



**INTERIM FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2020**

**COMMERCIAL DEVELOPMENT COMPANY PLC**

## STATEMENT OF COMPREHENSIVE INCOME

02

For the six months ended June 30,

	For the Six Months Ended		Change	For the Quarter Ended		Change
	June 30,	June 30,		June 30,	June 30,	
	2020	2019	%	2020	2019	%
	Rs. 000	Rs. 000		Rs. 000	Rs. 000	
Revenue	225,131	219,221	2.7	114,420	109,088	4.9
Cost of Sales	(123,759)	(123,251)	0.4	(62,861)	(64,033)	(1.8)
<b>Gross Profit</b>	<b>101,372</b>	<b>95,970</b>	<b>5.6</b>	<b>51,559</b>	<b>45,055</b>	<b>14.4</b>
Other Income	45	-	-	-	-	-
	<b>101,417</b>	<b>95,970</b>	<b>5.7</b>	<b>51,559</b>	<b>45,055</b>	<b>14.4</b>
Administrative Expenses	(15,705)	(15,504)	1.3	(7,044)	(8,202)	(14.1)
Operating Profit	85,712	80,466	6.5	44,515	36,853	20.8
Net Finance Income	4,506	2,322	94.1	2,554	1,414	80.6
Share of Profit of Equity Accounted Investee, Net of Tax	3,739	6,604	(43.4)	3,200	4,469	(28.4)
<b>Profit before Tax</b>	<b>93,957</b>	<b>89,392</b>	<b>5.1</b>	<b>50,269</b>	<b>42,736</b>	<b>17.6</b>
Income Tax Expense	(25,654)	(24,879)	3.1	(13,411)	(11,337)	18.3
<b>Profit for the period attributable to Owners of the Company</b>	<b>68,303</b>	<b>64,513</b>	<b>5.9</b>	<b>36,858</b>	<b>31,399</b>	<b>17.4</b>
<b>Other Comprehensive Income, Net of Tax</b>						
Net change in fair value of Debt investments at FVOCI	(290)	315	(192.1)	(233)	380	(161.3)
Related Tax	81	(88)	(192.0)	65	(106)	(161.3)
<b>Other Comprehensive Income for the year, Net of Tax</b>	<b>(209)</b>	<b>227</b>	<b>(192.1)</b>	<b>(168)</b>	<b>274</b>	<b>(161.3)</b>
<b>Total Comprehensive Income for the year, Net of Tax</b>	<b>68,094</b>	<b>64,740</b>	<b>5.2</b>	<b>36,690</b>	<b>31,673</b>	<b>15.8</b>
Earnings per Share (Rs.)	5.69	5.38	5.9	3.07	2.62	17.4

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, 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, 2020, the Company received Rs.- 113,838,435/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.108,579,683/- during the quarter ended June 30, 2019).
  - 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.2,334,797/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs3,435,225/- during the quarter ended June 30, 2019). The above mentioned insurance premium of Rs.2,334,797/- was paid to Continental Insurance Lanka Ltd, wherein Mr.A.L.Gooneratne, a Director of the Company functions as a Director (Rs.2,517,483/- out of Rs.3,435,225/- for the quarter ended June 30, 2019).
- All known expenses have been provided for in these Interim Financial Statements.
- There were no contingent assets, contingent liabilities or capital commitments outstanding as at the Reporting date except as disclosed below.
  - 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.

(b) 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.

- 7 The Ordinary Voting shares of the Company have been transferred from the Main Board to the Diri Savi Board of the Colombo Stock Exchange, with effect from May 29, 2020.

The percentage of public holding in the stated capital of the Company as at June 30, 2020 was 10% and there were 860 shareholders representing the public holding percentage stated above.

The Float Adjusted Market Capitalisation of the Company as at June 30, 2020 was Rs. 84,240,000/-.

**8 Impact of Covid-19 Pandemic to the Financial Statements**

It is pertinent to mention that the Company is permitted to provide its services only to Commercial Bank of Ceylon PLC accordingly our income is solely dependent on Commercial Bank of Ceylon PLC. As a result of the COVID 19 pandemic, the direct impact on our business operations is expected to be at a minimal level. However, any adverse impact on operations of Commercial Bank of Ceylon PLC could have impact on our operations. Therefore, our response to the impact can be varied, which largely depends on operational decisions of Commercial Bank.

