assets value per share (Rs.)	102.89	92.86

The Statement of Financial Position as at 31st December 2021 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the period then ended as disclosed in pages 3 to 6 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**

Director – Finance

Carsons Management Services (Private) Limited

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

Approved and Signed on behalf of the Investment Managers,

(Sgd).

**K. Selvanathan**

Director

Guardian Fund Management Limited

09th February 2022

Colombo

Approved and Signed on behalf of the Board,

(Sgd).

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

Chairperson

(Sgd).

**D.C.R. Gunawardena**

Director

**CEYLON INVESTMENT PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
 (All figures are in Sri Lankan Rupees Thousands)

	Stated capital	Capital reserves	Revenue reserves	Total equity
<b>Balance as at 1st April 2021 (Audited)</b>	<b>838,033</b>	<b>187,141</b>	<b>8,384,740</b>	<b>9,409,914</b>
Profit for the period	-	-	343,518	343,518
Other comprehensive income for the period	-	-	744,232	744,232
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,087,750</b>	<b>1,087,750</b>
Dividend	-	-	(70,937)	(70,937)
<b>Balance as at 31st December 2021 (Unaudited)</b>	<b>838,033</b>	<b>187,141</b>	<b>9,401,553</b>	<b>10,426,727</b>
Balance as at 1st April 2020 (Audited)	763,497	187,141	5,445,000	6,395,638
Profit for the period	-	-	1,442,534	1,442,534
Other comprehensive income for the period	-	-	1,721,005	1,721,005
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>3,163,539</b>	<b>3,163,539</b>
Dividend	74,536	-	(99,451)	(24,915)
<b>Balance as at 31st December 2020 (Unaudited)</b>	<b>838,033</b>	<b>187,141</b>	<b>8,509,088</b>	<b>9,534,262</b>

**CEYLON INVESTMENT PLC**  
**STATEMENT OF CASH FLOWS**

(All figures are in Sri Lankan Rupees Thousands)

For the nine months ended 31st December	2021	2020
<b>Cash flows from operating activities</b>		
Profit before taxation	354,834	1,453,737
<b>Adjustments for:</b>		
Net change in fair value through profit or loss financial assets	(79,583)	(670,076)
Finance expense	101	21,172
Share of profit of equity accounted investees, net of tax	(110,518)	(524,915)
<b>Operating profit before changes in working capital</b>	<b>164,834</b>	<b>279,918</b>
Decrease / (increase) in trade and other receivables	74,399	201
Decrease / (increase) in investments	(177,488)	156,974
Decrease / (increase) in fixed deposits	(101,332)	(245,185)
Increase / (decrease) in trade and other payables	(7,462)	(1,524)
<b>Cash generated from / (used in) operations</b>	<b>(47,049)</b>	<b>190,384</b>
Current tax paid	(15,041)	(13,274)
<b>Net cash generated from / (used in) operating activities</b>	<b>(62,090)</b>	<b>177,110</b>
<b>Cash flows from investing activities</b>		
Investments in equity accounted investees	(1,900)	-
Dividend received from equity accounted investees	41,459	16,781
<b>Net cash generated from / (used in) investing activities</b>	<b>39,559</b>	<b>16,781</b>
<b>Cash flows from financing activities</b>		
Finance expense paid	(101)	(22,274)
Short term borrowings (net movement)	-	(220,000)
Dividend paid	(67,757)	(23,930)
<b>Net cash generated from / (used in) financing activities</b>	<b>(67,858)</b>	<b>(266,204)</b>
Net increase in cash and cash equivalents during the period	(90,389)	(72,313)
Cash and cash equivalents at the beginning of the period	456,498	428,807
<b>Cash and cash equivalents at the end of the period</b>	<b>366,109</b>	<b>356,494</b>
<b>Statement of cash and cash equivalents</b>		
Placements with banking institutions	195,758	277,950
Securities purchased under resale agreements	63,570	12,017
Investment in treasury bills	39,821	-
Cash at bank	66,960	66,527
<b>Cash and cash equivalents for the cash flow statement purposes</b>	<b>366,109</b>	<b>356,494</b>

*Figures in brackets indicate deductions.*

**CEYLON INVESTMENT 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 accordance with the accounting policies and methods applied for the year ended 31st March 2021.

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	2021	2020
Dividend income	118,932	93,609
Interest income on financial assets carried at amortised cost	24,470	35,809
Net gain from disposal of financial assets at FVTPL	60,729	192,027
	<b>204,131</b>	<b>321,445</b>

**3 Profit on investment activities**

The Company recorded a profit of Rs. 283.7 Mn from investment activities for the nine months ended 31 December 2021.

