



**INTERIM FINANCIAL STATEMENTS**

**For the nine months ended September 30, 2020**

**COMMERCIAL DEVELOPMENT COMPANY PLC**

For the nine months ended September 30,

	For the Nine Months Ended		Change %	For the Quarter Ended		Change %
	September 30, 2020	September 30, 2019		September 30, 2020	September 30, 2019	
	Rs. 000	Rs. 000		Rs. 000	Rs. 000	
Revenue	338,827	330,511	2.5	113,696	111,290	2.2
Cost of Sales	(188,082)	(183,921)	(2.3)	(64,323)	(60,671)	(6.0)
<b>Gross Profit</b>	<b>150,745</b>	<b>146,590</b>	<b>2.8</b>	<b>49,373</b>	<b>50,619</b>	<b>(2.5)</b>
Other Income	4,887	4,568	7.0	4,842	4,568	6.0
	<b>155,632</b>	<b>151,158</b>	<b>3.0</b>	<b>54,215</b>	<b>55,187</b>	<b>(1.8)</b>
Administrative Expenses	(22,772)	(21,820)	(4.4)	(7,067)	(6,315)	(11.9)
Operating Profit	132,860	129,338	2.7	47,148	48,872	(3.5)
Net Finance Income	8,146	3,803	114.2	3,640	1,481	145.8
Share of Profit of Equity Accounted Investee, Net of Tax	5,962	8,868	(32.8)	2,223	2,264	(1.8)
<b>Profit before Tax</b>	<b>146,968</b>	<b>142,009</b>	<b>3.5</b>	<b>53,011</b>	<b>52,617</b>	<b>0.7</b>
Income Tax Expense	(40,089)	(38,171)	(5.0)	(14,435)	(13,292)	(8.6)
<b>Profit for the period attributable to Owners of the Company</b>	<b>106,879</b>	<b>103,838</b>	<b>2.9</b>	<b>38,576</b>	<b>39,325</b>	<b>(1.9)</b>
<b>Other Comprehensive Income, Net of Tax</b>						
Net change in fair value of Debt investments at FVOCI	99	(55)	280.0	389	(370)	205.1
Related Tax	(28)	15	(286.7)	(109)	103	(205.8)
<b>Other Comprehensive Income for the year, Net of Tax</b>	<b>71</b>	<b>(40)</b>	<b>277.5</b>	<b>280</b>	<b>(267)</b>	<b>204.9</b>
<b>Total Comprehensive Income for the year, Net of Tax</b>	<b>106,950</b>	<b>103,798</b>	<b>3.0</b>	<b>38,856</b>	<b>39,058</b>	<b>(0.5)</b>
Earnings per Share (Rs.)	8.91	8.65	2.9	3.21	3.28	(1.9)

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 September 30, 2020, the Company received Rs.- 113,131,402/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.109,638,601/- during the quarter ended September 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.3,913,963/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs4,409,688/- during the quarter ended September 30, 2019). Out of the insurance premium of Rs. 3,913,963/-, Rs.3,911,012/- was paid to Continental Insurance Lanka Ltd, wherein Mr.A.L.Gooneratne, a Director of the Company functions as a Director (Rs.4,406,472/- out of Rs.4,409,688/- for the quarter ended September 30, 2019).
  - During the quarter, the Company invested Rs.200,000,000/- in Fixed Deposits with Serendib Finance Ltd, a fully owned subsidiary of the parent, M/s Commercial Bank of Ceylon PLC.
- 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 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.

- (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 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. 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 may decline due to the impact of COVID 19 outbreak which in turn could have a direct impact on our reported results and the financial position.

It is also understood that our Associate Company M/s. Commercial Insurance Brokers (Pvt) Ltd, too could 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.

