



**INTERIM FINANCIAL STATEMENTS**

**For the Nine Months ended September 30, 2016**

**COMMERCIAL DEVELOPMENT COMPANY PLC**

## STATEMENT OF COMPREHENSIVE INCOME

02

	For the Nine Months ended			Change	For the Quarter ended		
	September 30, 2016	September 30, 2015	%		September 30, 2016	September 30, 2015	%
	Rs.'000	Rs.'000			Rs.'000	Rs.'000	
Revenue	237,091	229,692	3.2	82,774	82,427	0.4	
Cost of Sales	(125,602)	(119,401)	5.2	(44,494)	(39,444)	12.8	
<b>Gross Profit</b>	<b>111,489</b>	<b>110,291</b>	<b>1.1</b>	<b>38,280</b>	<b>42,983</b>	<b>(10.9)</b>	
Other Income	5,982	8,337	(28.2)	2,999	2,878	4.2	
	<b>117,471</b>	<b>118,628</b>	<b>(1.0)</b>	<b>41,279</b>	<b>45,861</b>	<b>(10.0)</b>	
Administrative Expenses	(17,440)	(15,431)	13.0	(5,421)	(4,588)	18.2	
Operating Profit	100,031	103,197	(3.1)	35,858	41,273	(13.1)	
Net Finance Income	8,319	6,787	22.6	3,342	1,870	78.7	
Share of Profit of Equity Accounted Investee, Net of Tax	4,336	3,619	19.8	1,213	1,277	(5.0)	
<b>Profit before Tax</b>	<b>112,686</b>	<b>113,603</b>	<b>(0.8)</b>	<b>40,413</b>	<b>44,420</b>	<b>(9.0)</b>	
Income Tax Expense	(30,517)	(30,845)	(1.1)	(10,977)	(12,064)	(9.0)	
<b>Profit for the period attributable to Owners of the Company</b>	<b>82,169</b>	<b>82,758</b>	<b>(0.7)</b>	<b>29,436</b>	<b>32,356</b>	<b>(9.0)</b>	
<b>Other Comprehensive Income</b>							
Net change in Fair Value of Available-for-sale Financial Assets	(145)	(445)	(67.4)	92	(385)	(123.9)	
Related Tax	41	125	(67.2)	(25)	108	(123.1)	
<b>Other Comprehensive Income for the period, Net of Tax</b>	<b>(104)</b>	<b>(320)</b>	<b>(67.5)</b>	<b>67</b>	<b>(277)</b>	<b>(124.2)</b>	
<b>Total Comprehensive Income for the period, Net of Tax</b>	<b>82,065</b>	<b>82,438</b>	<b>(0.5)</b>	<b>29,503</b>	<b>32,079</b>	<b>(8.0)</b>	
Earnings per Share (Rs.)	6.85	6.90	(0.7)	2.45	2.70	(9.0)	

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, 2015.
- 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.
- 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 September 30, 2016, the Company has recognised Rs.- 81,600,442/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.80,863,675/- for the quarter ended September 30, 2015).  
During the quarter, the Company paid Rs. 66,272/- as insurance premium to Insurance Companies through Bankassurance Department of the Commercial Bank of Ceylon PLC, which acts as one of the Insurance Adviser to the Company (Rs.1,028,514/- for the quarter ended September 30, 2015).
  - 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 adviser to the Company. During the quarter the Company paid Rs.5,245,578/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs.4,649,113/- for the quarter ended September 30, 2015).
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since September 30, 2016, that require disclosure in these Interim Financial Statements.
- Potential impact of income tax rate change  
A change in the income tax rate has been recommended by the Government Budget for 2016 which was approved by the Parliament on December 19, 2015 as follows:

	Current rate %	Proposed rate %
Income tax	28%	17.50%

Since the new tax rates had not been published through a Gazette by the Parliament as at the reporting date, being September 30, 2016, the new rate has not been considered to be substantially enacted as at that date. Accordingly, the Company has provided for taxation (including deferred tax) at the existing rate of 28% in the Interim Financial Statements for the nine months/quarter ended September 30, 2016.

- There were no contingent assets, contingent liabilities or capital commitments outstanding as at the Reporting date.

