



**INTERIM FINANCIAL STATEMENTS**  
**For the three months ended March 31, 2019**

**COMMERCIAL DEVELOPMENT COMPANY PLC**

## STATEMENT OF COMPREHENSIVE INCOME

02

For the three months ended March 31,	2019	2018	Change
	Rs. 000	Rs. 000	%
Revenue	110,133	91,284	20.6
Cost of Sales	(56,465)	(43,415)	30.1
<b>Gross Profit</b>	<b>53,668</b>	<b>47,869</b>	<b>12.1</b>
Other Income	-	7	(100.0)
	<b>53,668</b>	<b>47,876</b>	<b>12.1</b>
Administrative Expenses	(10,055)	(8,777)	14.6
Operating Profit	43,613	39,099	11.5
Net Finance Income	908	1,467	(38.1)
Share of Profit of Equity Accounted Investee, Net of Tax	2,135	2,096	1.9
<b>Profit before Tax</b>	<b>46,656</b>	<b>42,662</b>	<b>9.4</b>
Income Tax Expense	(13,542)	(11,123)	21.7
<b>Profit for the period attributable to Owners of the Company</b>	<b>33,114</b>	<b>31,539</b>	<b>5.0</b>
<b>Other Comprehensive Income, Net of Tax</b>			
Net change in fair value of Debt investments at FVOCI	(65)	(365)	(82.2)
Related Tax	18	102	(82.4)
<b>Other Comprehensive Income for the period, Net of Tax</b>	<b>(47)</b>	<b>(263)</b>	<b>(82.1)</b>
<b>Total Comprehensive Income for the period, Net of Tax</b>	<b>33,067</b>	<b>31,276</b>	<b>5.7</b>
Earnings per Share (Rs.)	2.76	2.63	5.0

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 in 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 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 March 31, 2019, the Company received Rs.- 109,799,042/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.88,010,652/- during the quarter ended March 31, 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.244,614/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs.80,307/- during the quarter ended March 31, 2018).
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since March 31, 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 of Rs.1.6 Mn, Rs.3.4 Mn, Rs. 0.5 Mn, Rs.2.9 Mn, Rs.4.1 Mn and Rs.4.5 Mn respectively. 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 92.40% of the equity of the Company as at the Reporting date having disposed 258,074 shares or 2.15% of its stake during 2017 to March 2019. Prior to disposal of shares, CBC had a stake of 94.55% in the stated capital of our Company.

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.

## STATEMENT OF FINANCIAL POSITION

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	As at March 31, 2019	As at December 31, 2018 (Audited)	Change
	Rs.'000	Rs.'000	%
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	164,607	142,920	15.17
Investment Property	2,673,717	2,673,717	-
Equity Accounted Investee	50,237	51,102	(1.69)
Deposits Receivable	10,865	10,818	0.43
	<u>2,899,426</u>	<u>2,878,557</u>	0.72
<b>Current Assets</b>			
Inventories	27	105	(74.29)
Trade and Other Receivables	40,427	62,051	(34.85)
Financial Investments	68,605	67,269	1.99
Cash and Cash Equivalents	60,732	16,810	261.28
	<u>169,791</u>	<u>146,235</u>	16.11
<b>Total Assets</b>	<u>3,069,217</u>	<u>3,024,792</u>	1.47
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	120,000	120,000	-
Other Reserves	2,091,175	2,091,222	(0.00)
Retained Earnings	424,210	391,096	8.47
<b>Total Equity</b>	<u>2,635,385</u>	<u>2,602,318</u>	1.27
<b>Non-Current Liabilities</b>			
Deposits Payables	31,060	27,199	14.20
Employee Benefits	36,507	36,618	(0.30)
Lease Creditors - Long Term	10,080	3,146	220.41
Deferred Taxation	315,388	314,253	0.36
	<u>393,035</u>	<u>381,216</u>	3.10
<b>Current Liabilities</b>			
Trade and Other Payables	15,638	21,503	(27.28)
Lease Creditors - Short Term	4,592	618	643.04
Deferred Revenue	8,623	10,374	(16.88)
Current Tax Liabilities	11,944	8,763	36.30
	<u>40,797</u>	<u>41,258</u>	(1.12)
<b>Total Equity and Liabilities</b>	<u>3,069,217</u>	<u>3,024,792</u>	1.47
Net Assets Value Per Ordinary Share (Rs.)	<u>219.62</u>	<u>216.86</u>	1.27

