



INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2019

COMMERCIAL DEVELOPMENT COMPANY PLC

STATEMENT OF COMPREHENSIVE INCOME

02

For the nine months ended September 30,	For the Nine Months Ended		Change	For the Quarter Ended		Change
	September 30,	September 30,		September 30,	September 30,	
	2019	2018	%	2019	2018	%
	Rs. 000	Rs. 000		Rs. 000	Rs. 000	
Revenue	330,511	278,861	18.5	111,290	96,365	15.5
Cost of Sales	(183,921)	(146,130)	25.9	(60,671)	(51,428)	18.0
Gross Profit	146,590	132,731	10.4	50,619	44,937	12.6
Other Income	4,568	13,358	(65.8)	4,568	13,247	(65.5)
	151,158	146,089	3.5	55,187	58,184	(5.2)
Administrative Expenses	(21,820)	(19,510)	11.8	(6,315)	(6,048)	4.4
Operating Profit	129,338	126,579	2.2	48,872	52,136	(6.3)
Net Finance Income	3,803	4,109	(7.4)	1,481	1,477	0.3
Share of Profit of Equity Accounted Investee, Net of Tax	8,868	7,045	25.9	2,264	1,629	39.0
Profit before Tax	142,009	137,733	3.1	52,617	55,242	(4.8)
Income Tax Expense	(38,171)	(36,853)	3.6	(13,292)	(15,862)	(16.2)
Profit for the period attributable to Owners of the Company	103,838	100,880	2.9	39,325	39,380	(0.1)
Other Comprehensive Income, Net of Tax						
Net change in fair value of Debt investments at FVOCI	(55)	(379)	(85.5)	(370)	(206)	79.6
Related Tax	15	106	(85.8)	103	58	77.6
Other Comprehensive Income for the period, Net of Tax	(40)	(273)	(85.3)	(267)	(148)	80.4
Total Comprehensive Income for the period, Net of Tax	103,798	100,607	3.2	39,058	39,232	(0.4)
Earnings per Share (Rs.)	8.65	8.41	2.9	3.28	3.28	(0.1)

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 September 30, 2019, the Company received Rs.- 109,638,601/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.93,053,173/- during the quarter ended September 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.4,409,688/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs.5,283,484/- during the quarter ended September 30, 2018). Out of the above insurance premium payment of Rs.4,409,688/-, Rs.4,406,472/- was paid to Continental Insurance Lanka Ltd, wherein Mr.A.L.Gooneratne, a Director of the Company functions as a Director (Rs.92,089/- out of Rs.5,283,484/- for the quarter ended September 30, 2018)
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since September 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 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.
 - 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 91.85% of the equity of the Company having disposed 323,306 shares or 2.70% 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 September 30, 2019 was Rs. 70,720,320/-

As per the amended Listing Rule No 7.13.2 (ii) on Transitional Provisions applicable to Listed Entities whose Securities are in the Watch List for non-compliance with only the minimum public holding requirement, the shares of the Company has been transferred from the Watch List to the Second Board with effect from September 12, 2019.

- 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 September 30, 2019	As at December 31, 2018 (Audited)	Change
	Rs.'000	Rs.'000	%
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	138,191	142,920	(3.31)
Investment Property	2,673,717	2,673,717	0.00
Equity Accounted Investee	56,969	51,102	11.48
Deposits Receivable	10,964	10,818	1.35
	<u>2,879,841</u>	<u>2,878,557</u>	0.04
Current Assets			
Inventories	27	105	(74.29)
Trade and Other Receivables	88,660	62,051	42.88
Financial Investments	71,803	67,269	6.74
Cash and Cash Equivalents	59,970	16,810	256.75
	<u>220,460</u>	<u>146,235</u>	50.76
Total Assets	<u><u>3,100,301</u></u>	<u><u>3,024,792</u></u>	2.50
EQUITY AND LIABILITIES			
Equity			
Stated Capital	120,000	120,000	0.00
Other Reserves	2,091,182	2,091,222	(0.00)
Retained Earnings	452,934	391,096	15.81
Total Equity	<u><u>2,664,116</u></u>	<u><u>2,602,318</u></u>	2.37
Non-Current Liabilities			
Deposits Payables	32,604	27,199	19.87
Employee Benefits	35,791	36,618	(2.26)
Lease Creditors - Long Term	7,395	3,146	135.06
Deferred Taxation	317,830	314,253	1.14
	<u>393,620</u>	<u>381,216</u>	3.25
Current Liabilities			
Trade and Other Payables	17,627	21,503	(18.03)
Lease Creditors - Short Term	5,174	618	737.22
Deferred Revenue	9,369	10,374	(9.69)
Current Tax Liabilities	10,395	8,763	18.62
	<u>42,565</u>	<u>41,258</u>	3.17
Total Equity and Liabilities	<u><u>3,100,301</u></u>	<u><u>3,024,792</u></u>	2.50
Net Assets Value Per Ordinary Share (Rs.)	<u><u>222.01</u></u>	<u><u>216.86</u></u>	2.37

