



**INTERIM FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

**COMMERCIAL DEVELOPMENT COMPANY PLC**

## STATEMENT OF COMPREHENSIVE INCOME

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For the year ended December 31,	For the Year Ended		Change	For the Quarter Ended		Change
	December 31, 2021	December 31, 2020		December 31, 2021	December 31, 2020	
	Rs. 000	(Audited) Rs. 000	%	Rs. 000	Rs. 000	%
Revenue	632,287	454,906	39.0	146,884	116,079	26.5
Cost of Sales	(292,384)	(252,017)	16.0	(797)	(63,935)	(98.8)
<b>Gross Profit</b>	<b>339,903</b>	<b>202,889</b>	<b>67.5</b>	<b>146,087</b>	<b>52,144</b>	<b>180.2</b>
Other Income	78	23,163	(99.7)	42	18,276	(99.8)
	<b>339,981</b>	<b>226,052</b>	<b>50.4</b>	<b>146,129</b>	<b>70,420</b>	<b>107.5</b>
Administrative Expenses	(32,824)	(31,182)	5.3	(8,089)	(8,410)	(3.8)
Fair Value Gain/(Loss) on Investment Property	89,132	(45,046)	(297.9)	89,132	(45,046)	(297.9)
Operating Profit	<b>396,289</b>	<b>149,824</b>	<b>164.5</b>	<b>227,172</b>	<b>16,964</b>	<b>1,239.1</b>
Net Finance Income	30,976	12,011	157.9	8,665	3,865	124.2
Share of Profit of Equity Accounted Investee, Net of Tax	-	9,438	(100.0)	-	3,476	(100.0)
<b>Profit before Tax</b>	<b>427,265</b>	<b>171,273</b>	<b>149.5</b>	<b>235,837</b>	<b>24,305</b>	<b>870.3</b>
Income Tax Expense	(25,759)	(48,691)	(47.1)	(31,903)	(8,602)	270.9
<b>Profit for the year attributable to Owners of the Company</b>	<b>401,506</b>	<b>122,582</b>	<b>227.5</b>	<b>203,934</b>	<b>15,703</b>	<b>1,198.7</b>
<b>Other Comprehensive Income, Net of Tax</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Actuarial Gains/(losses) on Defined Benefit Plans	3,449	(985)	(450.2)	3,449	(985)	(450.2)
Related Tax	(828)	276	(400.0)	(828)	276	(400.0)
	<b>2,621</b>	<b>(709)</b>	<b>(469.7)</b>	<b>2,621</b>	<b>(709)</b>	<b>(469.7)</b>
Share of Other Comprehensive Income of the Equity Accounted Investee, Net of Tax	-	44,213	(100.0)	-	44,213	(100.0)
	<b>-</b>	<b>44,213</b>	<b>(100.0)</b>	<b>-</b>	<b>44,213</b>	<b>(100.0)</b>
<b>Items that are or may be reclassified to profit or loss</b>						
Net change in fair value of Debt investments at FVOCI	(243)	99	(345.5)	(243)	-	-
Related Tax	58	(28)	(307.1)	58	-	-
	<b>(185)</b>	<b>71</b>	<b>(360.6)</b>	<b>(185)</b>	<b>-</b>	<b>-</b>
<b>Other Comprehensive Income for the year, Net of Tax</b>	<b>2,436</b>	<b>43,575</b>	<b>(94.4)</b>	<b>2,436</b>	<b>43,504</b>	<b>(94.4)</b>
<b>Total Comprehensive Income for the year, Net of Tax</b>	<b>403,942</b>	<b>166,157</b>	<b>143.1</b>	<b>206,370</b>	<b>59,207</b>	<b>248.6</b>
Earnings per Share (Rs.)	<b>33.46</b>	10.22	227.5	<b>16.99</b>	1.31	1,198.7

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.
- The significant reduction in the cost of sales for the quarter ended December 31, 2021 was due to a reversal of a provision made on account of renovation of Commercial House building amounting to Rs.60 Mn. The expected renovations did not commence due to the pandemic.
- The income tax expense includes 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. 44,521,738/- have been adjusted in arriving at the income tax expense for the year ended December 31, 2021. Income tax/deferred tax liability for the comparative period have been calculated using the tax rate of 28%.
- During the quarter, there were no material changes in the composition of assets and liabilities except that Investment Properties have been stated at the revalued amounts as at December 31, 2021 as per the requirements of the Sri Lanka Accounting Standard - LKAS 40 on "Investment Property".

