



INTERIM FINANCIAL STATEMENTS
For the Year ended December 31, 2018

COMMERCIAL DEVELOPMENT COMPANY PLC

STATEMENT OF COMPREHENSIVE INCOME

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	For the Year Ended		Change	For the Quarter Ended		Change
	December 31, 2018	December 31, 2017 (Audited)		December 31, 2018	December 31, 2017	
	Rs. 000	Rs. 000	%	Rs. 000	Rs. 000	%
Revenue	396,770	354,489	11.9	117,909	96,545	22.1
Cost of Sales	(212,270)	(187,436)	13.2	(72,841)	(56,160)	29.7
Gross Profit	184,500	167,053	10.4	45,068	40,385	11.6
Other Income	13,436	8,672	54.9	78	354	(78.0)
	197,936	175,725	12.6	45,146	40,739	10.8
Administrative Expenses	(38,510)	(29,198)	31.9	(12,299)	(9,682)	27.0
Fair Value Gain on Investment Property	197,174	317,588	(37.9)	197,174	317,588	(37.9)
Operating Profit	356,600	464,115	(23.2)	230,021	348,645	(34.0)
Net Finance Income	5,621	12,681	(55.7)	1,512	1,830	(17.4)
Share of Profit of Equity Accounted Investee, Net of Tax	6,566	5,742	14.4	(479)	392	(222.2)
Profit before Tax	368,787	482,538	(23.6)	231,054	350,867	(34.1)
Income Tax Expense	(40,240)	(55,760)	(27.8)	(3,387)	(21,595)	(84.3)
Profit for the period attributable to Owners of the Company	328,547	426,778	(23.0)	227,667	329,272	(30.9)
Other Comprehensive Income, Net of Tax						
Items that will never be reclassified to profit or loss						
Actuarial Gains/(losses) on Defined Benefit Plans	(3,716)	(8,842)	(58.0)	(3,716)	(8,842)	(58.0)
Related Tax	1,040	2,476	(58.0)	1,040	2,476	(58.0)
	(2,676)	(6,366)	(58.0)	(2,676)	(6,366)	(58.0)
Share of Other Comprehensive Income of the Equity Accounted Investee, Net of Tax	(65)	(33)	97.0	(65)	(33)	97.0
	(65)	(33)	97.0	(65)	(33)	97.0
Items that are or may be reclassified to profit or loss						
Net change in fair value of Debt investments at FVOCI	(328)	-	(2,833.3)	51	-	(88.2)
Net change in Fair Value of Available-for-sale Financial Assets	-	12	-	-	433	-
Related Tax	92	(3)	(3,166.7)	(14)	(121)	(88.4)
	(236)	9	(2,722.2)	37	312	(88.1)
Other Comprehensive Income for the year, Net of Tax	(2,977)	(6,390)	(53.4)	(2,704)	(6,087)	(55.6)
Total Comprehensive Income for the year, Net of Tax	325,570	420,388	(22.6)	224,963	323,185	(30.4)
Earnings per Share (Rs.)	27.38	35.56	(23.0)	18.97	27.44	(30.9)

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, 2017.
- 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, 2018 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 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, 2018, the Company received Rs.- 114,492,399/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.93,668,127/- during the quarter ended December 31, 2017).
 - 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.285,176/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (No payments were made during the quarter ended December 31, 2017).
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since December 31, 2018, 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 where a case that has been filed against the Company by an employee at the Labour Tribunal, Negombo. The employee 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 has been made in the 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.
- 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 92.41% of the equity of the Company having disposed 256,000 shares or 2.13% during 2017 and 2018 as at the Reporting date. 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 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 December 31, 2018	As at December 31, 2017 (Audited)	Change
	Rs.'000	Rs.'000	%
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	142,920	91,955	55.42
Investment Property	2,673,717	2,472,183	8.15
Equity Accounted Investee	51,101	46,602	9.65
Deposits Receivable	10,818	10,690	1.20
	<u>2,878,556</u>	<u>2,621,430</u>	9.81
Current Assets			
Inventories	105	85	23.53
Trade and Other Receivables	62,051	53,842	15.25
Financial Investments	67,269	62,340	7.91
Cash and Cash Equivalents	16,810	15,688	7.15
	<u>146,235</u>	<u>131,955</u>	10.82
Total Assets	<u><u>3,024,791</u></u>	<u><u>2,753,385</u></u>	9.86
EQUITY AND LIABILITIES			
Equity			
Stated Capital	120,000	120,000	-
Other Reserves	2,091,222	1,887,396	10.80
Retained Earnings	391,096	328,859	18.93
Total Equity	<u><u>2,602,318</u></u>	<u><u>2,336,255</u></u>	11.39
Non-Current Liabilities			
Lease Creditors	3,146	-	-
Deposits Payables	27,199	23,959	13.52
Employee Benefits	36,618	28,247	29.64
Deferred Taxation	314,253	313,189	0.34
	<u>381,216</u>	<u>365,395</u>	4.33
Current Liabilities			
Trade and Other Payables	21,503	21,706	(0.94)
Lease Creditors	618	-	-
Deferred Revenue	10,374	12,800	(18.95)
Current Tax Liabilities	8,762	17,229	(49.14)
	<u>41,257</u>	<u>51,735</u>	(20.25)
Total Equity and Liabilities	<u><u>3,024,791</u></u>	<u><u>2,753,385</u></u>	9.86
Net Assets Value Per Ordinary Share (Rs.)	<u><u>216.86</u></u>	<u><u>194.69</u></u>	11.39