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, 2019

(Sgd.) S.RENGANATHAN
MANAGING DIRECTOR

November 13, 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
Total Comprehensive Income for the nine months ended September 30, 2018					
Profit for the nine months ended September 30, 2018	-	-	-	100,880	100,880
Other Comprehensive Income for the nine months ended September 30, 2018	-	-	(273)	-	(273)
	-	-	(273)	100,880	100,607
Transaction with equity holders, recognized directly in equity					
Final Dividend for 2017	-	-	-	(36,000)	(36,000)
Balance as at September 30, 2018	120,000	1,887,332	(209)	393,739	2,400,862
Total Comprehensive Income for the three months ended December 31, 2018					
Profit for the three months ended December 31, 2018	-	-	-	227,667	227,667
Other Comprehensive Income for the three months ended December 31, 2018	-	-	37	(2,741)	(2,704)
	-	-	37	224,926	224,963
Transaction with equity holders, recognized directly in equity					
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)	-
Balance as at December 31, 2018 - Audited	120,000	2,091,394	(172)	391,096	2,602,318
Total Comprehensive Income for the nine months ended September 30, 2019					
Profit for the nine months ended September 30, 2019	-	-	-	103,838	103,838
Other Comprehensive Income for the nine months ended September 30, 2019	-	-	(40)	-	(40)
	-	-	(40)	103,838	103,798
Final Dividend 2018	-	-	-	(42,000)	(42,000)
Balance as at September 30, 2019	120,000	2,091,394	(212)	452,934	2,664,116

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

STATEMENT OF CASH FLOWS

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For the nine months Ended September 30,	2019	2018
	Rs.'000	Rs.'000
Cash Flows from Operating Activities		
Profit before Tax	142,009	137,733
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation/Amortization	40,096	27,313
Share of Profit of Equity Accounted Investee, Net of Tax	(8,868)	(7,045)
Interest Income	(7,450)	(6,091)
Interest Expenses	3,646	1,982
Write off of Assets	-	23
Gain on Disposal of Motor Vehicles	(4,480)	(13,242)
	164,953	140,673
Working Capital Adjustments		
(Increase)/Decrease in Inventory	78	(68)
(Increase)/Decrease in Trade & Other Receivables	(26,755)	(16,252)
Increase/(Decrease) in Deposits Payables	5,405	2,547
Increase/(Decrease) in Deferred Revenue	(1,005)	(3,777)
Increase/(Decrease) in Trade and Other Payables	(292)	(3,945)
	142,384	119,178
Interest Paid	(3,646)	(1,982)
Gratuity Paid	(827)	(3,010)
Current Tax paid	(32,527)	(34,876)
	(36,999)	(39,868)
Net Cash Flow Generated from Operating Activities	105,384	79,310
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(23,793)	(57,306)
Expenses incurred o/a Air Conditioning System	-	(720)
Proceeds from Sale of Motor Vehicles	4,451	19,668
Interest Received	7,450	6,091
Dividend Received	2,580	1,800
Net (Increase)/Decrease in Financial Investments	(4,589)	(3,895)
	(13,901)	(34,362)
Net Cash Flow (Used in)/Generated from Investing Activities	(13,901)	(34,362)
Cash Flows from Financing Activities		
Capital payments on Leases	(3,076)	(91)
Dividend Paid	(45,247)	(38,356)
	(48,323)	(38,447)
Net Cash Flow Used in Financing Activities	(48,323)	(38,447)
Net Increase in Cash and Cash Equivalents	43,160	6,501
Cash and Cash Equivalent at the Beginning of the period	16,810	15,688
Cash and Cash Equivalent at the End of the period	59,970	22,189
Analysis of Cash and Cash Equivalents		
Cash at Bank	59,931	22,171
Cash in Hand	39	18
	59,970	22,189

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

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

Name of the Shareholder	No. of Shares	%
01 Commercial Bank of Ceylon PLC	11,022,399	91.85
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 Seylan Bank PLC/Senthilveri Holdings (Pvt) Ltd	20,766	0.17
14 Sellahewa Gunendra Rasitha	17,072	0.14
15 Citizen Development Business Finance PLC / P. Gajendra	16,358	0.14
16 Durga Sithampalam	16,000	0.13
17 Hettiarachchige Mano Jerome De Silva	15,000	0.13
18 Chandrasekara Alwishewa	13,266	0.11
19 Sandun Chamara Ellangage	12,300	0.10
20 Mallory Evan Wijesinghe	12,000	0.10
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	11,555,217	96.30
Other shareholders	444,783	3.70
Total	<hr/>	<hr/>
	12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at September 30, 2019 was 8.14%. There were 777 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at September 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 September 30,</i>	72.40	70.10
Highest price during the <i>quarter ended September 30,</i>	84.90	73.50
Lowest price during the <i>quarter ended September 30,</i>	70.40	70.00
Number of Ordinary Shares in issue	12,000,000	12,000,000

Financial Ratios

As at September 30,	2019	2018
Interest Cover (times)	35.47	63.86
Quick Assets Ratio (times)	5.18	4.37
Net Assets Value Per Share (Rs.)	222.01	200.07