



INTERIM FINANCIAL STATEMENTS
For the Nine Months ended September 30, 2018

COMMERCIAL DEVELOPMENT COMPANY PLC

STATEMENT OF COMPREHENSIVE INCOME

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	For the Nine Months Ended		Change	For the Quarter Ended		Change
	September 30, 2018	September 30, 2017		September 30, 2018	September 30, 2017	
	Rs. 000	Rs. 000	%	Rs. 000	Rs. 000	%
Revenue	278,861	257,944	8.11	96,365	89,136	8.11
Cost of Sales	(139,429)	(131,276)	6.21	(49,137)	(41,679)	17.89
Gross Profit	139,432	126,668	10.08	47,228	47,457	(0.48)
Other Income	13,358	8,318	60.59	13,247	6,064	118.45
	152,790	134,986	13.19	60,475	53,521	12.99
Administrative Expenses	(26,211)	(19,516)	34.31	(8,339)	(6,798)	22.67
Operating Profit	126,579	115,470	9.62	52,136	46,723	11.59
Net Finance Income	4,109	10,851	(62.13)	1,477	3,195	(53.77)
Share of Profit of Equity Accounted Investee, Net of Tax	7,045	5,350	31.68	1,629	950	71.47
Profit before Tax	137,733	131,671	4.60	55,242	50,868	8.60
Income Tax Expense	(36,853)	(34,165)	7.87	(15,862)	(12,602)	25.87
Profit for the period attributable to Owners of the Company	100,880	97,506	3.46	39,380	38,266	2.91
Other Comprehensive Income						
Net change in Fair Value of Available-for-sale Financial Assets	(379)	(421)	(9.98)	(206)	(314)	(34.39)
Related Tax	106	118	(10.17)	58	88	(34.09)
Other Comprehensive Income for the period, Net of Tax	(273)	(303)	(9.90)	(148)	(226)	(34.51)
Total Comprehensive Income for the period, Net of Tax	100,607	97,203	3.50	39,232	38,040	3.13
Earnings per Share (Rs.)	8.41	8.13	3.46	3.28	3.19	2.91

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.
- 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 September 30, 2018, the Company received Rs.- 93,053,173/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.87,915,174/- during the quarter ended September 30, 2017).
During the quarter, the Company paid Rs. 713,415/- 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 (There were no payments during the quarter ended September 30, 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.5,283,484/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs.6,029,829/- during the quarter ended September 30, 2017). Out of the above insurance premium payment of Rs..5,283,484/-, Rs.92,089/- was paid to Continental Insurance Lanka Ltd, wherein Mr. A.L.Gooneratne, a Director of the Company functions as a Director (Rs.130,420/- out of Rs.6,029,829/- paid during the quarter ended September 30, 2017).
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since September 30, 2018, 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 92.43% of the equity having disposed 254,000 shares or 2.12% 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 remains non-compliant on July 01, 2018 with the Listing Rule No 7.13.1, the shares of the Company have been 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 September 30, 2018	As at December 31, 2017 (Audited)	Change
	Rs.'000	Rs.'000	%
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	119,519	91,955	29.98
Investment Property	2,472,880	2,472,183	0.03
Equity Accounted Investee	51,646	46,602	10.82
Deposits Receivable	10,772	10,690	0.77
	<u>2,654,817</u>	<u>2,621,430</u>	1.27
Current Assets			
Inventories	153	85	80.00
Trade and Other Receivables	70,012	53,842	30.03
Short Term Investments	65,856	62,340	5.64
Cash and Cash Equivalents	22,189	15,688	41.44
	<u>158,210</u>	<u>131,955</u>	19.90
Total Assets	<u>2,813,027</u>	<u>2,753,385</u>	2.17
EQUITY AND LIABILITIES			
Equity			
Stated Capital	120,000	120,000	-
Other Reserves	1,887,123	1,887,396	(0.01)
Retained Earnings	393,739	328,859	19.73
Total Equity	<u>2,400,862</u>	<u>2,336,255</u>	2.77
Non-Current Liabilities			
Lease Creditors	3,362	-	-
Deposits Payables	26,506	23,959	10.63
Employee Benefits	25,236	28,247	(10.66)
Deferred Taxation	320,932	313,189	2.47
	<u>376,036</u>	<u>365,395</u>	2.91
Current Liabilities			
Trade and Other Payables	15,405	21,706	(29.03)
Lease Creditors	544	-	-
Deferred Revenue	9,023	12,800	(29.51)
Current Tax Liabilities	11,157	17,229	(35.24)
	<u>36,129</u>	<u>51,735</u>	(30.17)
Total Equity and Liabilities	<u>2,813,027</u>	<u>2,753,385</u>	2.17
Net Assets Value Per Ordinary Share (Rs.)	<u>200.07</u>	<u>194.69</u>	2.77

