



**INTERIM FINANCIAL STATEMENTS**  
**For the Six Months ended June 30, 2017**

**COMMERCIAL DEVELOPMENT COMPANY PLC**

## STATEMENT OF COMPREHENSIVE INCOME

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	For the Six Months Ended		Change %	For the Quarter Ended		Change %
	June 30, 2017	June 30, 2016		June 30, 2017	June 30, 2016	
	Rs. 000	Rs. 000		Rs. 000	Rs. 000	
Revenue	168,808	154,317	9.39	82,472	75,903	8.65
Cost of Sales	(89,597)	(81,108)	10.47	(44,929)	(42,029)	6.90
<b>Gross Profit</b>	<b>79,211</b>	<b>73,209</b>	<b>8.20</b>	<b>37,543</b>	<b>33,874</b>	<b>10.83</b>
Other Income	2,254	2,983	(24.44)	-	2,945	(100.00)
	<b>81,465</b>	<b>76,192</b>	<b>6.92</b>	<b>37,543</b>	<b>36,819</b>	<b>1.97</b>
<b>Administrative Expenses</b>	<b>(12,718)</b>	<b>(12,019)</b>	<b>5.82</b>	<b>(6,638)</b>	<b>(6,354)</b>	<b>4.47</b>
Operating Profit	68,747	64,173	7.13	30,905	30,465	1.44
Net Finance Income	7,656	4,977	53.83	3,768	2,717	38.68
Share of Profit of Equity Accounted Investee, Net of Tax	4,400	3,123	40.89	2,794	1,590	75.72
<b>Profit before Tax</b>	<b>80,803</b>	<b>72,273</b>	<b>11.80</b>	<b>37,467</b>	<b>34,772</b>	<b>7.75</b>
Income Tax Expense	(21,563)	(19,540)	10.35	(9,707)	(9,292)	4.47
<b>Profit for the period attributable to Owners of the Company</b>	<b>59,240</b>	<b>52,733</b>	<b>12.34</b>	<b>27,760</b>	<b>25,480</b>	<b>8.95</b>
<b>Other Comprehensive Income</b>						
Net change in Fair Value of Available-for-sale Financial Assets	(107)	(237)	(54.85)	593	918	(35.40)
Related Tax	30	66	(54.55)	(166)	(257)	(35.41)
<b>Other Comprehensive Income for the period, Net of Tax</b>	<b>(77)</b>	<b>(171)</b>	<b>(54.97)</b>	<b>427</b>	<b>661</b>	<b>(35.40)</b>
<b>Total Comprehensive Income for the period, Net of Tax</b>	<b>59,163</b>	<b>52,562</b>	<b>12.56</b>	<b>28,187</b>	<b>26,141</b>	<b>7.83</b>
Earnings per Share (Rs.)	4.94	4.39	12.34	2.31	2.12	8.95

The above figures are provisional and subject to audit unless indicated as audited.

**Explanatory Notes**

- There were no changes in the Accounting Policies and methods of computation since the publication of the Annual Report for the year ended December 31, 2016.
- These Interim Financial Statements are presented in accordance with Sri Lanka Accounting Standard - LKAS - 34 on Interim Financial Reporting and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
- During the quarter, there were no material changes in the composition of assets and liabilities.
- Related Party Transactions.
  - Mr.J.Durairatnam, Managing Director of the Company is also the Managing Director/Chief Executive Officer of Commercial Bank of Ceylon PLC, the major tenant and the parent company of the Company. Mr.U.I.S.Tillakawardana, Director of the Company functions as the Deputy General Manager - Human Resource Management of Commercial Bank of Ceylon PLC. During the quarter ended June 30, 2017, the Company received Rs.- 80,693,502/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.74,739,898/- for the quarter ended June 30, 2016).
  - Mr.U.I.S.Tillakawardana, a Director of the Company is also a Director of Commercial Insurance Brokers (Pvt) Ltd, the associate of the Company which acts as one of the insurance adviser to the Company. During the quarter the Company paid Rs.1,993,911/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (No payments were made for the quarter ended June 30, 2016).
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since June 30, 2017, that require disclosure in these Interim Financial Statements.
- There were no contingent assets, contingent liabilities or capital commitments outstanding as at the Reporting date.
- The Company is yet to comply with the Continuing Listing Rule No. 7.13.1 (a) of the Colombo Stock Exchange, despite our parent Company, Commercial Bank of Ceylon PLC (CBC)'s efforts to reduce its shareholding in our Company by disposing shares in the open market. In this regard, we note that the CBC held 93.01% of the equity having disposed 184,484 shares or 1.54% as at the Reporting date. Prior to disposal of shares, CBC had a stake of 94.55% in the stated capital of our Company.
- The Company has awarded a contract for the refurbishment of the Air Conditioning System at a cost of Rs.66,320,300/-. The refurbishment will be completed by the end of the 3rd quarter of 2017.