**6 Related Party Transactions**

- (a) 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 December 31, 2021, the Company received Rs. 143,376,230/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.115,528,859/- during the quarter ended December 31, 2020).
- (b) 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.25,112/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs.174,977/- was paid during the quarter ended December 31, 2020).
- (c) 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.

7 All known expenses have been provided for in these Interim Financial Statements.

8 There were no material events that took place since December 31, 2021, that require disclosure in these Interim Financial Statements.

9 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.

**10 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.

**11 Surcharge Tax**

The Surcharge Tax was proposed in Budget 2022, as a one-time tax. As per the Gazette published on February 07, 2022, Surcharge Tax is payable by any individual, partnership, company or each company of a group of companies (holding and subsidiaries) subject to the taxable income threshold as specified in the Bill. There shall be levied a Surcharge Tax on any individual, partnership or company, whose taxable income calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds rupees two thousand million, for the year of assessment commenced on 1 April 2020, at the rate of twenty-five per centum on the taxable income of such individual, partnership or company, for such year of assessment. The proposed surcharge tax has not been accounted for in these financial statements of the Company on December 31, 2021 as the said Bill is not considered to be substantially enacted as per LKAS – 12 as of the Reporting date.

The quantified impact on Surcharge Tax to the next year's financial statements would be Rs. 50,556,342/-.

## STATEMENT OF FINANCIAL POSITION

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	As at December 31, 2021	As at December 31, 2020 (Audited)	Change
	Rs.'000	Rs.'000	%
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	90,897	96,893	(6.19)
Intangible Assets	2,762	589	368.93
Investment Property	2,966,713	2,876,679	3.13
Deposits Receivable	10,857	11,181	(2.90)
	<u>3,071,229</u>	<u>2,985,342</u>	2.88
<b>Current Assets</b>			
Inventories	-	18	(100.00)
Trade and Other Receivables	43,011	47,429	(9.31)
Financial Investments	565,585	206,288	174.17
Cash and Cash Equivalents	105,524	210,433	(49.85)
	<u>714,120</u>	<u>464,168</u>	53.85
<b>Total Assets</b>	<u><u>3,785,349</u></u>	<u><u>3,449,510</u></u>	9.74
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	120,000	120,000	-
Other Reserves	2,418,164	2,287,444	5.71
Retained Earnings	789,199	587,661	34.29
<b>Total Equity</b>	<u><u>3,327,363</u></u>	<u><u>2,995,105</u></u>	11.09
<b>Non-Current Liabilities</b>			
Deposits Payables	54,492	37,796	44.17
Employee Benefits	50,966	51,776	(1.56)
Lease Creditors - Long Term	14,374	1,626	784.01
Deferred Taxation	263,159	311,652	(15.56)
	<u><u>382,991</u></u>	<u><u>402,850</u></u>	(4.93)
<b>Current Liabilities</b>			
Trade and Other Payables	16,958	16,609	2.10
Lease Creditors - Short Term	5,080	4,347	16.86
Deferred Revenue	10,566	1,841	473.93
Current Tax Liabilities	42,391	28,758	47.41
	<u><u>74,995</u></u>	<u><u>51,555</u></u>	45.47
<b>Total Equity and Liabilities</b>	<u><u>3,785,349</u></u>	<u><u>3,449,510</u></u>	9.74
Net Assets Value Per Ordinary Share (Rs.)	<u><u>277.28</u></u>	<u><u>249.59</u></u>	11.09

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. Wijesekara

Accountant

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

(Sgd.) B.R.L. FERNANDO  
CHAIRMAN

February 21, 2022

(Sgd.) 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 year ended December 31, 2020</b>					
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
<b>Transaction with equity holders, recognized directly in equity</b>					
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 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 year ended December 31 2021</b>					
Profit for the year ended December 31, 2021	-	-	-	401,506	401,506
Other Comprehensive Income for the year ended December 31, 2021	-	-	(185)	2,621	2,436
	-	-	(185)	404,127	403,942
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2020	-	-	-	(42,000)	(42,000)
Interim Dividend for 2021	-	-	-	(30,000)	(30,000)
Write back of unclaimed Dividends	-	-	-	316	316
Transfer of Fair Value Gains on Investment Property	-	130,905	-	(130,905)	-
<b>Balance as at December 31, 2021</b>	<b>120,000</b>	<b>2,418,349</b>	<b>(185)</b>	<b>789,199</b>	<b>3,327,363</b>

