



**INTERIM FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2019**

**COMMERCIAL DEVELOPMENT COMPANY PLC**

## STATEMENT OF COMPREHENSIVE INCOME

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For the six months ended June 30,	For the Six Months Ended		Change	For the Quarter Ended		Change
	June 30, 2019	June 30, 2018		June 30, 2019	June 30, 2018	
	Rs. 000	Rs. 000	%	Rs. 000	Rs. 000	%
Revenue	219,221	182,496	20.1	109,088	91,212	19.6
Cost of Sales	(117,561)	(90,292)	30.2	(61,096)	(46,877)	30.3
<b>Gross Profit</b>	<b>101,660</b>	<b>92,204</b>	<b>10.3</b>	<b>47,992</b>	<b>44,335</b>	<b>8.2</b>
Other Income	-	111	(100.0)	-	104	(100.0)
	<b>101,660</b>	<b>92,315</b>	<b>10.1</b>	<b>47,992</b>	<b>44,439</b>	<b>8.0</b>
Administrative Expenses	(21,194)	(17,872)	18.6	(11,139)	(9,095)	22.5
Operating Profit	80,466	74,443	8.1	36,853	35,344	4.3
Net Finance Income	2,322	2,632	(11.8)	1,414	1,165	21.4
Share of Profit of Equity Accounted Investee, Net of Tax	6,604	5,416	21.9	4,469	3,320	34.6
<b>Profit before Tax</b>	<b>89,392</b>	<b>82,491</b>	<b>8.4</b>	<b>42,736</b>	<b>39,829</b>	<b>7.3</b>
Income Tax Expense	(24,879)	(20,991)	18.5	(11,337)	(9,868)	14.9
<b>Profit for the period attributable to Owners of the Company</b>	<b>64,513</b>	<b>61,500</b>	<b>4.9</b>	<b>31,399</b>	<b>29,961</b>	<b>4.8</b>
<b>Other Comprehensive Income, Net of Tax</b>						
Net change in fair value of Debt investments at FVOCI	315	(173)	(282.1)	380	192	97.9
Related Tax	(88)	48	(283.3)	(106)	(54)	96.3
<b>Other Comprehensive Income for the period, Net of Tax</b>	<b>227</b>	<b>(125)</b>	<b>(281.6)</b>	<b>274</b>	<b>138</b>	<b>98.6</b>
<b>Total Comprehensive Income for the period, Net of Tax</b>	<b>64,740</b>	<b>61,375</b>	<b>5.5</b>	<b>31,673</b>	<b>30,099</b>	<b>5.2</b>
Earnings per Share (Rs.)	5.38	5.13	4.9	2.62	2.50	4.8

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, 2018 except for the accounting policies and methods of computation adopted to be compliant with the requirements of the Sri Lanka Accounting Standards SLFRS 16 on Leases, which became effective for annual financial periods from January 01, 2019.
- 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.S.Renganathan, 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 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, 2019, the Company received Rs.- 108,579,683/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.87,922,486/- during the quarter ended June 30, 2018).
  - 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 advisers to the Company. During the quarter, the Company paid Rs.3,435,225/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs.2,744,491/- during the quarter ended June 30, 2018). Out of the above insurance premium payment of Rs.3,435,225/-, Rs.2,517,483/- was paid to Continental Insurance Lanka Ltd, wherein Mr.A.L.Gooneratne, a Director of the Company functions as a Director (Rs.2,617,746/- out of Rs.2,744,491/- for the quarter ended June 30, 2018)
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since June 30, 2019, that require disclosure in these Interim Financial Statements.
- There were no contingent assets, contingent liabilities or capital commitments outstanding as at the Reporting date except as disclosed bellow.
  - A case that has been filed against the Company by an employee at the Labour Tribunal, Negombo. The employee has declared that he would be willing for a settlement with compensation of Rs.1 Mn. The case is currently at the Labour Tribunal. No provision is made in these Financial Statements as the lawyers are of the opinion that the outcome of the potential liability on this case cannot be assessed with reasonable certainty at this stage.
  - The Department of Inland Revenue has raised assessments on the Company for the years of assessment 2000/01, 2001/02, 2002/03, 2003/04, 2004/05 and 2005/06 assessing the Company to pay income tax liabilities amounting to Rs.17 Mn. The Company has lodged valid appeals against the said assessments with the Tax Appeals Commission. The Directors are of the view that the Company has followed due process and acted in accordance with the prevailing laws in its tax submissions for the aforesaid years and therefore, the above assessments have no rationale or basis in law. Accordingly, no provision has been made in these Financial Statements.

- 8 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. The CBC held a stake of 92.32% of the equity of the Company having disposed 267,096 shares or 2.23% of its stake since November 2015 upto the reporting date. Prior to disposal of shares, CBC had a stake of 94.55% in the stated capital of our Company.

