



**INTERIM FINANCIAL STATEMENTS**

**For the three months ended March 31, 2020**

**COMMERCIAL DEVELOPMENT COMPANY PLC**

# STATEMENT OF COMPREHENSIVE INCOME

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For the three months ended March 31,	2020 Rs. 000	2019 Rs. 000	Change %
Revenue	110,711	110,133	0.5
Cost of Sales	(60,898)	(59,218)	2.8
<b>Gross Profit</b>	<b>49,813</b>	<b>50,915</b>	<b>(2.2)</b>
Other Income	45	-	-
	<b>49,858</b>	<b>50,915</b>	<b>(2.1)</b>
Administrative Expenses	(8,661)	(7,302)	18.6
Operating Profit	41,197	43,613	(5.5)
Net Finance Income	1,952	908	115.0
Share of Profit of Equity Accounted Investee, Net of Tax	539	2,135	(74.8)
<b>Profit before Tax</b>	<b>43,688</b>	<b>46,656</b>	<b>(6.4)</b>
Income Tax Expense	(12,243)	(13,542)	(9.6)
<b>Profit for the period attributable to Owners of the Company</b>	<b>31,445</b>	<b>33,114</b>	<b>(5.0)</b>
<b>Other Comprehensive Income, Net of Tax</b>			
Net change in fair value of Debt investments at FVOCI	(57)	(65)	(12.3)
Related Tax	16	18	(11.1)
<b>Other Comprehensive Income for the year, Net of Tax</b>	<b>(41)</b>	<b>(47)</b>	<b>(12.8)</b>
<b>Total Comprehensive Income for the year, Net of Tax</b>	<b>31,404</b>	<b>33,067</b>	<b>(5.0)</b>
Earnings per Share (Rs.)	2.62	2.76	(5.0)

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

## Explanatory Notes

- 1 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.
- 2 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.
- 3 During the quarter, there were no material changes in the composition of assets and liabilities.
- 4 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 March 31, 2020, the Company received Rs.- 110,146,599/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.109,799,042/- during the quarter ended March 31, 2019).
- 5 All known expenses have been provided for in these Interim Financial Statements.
- 6 There were no contingent assets, contingent liabilities or capital commitments outstanding as at the Reporting date except as disclosed bellow.
  - (a) 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 Ordinary Shares the Company, which were in the Watch List since July 02, 2018 (as the Company was not compliant with the minimum public holding requirement as specified in Rule No. 7.13.1 of the Listing Rules of the Colombo Stock Exchange (CSE) ) was transferred to the Second Board with effect from November 15, 2019. The Second Board was introduced by the CSE to recognize the companies which are non-compliant only with the minimum public holding requirement.

Our parent Company, Commercial Bank of Ceylon PLC (CBC) disposed 545,705 shares in the open market prior to December 31,2019 and reduced its stake in our Company to 90 % by December 31,2019. Prior to disposal of shares, CBC had a stake of 94.55% in the stated capital of our Company.

The percentage of public holding in the stated capital of the Company as at March 31, 2020 was 10% and there were 828 shareholders representing the public holding percentage stated above. Accordingly, the Company is now eligible to be transferred to the Diri Savi Board in terms of Rule No 2.1.2 (ii) of the Listing Rules of the CSE.

Existing Float Adjusted Market Capitalisation of the Company as at March 31, 2020 was Rs. 79,440,000/-.

**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 depending 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 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 Final Dividend 2019**

As disclosed in the Annual Report 2019, the Board of Directors of the Company has recommended the payment of a final dividend of Rs. 4.00 per share for the year ended December 31, 2019, which was to be approved at the Annual General Meeting scheduled to be held on March 25, 2020.

However, the Board of Directors of the Company resolved to postpone the Annual General Meeting considering the prevailing situation in the country with the spread of COVID-19 and an announcement to that effect was made to the Colombo Stock Exchange on March 18, 2020.

In accordance with the Sri Lanka Accounting Standard – LKAS 10 on “Events After the Reporting Period”, this proposed final dividend has not been recognised as a liability as at March 31, 2020.

The new date, venue and time for holding the re-scheduled Annual General Meeting will be subjected to a further announcement to the Colombo Stock Exchange along with the final dividend date.

- 10 There were no material events that took place since March 31, 2020, that require disclosure in these Interim Financial Statements other than those disclosed above.

## STATEMENT OF FINANCIAL POSITION

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	As at March 31, 2020	As at December 31, 2019 (Audited)	Change
	Rs.'000	Rs.'000	%
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	119,276	130,392	(8.53)
Investment Property	2,911,000	2,911,000	-
Equity Accounted Investee	53,613	57,274	(6.39)
Deposits Receivable	11,066	11,014	0.47
	<u>3,094,955</u>	<u>3,109,680</u>	(0.47)
<b>Current Assets</b>			
Inventories	18	18	-
Trade and Other Receivables	61,403	41,623	47.52
Financial Investments	74,606	73,329	1.74
Cash and Cash Equivalents	146,851	119,282	23.11
	<u>282,878</u>	<u>234,252</u>	20.76
<b>Total Assets</b>	<u>3,377,833</u>	<u>3,343,932</u>	1.01
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	120,000	120,000	-
Other Reserves	2,327,060	2,327,101	-
Retained Earnings	485,054	453,609	6.93
<b>Total Equity</b>	<u>2,932,114</u>	<u>2,900,710</u>	1.08
<b>Non-Current Liabilities</b>			
Deposits Payables	34,358	33,470	2.65
Employee Benefits	43,848	41,533	5.57
Lease Creditors - Long Term	4,497	5,974	(24.72)
Deferred Taxation	318,401	319,253	(0.27)
	<u>401,104</u>	<u>400,230</u>	0.22
<b>Current Liabilities</b>			
Trade and Other Payables	17,247	21,279	(18.95)
Lease Creditors - Short Term	5,583	5,374	3.89
Deferred Revenue	5,546	8,336	(33.47)
Current Tax Liabilities	16,239	8,003	102.91
	<u>44,615</u>	<u>42,992</u>	3.78
<b>Total Equity and Liabilities</b>	<u>3,377,833</u>	<u>3,343,932</u>	1.01
Net Assets Value Per Ordinary Share (Rs.)	<u>244.34</u>	<u>241.73</u>	1.08

