



**INTERIM FINANCIAL STATEMENTS**

**For the nine months ended September 30, 2021**

**COMMERCIAL DEVELOPMENT COMPANY PLC**

## STATEMENT OF COMPREHENSIVE INCOME

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For the nine months ended September 30,	For the Nine Months Ended		Change	For the Quarter Ended		Change
	September 30,	September 30,		September 30,	September 30,	
	2021	2020	%	2021	2020	
	Rs. 000	Rs. 000		Rs. 000	Rs. 000	%
Revenue	485,403	338,827	43.3	165,215	113,696	45.3
Cost of Sales	(291,587)	(188,082)	55.0	(74,749)	(64,323)	16.2
<b>Gross Profit</b>	<b>193,816</b>	<b>150,745</b>	<b>28.6</b>	<b>90,466</b>	<b>49,373</b>	<b>83.2</b>
Other Income	36	4,887	(99.3)	25	4,842	(99.5)
	<b>193,852</b>	<b>155,632</b>	<b>24.6</b>	<b>90,491</b>	<b>54,215</b>	<b>66.9</b>
Administrative Expenses	(24,735)	(22,772)	8.6	(7,477)	(7,067)	5.8
Operating Profit	169,117	132,860	27.3	83,014	47,148	76.1
Net Finance Income	22,311	8,146	173.9	8,261	3,640	127.0
Share of Profit of Equity Accounted Investee, Net of Tax	-	5,962	(100.0)	-	2,223	(100.0)
<b>Profit before Tax</b>	<b>191,428</b>	<b>146,968</b>	<b>30.3</b>	<b>91,275</b>	<b>53,011</b>	<b>72.2</b>
Income Tax (Expense)/Reversal	6,144	(40,089)	(115.3)	(22,028)	(14,435)	52.6
<b>Profit for the period attributable to Owners of the Company</b>	<b>197,572</b>	<b>106,879</b>	<b>84.9</b>	<b>69,247</b>	<b>38,576</b>	<b>79.5</b>
<b>Other Comprehensive Income, Net of Tax</b>						
Net change in fair value of Debt investments at FVOCI	-	99	(100.0)	-	389	(100.0)
Related Tax	-	(28)	(100.0)	-	(109)	(100.0)
<b>Other Comprehensive Income for the period, Net of Tax</b>	<b>-</b>	<b>71</b>	<b>(100.0)</b>	<b>-</b>	<b>280</b>	<b>(100.0)</b>
<b>Total Comprehensive Income for the period, Net of Tax</b>	<b>197,572</b>	<b>106,950</b>	<b>84.7</b>	<b>69,247</b>	<b>38,856</b>	<b>78.2</b>
Earnings per Share (Rs.)	16.46	8.91	84.9	5.77	3.21	79.5

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

**Explanatory Notes**

- Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by The Institute of Chartered Accountants of Sri Lanka. 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, 2020.
- These Interim Financial Statements are presented in accordance with the requirements of the 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 sole 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 September 30, 2021, the Company received Rs. 161,804,703/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.113,131,402/- during the quarter ended September 30, 2020).
  - Mr.U.I.S.Tillakawardana, a Director of the Company is also a Director of Commercial Insurance Brokers (Pvt) Ltd, a subsidiary of the Parent Company which acts as one of the insurance advisers to the Company. During the quarter, the Company paid Rs.7,340,514/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs.3,913,963/- was paid during the quarter ended September 30, 2020). Out of the insurance premium of Rs.7,340,514/-, Rs.7,309,229/- was paid to Continental Insurance Lanka Ltd, wherein Mr.A.L.Gooneratne, a Director of the Company functions as a Director (Rs.3,911,012/- out of Rs.3,913,963/- for the quarter ended September 30, 2020).
  - As at the reporting date, the Company has invested Rs.467,000,000/- in Fixed Deposits for a period of 1 year at interest rates ranging from 6.25% - 8.5% per annum at CBC Finance Limited, which is a fully owned subsidiary of the Parent.
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since September 30, 2021, 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 that a case was filed against the Company by an ex employee at the Labour Tribunal, Negombo. The Labour Tribunal ordered that the former employee be compensated with Rs. 2,034,000/-. The Company has appealed against this order to the High Court.

However, no provision has been made in these Interim 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 credit balance in the income tax expense was due to reversal of income tax consequent to reduction in income tax rate from 28% to 24%, in line with the requirements of the Inland Revenue Amendment Act No 10 of 2021. Accordingly, current tax reversal for the year ended December 31, 2020, amounting to Rs.7,921,015/- and deferred tax reversal as at December 31, 2020, amounting to Rs. 44,547,695/- have been adjusted in arriving at the income tax expense for the period ended September 30, 2021. Income tax/deferred tax liability for the comparative period have been calculated using the tax rate of 28%.

