



INTERIM FINANCIAL STATEMENTS

For the Nine Months ended September 30, 2017

COMMERCIAL DEVELOPMENT COMPANY PLC

	For the Nine Months Ended		Change	For the Quarter Ended		Change
	September 30,	September 30,		September 30,	September 30,	
	2017	2016		2017	2016	
	Rs. 000	Rs. 000	%	Rs. 000	Rs. 000	%
Revenue	257,944	237,091	8.80	89,136	82,774	7.69
Cost of Sales	(131,276)	(125,602)	4.52	(41,679)	(44,494)	(6.33)
Gross Profit	126,668	111,489	13.61	47,457	38,280	23.97
Other Income	8,318	5,982	39.05	6,064	2,999	102.20
	134,986	117,471	14.91	53,521	41,279	29.66
Administrative Expenses	(19,516)	(17,440)	11.90	(6,798)	(5,421)	25.40
Operating Profit	115,470	100,031	15.43	46,723	35,858	30.30
Net Finance Income	10,851	8,319	30.44	3,195	3,342	(4.40)
Share of Profit of Equity Accounted Investee, Net of Tax	5,350	4,336	23.39	950	1,213	(21.68)
Profit before Tax	131,671	112,686	16.85	50,868	40,413	25.87
Income Tax Expense	(34,165)	(30,517)	11.95	(12,602)	(10,977)	14.80
Profit for the period attributable to Owners of the Company	97,506	82,169	18.67	38,266	29,436	30.00
Other Comprehensive Income						
Net change in Fair Value of Available-for-sale Financial Assets	(421)	(145)	190.34	(314)	92	(441.30)
Related Tax	118	41	187.80	88	(25)	(452.00)
Other Comprehensive Income for the period, Net of Tax	(303)	(104)	191.35	(226)	67	(437.31)
Total Comprehensive Income for the period, Net of Tax	97,203	82,065	18.45	38,040	29,503	28.94
Earnings per Share (Rs.)	8.13	6.85	18.67	3.19	2.45	30.00

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 of Financial Statements 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 September 30, 2017, the Company received Rs.- 87,915,174/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.81,600,442/- for the quarter ended September 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.6,029,829/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs.5,245,578/- for the quarter ended September 30, 2016).
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since September 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 92.97% of the equity having disposed 189,086 shares or 1.58% 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 4th quarter of 2017.

STATEMENT OF FINANCIAL POSITION

03

	As at September 30, 2017	As at December 31, 2016 (Audited)	Change
	Rs.'000	Rs.'000	%
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	96,927	100,054	(3.13)
Investment Property	2,005,826	2,005,826	0.00
Investment Property - Work in Progress	67,450	-	-
Equity Accounted Investee	46,242	42,693	8.31
Deposits Receivable	10,619	8,896	19.37
	<u>2,227,064</u>	<u>2,157,469</u>	3.23
Current Assets			
Inventories	113	86	31.40
Trade and Other Receivables	40,146	14,975	168.09
Short Term Investments	142,615	159,289	(10.47)
Cash and Cash Equivalents	13,976	32,858	(57.47)
	<u>196,850</u>	<u>207,208</u>	(5.00)
Total Assets	<u>2,423,914</u>	<u>2,364,677</u>	2.51
EQUITY AND LIABILITIES			
Equity			
Stated Capital	120,000	120,000	-
Other Reserves	1,580,492	1,580,795	(0.02)
Retained Earnings	336,578	275,072	22.36
Total Equity	<u>2,037,070</u>	<u>1,975,867</u>	3.10
Non-Current Liabilities			
Deposits Payables	28,442	29,063	(2.14)
Employee Benefits	14,130	16,633	(15.05)
Deferred Taxation	298,955	297,536	0.48
	<u>341,527</u>	<u>343,232</u>	(0.50)
Current Liabilities			
Trade and Other Payables	14,457	18,387	(21.37)
Deferred Revenue	8,820	6,351	38.88
Current Tax Liabilities	22,040	20,840	5.76
	<u>45,317</u>	<u>45,578</u>	(0.57)
Total Equity and Liabilities	<u>2,423,914</u>	<u>2,364,677</u>	2.51
Net Assets Value Per Ordinary Share (Rs.)	<u>169.76</u>	<u>164.66</u>	3.10