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

May 15, 2019

(Sgd.) S.RENGANATHAN  
MANAGING DIRECTOR

May 15, 2019

**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, 2018	120,000	1,887,332	64	328,859	2,336,255
<b>Total Comprehensive Income for the three months ended March 31, 2018</b>					
Profit for the three months ended March 31, 2018	-	-	-	31,539	31,539
Other Comprehensive Income for the three months ended March 31, 2018	-	-	(263)	-	(263)
	-	-	(263)	31,539	31,276
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2017	-	-	-	(36,000)	(36,000)
<b>Balance as at March 31, 2018</b>	<b>120,000</b>	<b>1,887,332</b>	<b>(199)</b>	<b>324,398</b>	<b>2,331,531</b>
<b>Total Comprehensive Income for the nine months ended December 31, 2018</b>					
Profit for the nine months ended December 31, 2018	-	-	-	297,008	297,008
Other Comprehensive Income for the nine months ended December 31, 2018	-	-	27	(2,741)	(2,714)
	-	-	27	294,267	294,294
<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 three months ended March 31, 2019</b>					
Profit for the three months ended March 31, 2019	-	-	-	33,114	33,114
Other Comprehensive Income for the three months ended March 31, 2019	-	-	(47)	-	(47)
	-	-	(47)	33,114	33,067
<b>Balance as at March 31, 2019</b>	<b>120,000</b>	<b>2,091,394</b>	<b>(219)</b>	<b>424,210</b>	<b>2,635,385</b>

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

## STATEMENT OF CASH FLOWS

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For the three months Ended March 31,	2019	2018
	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	46,656	42,662
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation/Amortization	13,327	8,395
Share of Profit of Equity Accounted Investee, Net of Tax	(2,135)	(2,096)
Interest Income	(2,128)	(2,107)
Interest Expenses	1,221	631
	56,941	47,485
Working Capital Adjustments		
(Increase)/Decrease in Inventory	78	9
(Increase)/Decrease in Trade & Other Receivables	21,577	17,937
Increase/(Decrease) in Deposits Payables	3,861	1,224
Increase/(Decrease) in Deferred Revenue	(1,751)	(1,053)
Increase/(Decrease) in Trade and Other Payables	(2,053)	(3,941)
	78,653	61,661
Interest Paid	(1,221)	(631)
Gratuity Paid	(111)	-
Current Tax paid	(8,787)	(10,014)
	(8,787)	(10,014)
<b>Net Cash Flow Generated from Operating Activities</b>	<b>68,534</b>	<b>51,016</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(23,469)	-
Interest Received	2,128	2,107
Dividend Received	2,580	-
Net (Increase)/Decrease in Financial Investments	(1,401)	(1,313)
	(20,162)	794
<b>Net Cash Flow (Used in)/Generated from Investing Activities</b>	<b>(20,162)</b>	<b>794</b>
<b>Cash Flows from Financing Activities</b>		
Capital payments on Leases	(973)	-
Dividend Paid	(3,477)	(34,827)
	(4,450)	(34,827)
<b>Net Cash Flow Used in Financing Activities</b>	<b>(4,450)</b>	<b>(34,827)</b>
Net Increase in Cash and Cash Equivalents	43,922	16,983
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>60,732</b>	<b>32,671</b>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash at Bank	60,703	32,647
Cash in Hand	29	24
	<b>60,732</b>	<b>32,671</b>

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

**TWENTY LARGEST SHAREHOLDERS AS AT MARCH 31, 2019****07**

	<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
01	Commercial Bank of Ceylon PLC	11,087,631	92.40
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	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	Mallory Evan Wijesinghe	12,000	0.10
18	Marie Premila Perera Seneviratne	10,000	0.08
18	Douglas Sudirikku Jayawickrama	10,000	0.08
18	Kaluarachchige Shanti Anula Fernando	10,000	0.08
19	Ranatunga Jayasekara Koralalage Janaka Ranatunga	9,445	0.08
20	Adimali Kankanange Don Chinthaka Nirosha Sanjeewana Karunarathna	8,726	0.07
		<hr/>	<hr/>
		11,620,554	96.84
	Other shareholders	379,446	3.16
	Total	<hr/>	<hr/>
		12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at March 31, 2019 was 7.60%. There were 766 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at March 31, 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 March 31,</i>	70.10	71.00
Highest price during the <i>quarter ended March 31,</i>	75.00	76.00
Lowest price during the <i>quarter ended March 31,</i>	70.00	68.10
Number of Ordinary Shares in issue	12,000,000	12,000,000
<b>Financial Ratios</b> <b>As at March 31,</b>	<b>2019</b>	<b>2018</b>
Interest Cover ( times )	35.72	61.09
Quick Assets Ratio ( times )	4.16	2.84
Net Assets Value Per Share (Rs.)	219.62	194.29