**4 Valuation of investment portfolio**

	Fair value hierarchy	Carrying value/ Fair value as at 31.12.2021	Carrying value/ Fair value as at 31.03.2021
<b>Summary of investment portfolio</b>			
Strategic investments – Investment in equity accounted investees (4.1)		6,488,872	5,673,681
Investment in debt securities– Treasury bills –Amortised cost		49,910	–
Investment in debt securities– Securities purchased under resale agreements – Amortised cost		47,421	–
Investment in equity securities– Fair value through profit or loss–Quoted (4.2)	Level 1	3,039,734	2,872,403
Investment in equity securities– Fair value through profit or loss–Unquoted (4.2)	Level 3	10	10
Investment in unit trusts (4.3)	Level 2	97,871	105,462
		<b>9,723,818</b>	<b>8,651,556</b>

**4.1 Strategic investments – Investment in equity accounted investees**

	Cost	Carrying value/ Fair value	Cost	Carrying value/ Fair value
	as at 31.12.2021	as at 31.12.2021	as at 31.03.2021	as at 31.03.2021
Rubber Investment Trust Limited	296	6,092,152	296	5,276,216
Guardian Value Fund LLC	357,139	389,951	357,139	391,776
Guardian Fund Management LLC	8,261	6,769	6,361	5,689
	<b>365,696</b>	<b>6,488,872</b>	<b>363,796</b>	<b>5,673,681</b>

**4.2 Investment in equity securities– Fair value through profit or loss**

Sector	Fair value as at 31.12.2021	Fair value as at 31.03.2021
Banks	581,515	910,800
Diversified Financials	898,707	790,825
Insurance	250,461	180,553
Food Beverage & Tobacco	433,791	261,142
Food & Staples Retailing	44,551	72,138
Capital Goods	584,312	401,285
Consumer Services	96,003	68,541
Real Estate	–	7,750
Telecommunication Services	150,394	179,369
<b>Total investment in equity securities – Quoted</b>	<b>3,039,734</b>	<b>2,872,403</b>
Unquoted investments	10	10
<b>Total investment in equity securities – Fair value through profit or loss</b>	<b>3,039,744</b>	<b>2,872,413</b>

**CEYLON INVESTMENT PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
(All figures are in Sri Lankan Rupees Thousands unless otherwise stated)

**4.3 Investment in unit trusts**

	Fair value as at 31.12.2021	Fair value as at 31.03.2021
Guardian Acuity Equity Fund	5,991	5,602
Guardian Acuity Money Market Fund	20,201	99,860
Guardian Acuity Income Fund	71,679	-
<b>Total investment in unit trusts</b>	<b>97,871</b>	<b>105,462</b>

**5 Price Index movements**

	As at 31.12.2021	As at 31.03.2021
All Share Price Index (points)	12,226	7,121
S&P SL 20 Index (points)	4,233	2,850

**6 Share repurchase**

On 16th December 2021, Ceylon Investment PLC (CINV/the Company) announced a share repurchase of up to a maximum of 993,511 Ordinary Shares of the Company, at LKR 102.70 per share, subject to all necessary approvals. Accordingly, an Extraordinary General Meeting (EGM) has been scheduled for 11th February 2022 to obtain the required shareholders approval.

**7 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.

**8 Commitments and contingencies**

**8.1 Capital expenditure commitments**

No material capital commitments exist as at the reporting date.

**8.2 Contingencies**

There were no material contingent liabilities as at the reporting date.

**9 Comparative figures**

Comparative figures have been rearranged where necessary to conform to the classification and presentation as at 31st December 2021.

**10 Liabilities for expenditure**

There were no liabilities for management fees or any similar expenditure not provided for in the interim financial statements.

**11 Surcharge Tax**

A one-time Surcharge Tax of 25% on Group/Company's taxable income exceeding Rs.2Bn for the year of assessment 2020/21 was announced in the Government Budget proposals for 2022 and, a draft bill is gazetted. Since the draft bill is not yet approved by the parliament and therefore cannot be considered as enacted, the Company has not provided for any potential liability that could arise therefrom in the financial statements for the period ended 31 December 2021.

**12 Stated capital**

Stated capital of the Company amounted to Rs.838 Mn which consists of 101,338,041 Ordinary Shares.