## STATEMENT OF FINANCIAL POSITION

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	As at June 30, 2017	As at December 31, 2016 (Audited)	Change
	Rs.'000	Rs.'000	%
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	84,097	100,054	(15.95)
Investment Property	2,005,826	2,005,826	-
Investment Property - Work in Progress	53,273	-	100.00
Equity Accounted Investee	45,292	42,693	6.09
Deposits Receivable	8,896	8,896	0.00
	<u>2,197,384</u>	<u>2,157,469</u>	1.85
<b>Current Assets</b>			
Inventories	103	86	19.77
Trade and Other Receivables	22,041	14,975	47.19
Short Term Investments	139,637	159,289	(12.34)
Cash and Cash Equivalents	23,120	32,858	(29.64)
	<u>184,901</u>	<u>207,208</u>	(10.77)
<b>Total Assets</b>	<u>2,382,285</u>	<u>2,364,677</u>	0.74
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	120,000	120,000	-
Other Reserves	1,580,718	1,580,795	(0.00)
Retained Earnings	298,312	275,072	8.45
<b>Total Equity</b>	<u>1,999,030</u>	<u>1,975,867</u>	1.17
<b>Non-Current Liabilities</b>			
Deposits Payables	27,724	29,063	(4.61)
Employee Benefits	15,871	16,633	(4.58)
Deferred Taxation	297,762	297,536	0.08
	<u>341,357</u>	<u>343,232</u>	(0.55)
<b>Current Liabilities</b>			
Trade and Other Payables	11,969	18,387	(34.91)
Deferred Revenue	7,516	6,351	18.34
Current Tax Liabilities	22,413	20,840	7.55
	<u>41,898</u>	<u>45,578</u>	(8.07)
<b>Total Equity and Liabilities</b>	<u>2,382,285</u>	<u>2,364,677</u>	0.74
Net Assets Value Per Ordinary Share (Rs.)	<u>166.59</u>	<u>164.66</u>	1.17

The above figures are provisional and subject to audit unless indicated as audited.

I certify that these Financial Statements have been prepared in accordance with the requirements of the Companies Act No.07 of 2007.

