



**INTERIM FINANCIAL STATEMENTS**

**For the three months ended March 31, 2022**

**COMMERCIAL DEVELOPMENT COMPANY PLC**

# STATEMENT OF COMPREHENSIVE INCOME

02

For the three months ended March 31,	2022 Rs. 000	2021 Rs. 000	Change %
Revenue	144,864	153,555	(5.7)
Cost of Sales	(76,541)	(78,786)	(2.8)
<b>Gross Profit</b>	<b>68,323</b>	74,769	(8.6)
Other Income	5	5	0.0
	<b>68,328</b>	74,774	(8.6)
Administrative Expenses	(9,726)	(8,664)	12.3
Operating Profit	<b>58,602</b>	66,110	(11.4)
Net Finance Income	9,800	6,510	50.5
<b>Profit before Tax</b>	<b>68,402</b>	72,620	(5.8)
Income Tax (Expense)/Reversal	(16,514)	34,933	(147.3)
<b>Profit for the period attributable to Owners of the Company</b>	<b>51,888</b>	107,553	(51.8)
<b>Other Comprehensive Income, Net of Tax</b>			
Net change in fair value of Debt investments at FVOCI	(231)	-	0.0
Related Tax	56	-	0.0
<b>Other Comprehensive Income for the period Net of Tax</b>	<b>(175)</b>	-	0.0
<b>Total Comprehensive Income for the period, Net of Tax</b>	<b>51,713</b>	107,553	(51.9)
Earnings per Share (Rs.)	<b>4.32</b>	8.96	(51.8)

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

## Explanatory Notes

- 1 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, 2021.
- 2 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.
- 3 During the quarter, there were no material changes in the composition of assets and liabilities.
- 4 The credit balance in the income tax expense reported in the comparative period was due to the reversal of income tax provision as at March 31, 2021, consequent to the reduction in the income tax rate from 28% to 24% as announced in the Government Budget Proposals for 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/- had been recognized in the income tax expense for the quarter ended March 31, 2021.
- 5 Related Party Transactions
  - (a) Mr.S.Renganathan, Managing Director of the Company is also the Managing Director/Group 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 Group Chief Human Resources Officer of the Commercial Bank of Ceylon PLC. During the quarter ended March 31, 2022, the Company received Rs. 143,376,686/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.150,361,868/- during the quarter ended March 31, 2021).
  - (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.4,173,145/- as Insurance premium to Continental Insurance Lanka Ltd, wherein Mr.A.L.Gooneratne, a Director of the Company functions as a Director (Rs.2,746,419/- was paid during the quarter ended March 31, 2021). The above insurance premiums were paid through Commercial Insurance Brokers (Pvt) Ltd.
  - (c) As at the reporting date, the Company has invested Rs.493,286,493- in Fixed Deposits (inclusive of interest) at interest rates ranging from 6.25% - 8.5% per annum at CBC Finance Limited, which is a fully owned subsidiary of the Parent.
  - (d) The Company paid Rs.420,792/- to CBC Tech Solutions Limited, a fully owned subsidiary of the parent Company, on account of annual maintenance charges for the Human Resources Integrated System (HRIS System).
- 6 All known expenses have been provided for in these Interim Financial Statements.

7 There were no material events that took place since March 31, 2022, that require disclosure in these Interim Financial Statements except as explained under Note 8 below.

8 The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a Surcharge Tax, at the rate of 25% to be imposed on any individual, partnership, company or each company of a group of companies (holding and subsidiaries) that have earned a taxable income in excess of Rs.2,000 million for the year of assessment 2020/2021.

The tax was imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on April 7, 2022. As the law imposing the surcharge tax was enacted after the end of the reporting period, the Interim Financial Statements for the three months ended March 31, 2022 do not reflect the tax liability that would arise in consequence.

The quantified impact on Surcharge Tax is Rs.50,556,342/-.

The Company paid the 1st installment out of two equal installments amounting to Rs. 25,278,171/- on April 19, 2022. (Second installment is due on July 20, 2022).

9 Final Dividend for the year ended December 31, 2021, as approved by the shareholders at the Annual General Meeting of the Company held on March 31, 2022, has been recognised as a liability as at March 31, 2022, in accordance with Sri Lanka Accounting Standards.

