



**INTERIM FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

**COMMERCIAL DEVELOPMENT COMPANY PLC**

## STATEMENT OF COMPREHENSIVE INCOME

02

	For the year Ended		Change	For the Quarter Ended		Change
	December 31, 2019	December 31, 2018		December 31, 2019	December 31, 2018	
	Rs. 000	Rs. 000	%	Rs. 000	Rs. 000	%
Revenue	453,849	396,770	14.4	123,338	117,909	4.6
Cost of Sales	(264,887)	(222,047)	19.3	(80,966)	(75,917)	6.7
<b>Gross Profit</b>	<b>188,962</b>	<b>174,723</b>	<b>8.1</b>	<b>42,372</b>	<b>41,992</b>	<b>0.9</b>
Other Income	4,930	13,436	(63.3)	362	78	364.1
	<b>193,892</b>	<b>188,159</b>	<b>3.0</b>	<b>42,734</b>	<b>42,070</b>	<b>1.6</b>
Administrative Expenses	(32,609)	(28,733)	13.5	(10,789)	(9,223)	17.0
Fair Value Gain on Investment Property	237,283	197,174	20.3	237,283	197,174	20.3
Operating Profit	398,566	356,600	11.8	269,228	230,021	17.0
Net Finance Income	5,266	5,621	(6.3)	1,463	1,512	(3.2)
Share of Profit of Equity Accounted Investee, Net of Tax	9,158	6,566	39.5	290	(479)	(160.5)
<b>Profit before Tax</b>	<b>412,990</b>	<b>368,787</b>	<b>12.0</b>	<b>270,981</b>	<b>231,054</b>	<b>17.3</b>
Income Tax Expense	(49,773)	(40,240)	23.7	(11,602)	(3,387)	242.5
<b>Profit for the period attributable to Owners of the Company</b>	<b>363,217</b>	<b>328,547</b>	<b>10.6</b>	<b>259,379</b>	<b>227,667</b>	<b>13.9</b>
<b>Other Comprehensive Income, Net of Tax</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Actuarial Gains/(losses) on Defined Benefit Plans	1,168	(3,716)	(131.4)	1,168	(3,716)	(131.4)
Related Tax	(327)	1,041	(131.4)	(327)	1,041	(131.4)
	<b>841</b>	<b>(2,675)</b>	<b>(131.4)</b>	<b>841</b>	<b>(2,675)</b>	<b>(131.4)</b>
Share of Other Comprehensive Income of the Equity Accounted Investee, Net of Tax	14	(66)	(121.2)	14	(66)	(121.2)
	<b>14</b>	<b>(66)</b>	<b>(121.2)</b>	<b>14</b>	<b>(66)</b>	<b>(121.2)</b>
<b>Items that are or may be reclassified to profit or loss</b>						
Net change in fair value of Debt investments at FVOCI	140	(328)	(142.7)	195	51	282.4
Related Tax	(39)	92	(142.4)	(54)	(14)	285.7
	<b>101</b>	<b>(236)</b>	<b>(142.8)</b>	<b>141</b>	<b>37</b>	<b>281.1</b>
<b>Other Comprehensive Income for the year, Net of Tax</b>	<b>956</b>	<b>(2,977)</b>	<b>(132.1)</b>	<b>996</b>	<b>(2,704)</b>	<b>(136.8)</b>
<b>Total Comprehensive Income for the year, Net of Tax</b>	<b>364,173</b>	<b>325,570</b>	<b>11.9</b>	<b>260,375</b>	<b>224,963</b>	<b>15.7</b>
Earnings per Share (Rs.)	30.27	27.38	10.6	21.61	18.97	13.9

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, 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 except the fact that Investment Property have been stated at the revalued amounts as at December 31, 2019 as required by Sri Lanka Accounting Standard - LKAS 40 on "Investment Property".
- 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 December 31, 2019, the Company received Rs.- 122,780,298/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.114,492,399/- during the quarter ended December 31, 2018).
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since December 31, 2019, that require disclosure in these Interim Financial Statements.

- 7 There were no contingent assets, contingent liabilities or capital commitments outstanding as at the Reporting date except as disclosed below.
- (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.

- 8 The Company, which was in the Watch List since July 02, 2018, as it 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, has now been transferred to the Second Board with effect from November 15, 2019.