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 18, 2019

(Sgd.) S.RENGANATHAN
MANAGING DIRECTOR

February 18, 2019

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, 2017	120,000	1,580,740	55	275,072	1,975,867
Total Comprehensive Income for the Year					
Profit for the Year 2017	-	-	-	426,778	426,778
Other Comprehensive Income for the Year 2017	-	-	9	(6,399)	(6,390)
	-	-	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 - Audited	120,000	1,887,332	64	328,859	2,336,255
Total Comprehensive Income for the Year					
Profit for the Year 2018	-	-	-	328,547	328,547
Other Comprehensive Income for the Year 2018	-	-	(236)	(2,741)	(2,977)
	-	-	(236)	325,806	325,570
Transaction with equity holders, recognized directly in equity					
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)	-
Balance as at December 31, 2018	120,000	2,091,394	(172)	391,096	2,602,318

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STATEMENT OF CASH FLOWS

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For the Year Ended December 31,	2018	2017
	Rs.'000	Rs.'000
Cash Flows from Operating Activities		
Profit before Tax	368,787	482,538
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation	37,860	32,644
Fair Value Gain on Investment Property	(197,174)	(317,588)
Share of Profit of Equity Accounted Investee, Net of Tax	(6,566)	(5,742)
Interest Income	(8,286)	(15,034)
Provision for Employee Benefits	7,665	5,406
Interest Expenses	2,613	2,315
Gain on Disposal of Motor Vehicles	(13,242)	(8,269)
	191,657	176,270
Working Capital Adjustments		
(Increase)/Decrease in Inventory	(20)	2
(Increase)/Decrease in Trade & Other Receivables	(8,209)	(38,867)
(Increase)/Decrease in Deposits Receivables	(128)	(1,794)
Increase/(Decrease) in Deposits Payables	625	(7,419)
Increase/(Decrease) in Deferred Revenue	(2,426)	6,449
Increase/(Decrease) in Trade and Other Payables	(959)	2,988
	180,540	137,629
Employee Benefits Paid	(3,010)	(2,634)
Current Tax paid	(46,309)	(41,065)
	(49,319)	(43,700)
Net Cash Flow Generated from Operating Activities	131,221	93,930
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(105,903)	(24,545)
Expenses incurred o/a Air Conditioning System	(720)	(71,186)
Development/Purchase of Lands	(3,640)	(77,583)
Proceeds from Sale of Motor Vehicles	34,318	8,269
Interest Received	8,286	15,034
Dividend Received	1,800	1,620
Net (Increase)/Decrease in Short Term Investments	(5,257)	96,961
	(71,116)	(51,430)
Cash Flows from Financing Activities		
Capital payments on Finance Leases	(233)	-
Dividend Paid	(58,750)	(59,670)
	(58,983)	(59,670)
Net Cash Flow Used in Financing Activities	(58,983)	(59,670)
Net Increase in Cash and Cash Equivalents	1,122	(17,170)
Cash and Cash Equivalent at the Beginning of the period	15,688	32,858
Cash and Cash Equivalent at the End of the period	16,810	15,688
Analysis of Cash and Cash Equivalents		
Cash at Bank	16,781	15,684
Cash in Hand	29	4
	16,810	15,688

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

TWENTY LARGEST SHAREHOLDERS AS AT DECEMBER 31, 2018**07**

Name of the Shareholder	No. of Shares	%
01 Commercial Bank of Ceylon PLC	11,089,705	92.41
02 Assetline Leasing Company Ltd/British American Technologies Pvt Ltd	56,100	0.47
03 People's Merchant Finance PLC/K.Laveendrakumar	46,871	0.39
04 People's Merchant Finance PLC/K.K. Shujeevan	46,399	0.39
05 Amirally Lukmanjee	44,168	0.37
06 Binanthi Shamani Rasanayagam	36,000	0.30
07 Gajath Chrysantha Goonetilleke	30,013	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
11 Manel Senanayake	24,000	0.20
12 Carimjee Zoebaly Gulamabass	23,000	0.19
13 Assetline Leasing Company Ltd/K.Laveendrakumar	22,341	0.19
14 Sellahewa Gunendra Rasitha	16,922	0.14
15 Citizen Development Business Finance PLC / P. Gajendra	16,358	0.14
16 Durga Sithampalam	16,000	0.13
17 Mallory Evan Wijesinghe	12,000	0.10
18 Chandrasekara Alwishewa	11,000	0.09
19 Marie Premila Perera Seneviratne	10,000	0.08
19 Douglas Sudirikku Jayawickrama	10,000	0.08
19 Kaluarachchige Shanti Anula Fernando	10,000	0.08
20 Ranatunga Jayasekara Korlage Janaka Ranatunga	9,445	0.08
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	11,608,522	96.74
Other shareholders	391,478	3.26
Total	<hr/>	<hr/>
	12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at December 31, 2018 was 7.59%. There were 768 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at December 31, 2018.

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

	2018 Rs.	2017 Rs.
Market Value of a Share <i>As at December 31,</i>	70.10	70.00
Highest price during the <i>quarter ended December 31,</i>	75.00	74.90
Lowest price during the <i>quarter ended December 31,</i>	66.20	70.00
Number of Ordinary Shares in issue	12,000,000	12,000,000
Financial Ratios As at December 31,	2018	2017
Interest Cover (times)	133.81	197.24
Quick Assets Ratio (times)	3.54	2.55
Net Assets Value Per Share (Rs.)	216.86	194.69