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

November 7, 2018

(Sgd.) S.RENGANATHAN
MANAGING DIRECTOR

November 7, 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, 2017	120,000	1,580,740	55	275,072	1,975,867
Total Comprehensive Income for the Nine Months ended September 30, 2017					
Profit for the Nine Months ended September 30, 2017	-	-	-	97,506	97,506
Other Comprehensive Income for the Nine Months ended September 30, 2017	-	-	(303)	-	(303)
	-	-	(303)	97,506	97,203
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)
Balance as at September 30, 2017	120,000	1,580,740	(248)	336,578	2,037,070
Total Comprehensive Income for the Three Months ended December 31, 2017					
Profit for the Three Months ended December 31, 2017	-	-	-	329,272	329,272
Other Comprehensive Income for the Three Months ended December 31, 2017	-	-	312	(6,399)	(6,087)
	-	-	312	322,873	323,185
Transaction with equity holders, recognized directly in equity					
First 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 Nine Months ended September 30, 2018					
Profit for the Nine Months ended September 30, 2018	-	-	-	100,880	100,880
Other Comprehensive Income for the Nine Months ended September 30, 2018	-	-	(273)	-	(273)
	-	-	(273)	100,880	100,607
Transaction with equity holders, recognized directly in equity					
Second Interim Dividend for 2017	-	-	-	(36,000)	(36,000)
Balance as at September 30, 2018	120,000	1,887,332	(209)	393,739	2,400,862

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STATEMENT OF CASH FLOWS

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For the Nine Months Ended September 30,	2018	2017
	Rs.'000	Rs.'000
Cash Flows from Operating Activities		
Profit before Tax	137,733	131,671
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation	27,313	24,158
Share of Profit of Equity Accounted Investee, Net of Tax	(7,045)	(5,350)
Interest Income	(6,091)	(12,962)
Interest Expenses	1,982	2,111
Write off of Assets	23	-
Gain on Disposal of Motor Vehicles	(13,242)	(8,269)
	140,673	131,359
Working Capital Adjustments		
(Increase)/Decrease in Inventory	(68)	(27)
(Increase)/Decrease in Trade & Other Receivables	(16,252)	(26,894)
Increase/(Decrease) in Deposits Payables	2,547	(622)
Increase/(Decrease) in Deferred Revenue	(3,777)	2,469
Decrease in Trade and Other Payables	(3,945)	(1,613)
	119,178	104,672
Interest paid	(1,982)	(2,111)
Gratuity paid	(3,010)	(2,503)
Current Tax paid	(34,876)	(31,247)
	79,310	68,811
Net Cash Flow Generated from Operating Activities		
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(57,306)	(21,030)
Expenses incurred o/a Air Conditioning System	(720)	(67,450)
Proceeds from Sale of Motor Vehicles	19,668	8,269
Interest Received	6,091	12,962
Dividend Received	1,800	1,620
Net (Increase)/Decrease in Short Term Investments	(3,895)	16,253
	(34,362)	(49,376)
Net Cash Flow Generated from Investing Activities		
Cash Flows from Financing Activities		
Capital payments on Finance Leases	(91)	-
Dividend Paid	(38,356)	(38,317)
	(38,447)	(38,317)
Net Cash Flow Used in Financing Activities		
Net Increase in Cash and Cash Equivalents	6,501	(18,882)
Cash and Cash Equivalent at the Beginning of the period	15,688	32,858
Cash and Cash Equivalent at the End of the period	22,189	13,976
Analysis of Cash and Cash Equivalents		
Cash at Bank	22,171	13,951
Cash in Hand	18	25
	22,189	13,976

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

TWENTY LARGEST SHAREHOLDERS AS AT SEPTEMBER 30, 2018**06**

Name of the Shareholder	No. of Shares	%
01 Commercial Bank of Ceylon PLC	11,091,705	92.43
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 Shujeevan Kandiah Kanapathipillai	46,149	0.38
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	24,517	0.20
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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	11,609,789	96.74
Other shareholders	390,211	3.26
Total	<hr/>	<hr/>
	12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at September 30, 2018 was 7.57%. There were 765 shareholders representing the public holding percentage stated above.

None of the Directors held shares of the Company as at September 30, 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 September 30,</i>	70.10	70.60
Highest price during the <i>quarter ended September 30,</i>	73.50	77.90
Lowest price during the <i>quarter ended September 30,</i>	70.00	66.10
Number of Ordinary Shares in issue	12,000,000	12,000,000
Financial Ratios As at September 30,	2018	2017
Interest Cover (times)	63.86	54.70
Quick Assets Ratio (times)	4.37	4.34
Net Assets Value Per Share (Rs.)	200.07	169.76