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

May 12, 2020

(Sgd.) S.RENGANATHAN  
MANAGING DIRECTOR

May 12, 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 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>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2018	-	-	-	(42,000)	(42,000)
<b>Balance as at March 31, 2019</b>	<b>120,000</b>	<b>2,091,394</b>	<b>(219)</b>	<b>382,210</b>	<b>2,593,385</b>
<b>Total Comprehensive Income for the nine months ended December 31, 2019</b>					
Profit for the nine months ended December 31, 2019	-	-	-	330,103	330,103
Other Comprehensive Income for the nine months ended December 31, 2019	-	-	148	855	1,003
	-	-	148	330,958	331,106
<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 three months ended March 31 2020</b>					
Profit for the three months ended March 31, 2020	-	-	-	31,445	31,445
Other Comprehensive Income for the three months ended March 31, 2020	-	-	(41)	-	(41)
	-	-	(41)	31,445	31,404
<b>Balance as at March 31, 2020</b>	<b>120,000</b>	<b>2,327,172</b>	<b>(112)</b>	<b>485,054</b>	<b>2,932,114</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,	2020	2019
	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	43,688	46,656
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation/Amortization	11,206	13,327
Share of Profit of Equity Accounted Investee, Net of Tax	(539)	(2,135)
Interest Income	(3,115)	(2,128)
Provision for Employee Benefits	2,454	-
Interest Expenses	1,148	1,221
	54,842	56,941
Working Capital Adjustments		
(Increase)/Decrease in Inventory	-	78
(Increase)/Decrease in Trade & Other Receivables	(15,631)	21,577
Increase/(Decrease) in Deposits Payables	888	3,861
Increase/(Decrease) in Deferred Revenue	(2,790)	(1,751)
Increase/(Decrease) in Trade and Other Payables	(626)	(2,053)
	36,683	78,653
Interest Paid	(1,148)	(1,221)
Employee Benefits paid	(139)	(111)
Current Tax paid	(4,843)	(8,787)
	(6,129)	(10,119)
<b>Net Cash Flow Generated from Operating Activities</b>	<b>30,553</b>	<b>68,534</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(91)	(23,469)
Interest Received	3,115	2,128
Dividend Received	-	2,580
Net Change in Financial Investments	(1,334)	(1,401)
	(1,209)	(19,162)
<b>Net Cash Flow (Used in)/Generated from Investing Activities</b>	<b>1,690</b>	<b>(20,162)</b>
<b>Cash Flows from Financing Activities</b>		
Payment of Lease Liabilities	(1,268)	(973)
Dividend Paid	(3,406)	(3,477)
	(4,674)	(4,450)
<b>Net Cash Flow Used in Financing Activities</b>	<b>(4,674)</b>	<b>(4,450)</b>
Net Increase in Cash and Cash Equivalents	27,569	43,922
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>146,851</b>	<b>60,732</b>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash at Bank	146,827	60,703
Cash in Hand	24	29
	<b>146,851</b>	<b>60,732</b>

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

**TWENTY LARGEST SHAREHOLDERS AS AT MARCH 31, 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 Niroschan Pradeep Dassanayaka	34,970	0.29
10 Gajath Chrysantha Goonetilleke	30,077	0.25
11 People's Leasing and Finance PLC/K.Laveendrakumar	29,041	0.24
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	21,000	0.18
18 Maddumage Priyantha Pushpakumara	19,193	0.16
19 Gunendra Rasitha Sellahewa	19,000	0.16
20 Wijewickrama Pathinayakage Asanka Dinunuwan Gunathilaka	17,700	0.15
	<u>11,436,930</u>	<u>95.32</u>
Other shareholders	<u>563,070</u>	<u>4.68</u>
Total	<u>12,000,000</u>	<u>100.00</u>

Percentage of public holding in the Stated Capital of the Company as at March 31, 2020 was 10%. There were 828 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at March 31, 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 March 31,</i>	66.20	70.10
Highest price during the <i>quarter ended March 31,</i>	84.90	75.00
Lowest price during the <i>quarter ended March 31,</i>	65.90	70.00
Number of Ordinary Shares in issue	12,000,000	12,000,000

**Financial Ratios**

<b>As at March 31,</b>	2020	2019
Interest Cover ( times )	35.42	35.72
Quick Assets Ratio ( times )	6.34	4.16
Net Assets Value Per Share (Rs.)	244.34	219.62