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

November 13, 2017

(Sgd.) J. DURAIRATNAM
MANAGING DIRECTOR

November 13, 2017

STATEMENT OF CHANGES IN EQUITY

04

	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
Total Comprehensive Income for the Nine Months ended September 30, 2016					
Profit for the Nine Months ended September 30, 2016	-	-	-	82,169	82,169
Other Comprehensive Income for the Nine Months ended September 30, 2016	-	-	(104)	-	(104)
	-	-	(104)	82,169	82,065
Transaction with equity holders, recognized directly in equity					
Final dividend for 2015	-	-	-	(36,000)	(36,000)
Write back of Unclaimed Dividends	-	-	-	661	661
Balance as at September 30, 2016	120,000	1,364,152	(139)	270,552	1,754,565
Total Comprehensive Income for the Three Months ended December 31, 2016					
Profit for the Three Months ended December 31, 2016	-	-	-	244,273	244,273
Other Comprehensive Income for the Three Months ended December 31, 2016	-	-	194	835	1,029
	-	-	194	245,108	245,302
Transaction with equity holders, recognized directly in equity					
First Interim Dividend for 2016	-	-	-	(24,000)	(24,000)
Transfer of Fair Value Gains on Investment Property	-	216,588	-	(216,588)	-
Balance as at December 31, 2016 - Audited	120,000	1,580,740	55	275,072	1,975,867
Total Comprehensive Income for the Nine Months ended September 30, 2017					
Profit for the Nine Months ended September 30, 2017	-	-	-	97,506	97,506
Other Comprehensive Income for the Nine Months ended September 30, 2017	-	-	(303)	-	(303)
	-	-	(303)	97,506	97,203
Transaction with equity holders, recognized directly in equity					
Second Interim Dividend for 2016	-	-	-	(30,000)	(30,000)
Final Dividend for 2016	-	-	-	(6,000)	(6,000)
Balance as at September 30, 2017	120,000	1,580,740	(248)	336,578	2,037,070

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

STATEMENT OF CASH FLOWS**05**

For the Nine Months Ended September 30,	2017	2016
	Rs.'000	Rs.'000
Cash Flows from Operating Activities		
Profit before Tax	131,671	112,686
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation	24,158	20,663
Share of Profit of Equity Accounted Investee, Net of Tax	(5,350)	(4,336)
Interest Income	(12,962)	(9,614)
Interest Expenses	2,111	1,295
Gain on Disposal of Motor Vehicles	(8,269)	(5,760)
	<u>131,359</u>	<u>114,934</u>
Working Capital Adjustments		
(Increase)/Decrease in Inventory	(27)	(30)
(Increase)/Decrease in Trade & Other Receivables	(26,894)	(11,738)
Increase/(Decrease) in Deposits Payables	(622)	1,278
Increase/(Decrease) in Deferred Revenue	2,469	2,509
Decrease in Trade and Other Payables	(1,613)	72
	<u>104,672</u>	<u>107,025</u>
Interest paid	(2,111)	(1,295)
Gratuity paid	(2,503)	(147)
Current Tax paid	(31,247)	(29,931)
Net Cash Flow Generated from Operating Activities	<u>68,811</u>	<u>75,652</u>
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(21,030)	(8,725)
Expenses incurred o/a Air Conditioning System	(67,450)	(600)
Proceeds from Sale of Motor Vehicles	8,269	5,760
Interest Received	12,962	9,614
Dividend Received	1,620	1,620
Net (Increase)/Decrease in Short Term Investments	16,253	(32,373)
Net Cash Flow Generated from Investing Activities	<u>(49,376)</u>	<u>(24,704)</u>
Cash Flows from Financing Activities		
Dividend Paid	(38,317)	(39,316)
Net Cash Flow Used in Financing Activities	<u>(38,317)</u>	<u>(39,316)</u>
Net Increase in Cash and Cash Equivalents	(18,882)	11,632
Cash and Cash Equivalent at the Beginning of the period	32,858	22,846
Cash and Cash Equivalent at the End of the period	<u>13,976</u>	<u>34,478</u>
Analysis of Cash and Cash Equivalents		
Cash at Bank	13,951	34,448
Cash in Hand	25	30
	<u>13,976</u>	<u>34,478</u>

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

	Name of the Shareholder	No. of Shares	%
01	Commercial Bank of Ceylon PLC	11,156,619	92.97
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	29,713	0.25
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	21,000	0.18
11	Citizen Development Business Finance PLC / P. Gajendra	16,308	0.14
12	Seylan Bank PLC/ Sermal 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	11,034	0.09
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
		<u>11,577,397</u>	<u>96.48</u>
	Other shareholders	<u>422,603</u>	<u>3.52</u>
	Total	<u>12,000,000</u>	<u>100.00</u>

Percentage of public holding in the Stated Capital of the Company as at September 30, 2017 was 7.03%. There were 768 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at September 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

No. 8 - 4/2, York Arcade Building
Leyden Bastian Road
Colombo 01
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 September 30,</i>	70.60	87.50
Highest price during the <i>quarter ended September 30,</i>	77.90	93.00
Lowest price during the <i>quarter ended September 30,</i>	66.10	80.00
Number of Ordinary Shares in issue	12,000,000	12,000,000

Financial Ratios

As at September 30,	2017	2016
Interest Cover (times)	54.70	77.24
Quick Assets Ratio (times)	4.34	5.21