The Float Adjusted Market Capitalization of the Company as at June 30, 2019 was Rs. 68,935,680/-

As per the Listing Rule No 7.13.2 (b), since the Company was non-compliant with the Listing Rule No 7.13.1 on July 01, 2018, the Company's shares was transferred to Watch List on July 01, 2018. As per the Listing Rule No 7.13.2 (f) , the Company is entitled to a period of twenty (20) months from the date of such transfer, to comply with the Minimum Public Holding Requirement.

- 9 Investment Property is stated at fair value, which reflects market conditions at the reporting date. The Company carries out annual revaluations on all its Investment Properties in the 4th quarter of each year and gains or losses arising from change in the fair values are included in the Income Statements in its Annual Financial Statements.

## STATEMENT OF FINANCIAL POSITION

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	As at June 30, 2019	As at December 31, 2018 (Audited)	Change
	Rs.'000	Rs.'000	%
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	151,105	142,920	5.73
Investment Property	2,673,717	2,673,717	0.00
Equity Accounted Investee	54,706	51,102	7.05
Deposits Receivable	10,913	10,818	0.88
	<u>2,890,441</u>	<u>2,878,557</u>	0.41
<b>Current Assets</b>			
Inventories	27	105	(74.29)
Trade and Other Receivables	31,438	62,051	(49.34)
Financial Investments	70,592	67,269	4.94
Cash and Cash Equivalents	65,714	16,810	290.92
	<u>167,771</u>	<u>146,235</u>	14.73
<b>Total Assets</b>	<u><u>3,058,212</u></u>	<u><u>3,024,792</u></u>	1.10
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	120,000	120,000	-
Other Reserves	2,091,449	2,091,222	0.01
Retained Earnings	413,609	391,096	5.76
<b>Total Equity</b>	<u>2,625,058</u>	<u>2,602,318</u>	0.87
<b>Non-Current Liabilities</b>			
Deposits Payables	31,777	27,199	16.83
Employee Benefits	35,919	36,618	(1.91)
Lease Creditors - Long Term	8,763	3,146	178.54
Deferred Taxation	316,729	314,253	0.79
	<u>393,188</u>	<u>381,216</u>	3.14
<b>Current Liabilities</b>			
Trade and Other Payables	16,030	21,503	(25.45)
Lease Creditors - Short Term	4,898	618	692.56
Deferred Revenue	7,354	10,374	(29.11)
Current Tax Liabilities	11,684	8,763	33.33
	<u>39,966</u>	<u>41,258</u>	(3.13)
<b>Total Equity and Liabilities</b>	<u><u>3,058,212</u></u>	<u><u>3,024,792</u></u>	1.10
Net Assets Value Per Ordinary Share (Rs.)	<u>218.75</u>	<u>216.86</u>	0.87

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 9, 2019

(Sgd.) S.RENGANATHAN  
MANAGING DIRECTOR

August 9, 2019

## STATEMENT OF CHANGES IN EQUITY

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	Stated Capital	Other Reserves		Retained Earnings	Total Equity
		Fair Value Reserve - Investment Property	Fair Value Reserve - Financial Assets		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at January 1, 2018	120,000	1,887,332	64	328,859	2,336,255
<b>Total Comprehensive Income for the six months ended June 30, 2018</b>					
Profit for the six months ended June 30, 2018	-	-	-	61,500	61,500
Other Comprehensive Income for the six months ended June 30, 2018	-	-	(125)	-	(125)
	-	-	(125)	61,500	61,375
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2017	-	-	-	(36,000)	(36,000)
<b>Balance as at June 30, 2018</b>	<b>120,000</b>	<b>1,887,332</b>	<b>(61)</b>	<b>354,359</b>	<b>2,361,630</b>
<b>Total Comprehensive Income for the six months ended December 31, 2018</b>					
Profit for the six months ended December 31, 2018	-	-	-	267,047	267,047
Other Comprehensive Income for the six months ended December 31, 2018	-	-	(111)	(2,741)	(2,852)
	-	-	(111)	264,306	264,195
<b>Transaction with equity holders, recognized directly in equity</b>					
Interim Dividend for 2018	-	-	-	(24,000)	(24,000)
Write back of Unclaimed Dividends	-	-	-	493	493
Transfer of Fair Value Gains on Investment Property	-	204,062	-	(204,062)	-
<b>Balance as at December 31, 2018 - Audited</b>	<b>120,000</b>	<b>2,091,394</b>	<b>(172)</b>	<b>391,096</b>	<b>2,602,318</b>
<b>Total Comprehensive Income for the six months ended June 30, 2019</b>					
Profit for the six months ended June 30, 2019	-	-	-	64,513	64,513
Other Comprehensive Income for the six months ended June 30, 2019	-	-	227	-	227
	-	-	227	64,513	64,740
Final Dividend 2018	-	-	-	(42,000)	(42,000)
<b>Balance as at June 30, 2019</b>	<b>120,000</b>	<b>2,091,394</b>	<b>55</b>	<b>413,609</b>	<b>2,625,058</b>