Further, we understand that market values at which our investment properties have been recognized could decline due to COVID 19 outbreak which in turn could have direct impact on our reported results and the financial position. However, our capital structure does not contain debt capital and also we have not sought for any long term borrowings.

It is also understood that our Associate Company M/s. Commercial Insurance Brokers (Pvt) Ltd, too will have a negative impact on their revenue and profits which too is not quantifiable at this stage.

Given the above facts we are unable to ascertain the exact business and financial implications of COVID -19 outbreak, at this stage.

- 9 There were no material events that took place since June 30, 2020, that require disclosure in these Interim Financial Statements other than those disclosed above.

## STATEMENT OF FINANCIAL POSITION

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	As at June 30, 2020	As at December 31, 2019 (Audited)	Change
	Rs.'000	Rs.'000	%
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	108,299	130,392	(16.94)
Investment Property	2,911,000	2,911,000	-
Equity Accounted Investee	56,813	57,274	(0.80)
Deposits Receivable	11,119	11,014	0.95
	<u>3,087,231</u>	<u>3,109,680</u>	(0.72)
<b>Current Assets</b>			
Inventories	18	18	-
Trade and Other Receivables	44,886	41,623	7.84
Financial Investments	186,390	73,329	154.18
Cash and Cash Equivalents	63,332	119,282	(46.91)
	<u>294,626</u>	<u>234,252</u>	25.77
<b>Total Assets</b>	<u><u>3,381,857</u></u>	<u><u>3,343,932</u></u>	1.13
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	120,000	120,000	-
Other Reserves	2,326,892	2,327,101	-
Retained Earnings	473,912	453,609	4.48
<b>Total Equity</b>	<u>2,920,804</u>	<u>2,900,710</u>	0.69
<b>Non-Current Liabilities</b>			
Deposits Payables	35,257	33,470	5.34
Employee Benefits	46,301	41,533	11.48
Lease Creditors - Long Term	7,086	5,974	18.61
Deferred Taxation	317,487	319,253	(0.55)
	<u>406,131</u>	<u>400,230</u>	1.47
<b>Current Liabilities</b>			
Trade and Other Payables	24,824	21,279	16.66
Lease Creditors - Short Term	1,676	5,374	(68.81)
Deferred Revenue	4,017	8,336	(51.81)
Current Tax Liabilities	24,405	8,003	204.95
	<u>54,922</u>	<u>42,992</u>	27.75
<b>Total Equity and Liabilities</b>	<u><u>3,381,857</u></u>	<u><u>3,343,932</u></u>	1.13
Net Assets Value Per Ordinary Share (Rs.)	<u>243.40</u>	<u>241.73</u>	0.69

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 and amendments thereto.

(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, 2020

(Sgd.) S.RENGANATHAN  
MANAGING DIRECTOR

August 10, 2020

## 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, 2019	120,000	2,091,394	(172)	391,096	2,602,318
<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
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 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>
<b>Total Comprehensive Income for the six months ended December 31, 2019</b>					
Profit for the six months ended December 31, 2019	-	-	-	298,704	298,704
Other Comprehensive Income for the six months ended December 31, 2019	-	-	(126)	855	729
	-	-	(126)	299,559	299,433
<b>Transaction with equity holders, recognized directly in equity</b>					
Interim Dividend for 2019	-	-	-	(24,000)	(24,000)
Write back of Unclaimed Dividends	-	-	-	219	219
Transfer of Fair Value Gains on Investment Property	-	235,778	-	(235,778)	-
<b>Balance as at December 31, 2019 - Audited</b>	<b>120,000</b>	<b>2,327,172</b>	<b>(71)</b>	<b>453,609</b>	<b>2,900,710</b>
<b>Total Comprehensive Income for the six months ended June 30, 2020</b>					
Profit for the six months ended June 30, 2020	-	-	-	68,303	68,303
Other Comprehensive Income for the six months ended June 30, 2020	-	-	(209)	-	(209)
	-	-	(209)	68,303	68,094
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2019	-	-	-	(48,000)	(48,000)
<b>Balance as at June 30, 2020</b>	<b>120,000</b>	<b>2,327,172</b>	<b>(280)</b>	<b>473,912</b>	<b>2,920,804</b>

