



INTERIM FINANCIAL STATEMENTS
For the year ended December 31, 2020

COMMERCIAL DEVELOPMENT COMPANY PLC

	For the Year Ended		Change	For the Quarter Ended		Change
	December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019	
	Rs. 000	Rs. 000	%	Rs. 000	Rs. 000	%
Revenue	454,906	453,849	0.2	116,079	123,338	(5.9)
Cost of Sales	(252,017)	(264,407)	(4.7)	(63,935)	(80,486)	(20.6)
Gross Profit	202,889	189,442	7.1	52,144	42,852	21.7
Other Income	23,163	4,930	369.8	18,276	362	4,948.6
	226,052	194,372	16.3	70,420	43,214	63.0
Administrative Expenses	(31,182)	(32,609)	(4.4)	(8,410)	(10,789)	(22.1)
Fair Value Gain/(Loss) on Investment Property	(45,046)	237,283	(119.0)	(45,046)	237,283	(119.0)
Operating Profit	149,824	399,046	(62.5)	16,964	269,708	(93.7)
Net Finance Income	12,011	4,786	151.0	3,865	983	293.2
Share of Profit of Equity Accounted Investee, Net of Tax	9,438	9,158	3.1	3,476	290	1,098.6
Profit before Tax	171,273	412,990	(58.5)	24,305	270,981	(91.0)
Income Tax Expense	(48,691)	(49,773)	(2.2)	(8,602)	(11,602)	(25.9)
Profit for the year attributable to Owners of the Company	122,582	363,217	(66.3)	15,703	259,379	(93.9)
Other Comprehensive Income, Net of Tax						
Items that will never be reclassified to profit or loss						
Actuarial Gains/(losses) on Defined Benefit Plans	(985)	1,168	(184.3)	(985)	1,168	(184.3)
Related Tax	276	(327)	(184.4)	276	(327)	(184.4)
	(709)	841	(184.3)	(709)	841	(184.3)
Share of Other Comprehensive Income of the Equity Accounted Investee, Net of Tax	44,213	14	315,707.1	44,213	14	315,707.1
	44,213	14	315,707.1	44,213	14	315,707.1
Items that are or may be reclassified to profit or loss						
Net change in fair value of Debt investments at FVOCI	99	140	(29.3)	-	195	(100.0)
Related Tax	(28)	(39)	(28.2)	-	(54)	(100.0)
	71	101	(29.7)	-	141	(100.0)
Other Comprehensive Income for the year, Net of Tax	43,575	956	4,458.1	43,504	996	4,267.9
Total Comprehensive Income for the year, Net of Tax	166,157	364,173	(54.4)	59,207	260,375	(77.3)
Earnings per Share (Rs.)	10.22	30.27	(66.3)	1.31	21.61	(93.9)

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, 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, 2020 as required by Sri Lanka Accounting Standard - LKAS 40 on "Investment Property". In addition, the Company disposed its 20% stake in Equity Accounted Investee, M/s Commercial Insurance Brokers (Pvt) Ltd on December 30, 2020.
- 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, 2020, the Company received Rs.- 115,528,859/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.122,780,298/- during the quarter ended December 31, 2019).
 - Mr.U.I.S.Tillakawardana, a Director of the Company is also a Director of Commercial Insurance Brokers (Pvt) Ltd, an associate of the Company until December 30, 2020 which acted as one of the insurance advisers to the Company. During the quarter, the Company paid Rs.174,977/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd. (No payments were made during the quarter ended December 31, 2019). The above insurance premium of Rs. 174,977/-, was paid to Continental Insurance Lanka Ltd, wherein Mr.A.L.Gooneratne, a Director of the Company functions as a Director.
 - During the quarter, the Company sold its 20% stake in Commercial Insurance Brokers (Pvt) Ltd at a price of Rs.125,000,000/- to Commercial Bank of Ceylon PLC, the parent of the Company thus realising a profit of Rs.18,275,577/-.