The Second Board was introduced by the Colombo Stock Exchange to recognize the companies which are non-compliant only with the minimum public holding requirement.

Our parent Company, Commercial Bank of Ceylon PLC (CBC) has disposed 545,705 shares in the open market and reduced its shareholding in our Company to 90.00% as at December 31, 2019. Prior to disposal of shares, CBC had a stake of 94.55% in the stated capital of our Company.

However, it is pertinent to state that the percentage of public holding in the stated capital of the company as at December 31, 2019 was 9.99% and there were 803 shareholders representing the public holding percentage stated above. Although, the objective of the Company was to achieve a 10% public holding percentage to be eligible for the Diri Savi Board, the Company was unable to do so as one of the related parties held 100 shares in the stated capital of Company as at December 31, 2019.

The Company intends to achieve a minimum public holding of 10% to be eligible for the Diri Savi Board in the near future as the related party holding 100 shares in the stated capital of the Company has already taken steps to dispose 100 shares at the earliest possible opportunity.

Existing Float Adjusted Market Capitalisation of the Company as at December 31, 2019 was Rs. 94,912,090/-.

## STATEMENT OF FINANCIAL POSITION

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	As at December 31, 2019	As at December 31, 2018 (Audited)	Change
	Rs.'000	Rs.'000	%
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	130,392	142,920	(8.77)
Investment Property	2,911,000	2,673,717	8.87
Equity Accounted Investee	57,274	51,102	12.08
Deposits Receivable	11,014	10,818	1.81
	<u>3,109,680</u>	<u>2,878,557</u>	8.03
<b>Current Assets</b>			
Inventories	18	105	(82.86)
Trade and Other Receivables	41,623	62,051	(32.92)
Financial Investments	73,329	67,269	9.01
Cash and Cash Equivalents	119,282	16,810	609.59
	<u>234,252</u>	<u>146,235</u>	60.19
<b>Total Assets</b>	<u><u>3,343,932</u></u>	<u><u>3,024,792</u></u>	10.55
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	120,000	120,000	0.00
Other Reserves	2,327,101	2,091,222	11.28
Retained Earnings	453,609	391,096	15.98
<b>Total Equity</b>	<u>2,900,710</u>	<u>2,602,318</u>	11.47
<b>Non-Current Liabilities</b>			
Deposits Payables	33,470	27,199	23.06
Employee Benefits	41,533	36,618	13.42
Lease Creditors - Long Term	5,974	3,146	89.89
Deferred Taxation	319,253	314,253	1.59
	<u>400,230</u>	<u>381,216</u>	4.99
<b>Current Liabilities</b>			
Trade and Other Payables	21,279	21,503	(1.04)
Lease Creditors - Short Term	5,374	618	769.58
Deferred Revenue	8,336	10,374	(19.65)
Current Tax Liabilities	8,003	8,763	(8.67)
	<u>42,992</u>	<u>41,258</u>	4.20
<b>Total Equity and Liabilities</b>	<u><u>3,343,932</u></u>	<u><u>3,024,792</u></u>	10.55
Net Assets Value Per Ordinary Share (Rs.)	<u>241.73</u>	<u>216.86</u>	11.47

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

February 19, 2020

(Sgd.) S.RENGANATHAN  
MANAGING DIRECTOR

February 19, 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, 2018	120,000	1,887,332	64	328,859	2,336,255
<b>Total Comprehensive Income for the year ended December 31, 2018</b>					
Profit for the year ended December 31, 2018	-	-	-	328,547	328,547
Other Comprehensive Income for the year ended December 31, 2018	-	-	(236)	(2,741)	(2,977)
	-	-	(236)	325,806	325,570
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2017	-	-	-	(36,000)	(36,000)
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 year ended December 31 2019</b>					
Profit for the year ended December 31, 2019	-	-	-	363,217	363,217
Other Comprehensive Income for the year ended December 31, 2019	-	-	101	855	956
	-	-	101	364,072	364,173
Final Dividend 2018	-	-	-	(42,000)	(42,000)
Interim Dividend 2018	-	-	-	(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</b>	<b>120,000</b>	<b>2,327,172</b>	<b>(71)</b>	<b>453,609</b>	<b>2,900,710</b>