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

## STATEMENT OF CASH FLOWS

**06**

For the six months Ended June 30,	2019	2018
	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	89,392	82,491
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation/Amortization	26,851	17,838
Share of Profit of Equity Accounted Investee, Net of Tax	(6,604)	(5,416)
Interest Income	(4,758)	(3,928)
Interest Expenses	2,436	1,295
	<b>107,317</b>	<b>92,280</b>
Working Capital Adjustments		
(Increase)/Decrease in Inventory	78	29
(Increase)/Decrease in Trade & Other Receivables	30,518	20,443
Increase/(Decrease) in Deposits Payables	4,576	1,879
Increase/(Decrease) in Deferred Revenue	(3,020)	(3,441)
Increase/(Decrease) in Trade and Other Payables	(1,950)	(5,451)
	<b>137,519</b>	<b>105,739</b>
Interest Paid	(2,436)	(1,295)
Gratuity Paid	(699)	(421)
Current Tax paid	(19,149)	(21,296)
	<b>115,235</b>	<b>82,727</b>
<b>Net Cash Flow Generated from Operating Activities</b>	<b>115,235</b>	<b>82,727</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(23,491)	(21,250)
Expenses incurred o/a Air Conditioning System	-	(720)
Interest Received	4,758	3,928
Dividend Received	2,580	1,800
Net (Increase)/Decrease in Financial Investments	(3,008)	(2,592)
	<b>(19,161)</b>	<b>(18,834)</b>
<b>Net Cash Flow (Used in)/Generated from Investing Activities</b>	<b>(19,161)</b>	<b>(18,834)</b>
<b>Cash Flows from Financing Activities</b>		
Capital payments on Leases	(1,983)	-
Dividend Paid	(45,187)	(38,180)
	<b>(47,170)</b>	<b>(38,180)</b>
<b>Net Cash Flow Used in Financing Activities</b>	<b>(47,170)</b>	<b>(38,180)</b>
Net Increase in Cash and Cash Equivalents	48,904	25,713
Cash and Cash Equivalent at the Beginning of the period	16,810	15,688
<b>Cash and Cash Equivalent at the End of the period</b>	<b>65,714</b>	<b>41,401</b>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash at Bank	65,691	41,388
Cash in Hand	23	13
	<b>65,714</b>	<b>41,401</b>

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

**TWENTY LARGEST SHAREHOLDERS AS AT JUNE 30, 2019****07**

<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
01 Commercial Bank of Ceylon PLC	11,078,609	92.32
02 Assetline Leasing Company Ltd/British American Technologies Pvt Ltd	56,100	0.47
03 People's Merchant Finance PLC/K.K. Shujeevan	47,299	0.39
04 People's Merchant Finance PLC/K.Laveendrakumar	46,871	0.39
05 Amirally Lukmanjee	44,168	0.37
06 Binanthi Shamani Rasanayagam	36,000	0.30
07 Gajath Chrysantha Goonetilleke	30,077	0.25
08 Estate of late Surendra Wickremasinghe (Deceased)	27,200	0.23
09 Sampath Bank PLC/Abishek Sithampalam	26,000	0.22
10 Sithamparapillai Gowrisangar	25,000	0.21
10 Carimjee Zoebaly Gulamabass	25,000	0.21
11 Manel Senanayake	24,000	0.20
12 Assetline Leasing Company Ltd/K.Laveendrakumar	22,341	0.19
13 Sellahewa Gunendra Rasitha	17,072	0.14
14 Citizen Development Business Finance PLC / P. Gajendra	16,358	0.14
15 Durga Sithampalam	16,000	0.13
16 Chandrasekara Alwishewa	13,266	0.11
17 Sandun Chamara Ellangage	12,300	0.10
18 Mallory Evan Wijesinghe	12,000	0.10
19 Marie Premila Perera Seneviratne	10,000	0.08
19 Douglas Sudirikku Jayawickrama	10,000	0.08
19 Kaluarachchige Shanti Anula Fernando	10,000	0.08
20 Ranatunga Jayasekara Koralalage Janaka Ranatunga	9,445	0.08
	<hr/>	<hr/>
	11,615,106	96.79
Other shareholders	384,894	3.21
Total	<hr/>	<hr/>
	12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at June 30, 2019 was 7.68%. There were 768 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at June 30, 2019.

**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**

No. 8 - 4/2, York Arcade Building,  
Leyden Bastian Road,  
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.S.Renganathan - 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**

	2019 Rs.	2018 Rs.
Market Value of a Share <i>As at June 30,</i>	74.80	73.30
Highest price during the <i>quarter ended June 30,</i>	79.30	80.00
Lowest price during the <i>quarter ended June 30,</i>	70.00	67.50
Number of Ordinary Shares in issue	12,000,000	12,000,000

**Financial Ratios**

<b>As at June 30,</b>	2019	2018
Interest Cover ( times )	33.03	57.48
Quick Assets Ratio ( times )	4.20	3.87
Net Assets Value Per Share (Rs.)	218.75	196.80