## STATEMENT OF FINANCIAL POSITION

03

	As at September 30, 2016	As at December 31, 2015 (Audited)	Change
	Rs.'000	Rs.'000	%
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	78,394	90,331	(13.2)
Investment Property	1,765,600	1,765,000	0.0
Equity Accounted Investee	41,806	39,270	6.5
Deposits Receivable	8,896	8,896	0.0
	<u>1,894,696</u>	<u>1,903,497</u>	(0.5)
<b>Current Assets</b>			
Inventories	93	63	47.6
Trade and Other Receivables	26,592	14,854	79.0
Short Term Investments	155,329	123,101	26.2
Cash and Cash Equivalents	34,478	22,846	50.9
	<u>216,492</u>	<u>160,864</u>	34.6
<b>Total Assets</b>	<u>2,111,188</u>	<u>2,064,361</u>	2.3
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	120,000	120,000	-
Other Reserves	1,364,013	1,364,117	-
Retained Earnings	270,552	223,722	20.9
<b>Total Equity</b>	<u>1,754,565</u>	<u>1,707,839</u>	2.7
<b>Non-Current Liabilities</b>			
Deposits Payables	28,623	27,345	4.7
Employee Benefits	13,823	13,970	(1.1)
Deferred Taxation	272,636	272,247	0.1
	<u>315,082</u>	<u>313,562</u>	0.5
<b>Current Liabilities</b>			
Trade and Other Payables	13,743	17,648	(22.1)
Deferred Revenue	7,644	5,135	48.9
Current Tax Liabilities	20,154	20,177	(0.1)
	<u>41,541</u>	<u>42,960</u>	(3.3)
<b>Total Equity and Liabilities</b>	<u>2,111,188</u>	<u>2,064,361</u>	2.3
Net Assets Value Per Ordinary Share (Rs.)	<u>146.21</u>	<u>142.32</u>	2.7

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

October 27, 2016

(Sgd.) J. DURAIRATNAM  
MANAGING DIRECTOR

October 27, 2016

## STATEMENT OF CHANGES IN EQUITY

04

	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, 2015	120,000	1,209,318	3	199,764	1,529,085
Super Gain Tax paid for the year 2013	-	-	-	(27,581)	(27,581)
Adjusted Balance as at January 1, 2015	120,000	1,209,318	3	172,183	1,501,504
<b>Total Comprehensive Income for the Nine Months ended September 30, 2015</b>					
Profit for the Nine Months ended September 30, 2015	-	-	-	82,758	82,758
Other Comprehensive Income for the Nine Months ended September 30, 2015	-	-	(320)	-	(320)
	-	-	(320)	82,758	82,438
<b>Transaction with equity holders, recognized directly in equity</b>					
Final dividend for 2014	-	-	-	(36,000)	(36,000)
<b>Balance as at September 30, 2015</b>	<b>120,000</b>	<b>1,209,318</b>	<b>(317)</b>	<b>218,941</b>	<b>1,547,942</b>
<b>Total Comprehensive Income for the Three Months ended December 31, 2015</b>					
Profit for the Three Months ended December 31, 2015	-	-	-	177,036	177,036
Other Comprehensive Income for the Three Months ended December 31, 2015	-	-	282	6,579	6,861
	-	-	282	183,615	183,897
<b>Transaction with equity holders, recognized directly in equity</b>					
Interim Dividend for 2015	-	-	-	(24,000)	(24,000)
Transfer of Fair Value Gains on Investment Property	-	154,834	-	(154,834)	-
<b>Balance as at December 31, 2015 - Audited</b>	<b>120,000</b>	<b>1,364,152</b>	<b>(35)</b>	<b>223,722</b>	<b>1,707,839</b>
<b>Total Comprehensive Income for the Nine Months ended September 30, 2016</b>					
Profit for the Nine Months ended September 30, 2016	-	-	-	82,169	82,169
Other Comprehensive Income for the Nine Months ended September 30, 2016	-	-	(104)	-	(104)
	-	-	(104)	82,169	82,065
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2015	-	-	-	(36,000)	(36,000)
Unclaimed Dividends written back	-	-	-	661	661
<b>Balance as at September 30, 2016</b>	<b>120,000</b>	<b>1,364,152</b>	<b>(139)</b>	<b>270,552</b>	<b>1,754,565</b>