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

## STATEMENT OF CASH FLOWS

**06**

For the year ended December 31,	2019	2018
	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	412,990	368,787
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation	51,915	37,860
Fair Value Gain on Investment Property	(237,283)	(197,174)
Share of Profit of Equity Accounted Investee, Net of Tax	(9,158)	(6,566)
Interest Income	(10,104)	(8,286)
Provision for Employee Benefits	9,088	7,665
Interest Expenses	4,775	2,613
Gain on Disposal of Property Plant & Equipment	(4,480)	(13,242)
	217,743	191,657
Working Capital Adjustments		
Decrease/(Increase) in Inventory	88	(20)
Decrease/(Increase) in Trade & Other Receivables	20,428	(8,209)
Increase in Deposits Receivable	(196)	(128)
Increase in Deposits Payables	1,494	626
Decrease in Deferred Revenue	(2,038)	(2,426)
Decrease in Trade and Other Payables	(14)	(960)
	237,505	180,540
Employee Benefits paid	(3,005)	(3,010)
Current Tax paid	(45,479)	(46,309)
<b>Net Cash Flow Generated from Operating Activities</b>	189,021	131,221
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(27,812)	(105,903)
Expenses incurred o/a Air Conditioning System	-	(720)
Development of Lands	-	(3,640)
Proceeds from Sale of Property, Plant and Equipment	4,451	34,318
Interest Received	10,104	8,286
Dividend Received	2,580	1,800
Net Change in Financial Investments	(5,920)	(5,257)
<b>Net Cash Flow (Used in)/Generated from Investing Activities</b>	(16,597)	(71,116)
<b>Cash Flows from Financing Activities</b>		
Payment of Lease Liabilities/2018 : Payment of Finance Lease Liabilities	(4,297)	(233)
Dividend Paid	(65,655)	(58,750)
<b>Net Cash Flow Used in Financing Activities</b>	(69,952)	(58,983)
Net Increase in Cash and Cash Equivalents	102,472	1,122
Cash and Cash Equivalent at the Beginning of the Year	16,810	15,688
<b>Cash and Cash Equivalent at the End of the Year</b>	119,282	16,810
<b>Analysis of Cash and Cash Equivalents</b>		
Cash at Bank	119,239	16,781
Cash in Hand	43	29
	119,282	16,810

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

**TWENTY LARGEST SHAREHOLDERS AS AT DECEMBER 31, 2019****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 Hettiarachchige Mano Jerome De Silva	57,000	0.48
03 Assetline Leasing Co.LTD/British American Technologies (Pvt) Ltd	56,100	0.47
04 Seylan Bank PLC/ARRC Capital (Pvt) Ltd	55,270	0.46
05 People's Merchant Finance PLC/K.K.Shujeevan	47,299	0.39
06 People's Merchant Finance PLC/K.Laveendrakumar	46,871	0.39
07 Amirally Lukmanjee	44,168	0.37
08 Binanthi Shamani Rasanayagam	36,000	0.30
09 Dassanayake Liyanarachchige Niroshan Pradeep Dassanayaka	34,970	0.29
10 Priyantha Pushpakumara Maddumage	32,425	0.27
11 Gajath Chrysantha Goonetilleke	30,077	0.25
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 Assetline Leasing Company Ltd/K.Laveendrakumar	22,341	0.19
18 Karalasingam Kowriesan	17,905	0.15
19 Gunendra Rasitha Sellahewa	17,072	0.14
20 Citizens Development Business Finance PLC/P. Gajendra	16,358	0.14
	<u>11,441,556</u>	<u>95.36</u>
Other shareholders	<u>558,444</u>	<u>4.64</u>
Total	<u>12,000,000</u>	<u>100.00</u>

Percentage of public holding in the Stated Capital of the Company as at December 31, 2019 was 9.99%. There were 803 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at December 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 December 31,</i>	79.10	70.10
Highest price during the <i>quarter ended December 31,</i>	83.80	75.00
Lowest price during the <i>quarter ended December 31,</i>	72.30	66.20
Number of Ordinary Shares in issue	12,000,000	12,000,000

**Financial Ratios**

<b>As at December 31,</b>	2019	2018
Interest Cover ( times )	82.38	133.81
Quick Assets Ratio ( times )	5.45	3.54
Net Assets Value Per Share (Rs.)	241.73	216.86