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

## STATEMENT OF FINANCIAL POSITION

04

	As at September 30, 2020	As at December 31, 2019 (Audited)	Change
	Rs.'000	Rs.'000	%
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	97,690	130,392	(25.08)
Investment Property	2,921,725	2,911,000	0.37
Equity Accounted Investee	59,035	57,274	3.07
Deposits Receivable	11,174	11,014	1.45
	<u>3,089,624</u>	<u>3,109,680</u>	(0.64)
<b>Current Assets</b>			
Inventories	18	18	0.00
Trade and Other Receivables	32,724	41,623	(21.38)
Financial Investments	202,003	73,329	175.47
Cash and Cash Equivalents	101,996	119,282	(14.49)
	<u>336,741</u>	<u>234,252</u>	43.75
<b>Total Assets</b>	<u><u>3,426,365</u></u>	<u><u>3,343,932</u></u>	2.47
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	120,000	120,000	-
Other Reserves	2,327,172	2,327,101	-
Retained Earnings	512,488	453,609	12.98
<b>Total Equity</b>	<u>2,959,660</u>	<u>2,900,710</u>	2.03
<b>Non-Current Liabilities</b>			
Deposits Payables	36,175	33,470	8.08
Employee Benefits	48,616	41,533	17.05
Lease Creditors - Long Term	6,610	5,974	10.65
Deferred Taxation	317,402	319,253	(0.58)
	<u>408,803</u>	<u>400,230</u>	2.14
<b>Current Liabilities</b>			
Trade and Other Payables	28,565	21,279	34.24
Lease Creditors - Short Term	785	5,374	(85.39)
Deferred Revenue	1,729	8,336	(79.26)
Current Tax Liabilities	26,823	8,003	235.16
	<u>57,902</u>	<u>42,992</u>	34.68
<b>Total Equity and Liabilities</b>	<u><u>3,426,365</u></u>	<u><u>3,343,932</u></u>	2.47
Net Assets Value Per Ordinary Share (Rs.)	<u><u>246.64</u></u>	<u><u>241.73</u></u>	2.03

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

November 10, 2020

(Sgd.) S.RENGANATHAN  
MANAGING DIRECTOR

November 10, 2020

## STATEMENT OF CHANGES IN EQUITY

05

	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 nine months ended September 30, 2019</b>					
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
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2018	-	-	-	(42,000)	(42,000)
<b>Balance as at September 30, 2019</b>	<b>120,000</b>	<b>2,091,394</b>	<b>(212)</b>	<b>452,934</b>	<b>2,664,116</b>
<b>Total Comprehensive Income for the three months ended December 31, 2019</b>					
Profit for the three months ended December 31, 2019	-	-	-	259,379	259,379
Other Comprehensive Income for the three months ended December 31, 2019	-	-	141	855	996
	-	-	141	260,234	260,375
<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 nine months ended September 30, 2020</b>					
Profit for the nine months ended September 30, 2020	-	-	-	106,879	106,879
Other Comprehensive Income for the nine months ended September 30, 2020	-	-	71	-	71
	-	-	71	106,879	106,950
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2019	-	-	-	(48,000)	(48,000)
<b>Balance as at September 30, 2020</b>	<b>120,000</b>	<b>2,327,172</b>	<b>-</b>	<b>512,488</b>	<b>2,959,660</b>