10 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 a former employee at the Labour Tribunal, Negombo. The Labour Tribunal ordered that the said employee be compensated with Rs. 2,034,000/- . The Company has appealed against this order to the High Court.

No provision is made in these Interim Financial Statements in respect of the above claim as the lawyers are of the opinion that the outcome of the appeal to the High Court is more likely to be favorable to the Company and the likelihood of the payment is remote.

#### 11 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

04

	As at March 31, 2022	As at December 31, 2021 (Audited)	Change
	Rs.'000	Rs.'000	%
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	82,020	90,897	(9.77)
Intangible Assets	2,606	2,762	(5.65)
Investment Property	2,966,713	2,966,713	-
Deposits Receivable	10,887	10,857	0.28
	<u>3,062,226</u>	<u>3,071,229</u>	(0.29)
<b>Current Assets</b>			
Trade and Other Receivables	49,955	43,011	16.14
Financial Investments	575,116	565,585	1.69
Cash and Cash Equivalents	147,219	105,524	39.51
	<u>772,290</u>	<u>714,120</u>	8.15
<b>Total Assets</b>	<u><u>3,834,516</u></u>	<u><u>3,785,349</u></u>	1.30
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	120,000	120,000	-
Other Reserves	2,417,989	2,418,164	(0.01)
Retained Earnings	793,087	789,199	0.49
<b>Total Equity</b>	<u>3,331,076</u>	<u>3,327,363</u>	0.11
<b>Non-Current Liabilities</b>			
Deposits Payables	55,212	54,492	1.32
Employee Benefits	53,151	50,966	4.29
Lease Creditors - Long Term	13,024	14,374	(9.39)
Deferred Taxation	262,598	263,159	(0.21)
	<u>383,985</u>	<u>382,991</u>	0.26
<b>Current Liabilities</b>			
Trade and Other Payables	68,458	16,958	303.69
Lease Creditors - Short Term	5,207	5,080	2.50
Deferred Revenue	9,030	10,566	(14.54)
Current Tax Liabilities	36,760	42,391	(13.28)
	<u>119,455</u>	<u>74,995</u>	59.28
<b>Total Equity and Liabilities</b>	<u><u>3,834,516</u></u>	<u><u>3,785,349</u></u>	1.30
Net Assets Value Per Ordinary Share (Rs.)	<u>277.59</u>	<u>277.28</u>	0.11

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

May 11, 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, 2021	120,000	2,287,444	-	587,661	2,995,105
<b>Total Comprehensive Income for the three months ended March 31, 2021</b>					
Profit for the three months ended March 31, 2021	-	-	-	107,553	107,553
Other Comprehensive Income for the three months ended March 31, 2021	-	-	-	-	-
	-	-	-	107,553	107,553
<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 March 31, 2021</b>	<b>120,000</b>	<b>2,325,842</b>	<b>-</b>	<b>614,816</b>	<b>3,060,658</b>
<b>Total Comprehensive Income for the nine months ended December 31, 2021</b>					
Profit for the nine months ended December 31, 2021	-	-	-	293,953	293,953
Other Comprehensive Income for the nine months ended December 31, 2021	-	-	(185)	2,621	2,436
	-	-	(185)	296,574	296,389
<b>Transaction with equity holders, recognized directly in equity</b>					
Interim Dividend for 2021	-	-	-	(30,000)	(30,000)
Write back of Unclaimed Dividends	-	-	-	316	316
Transfer of Fair Value Gain on Investment Property	-	92,507	-	(92,507)	-
<b>Balance as at December 31, 2021 - Audited</b>	<b>120,000</b>	<b>2,418,349</b>	<b>(185)</b>	<b>789,199</b>	<b>3,327,363</b>
<b>Total Comprehensive Income for the three months ended March 31 2022</b>					
Profit for the three months ended March 31, 2022	-	-	-	51,888	51,888
Other Comprehensive Income for the three months ended March 31, 2022	-	-	(175)	-	(175.00)
	-	-	(175)	51,888	51,713
<b>Transaction with equity holders, recognized directly in equity</b>					
Final Dividend for 2021	-	-	-	(48,000)	(48,000)
<b>Balance as at March 31, 2022</b>	<b>120,000</b>	<b>2,418,349</b>	<b>(360)</b>	<b>793,087</b>	<b>3,331,076</b>