**13 Related party transactions**

For the nine months ended 31st December	Value of the transactions	
	2021	2020
<b>Transactions with the parent company</b>		
Dividend paid	46,776	65,577
<b>Transactions with associate company</b>		
Dividend received	41,459	16,781
<b>Transactions with affiliate companies</b>		
Receiving of services	35,495	31,678

**CEYLON INVESTMENT PLC**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

(All figures are in Sri Lankan Rupees Thousands unless otherwise stated)

**14 Twenty Major Shareholders as at 31st December 2021**

	<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
1	Ceylon Guardian Investment Trust PLC A/C No.03	66,822,185	65.94
2	Mr. K.C. Vignarajah	1,365,036	1.34
	Commercial Bank of Ceylon Ltd/ K.C. Vignarajah	510,352	0.50
3	Mrs. M.L. De Silva	1,342,922	1.33
4	Miss. G.I.A. De Silva	1,314,088	1.30
5	Associated Electrical Corporation Ltd	1,022,266	1.01
6	Thurston Investments Limited	940,416	0.93
7	Mr. G.J.W. De Silva	878,519	0.87
8	Mr. Y.H. Abdulhussein	830,984	0.82
9	Oakley Investments (Private) Limited	818,421	0.81
10	Miss. R.H. Abdulhussein	686,510	0.68
11	Peoples Leasing & Finance PLC/ Mr. D.M.P. Disanayake	650,067	0.64
12	Miss. N.K.R.H. De Silva	562,721	0.56
13	Bank of Ceylon No.1 Account	543,451	0.54
14	People's Leasing & Finance PLC/ Mr. M.A.N. Yoosufali	521,200	0.51
15	Mr. N.K.A.D. De Silva	504,644	0.50
16	Mercantile Bank (Agency) Private Limited	412,939	0.41
17	People's Leasing & Finance PLC/ Mr. H.M. Abdulhussein	404,299	0.40
18	Miss. G.N.A. De Silva	391,980	0.39
19	Mr. L.H. Abeyesundera	388,225	0.38
20	Aitken Spence PLC – A/C No. 2	386,135	0.38

**15 Public Holding**

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.13.1(a) of the Listing Rules of the Colombo Stock Exchange, under Option 5, i.e. Float-Adjusted Market Capitalization of less than Rs.2.5 Billion with 500 Public Shareholders and a Public Holding percentage of 20%.

The Company's Public Holding as at 31st December 2021:

Market Capitalization of the Public Holding	Rs.1.85 Billion
Percentage of ordinary shares held by the public	34.05%
Number of public shareholders	3,166

**16 Directors Shareholding as at 31st December 2021**

	<b>No. of shares</b>
Mrs. M.A.R.C. Cooray (Chairperson)	-
Mr. D.C.R. Gunawardena	2,157
Mr. A.P. Weeratunge	-
Mr. V.M. Fernando	-
Mr. K. Selvanathan	-

**17 Investor Information**

Market Performance – Ordinary Shares

*As at/ for the three months ended*

	<b>31.12.2021</b>
Market value per share (Rs.)	53.60
Highest price per share (Rs.)	62.50
Lowest price per share (Rs.)	49.70
Market capitalization (in rupees thousands)	5,431,719

## Corporate Information

<b>Name of Company</b>	Ceylon Investment PLC (A Carson Cumberbatch Company)
<b>Domicile and Legal Form</b>	Ceylon Investment PLC is a Public Quoted Company with limited liability domiciled in Sri Lanka. The Company was incorporated in Sri Lanka in 1919.
<b>Company Registration No.</b>	PQ 68
<b>Principal Activity and Nature of Operations</b>	During the period, the principal activity of the Company was holding and managing of an investment portfolio.
<b>Parent Enterprise and Ultimate Parent Enterprise</b>	Ceylon Guardian Investment Trust PLC is the Immediate Parent Company of Ceylon Investment PLC. 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.
<b>Directors</b>	Mrs. M.A.R.C. Cooray (Chairperson) Mr. D.C.R. Gunawardena Mr. A.P. Weeratunge Mr. V.M. Fernando Mr. K. Selvanathan
<b>Number of Employees</b>	The Company did not have any employees of its own during the period under review.
<b>Bankers</b>	Standard Chartered Bank Commercial Bank of Ceylon PLC Deutsche Bank AG Colombo Hatton National Bank PLC
<b>Auditors</b>	Messrs. KPMG Chartered Accountants, No. 32A, Sir Mohamed Macan Markar Mawatha, Colombo 3.
<b>Investment Managers</b>	Guardian Fund Management Limited No. 61, Janadhipathi Mawatha, Colombo 1. Tele: +94-11-2039200 Fax: +94-11-2039385
<b>Managers &amp; Secretaries</b>	Carsons Management Services (Private) Limited No. 61, Janadhipathi Mawatha, Colombo 1. Tele: +94-11-2039200 Fax: +94-11-2039300
<b>Registered Office and Principal Place of Business</b>	No. 61, Janadhipathi Mawatha, Colombo 1. Tele: +94-11-2039200 Fax: +94-11-2039300
<b>Corporate Website</b>	<a href="http://www.carsoncumberbatch.com">www.carsoncumberbatch.com</a>