



INTERIM FINANCIAL STATEMENTS
For the Year ended December 31, 2017

COMMERCIAL DEVELOPMENT COMPANY PLC

STATEMENT OF COMPREHENSIVE INCOME

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	For the Year Ended		Change	For the Quarter Ended		Change
	December 31, 2017	December 31, 2016		December 31, 2017	December 31, 2016	
	Rs. 000	(Audited) Rs. 000	%	Rs. 000	Rs. 000	%
Revenue	354,488	329,257	7.66	96,544	92,166	4.75
Cost of Sales	(187,436)	(183,363)	2.22	(56,160)	(57,761)	(2.77)
Gross Profit	167,052	145,894	14.50	40,384	34,405	17.38
Other Income	8,672	12,433	(30.25)	354	6,451	(94.51)
	175,724	158,327	10.99	40,738	40,856	(0.29)
Administrative Expenses	(29,198)	(24,977)	16.90	(9,682)	(7,537)	28.46
Fair Value Gain on Investment Property	317,588	240,826	31.87	317,588	240,826	31.87
Operating Profit	464,114	374,176	24.04	348,644	274,145	27.18
Net Finance Income	12,681	12,354	2.65	1,830	4,035	(54.65)
Share of Profit of Equity Accounted Investee, Net of Tax	5,742	5,124	12.06	392	788	(50.25)
Profit before Tax	482,537	391,654	23.20	350,866	278,968	25.77
Income Tax Expense	(55,758)	(65,212)	(14.50)	(21,593)	(34,695)	(37.76)
Profit for the period attributable to Owners of the Company	426,779	326,442	30.74	329,273	244,273	34.80
Other Comprehensive Income, Net of Tax						
Items that will never be reclassified to profit or loss						
Actuarial Gains/(losses) on Defined Benefit Plans	(8,842)	1,022	(965.17)	(8,842)	1,022	(965.17)
Related Tax	2,475	(286)	(965.38)	2,475	(286)	(965.38)
	(6,367)	736	(965.08)	(6,367)	736	(965.08)
Share of Other Comprehensive Income of the Equity Accounted Investee, Net of Tax	(33)	99	(133.33)	(33)	99	(133.33)
	(33)	99	(133.33)	(33)	99	(133.33)
Items that are or may be reclassified to profit or loss						
Net change in Fair Value of Available-for-sale Financial Assets	12	125	(90.40)	433	270	60.37
Related Tax	(3)	(35)	(91.43)	(121)	(76)	59.21
	9	90	(90.00)	312	194	60.82
Other Comprehensive Income for the year, Net of Tax	(6,391)	925	(790.92)	(6,088)	1,029	(691.64)
Total Comprehensive Income for the year, Net of Tax	420,388	327,367	28.41	323,185	245,302	31.75
Earnings per Share (Rs.)	35.56	27.20	30.74	27.44	20.36	34.80

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, 2016.
- 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, 2017 as required by Sri Lanka Accounting Standard - LKAS 40 on "Investment Property".
- Related Party Transactions.
Mr.J.Durairatnam, 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 December 31, 2017, the Company recognised Rs.93,668,127/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.90,780,624/- for the quarter ended December 31, 2016).
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since December 31, 2017, that require disclosure in these Interim Financial Statements.
- There were no contingent assets, contingent liabilities or capital commitments outstanding as at the Reporting date.
- 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. In this regard, we note that the CBC held 92.97% of the equity having disposed 189,086 shares or 1.58% as at the Reporting date. Prior to disposal of shares, CBC had a stake of 94.55% in the stated capital of our Company.