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

## STATEMENT OF CASH FLOWS

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For the six months Ended June 30,	2020	2019
	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	93,957	89,392
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation/Amortization	22,385	26,851
Share of Profit of Equity Accounted Investee, Net of Tax	(3,739)	(6,604)
Interest Income	(6,828)	(4,758)
Provision for Employee Benefits	4,907	-
Interest Expenses	2,322	2,436
	113,004	107,317
Working Capital Adjustments		
(Increase)/Decrease in Inventory	-	78
(Increase)/Decrease in Trade & Other Receivables	(3,368)	30,518
Increase/(Decrease) in Deposits Payables	1,787	4,576
Increase/(Decrease) in Deferred Revenue	(4,319)	(3,020)
Increase/(Decrease) in Trade and Other Payables	5,317	(1,950)
	112,421	137,519
Interest Paid	(2,322)	(2,436)
Employee Benefits paid	(139)	(699)
Current Tax paid	(10,937)	(19,149)
	99,023	115,235
<b>Net Cash Flow Generated from Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(292)	(23,491)
Interest Received	6,828	4,758
Dividend Received	4,200	2,580
Net Change in Financial Investments	(113,351)	(3,008)
	(102,615)	(19,161)
<b>Net Cash Flow (Used in)/Generated from Investing Activities</b>		
<b>Cash Flows from Financing Activities</b>		
Payment of Lease Liabilities	(2,586)	(1,983)
Dividend Paid	(49,772)	(45,187)
	(52,358)	(47,170)
<b>Net Cash Flow Used in Financing Activities</b>		
Net Increase in Cash and Cash Equivalents	(55,950)	48,904
Cash and Cash Equivalent at the Beginning of the Period	119,282	16,810
<b>Cash and Cash Equivalent at the End of the Period</b>	63,332	65,714
<b>Analysis of Cash and Cash Equivalents</b>		
Cash at Bank	63,282	65,691
Cash in Hand	50	23
	63,332	65,714

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

**TWENTY LARGEST SHAREHOLDERS AS AT JUNE 30, 2020****07**

<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
01 Commercial Bank of Ceylon PLC	10,800,000	90.00
02 Assetline Leasing Co.LTD/British American Technologies (Pvt) Ltd	56,100	0.47
03 Seylan Bank PLC/ARRC Capital (Pvt) Ltd	55,270	0.46
04 Hettiarachchige Mano Jerome De Silva	51,041	0.43
05 People's Merchant Finance PLC/K.Laveendrakumar	48,371	0.40
06 People's Merchant Finance PLC/K.K.Shujeevan	47,299	0.39
07 Amirally Lukmanjee	44,168	0.37
08 Binanthi Shamani Rasanayagam	36,000	0.30
09 Dassanayake Liyanarachchige Niroshan Pradeep Dassanayaka	34,970	0.29
10 People's Leasing and Finance PLC/K.Laveendrakumar	30,228	0.25
11 Gajath Chrysantha Goonetilleke	30,077	0.25
12 Surendra Wickramasinghe	27,200	0.23
13 Sampath Bank PLC/Abishek Sithampalam	26,000	0.22
14 Sithamparapillai Gowrisangar	25,500	0.21
15 Zoebaly Gulamabass Carimjee	25,000	0.21
16 Manel Senanayake	24,000	0.20
17 Karalasingam Kowriesan	23,631	0.20
18 Sadun Chamara Ellangage	20,484	0.17
19 Wijewickrama Pathinayakage Asanka Dinunuwan Gunathilaka	20,000	0.17
20 Gunendra Rasitha Sellahewa	18,120	0.15
	<u>11,443,459</u>	<u>95.37</u>
Other shareholders	<u>556,541</u>	<u>4.63</u>
Total	<u>12,000,000</u>	<u>100.00</u>

Percentage of public holding in the Stated Capital of the Company as at June 30, 2020 was 10%. There were 860 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at June 30, 2020.

**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**

	2020 Rs.	2019 Rs.
Market Value of a Share <i>As at June 30,</i>	70.20	74.80
Highest price during the <i>quarter ended June 30,</i>	79.10	79.30
Lowest price during the <i>quarter ended June 30,</i>	60.00	70.00
Number of Ordinary Shares in issue	12,000,000	12,000,000

**Financial Ratios**

<b>As at June 30,</b>	2020	2019
Interest Cover ( times )	36.91	33.03
Quick Assets Ratio ( times )	5.36	4.20
Net Assets Value Per Share (Rs.)	243.40	218.75