(Sgd.) W.H. Wijesekara  
Accountant

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

(Sgd.) B.R.L. FERNANDO  
CHAIRMAN

August 10, 2017

(Sgd.) J. DURAIRATNAM  
MANAGING DIRECTOR

August 10, 2017

## STATEMENT OF CHANGES IN EQUITY

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	Stated Capital	Other Reserves		Retained Earnings	Total Equity
		Fair Value Adjustment Reserve	Available for Sale Reserve		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at January 1, 2016	120,000	1,364,152	(35)	223,722	1,707,839
<b>Total Comprehensive Income for the Six Months ended June 30, 2016</b>					
Profit for the Six Months ended June 30, 2016	-	-	-	52,733	52,733
Other Comprehensive Income for the Six Months ended June 30, 2016	-	-	(171)	-	(171)
	-	-	(171)	52,733	52,562
<b>Transaction with equity holders, recognized directly in equity</b>					
Final dividend for 2015	-	-	-	(36,000)	(36,000)
Write back of Unclaimed Dividends	-	-	-	661	661
<b>Balance as at June 30, 2016</b>	<b>120,000</b>	<b>1,364,152</b>	<b>(206)</b>	<b>241,116</b>	<b>1,725,062</b>
<b>Total Comprehensive Income for the Six Months ended December 31, 2016</b>					
Profit for the Six Months ended December 31, 2016	-	-	-	273,709	273,709
Other Comprehensive Income for the Six Months ended December 31, 2016	-	-	261	835	1,096
	-	-	261	274,544	274,805
<b>Transaction with equity holders, recognized directly in equity</b>					
First Interim Dividend for 2016	-	-	-	(24,000)	(24,000)
Transfer of Fair Value Gains on Investment Property	-	216,588	-	(216,588)	-
<b>Balance as at December 31, 2016 - Audited</b>	<b>120,000</b>	<b>1,580,740</b>	<b>55</b>	<b>275,072</b>	<b>1,975,867</b>
<b>Total Comprehensive Income for the Six Months ended June 30, 2017</b>					
Profit for the Six Months ended June 30, 2017	-	-	-	59,240	59,240
Other Comprehensive Income for the Six Months ended June 30, 2017	-	-	(77)	-	(77)
	-	-	(77)	59,240	59,163
<b>Transaction with equity holders, recognized directly in equity</b>					
Second Interim Dividend for 2016	-	-	-	(30,000)	(30,000)
Final Dividend for 2016	-	-	-	(6,000)	(6,000)
<b>Balance as at June 30, 2017</b>	<b>120,000</b>	<b>1,580,740</b>	<b>(22)</b>	<b>298,312</b>	<b>1,999,030</b>

The above figures are provisional and subject to audit unless indicated as audited.

**STATEMENT OF CASH FLOWS****05**

<b>For the Six Months Ended June 30,</b>	<b>2017</b>	<b>2016</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	80,803	72,273
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation	15,969	13,463
Share of Profit of Equity Accounted Investee, Net of Tax	(4,400)	(3,123)
Interest Income	(9,038)	(5,833)
Interest Expenses	1,382	856
Gain on Disposal of Motor Vehicles	(2,250)	(2,850)
	<u>82,466</u>	<u>74,786</u>
Working Capital Adjustments		
(Increase)/Decrease in Inventory	(17)	(21)
(Increase)/Decrease in Trade & Other Receivables	(7,066)	(3,065)
Increase/(Decrease) in Deposits Payables	(1,340)	845
Increase/(Decrease) in Deferred Revenue	1,165	1,497
Decrease in Trade and Other Payables	(3,859)	(1,070)
	<u>71,349</u>	<u>72,972</u>
Interest paid	(1,382)	(856)
Gratuity paid	(762)	(147)
Current Tax paid	(19,551)	(17,752)
<b>Net Cash Flow Generated from Operating Activities</b>	<u>49,654</u>	<u>54,217</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(11)	(8,657)
Expenses incurred o/a Air Conditioning System	(53,273)	-
Proceeds from Sale of Motor Vehicles	2,250	2,850
Interest Received	9,038	5,833
Dividend Received	1,620	1,620
Net (Increase)/Decrease in Short Term Investments	19,544	(4,406)
<b>Net Cash Flow Generated from Investing Activities</b>	<u>(20,832)</u>	<u>(2,760)</u>
<b>Cash Flows from Financing Activities</b>		
Dividend Paid	(38,560)	(39,503)
<b>Net Cash Flow Used in Financing Activities</b>	<u>(38,560)</u>	<u>(39,503)</u>
Net Increase in Cash and Cash Equivalents	(9,738)	11,954
Cash and Cash Equivalent at the Beginning of the period	32,858	22,846
<b>Cash and Cash Equivalent at the End of the period</b>	<u>23,120</u>	<u>34,800</u>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash at Bank	23,104	34,771
Cash in Hand	16	29
	<u>23,120</u>	<u>34,800</u>

The above figures are provisional and subject to audit unless indicated as audited.