STATEMENT OF FINANCIAL POSITION

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	As at December 31, 2017	As at December 31, 2016 (Audited)	Change
	Rs.'000	Rs.'000	%
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	91,956	100,054	(8.09)
Investment Property	2,472,183	2,005,826	23.25
Equity Accounted Investee	46,601	42,693	9.15
Deposits Receivable	10,690	8,896	20.17
	<u>2,621,430</u>	<u>2,157,469</u>	21.50
Current Assets			
Inventories	84	86	(2.33)
Trade and Other Receivables	53,842	14,975	259.55
Short Term Investments	62,340	159,289	(60.86)
Cash and Cash Equivalents	15,687	32,858	(52.26)
	<u>131,953</u>	<u>207,208</u>	(36.32)
Total Assets	<u>2,753,383</u>	<u>2,364,677</u>	16.44
EQUITY AND LIABILITIES			
Equity			
Stated Capital	120,000	120,000	-
Other Reserves	1,887,396	1,580,795	19.40
Retained Earnings	328,859	275,072	19.55
Total Equity	<u>2,336,255</u>	<u>1,975,867</u>	18.24
Non-Current Liabilities			
Deposits Payables	23,959	29,063	(17.56)
Employee Benefits	28,246	16,633	69.82
Deferred Taxation	313,188	297,536	5.26
	<u>365,393</u>	<u>343,232</u>	6.46
Current Liabilities			
Trade and Other Payables	21,706	18,387	18.05
Deferred Revenue	12,800	6,351	101.54
Current Tax Liabilities	17,229	20,840	(17.33)
	<u>51,735</u>	<u>45,578</u>	13.51
Total Equity and Liabilities	<u>2,753,383</u>	<u>2,364,677</u>	16.44
Net Assets Value Per Ordinary Share (Rs.)	<u>194.69</u>	<u>164.66</u>	18.24

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

February 19, 2018

(Sgd.) J. DURAIRATNAM
MANAGING DIRECTOR

February 19, 2018

STATEMENT OF CHANGES IN EQUITY

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	Stated Capital	Other Reserves		Retained Earnings	Total Equity
		Fair Value Adjustment Reserve	Available for Sale Reserve		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at January 1, 2016 (Audited)	120,000	1,364,152	(35)	223,722	1,707,839
Total Comprehensive Income for the Year ended December 31, 2016					
Profit for the year ended December 31, 2016	-	-	-	326,442	326,442
Other Comprehensive Income for the year ended December 31, 2016	-	-	90	835	925
	-	-	90	327,277	327,367
Transaction with equity holders, recognized directly in equity					
Final dividend for 2015	-	-	-	(36,000)	(36,000)
First interim dividend for 2016	-	-	-	(24,000)	(24,000)
Transfer of Fair Value Gains on Investment Property	-	216,588	-	(216,588)	-
Write back of Unclaimed Dividends	-	-	-	661	661
Balance as at December 31, 2016 - Audited	120,000	1,580,740	55	275,072	1,975,867
Total Comprehensive Income for the Year ended December 31, 2017					
Profit for the Year ended December 31, 2017	-	-	-	426,779	426,779
Other Comprehensive Income for the Year ended December 31, 2017	-	-	9	(6,400)	(6,391)
	-	-	9	420,379	420,388
Transaction with equity holders, recognized directly in equity					
Second Interim Dividend for 2016	-	-	-	(30,000)	(30,000)
Final Dividend for 2016	-	-	-	(6,000)	(6,000)
Interim Dividend for 2017	-	-	-	(24,000)	(24,000)
Transfer of Fair Value Gains on Investment Property	-	306,592	-	(306,592)	-
Balance as at December 31, 2017	120,000	1,887,332	64	328,859	2,336,255

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STATEMENT OF CASH FLOWS**05**

