



INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2022

COMMERCIAL DEVELOPMENT COMPANY PLC

	Note	For the Nine Months Ended			For the Quarter Ended		
		September 30, 2022 Rs. 000	September 30, 2021 Rs. 000	Change %	September 30, 2022 Rs. 000	September 30, 2021 Rs. 000	Change %
Revenue	4	466,147	485,403	(4.0)	163,859	165,215	(0.8)
Cost of Sales	8	(237,896)	(291,587)	(18.4)	(79,742)	(74,749)	6.7
Gross Profit		228,251	193,816	17.8	84,117	90,466	(7.0)
Other Income		2,001	36	5,458.3	64	25	156.0
		230,252	193,852	18.8	84,181	90,491	(7.0)
Administrative Expenses		(27,347)	(24,735)	10.6	(8,128)	(7,477)	8.7
Operating Profit		202,905	169,117	20.0	76,053	83,014	(8.4)
Net Finance Income		39,682	22,311	77.9	19,199	8,261	132.4
Profit before Tax		242,587	191,428	26.7	95,252	91,275	4.4
Income Tax (Expense)/Reversal	5	(58,498)	6,144	(1,052.1)	(22,849)	(22,028)	3.7
Profit for the period attributable to Owners of the Company		184,089	197,572	(6.8)	72,403	69,247	4.6
Other Comprehensive Income, Net of Tax							
Net change in fair value of Debt investments at FVOCI		(1,728)	-	-	684	-	-
Related Tax		415	-	-	(164)	-	-
Other Comprehensive Income/(Expense) for the period Net of Tax		(1,313)	-	-	520	-	-
Total Comprehensive Income for the period, Net of Tax		182,776	197,572	(7.5)	72,923	69,247	5.3
Earnings per Share (Rs.)		15.34	16.46	(6.8)	6.03	5.77	4.6

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, 2021.
- 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.
- The drop in revenue compared to the corresponding period of the last year was due to discontinuation of sanitization business. The income from sanitization business for the quarter/nine months ended September 30, 2021 amounted to Rs.22.2 Mn and Rs.53.7 Mn. respectively.
- The credit balance in the income tax expense reported for the nine months ended September 30, 2021, was due to the reversal of income tax provision as at December 31, 2020, 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 nine months ended September 30, 2021.
- Related Party Transactions
 - Mr.S.C.U.Manatunge, Managing Director of the Company is also the Managing Director 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 Resources Management of the Commercial Bank of Ceylon PLC. During the quarter ended September 30, 2022, the Company received Rs. 162,368,665/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.163,812,972/- during the quarter ended September 30, 2021).
 - 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.6,653,626/- as Insurance premium to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs.7,340,514/- was paid during the quarter ended September 30, 2021). Out of the insurance premium of Rs.6,653,626/-, Rs.5,460,209/- was paid to Continental Insurance Lanka Ltd, wherein Mr.A.L.Gooneratne, a Director of the Company functions as a Director (Rs.7,309,209 out of Rs.7,340,514/- for the quarter ended September 30, 2021).
 - As at the reporting date, the Company has invested Rs.523,626,374/- in Fixed Deposits (inclusive of interest) at market interest rates 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, 2022, that require disclosure in these Interim Financial Statements, except that the Company has planned to renovate the Commercial House Building. The renovation project could not be commenced as planned in the third quarter of 2022 due to excessive prices quoted by the prospective contractors. However, the Company is keen to start the project as soon as possible by exploring alternative ways to minimize the cost. It is pertinent to mention that the increase in cost of sales for the nine months ended September 30, 2021 included a provision made on account of above mentioned renovation of Commercial House building amounting to Rs.60 Mn during the second quarter of 2021. However, the expected renovations could not be carried out due to the pandemic.

- 9 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.

Being part of the Commercial Bank of Ceylon PLC Group, the Company was liable for Surcharge Tax of Rs. 50.6 Mn. According to the provisions of Surcharge Tax Act No. 14 of 2022, the Surcharge tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on April 01,2020. The Act supersedes the requirements of the Sri Lanka Accounting Standards and hence the expense of Surcharge tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in April 2022.

The Company paid Rs.50,556,342/- as Surcharge Tax in two equal installments in April and July 2022.

- 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.

STATEMENT OF FINANCIAL POSITION

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	As at September 30, 2022	As at December 31, 2021 (Audited)	Change %
	Rs.'000	Rs.'000	%
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	143,562	90,897	57.94
Intangible Assets	2,290	2,762	(17.09)
Investment Property	2,966,713	2,966,713	-
Deposits Receivable	10,948	10,857	0.84
	<u>3,123,513</u>	<u>3,071,229</u>	1.70
Current Assets			
Trade and Other Receivables	48,837	43,011	13.55
Financial Investments	640,861	565,585	13.31
Cash and Cash Equivalents	144,175	105,524	36.63
	<u>833,873</u>	<u>714,120</u>	16.77
Total Assets	<u><u>3,957,386</u></u>	<u><u>3,785,349</u></u>	4.54
EQUITY AND LIABILITIES			
Equity			
Stated Capital	120,000	120,000	-
Other Reserves	2,416,851	2,418,164	(0.05)
Retained Earnings	874,732	789,199	10.84
Total Equity	<u><u>3,411,583</u></u>	<u><u>3,327,363</u></u>	2.53
Non-Current Liabilities			
Deposits Payables	56,617	54,492	3.90
Employee Benefits	57,025	50,966	11.89
Lease Creditors	73,262	14,374	409.68
Deferred Tax	262,392	263,159	(0.29)
	<u>449,296</u>	<u>382,991</u>	17.31
Current Liabilities			
Trade and Other Payables	35,643	16,958	110.18
Lease Creditors	15,471	5,080	204.55
Deferred Revenue	7,470	10,566	(29.30)
Current Tax	37,923	42,391	(10.54)
	<u>96,507</u>	<u>74,995</u>	28.68
Total Equity and Liabilities	<u><u>3,957,386</u></u>	<u><u>3,785,349</u></u>	4.54
Net Assets Value Per Ordinary Share (Rs.)	<u><u>284.30</u></u>	<u><u>277.28</u></u>	2.53