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

## STATEMENT OF CASH FLOWS

**05**

For the Nine Months Ended September 30,	2016	2015
	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	112,686	113,603
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation	20,663	19,296
Share of Profit of Equity Accounted Investee, Net of Tax	(4,336)	(3,619)
Interest Income	(9,614)	(8,020)
Interest Expenses	1,295	1,233
Gain on Disposal of Motor Vehicles	(5,760)	(8,268)
	114,934	114,225
Working Capital Adjustments		
(Increase)/Decrease in Inventory	(30)	(28)
(Increase)/Decrease in Trade & Other Receivables	(11,738)	(10,893)
Increase/(Decrease) in Deposits Payables	1,278	852
Increase in Deferred Revenue	2,509	4,935
Decrease in Trade and Other Payables	72	(11,788)
	107,025	97,303
Interest paid	(1,295)	(1,233)
Gratuity paid	(147)	-
Current Tax paid	(29,931)	(28,066)
<b>Net Cash Flow Generated from Operating Activities</b>	75,652	68,004
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(8,725)	(35,896)
Purchase of Investment Property	(600)	(52,129)
Proceeds from Sale of Motor Vehicles	5,760	13,075
Interest Received	9,614	8,020
Dividend Received	1,620	540
Net (Increase)/Decrease in Short Term Investments	(32,373)	40,953
<b>Net Cash Flow Generated from Investing Activities</b>	(24,704)	(25,437)
<b>Cash Flows from Financing Activities</b>		
Dividend Paid	(39,316)	(39,060)
Capital Payment on Finance Leases	-	(2,205)
<b>Net Cash Flow Used in Financing Activities</b>	(39,316)	(41,265)
Net Increase in Cash and Cash Equivalents	11,632	1,302
Cash and Cash Equivalent at the Beginning of the year	22,846	31,153
<b>Cash and Cash Equivalent at the End of the period</b>	34,478	32,455
<b>Analysis of Cash and Cash Equivalents</b>		
Call Deposits	34,448	32,436
Cash in Hand	30	19
	34,478	32,455

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

**TWENTY LARGEST SHAREHOLDERS AS AT SEPTEMBER 30, 2016****06**

<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
01 Commercial Bank of Ceylon PLC	11,295,705	94.13
02 British American Technologies (Pvt) Ltd	56,100	0.47
03 First Capital Markets Limited/K.Laveendrakumar	46,871	0.39
04 Binanthi Shamani Rasanayagam	36,000	0.30
05 Estate of late Surendra Wickremasinghe (Deceased)	27,200	0.23
06 Manel Senanayake	24,000	0.20
07 Assetline Leasing Company Ltd/K.Laveendrakumar	22,341	0.19
08 TKS Finance Ltd/R.P.Vijedasa	18,820	0.16
09 Sithamparapillai Gowrisangar	16,085	0.13
10 Amirally Lukmanjee	14,946	0.12
11 Gajath Chrysantha Goonetilleke	14,830	0.12
12 Seylan Bank PLC/Shermal Hemaka Jayasuriya	13,231	0.11
13 Iddagoda Liyanage Samantha Nandika Kumara	12,599	0.10
14 Mallory Evan Wijesinghe	12,000	0.10
15 Sithampalam Abishek	10,000	0.08
16 Kaluarachchige Shanti Anula Fernando	10,000	0.08
17 Douglas Sudirikku Jayawickrama	10,000	0.08
18 William Ryan Herbert Perera	10,000	0.08
19 Gajendra Puvendran	9,000	0.08
20 Abdul Vadood Marvaan Macan Markar	7,200	0.06
	<hr/>	<hr/>
	11,666,928	97.22
Other shareholders	333,072	2.78
Total	<hr/>	<hr/>
	12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at September 30, 2016 was 5.87%. There were 721 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at September 30, 2016.

**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**

"Commercial House"  
No. 21, Sir Razik Fareed Mawatha  
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**

	2016 Rs.	2015 Rs.
Market Value of a Share <i>As at September 30,</i>	<b>87.50</b>	91.60
Highest price during the <i>quarter ended September 30,</i>	<b>93.00</b>	119.00
Lowest price during the <i>quarter ended September 30,</i>	<b>80.00</b>	90.20
Number of Ordinary Shares in issue	<b>12,000,000</b>	12,000,000

**Financial Ratios**

<b>As at September 30,</b>	<b>2016</b>	<b>2015</b>
Interest Cover ( times )	<b>77.24</b>	83.70
Quick Assets Ratio ( times )	<b>5.21</b>	4.60