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

## STATEMENT OF CASH FLOWS

06

For the nine months Ended September 30,	2020	2019
	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	146,968	142,009
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation/Amortization	33,011	40,096
Share of Profit of Equity Accounted Investee, Net of Tax	(5,962)	(8,868)
Interest Income	(11,623)	(7,450)
Provision for Employee Benefits	7,361	-
Gain on disposal of motor vehicles	(4,835)	(4,480)
Interest Expenses	3,477	3,646
	168,397	164,953
Working Capital Adjustments		
(Increase)/Decrease in Inventory	-	78
(Increase)/Decrease in Trade & Other Receivables	8,739	(26,755)
Increase/(Decrease) in Deposits Payables	2,708	5,405
Increase/(Decrease) in Deferred Revenue	(6,607)	(1,005)
Increase/(Decrease) in Trade and Other Payables	9,862	(292)
	183,099	142,384
Interest Paid	(3,477)	(3,646)
Employee Benefits paid	(278)	(827)
Current Tax paid	(23,148)	(32,527)
	(26,893)	(36,999)
<b>Net Cash Flow Generated from Operating Activities</b>	<b>156,196</b>	<b>105,384</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(310)	(23,793)
Purchase of Fire Detection System	(10,189)	-
Proceeds from sale of motor vehicles	4,835	4,451
Interest Received	11,623	7,450
Dividend Received	4,200	2,580
Net Change in Financial Investments	(128,575)	(4,589)
	(128,575)	(4,589)
<b>Net Cash Flow (Used in)/Generated from Investing Activities</b>	<b>(118,416)</b>	<b>(13,901)</b>
<b>Cash Flows from Financing Activities</b>		
Payment of Lease Liabilities	(3,954)	(3,076)
Dividend Paid	(51,112)	(45,247)
	(55,066)	(48,323)
<b>Net Cash Flow Used in Financing Activities</b>	<b>(55,066)</b>	<b>(48,323)</b>
Net Increase in Cash and Cash Equivalents	(17,286)	43,160
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>	<b>101,996</b>	<b>59,970</b>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash at Bank	101,946	59,931
Cash in Hand	50	39
	101,996	59,970

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

**TWENTY LARGEST SHAREHOLDERS AS AT SEPTEMBER 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 People's Merchant Finance PLC/K.K.Shujeevan	51,109	0.43
05 Hettiarachchige Mano Jerome De Silva	51,041	0.43
06 People's Merchant Finance PLC/K.Laveendrakumar	48,371	0.40
07 Amirally Lukmanjee	44,168	0.37
08 Dassanayake Liyanarachchige Niroshan Pradeep Dassanayaka	41,045	0.34
09 Binanthi Shamani Rasanayagam	36,000	0.30
10 Karalasingam Kowriesan	31,188	0.26
11 People's Leasing and Finance PLC/K.Laveendrakumar	30,228	0.25
12 Gajath Chrysantha Goonetilleke	30,077	0.25
13 Surendra Wickramasinghe	27,200	0.23
14 Sampath Bank PLC/Abishek Sithampalam	26,000	0.22
15 Sithamparapillai Gowrisangar	25,500	0.21
16 Zoebaly Gulamabass Carimjee	25,000	0.21
17 Manel Senanayake	24,000	0.20
18 Wijewickrama Pathinayakage Asanka Dinunuwan Gunathilaka	22,000	0.18
19 Gunendra Rasitha Sellahewa	17,539	0.15
20 Citizens Development Business Finance PLC/P.Gajendra	17,500	0.15
	<hr/>	<hr/>
	11,459,336	95.51
Other shareholders	540,664	4.49
Total	<hr/>	<hr/>
	12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at September 30, 2020 was 10%. There were 880 shareholders representing the public holding percentage stated above.

The Float Adjusted Market Capitalisation of the Company as at September 30, 2020 was Rs. 114,240,000/-.

None of the Directors held shares of the Company as at September 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	2019
	Rs.	Rs.
Market Value of a Share <i>As at September 30,</i>	<b>95.20</b>	72.40
Highest price during the <i>quarter ended September 30,</i>	<b>109.00</b>	84.90
Lowest price during the <i>quarter ended September 30,</i>	<b>69.00</b>	70.40
Number of Ordinary Shares in issue	<b>12,000,000</b>	12,000,000
<b>Financial Ratios</b>		
<b>As at September 30,</b>	<b>2020</b>	2019
Interest Cover ( times )	<b>38.21</b>	35.47
Quick Assets Ratio ( times )	<b>5.82</b>	5.18
Net Assets Value Per Share (Rs.)	<b>246.64</b>	222.01