**9 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, the Parent of the Company. As a result of 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 the Parent could have impact on our operations. Therefore, our response to the impact can be varied, which largely depends on operational outcomes of the Parent.

## STATEMENT OF FINANCIAL POSITION

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	As at September 30, 2021	As at December 31, 2020 (Audited)	Change
	Rs.'000	Rs.'000	%
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	100,798	97,482	3.40
Intangible Assets - Work in Progress	2,273	-	-
Investment Property	2,877,581	2,876,679	0.03
Deposits Receivable	10,827	11,181	(3.17)
	<u>2,991,479</u>	<u>2,985,342</u>	0.21
<b>Current Assets</b>			
Inventories	-	18	(100.00)
Trade and Other Receivables	57,992	47,429	22.27
Financial Investments	477,401	206,288	131.42
Cash and Cash Equivalents	153,410	210,433	(27.10)
	<u>688,803</u>	<u>464,168</u>	48.40
<b>Total Assets</b>	<u><u>3,680,282</u></u>	<u><u>3,449,510</u></u>	6.69
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	120,000	120,000	-
Other Reserves	2,325,842	2,287,444	1.68
Retained Earnings	704,835	587,661	19.94
<b>Total Equity</b>	<u>3,150,677</u>	<u>2,995,105</u>	5.19
<b>Non-Current Liabilities</b>			
Deposits Payables	53,950	37,796	42.74
Employee Benefits	58,699	51,776	13.37
Lease Creditors - Long Term	15,690	1,626	864.94
Deferred Taxation	264,502	311,652	(15.13)
	<u>392,841</u>	<u>402,850</u>	(2.48)
<b>Current Liabilities</b>			
Trade and Other Payables	94,647	16,609	469.85
Lease Creditors - Short Term	4,957	4,347	14.03
Deferred Revenue	9,971	1,841	441.61
Current Tax Liabilities	27,189	28,758	(5.46)
	<u>136,764</u>	<u>51,555</u>	165.28
<b>Total Equity and Liabilities</b>	<u><u>3,680,282</u></u>	<u><u>3,449,510</u></u>	6.69
Net Assets Value Per Ordinary Share (Rs.)	<u><u>262.56</u></u>	<u><u>249.59</u></u>	5.19

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.

**W.H. Wijsekara**

**Accountant**

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

**B.R.L. FERNANDO**  
**CHAIRMAN**

November 10, 2021

**S.RENGANATHAN**  
**MANAGING DIRECTOR**

## 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, 2020	120,000	2,327,172	(71)	453,609	2,900,710
<b>Total Comprehensive Income for the nine months ended September 30, 2020</b>					
Profit for the nine months ended September 30, 2020	-	-	-	106,879	106,879
Other Comprehensive Income for the nine months ended September 30, 2020	-	-	71	-	71
	-	-	71	106,879	106,950
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2019	-	-	-	(48,000)	(48,000)
<b>Balance as at September 30, 2020</b>	<b>120,000</b>	<b>2,327,172</b>	<b>-</b>	<b>512,488</b>	<b>2,959,660</b>
<b>Total Comprehensive Income for the three months ended December 31, 2020</b>					
Profit for the three months ended December 31, 2020	-	-	-	15,703	15,703
Other Comprehensive Income for the three months ended December 31, 2020	-	-	-	43,504	43,504
	-	-	-	59,207	59,207
<b>Transaction with equity holders, recognized directly in equity</b>					
Interim Dividend for 2020	-	-	-	(24,000)	(24,000)
Write back of Unclaimed Dividends	-	-	-	238	238
Transfer of Fair Value Loss on Investment Property	-	(39,728)	-	39,728	-
<b>Balance as at December 31, 2020 - Audited</b>	<b>120,000</b>	<b>2,287,444</b>	<b>-</b>	<b>587,661</b>	<b>2,995,105</b>
<b>Total Comprehensive Income for the nine months ended September 30 2021</b>					
Profit for the nine months ended September 30, 2021	-	-	-	197,572	197,572
Other Comprehensive Income for the nine months ended September 30, 2021	-	-	-	-	-
	-	-	-	197,572	197,572
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2020	-	-	-	(42,000)	(42,000)
Transfer of Deferred Tax reversal consequent to change in the Income Tax rate	-	38,398	-	(38,398)	-
<b>Balance as at September 30, 2021</b>	<b>120,000</b>	<b>2,325,842</b>	<b>-</b>	<b>704,835</b>	<b>3,150,677</b>