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

## STATEMENT OF CASH FLOWS

**06**

For the three months Ended March 31,	2022	2021
	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	68,402	72,620
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation/Amortization	9,046	10,759
Interest Income	(11,008)	(7,419)
Provision for Employee Benefits	2,186	2,869
Interest Expenses	1,114	821
	69,740	79,650
Changes in:		
Trade & Other Receivables	(6,971)	(7,208)
Deposits Payables	720	14,832
Deferred Revenue	(1,536)	11,049
Trade and Other Payables	3,655	14,041
	65,608	112,364
Interest Paid	(1,114)	(821)
Employee Benefits paid	-	(137)
Current Tax paid	(22,651)	(11,881)
	(1,114)	(821)
<b>Net Cash Flow Generated from Operating Activities</b>	<b>41,843</b>	<b>99,525</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(15)	(24,836)
Interest Received	11,008	7,419
Net Change in Financial Investments	(9,762)	(156,189)
<b>Net Cash Flow (Used in)/Generated from Investing Activities</b>	<b>1,231</b>	<b>(173,606)</b>
<b>Cash Flows from Financing Activities</b>		
Payment of Lease Liabilities	(1,224)	(1,476)
Dividend Paid	(155)	(195)
<b>Net Cash Flow Used in Financing Activities</b>	<b>(1,379)</b>	<b>(1,671)</b>
Net Increase in Cash and Cash Equivalents	41,695	(75,752)
Cash and Cash Equivalent at the Beginning of the Period	105,524	210,433
<b>Cash and Cash Equivalent at the End of the Period</b>	<b>147,219</b>	<b>134,681</b>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash at Bank	147,200	134,641
Cash in Hand	19	40
	<b>147,219</b>	<b>134,681</b>

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

**TWENTY LARGEST SHAREHOLDERS AS AT MARCH 31, 2022****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 Shujeevan	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	44,126	0.37
07 People's Leasing and Finance PLC/K.Laveendrakumar	30,228	0.25
08 Gajath Chrysantha Goonetilleke	30,077	0.25
09 Lankesh Jude Roshitha Dissanayake	29,674	0.25
10 Surendra Wickramasinghe	27,200	0.23
11 Sampath Bank PLC/Abishek Sithampalam	26,000	0.22
12 Sithamparapillai Gowrisangar	25,500	0.21
13 Zoebaly Gulamabass Carimjee	25,000	0.21
14 Manel Senanayake	24,000	0.21
15 Wijewickrama Pathinayakage Asanka Dinunuwan Gunathilaka	22,000	0.18
16 Sithampalam Durga	21,500	0.18
17 Arunasalam Sithampalam	19,055	0.16
18 Mesiyage Don Saddhamangala Goonatilleke	18,967	0.16
19 Dehiwalage Sunil Priyantha Perera	18,213	0.15
20 Cosmo Mart (Private) Limited	13,494	0.11
	<u>11,374,480</u>	<u>94.80</u>
Other shareholders	<u>625,520</u>	<u>5.20</u>
Total	<u>12,000,000</u>	<u>100.00</u>

Percentage of public holding in the Stated Capital of the Company as at March 31, 2022 was 10%. There were 983 shareholders representing the public holding percentage stated above.

The Float Adjusted Market Capitalisation of the Company as at March 31, 2022 was Rs.121,800,000/-.

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 the Colombo Stock Exchange.

None of the Directors held shares of the Company as at March 31, 2022.

**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**

	2022 Rs.	2021 Rs.
Market Value of a Share <i>As at March 31,</i>	101.50	106.00
Highest price during the <i>quarter ended March 31,</i>	150.00	155.00
Lowest price during the <i>quarter ended March 31,</i>	100.00	98.00
Number of Ordinary Shares in issue	12,000,000	12,000,000

**Financial Ratios**

<b>As at March 31,</b>	2022	2021
Interest Cover ( times )	48.51	72.73
Quick Assets Ratio ( times )	6.47	4.77
Net Assets Value Per Share (Rs.)	277.59	255.05