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

## STATEMENT OF CASH FLOWS

**06**

For the year Ended December 31,	2021	2020
		(Audited)
	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	427,265	171,273
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation/Amortization	41,873	43,430
Fair Value Loss on Investment Property	(89,132)	45,046
Share of Profit of Equity Accounted Investee, Net of Tax	-	(9,438)
Interest Income	(34,984)	(17,020)
Provision for Employee Benefits	4,844	9,841
Gain on disposal of motor vehicles	-	(4,835)
Profit on Disposal of Equity Accounted Investee	-	(18,275)
Interest Expenses	3,640	4,869
	353,506	224,891
Changes in;		
(Increase)/Decrease in Inventory	18	-
Trade & Other Receivables	4,420	(12,236)
Deposits Receivables	324	(167)
Deposits Payables	14,048	73
Deferred Revenue	8,725	(6,495)
Trade and Other Payables	83	(1,554)
	381,124	204,512
Employee Benefits paid	(2,205)	(583)
Interest paid on Leases	(992)	(1,266)
Current Tax paid	(61,389)	(35,289)
	316,538	167,374
<b>Net Cash Flow Generated from Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(24,836)	(10,381)
Purchase of Intangible Assets	(2,412)	(139)
Improvements to Investment Property	(902)	(3,759)
Proceeds from Sale of Property, Plant and Equipment	8,442	4,835
Proceeds from Sale of Equity Accounted Investee	-	125,000
Interest Received	34,984	17,020
Dividend Received	-	4,200
(Investment)/Disposal of Treasury Bills	(80,000)	73,329
Investment in Fixed Deposits	(279,540)	(206,189)
	(344,264)	3,916
<b>Net Cash Flow (Used in)/Generated from Investing Activities</b>		
<b>Cash Flows from Financing Activities</b>		
Payment of Lease Liabilities	(5,649)	(5,375)
Dividend Paid	(71,534)	(74,764)
	(77,183)	(80,139)
<b>Net Cash Flow Used in Financing Activities</b>		
Net Increase in Cash and Cash Equivalents	(104,909)	91,151
Cash and Cash Equivalent at the Beginning of the Year	210,433	119,282
<b>Cash and Cash Equivalent at the End of the Year</b>	105,524	210,433
<b>Analysis of Cash and Cash Equivalents</b>		
Cash at Bank	105,484	210,404
Cash in Hand	40	29
	105,524	210,433

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

**TWENTY LARGEST SHAREHOLDERS AS AT DECEMBER 31, 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	Binanthi Shamani Rasanayagam	36,000	0.30
07	Cosmo Mart (Private) Limited	34,509	0.29
08	Lankesh Jude Roshitha Dissanayake	34,433	0.29
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	Sithampalam Durga	21,500	0.18
17	Wijewickrama Pathinayakage Asanka Dinunuwan	20,200	0.17
18	People's Leasing & Finance PLC/R. Dahanayake	20,000	0.17
19	Arunasalam Sithampalam	19,055	0.16
20	Dehiwalage Sunil Priyantha Perera	18,213	0.15
		<hr/>	<hr/>
		11,391,361	94.94
	Other shareholders	<hr/>	<hr/>
		608,639	5.06
	Total	<hr/>	<hr/>
		12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at December 31, 2021 was 10%. There were 999 shareholders representing the public holding percentage stated above.

The Float Adjusted Market Capitalisation of the Company as at December 31, 2021 was Rs.163,200,000/-.

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 December 31, 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 December 31,</i>	<b>136.00</b>	117.00
Highest price during the <i>quarter ended December 31,</i>	<b>154.50</b>	119.00
Lowest price during the <i>quarter ended December 31,</i>	<b>126.50</b>	81.00
Number of Ordinary Shares in issue	<b>12,000,000</b>	12,000,000

**Financial Ratios**

<b>As at December 31,</b>	<b>2021</b>	2020
Interest Cover ( times )	<b>98.87</b>	29.91
Quick Assets Ratio ( times )	<b>9.52</b>	9.00
Net Assets Value Per Share (Rs.)	<b>277.28</b>	249.59