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

## STATEMENT OF CASH FLOWS

**06**

For the nine months Ended September 30,	2021	2020
	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	191,428	146,968
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation/Amortization	32,209	33,011
Share of Profit of Equity Accounted Investee, Net of Tax	-	(5,962)
Interest Income	(25,054)	(11,623)
Provision for Employee Benefits	8,607	7,361
Gain on disposal of motor vehicles	-	(4,835)
Interest Expenses	2,492	3,477
	<b>209,682</b>	<b>168,397</b>
Changes in;		
(Increase)/Decrease in Inventory	18	-
Trade & Other Receivables	(10,210)	8,739
Deposits Payables	16,154	2,708
Deferred Revenue	8,130	(6,607)
Trade and Other Payables	77,941	9,862
	<b>301,715</b>	<b>183,099</b>
Interest Paid	(2,492)	(3,477)
Employee Benefits paid	(1,684)	(278)
Current Tax paid	(42,575)	(23,148)
	<b>254,964</b>	<b>156,196</b>
<b>Net Cash Flow Generated from Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(24,836)	(310)
Intangible Assets Under Development	(2,273)	-
Development of Investment Property	(902)	(10,189)
Proceeds from Sale of Property, Plant and Equipment	8,442	4,835
Interest Received	25,054	11,623
Dividend Received	-	4,200
Net Change in Financial Investments	(271,113)	(128,575)
	<b>(265,628)</b>	<b>(118,416)</b>
<b>Net Cash Flow (Used in)/Generated from Investing Activities</b>		
<b>Cash Flows from Financing Activities</b>		
Payment of Lease Liabilities	(4,456)	(3,954)
Dividend Paid	(41,903)	(51,112)
	<b>(46,359)</b>	<b>(55,066)</b>
<b>Net Cash Flow Used in Financing Activities</b>		
Net Increase in Cash and Cash Equivalents	(57,023)	(17,286)
Cash and Cash Equivalent at the Beginning of the Period	210,433	119,282
<b>Cash and Cash Equivalent at the End of the Period</b>	<b>153,410</b>	<b>101,996</b>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash at Bank	153,340	101,946
Cash in Hand	70	50
	<b>153,410</b>	<b>101,996</b>

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

**TWENTY LARGEST SHAREHOLDERS AS AT SEPTEMBER 30, 2021****07**

<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
01 Commercial Bank of Ceylon PLC	10,800,000	90.00
02 Assetline Leasing Co.LTD/British American Technologies (Pvt) Ltd	56,100	0.47
03 Hatton National Bank PLC/Kandaiah Kanapathipillai Shujeewan	50,807	0.42
04 People's Merchant Finance PLC/K.Laveendrakumar	48,371	0.40
05 Amirally Lukmanjee	44,168	0.37
06 Cosmo Mart (Private) Limited	43,989	0.37
07 Lankesh Jude Roshitha Dissanayake	36,571	0.30
08 Binanthi Shamani Rasanayagam	36,000	0.30
09 People's Leasing and Finance PLC/K.Laveendrakumar	30,228	0.25
10 Gajath Chrysantha Goonetilleke	30,077	0.25
11 Surendra Wickramasinghe	27,200	0.23
12 Sampath Bank PLC/Abishek Sithampalam	26,000	0.22
13 Sithamparapillai Gowrisangar	25,500	0.21
14 Zoebaly Gulamabass Carimjee	25,000	0.21
15 Manel Senanayake	24,000	0.20
16 People's Leasing Finance PLC/ R. Dahanayake	22,400	0.19
17 Sithampalam Durga	21,500	0.18
18 Welgamage Amitha Kumar Perera	20,000	0.17
19 Arunasalam Sithampalam	19,055	0.16
20 Dehiwalage Sunil Priyantha Perera	18,713	0.16
	<u>11,405,679</u>	<u>95.06</u>
Other shareholders	<u>594,321</u>	<u>4.94</u>
Total	<u>12,000,000</u>	<u>100.00</u>

Percentage of public holding in the Stated Capital of the Company as at September 30, 2021 was 10%. There were 1,009 shareholders representing the public holding percentage stated above.

The Float Adjusted Market Capitalisation of the Company as at September 30, 2021 was Rs.154,500,000/-.

The Company complies with the minimum public holding as a continuous listing requirement as per the Option 2 of the Listing Rule No. 7.13.1 (b) of of the Colombo Stock Exchange.

None of the Directors held shares of the Company as at September 30, 2021.

**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 : info@cdcplc.net  
Website : www.cdcplc.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  
No 371, R.A.De Mel Mawatha,  
Colombo 03,  
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**

	2021 Rs.	2020 Rs.
Market Value of a Share <i>As at September 30,</i>	128.75	95.20
Highest price during the <i>quarter ended September 30,</i>	174.00	109.00
Lowest price during the <i>quarter ended September 30,</i>	122.00	69.00
Number of Ordinary Shares in issue	12,000,000	12,000,000

**Financial Ratios**

<b>As at September 30,</b>	2021	2020
Interest Cover ( times )	95.33	38.21
Quick Assets Ratio ( times )	5.04	5.82
Net Assets Value Per Share (Rs.)	262.56	246.64