For the Year Ended December 31,	2017	2016
		(Audited)
	Rs.'000	Rs.'000
Cash Flows from Operating Activities		
Profit before Tax	482,537	391,654
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation	32,643	28,882
Fair Value Gain on Investment Property	(317,588)	(240,826)
Share of Profit of Equity Accounted Investee, Net of Tax	(5,742)	(5,124)
Interest Income	(15,034)	(14,097)
Provision for Employee Benefits	5,405	3,832
Interest Expense	2,314	1,711
Gain on Disposal of Property Plant & Equipment	(8,269)	(12,037)
	176,266	153,995
Working Capital Adjustments		
(Increase)/Decrease in Inventory	2	(23)
(Increase)/Decrease in Trade & Other Receivables	(38,867)	(121)
(Increase)/Decrease in Deposits Receivables	(1,794)	-
Increase/(Decrease) in Deposits Payables	(7,416)	7
Increase/(Decrease) in Deferred Revenue	6,449	1,216
Increase/(Decrease) in Trade and Other Payables	2,987	2,005
	137,627	157,079
Employee Benefits paid	(2,634)	(147)
Current Tax paid	(41,065)	(39,401)
Net Cash Flow Generated from Operating Activities	93,928	117,531
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(24,545)	(38,605)
Expenses incurred o/a Air Conditioning System	(71,186)	-
Purchase of a Land	(77,583)	-
Proceeds from Sale of Property, Plant & Equipment	8,269	12,037
Interest Received	15,034	14,097
Dividend Received	1,620	1,620
Net (Increase)/Decrease in Short Term Investments	96,961	(36,063)
Net Cash Flow Used in Investing Activities	(51,430)	(46,914)
Cash Flows from Financing Activities		
Dividend Paid	(59,669)	(60,605)
Net Cash Flow Used in Financing Activities	(59,669)	(60,605)
Net Increase/(Decrease) in Cash and Cash Equivalents	(17,171)	10,012
Cash and Cash Equivalent at the Beginning of the year	32,858	22,846
Cash and Cash Equivalent at the End of the year	15,687	32,858
Analysis of Cash and Cash Equivalents		
Cash at Bank	15,683	32,833
Cash in Hand	4	25
	15,687	32,858

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

TWENTY LARGEST SHAREHOLDERS AS AT DECEMBER 31, 2017**06**

Name of the Shareholder	No. of Shares	%
01 Commercial Bank of Ceylon PLC	11,156,619	92.97
02 British American Technologies (Pvt) Ltd	56,100	0.47
03 First Capital Markets Limited/K.Laveendrakumar	46,871	0.39
04 Amirally Lukmanjee	44,168	0.37
05 Binanthi Shamani Rasanayagam	36,000	0.30
06 Gajath Chrysantha Goonetilleke	30,013	0.25
07 Estate of late Surendra Wickremasinghe (Deceased)	27,200	0.23
08 Manel Senanayake	24,000	0.20
09 Assetline Leasing Company Ltd/K.Laveendrakumar	22,341	0.19
10 Sithamparapillai Gowrisangar	21,300	0.18
11 Citizen Development Business Finance PLC / P. Gajendra	16,308	0.14
12 Seylan Bank PLC/ Shermal Hemaka Jayasuriya	13,236	0.11
13 Mallory Evan Wijesinghe	12,000	0.10
14 Sithampalam Abishek	11,800	0.10
15 Sellahewa Gunendra Rasitha	11,034	0.09
16 Perera Seneviratne Marie Premila	10,000	0.08
17 Chandrasekara Alwishewa	10,000	0.08
18 Douglas Sudirikku Jayawickrama	10,000	0.08
19 Kaluarachchige Shanti Anula Fernando	10,000	0.08
20 Durga Sithampalam	9,007	0.08
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	11,577,997	96.48
Other shareholders	422,003	3.52
Total	<hr/>	<hr/>
	12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at December 31, 2017 was 7.03%. There were 771 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at December 31, 2017.

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.J. Durairatnam - 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

	2017 Rs.	2016 Rs.
Market Value of a Share <i>As at December 31,</i>	70.00	75.10
Highest price during the <i>quarter ended December 31,</i>	74.90	87.00
Lowest price during the <i>quarter ended December 31,</i>	70.00	73.00
Number of Ordinary Shares in issue	12,000,000	12,000,000

Financial Ratios

As at December 31,	2017	2016
Interest Cover (times)	197.24	214.67
Quick Assets Ratio (times)	2.55	4.54
Net Assets Value Per Share (Rs.)	194.69	164.66