- 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 that, a case 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.
- 7 **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. As a result of the COVID 19 pandemic, the direct impact on our business operations is expected to be at a 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.
However, the Company has assessed that the fair values of its investment properties as at December 31, 2020 have declined due to the impact of COVID-19 outbreak which in turn negatively impacted in terms of a fair value loss on investment property recognized in the income statement for the year ended December 31, 2020. Accordingly, a gross fair value loss on investment property amounting to Rs. 45 Mn have been recognised in the income statement for the year ended December 31, 2020.
- 8 There were no material events that took place since December 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 December 31, 2020	As at December 31, 2019 (Audited)	Change
	Rs.'000	Rs.'000	%
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	97,482	130,392	(25.24)
Investment Property	2,876,679	2,911,000	(1.18)
Equity Accounted Investee	-	57,274	(100.00)
Deposits Receivable	11,181	11,014	1.52
	<u>2,985,342</u>	<u>3,109,680</u>	(4.00)
Current Assets			
Inventories	18	18	-
Trade and Other Receivables	47,429	41,623	13.95
Financial Investments	206,288	73,329	181.32
Cash and Cash Equivalents	210,433	119,282	76.42
	<u>464,168</u>	<u>234,252</u>	98.15
Total Assets	<u><u>3,449,510</u></u>	<u><u>3,343,932</u></u>	3.16
EQUITY AND LIABILITIES			
Equity			
Stated Capital	120,000	120,000	-
Other Reserves	2,287,444	2,327,101	(1.70)
Retained Earnings	587,661	453,609	29.55
Total Equity	<u><u>2,995,105</u></u>	<u><u>2,900,710</u></u>	3.25
Non-Current Liabilities			
Deposits Payables	37,796	34,120	10.77
Employee Benefits	51,776	41,533	24.66
Lease Creditors - Long Term	1,626	5,974	(72.78)
Deferred Taxation	311,652	319,253	(2.38)
	<u>402,850</u>	<u>400,880</u>	0.49
Current Liabilities			
Trade and Other Payables	16,609	20,629	(19.49)
Lease Creditors - Short Term	4,347	5,374	(19.11)
Deferred Revenue	1,841	8,336	(77.92)
Current Tax Liabilities	28,758	8,003	259.34
	<u>51,555</u>	<u>42,342</u>	21.76
Total Equity and Liabilities	<u><u>3,449,510</u></u>	<u><u>3,343,932</u></u>	3.16
Net Assets Value Per Ordinary Share (Rs.)	<u><u>249.59</u></u>	<u><u>241.73</u></u>	3.25

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. Wijsekara

Accountant

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

(Sgd.) B.R.L. FERNANDO
CHAIRMAN
February 22, 2021

(Sgd.) S.RENGANATHAN
MANAGING DIRECTOR
February 22, 2021

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, 2019	120,000	2,091,394	(172)	391,096	2,602,318
Total Comprehensive Income for the year ended December 31, 2019					
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
Transaction with equity holders, recognized directly in equity					
Final Dividend for 2018	-	-	-	(42,000)	(42,000)
Interim Dividend for 2019	-	-	-	(24,000)	(24,000)
Write back of Unclaimed Dividends	-	-	-	219	219
Transfer of Fair Value Gains/Losses on Investment Property	-	235,778	-	(235,778)	-
Balance as at December 31, 2019 - Audited	120,000	2,327,172	(71)	453,609	2,900,710
Total Comprehensive Income for the year ended December 31, 2020					
Profit for the year ended December 31, 2020	-	-	-	122,582	122,582
Other Comprehensive Income for the year ended December 31, 2020	-	-	71	43,504	43,575
	-	-	71	166,086	166,157
Transaction with equity holders, recognized directly in equity					
Final Dividend for 2019	-	-	-	(48,000)	(48,000)
Interim Dividend for 2020	-	-	-	(24,000)	(24,000)
Write back of Unclaimed Dividends	-	-	-	238	238
Transfer of Fair Value Gains/Losses on Investment Property	-	(39,728)	-	39,728	-
Balance as at December 31, 2020	120,000	2,287,444	-	587,661	2,995,105