**TWENTY LARGEST SHAREHOLDERS AS AT JUNE 30, 2017****06**

<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
01 Commercial Bank of Ceylon PLC	11,161,222	93.01
02 British American Technologies (Pvt) Ltd	56,100	0.47
03 First Capital Markets Limited/K.Laveendrakumar	46,871	0.39
04 Amirally Lukmanjee	44,168	0.37
05 Binanthi Shamani Rasanayagam	36,000	0.30
06 Gajath Chrysantha Goonetilleke	28,713	0.24
07 Estate of late Surendra Wickremasinghe (Deceased)	27,200	0.23
08 Manel Senanayake	24,000	0.20
09 Assetline Leasing Company Ltd/K.Laveendrakumar	22,341	0.19
10 Sithamparapillai Gowrisangar	20,000	0.17
11 Citizen Development Business Finance PLC / P. Gajendra	14,653	0.12
12 Seylan Bank PLC/ Shermal Hemaka Jayasuriya	13,236	0.11
13 Mallory Evan Wijesinghe	12,000	0.10
14 Sithampalam Abishek	11,800	0.10
15 Sellahewa Gunendra Rasitha	10,125	0.08
16 Perera Seneviratne Marie Premila	10,000	0.08
17 Chandrasekara Alwishewa	10,000	0.08
18 Douglas Sudirikku Jayawickrama	10,000	0.08
19 Kaluarachchige Shanti Anula Fernando	10,000	0.08
20 Durga Sithampalam	9,007	0.08
	<hr/>	<hr/>
	11,577,436	96.48
Other shareholders	422,564	3.52
Total	<hr/>	<hr/>
	12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at June 30, 2017 was 6.99%. There were 769 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at June 30, 2017.

**Name of the Company**

Commercial Development Company PLC

**Legal Form**

A public limited liability company incorporated in Sri Lanka on March 14, 1980 under the Companies Ordinance No. 51 of 1938 and quoted in the Colombo Stock Exchange in March 1983. The Company was re-registered, under the Companies Act No. 07 of 2007 on January 17, 2008.

**Registered Office**

"Commercial House"  
No. 21, Sir Razik Fareed Mawatha  
Colombo 01, Sri Lanka.  
Telephone/Facsimile : 011 - 2447300  
Email : cdccompany@combank.net

**Company Registration No.**

PQ 114

**Tax Payer Identification No. (TIN)**

124010578

**Accounting Year - end**

December 31

**Board of Directors**

Mr.B.R.L. Fernando - Chairman  
Mr.J. Durairatnam - Managing Director  
Mr.A.L. Gooneratne  
Mr.A.T.P. Edirisinghe  
Mr.L.D.A. Jayasinghe  
Mr.U.I.S. Tillakawardana

**Company Secretary**

Mr.L.W.P. Indrajith

**Auditors**

KPMG  
Chartered Accountants  
32A, Sir Mohamed Macan Markar Mawatha  
Colombo 03, Sri Lanka.

**Registrars**

SSP Corporate Services (Private) Limited  
101, Inner Flower Road,  
Colombo 03, Sri Lanka.

**Lawyers**

Julius & Creasy  
41, Janadhipathi Mawatha,  
Colombo 01, Sri Lanka.

**Audit Committee**

Mr.B.R.L. Fernando - Chairman  
Mr.A.L. Gooneratne  
Mr.A.T.P. Edirisinghe  
Mr.L.D.A. Jayasinghe

**Principal Banker**

Commercial Bank of Ceylon PLC

**Information on Shares**

	2017 Rs.	2016 Rs.
Market Value of a Share <i>As at June 30,</i>	<b>70.20</b>	82.90
Highest price during the <i>quarter ended June 30,</i>	<b>79.70</b>	95.00
Lowest price during the <i>quarter ended June 30,</i>	<b>70.00</b>	80.50
Number of Ordinary Shares in issue	<b>12,000,000</b>	12,000,000

**Financial Ratios**

<b>As at June 30,</b>	2017	2016
Interest Cover ( times )	<b>49.74</b>	74.97
Quick Assets Ratio ( times )	<b>4.41</b>	4.45