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STATEMENT OF CASH FLOWS

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For the year Ended December 31,	2020	2019
	Rs.'000	Rs.'000
Cash Flows from Operating Activities		
Profit before Tax	171,273	412,990
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation	43,430	51,915
Fair Value (Gain)/Loss on Investment Property	45,046	(237,283)
Share of Profit of Equity Accounted Investee, Net of Tax	(9,438)	(9,158)
Interest Income	(17,020)	(10,104)
Provision for Employee Benefits	9,841	9,088
Interest Expenses	4,869	5,255
Profit on Disposal of Equity Accounted Investee	(18,275)	-
Gain on disposal of Property, Plant and Equipment	(4,835)	(4,480)
	224,891	218,223
Changes in;		
Inventories	-	87
Trade & Other Receivables	(12,236)	(2,972)
Deposit Receivables	(167)	(196)
Deposits Payables	73	3,024
Deferred Revenue	(6,495)	(2,038)
Trade and Other Payables	(1,554)	(14)
	204,512	216,114
Employee Benefits paid	(583)	(3,005)
Current Tax paid	(35,289)	(45,479)
Net Cash Generated from Operating Activities	168,640	167,630
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(10,520)	(4,412)
Purchase of Fire Detection System	(3,759)	-
Proceeds from sale of Property, Plant and Equipment	4,835	4,451
Proceeds from sale of Equity Accounted Investee	125,000	-
Interest Received	17,020	10,104
Dividend Received from Equity Accounted Investee	4,200	2,580
Investment in Treasury Bills	-	(5,920)
Disposal of Investments in Treasury Bills	73,329	-
Investment in Fixed Deposits	(206,189)	-
Net Cash Generated from Investing Activities	3,916	6,803
Cash Flows from Financing Activities		
Payment of Lease Liabilities	(6,641)	(6,306)
Dividend Paid	(74,764)	(65,655)
Net Cash Used in Financing Activities	(81,405)	(71,961)
Net Increase in Cash and Cash Equivalents	91,151	102,472
Cash and Cash Equivalent at the Beginning of the Year	119,282	16,810
Cash and Cash Equivalent at the End of the Year	210,433	119,282
Analysis of Cash and Cash Equivalents		
Cash at Bank	210,404	119,239
Cash in Hand	29	43
	210,433	119,282

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

TWENTY LARGEST SHAREHOLDERS AS AT DECEMBER 31, 2020**07**

Name of the Shareholder	No. of Shares	%
01 Commercial Bank of Ceylon PLC	10,800,000	90.00
02 People's Leasing & Finance PLC/K K Shujeevan	56,569	0.47
03 Assetline Leasing Co. LTD./British American Technologies (Pvt) Ltd	56,100	0.47
04 People's Merchant Finance PLC/K Laveendrakuma	48,371	0.40
05 Hettiarachchige Mano Jerome De Silva	44,597	0.37
06 Amirally Lukmanjee	44,168	0.37
07 Seylan Bank PLC/ARRC Capital (Pvt) Ltd.	40,226	0.34
08 Binanthi Shamani Rasanayagam	36,000	0.30
09 Dassanayake Liyanarachchige Niroshan Pradeep Dassanayaka	35,800	0.30
10 People's Leasing & Finance PLC/K Laveendrakumar	30,228	0.25
11 Gajath Chrysantha Goonetilleke	30,077	0.25
12 Estate of late Surendra Wickremasinghe (Deceased)	27,200	0.23
13 Sampath Bank PLC/Abishek Sithampalam	26,000	0.22
14 Sithamparapillai Gowrisangar	25,500	0.21
15 Kowriesan Karlasingam	25,000	0.21
16 Carimjee Zoebaly Gulamabass	25,000	0.21
17 Wijewickrama Pathinayakage Asanka Dinunuwan	24,000	0.20
18 Manel Senanayake	24,000	0.20
19 Gunendra Rasitha Sellahewa	17,539	0.15
20 Citizens Development Business Finance PLC/P.Gajendra	17,500	0.15
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	11,433,875	95.30
Other shareholders	566,125	4.70
Total	<hr/>	<hr/>
	12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at December 31, 2020 was 10%. There were 902 shareholders representing the public holding percentage stated above.

The Float Adjusted Market Capitalisation of the Company as at December 31, 2020 was Rs. 140,400,000/-.

None of the Directors held shares of the Company as at December 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 December 31,</i>	117.00	79.10
Highest price during the <i>quarter ended December 31,</i>	119.00	83.80
Lowest price during the <i>quarter ended December 31,</i>	81.00	72.30
Number of Ordinary Shares in issue	12,000,000	12,000,000

Financial Ratios

As at December 31,	2020	2019
Interest Cover (times)	29.91	75.04
Quick Assets Ratio (times)	9.00	5.53
Net Assets Value Per Share (Rs.)	249.59	241.73