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

October 25, 2022

(Sgd.)

S.C.U.MANATUNGE
MANAGING DIRECTOR

STATEMENT OF CHANGES IN EQUITY

05

	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
Total Comprehensive Income for the nine months ended September 30, 2021					
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
Transaction with equity holders, recognized directly in equity					
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)	-
Balance as at September 30, 2021	120,000	2,325,842	-	704,835	3,150,677
Total Comprehensive Income for the three months ended December 31, 2021					
Profit for the three months ended December 31, 2021	-	-	-	203,934	203,934
Other Comprehensive Income for the three months ended December 31, 2021	-	-	(185)	2,621	2,436
	-	-	(185)	206,555	206,370
Transaction with equity holders, recognized directly in equity					
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)	-
Balance as at December 31, 2021 - Audited	120,000	2,418,349	(185)	789,199	3,327,363
Balance as at January 01, 2022	120,000	2,418,349	(185)	789,199	3,327,363
Surcharge Tax for the year 2020	-	-	-	(50,556)	(50,556)
Adjusted Balance as at January 01, 2022	120,000	2,418,349	(185)	738,643	3,276,807
Total Comprehensive Income for the nine months ended September 30, 2022					
Profit for the nine months ended September 30, 2022	-	-	-	184,089	184,089
Other Comprehensive Income for the nine months ended September 30, 2022	-	-	(1,313)	-	(1,313)
	-	-	(1,313)	184,089	182,776
Transaction with equity holders, recognized directly in equity					
Final Dividend for 2021	-	-	-	(48,000)	(48,000)
Balance as at September 30, 2022	120,000	2,418,349	(1,498)	874,732	3,411,583

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STATEMENT OF CASH FLOWS

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For the nine months ended September 30,	2022	2021
	Rs.'000	Rs.'000
Cash Flows from Operating Activities		
Profit before Tax	242,587	191,428
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation/Amortization	30,210	32,209
Profit on disposal of Property, Plant and Equipment	(1,933)	-
Interest Income	(47,422)	(25,054)
Provision for Employee Benefits	6,557	8,607
Interest Expenses	7,403	2,492
	237,402	209,682
Changes in;		
Inventory	-	18
Trade & Other Receivables	(5,918)	(10,210)
Deposits Payables	2,125	16,154
Deferred Revenue	(3,096)	8,130
Trade and Other Payables	18,507	77,941
	249,020	301,715
Interest Paid	(7,403)	(2,492)
Employee Benefits paid	(497)	(1,684)
Surcharge Tax Paid	(50,556)	-
Current Tax paid	(63,318)	(42,575)
	127,246	254,964
Net Cash Flow Generated from Operating Activities		
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(31,324)	(24,836)
Improvement of Investment Property	-	(902)
Intangible Assets Under Development	-	(2,273)
Proceeds from Sale of Property, Plant and Equipment	28,203	8,442
Interest Received	47,422	25,054
Net Change in Financial Investments	(77,004)	(271,113)
	(32,703)	(265,628)
Net Cash Flow (Used in)/Generated from Investing Activities		
Cash Flows from Financing Activities		
Settlement of Lease Liabilities	(8,070)	(4,456)
Dividend Paid	(47,822)	(41,903)
	(55,892)	(46,359)
Net Cash Flow Used in Financing Activities		
Net Increase in Cash and Cash Equivalents	38,651	(57,023)
Cash and Cash Equivalent at the beginning of the Period	105,524	210,433
Cash and Cash Equivalent at the end of the Period	144,175	153,410
Analysis of Cash and Cash Equivalents		
Cash at Bank	144,148	153,340
Cash in Hand	27	70
	144,175	153,410

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

	No. of Shares	%
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	49,994	0.42
04 People's Merchant Finance PLC/K.Laveendrakumar	48,371	0.40
05 Binanthi Shamani Rasanayagam	44,570	0.37
06 Amirally Lukmanjee	44,168	0.37
07 Mestiyage Don Saddhamangala Goonatileke	32,090	0.27
08 People's Leasing and Finance PLC/K.Laveendrakumar	30,228	0.25
09 Gajath Chrysantha Goonetilleke	30,077	0.25
10 Surendra Wickramasinghe	27,200	0.23
11 Sithamparapillai Gowrisangar	27,000	0.23
12 Sampath Bank PLC/Abishek Sithampalam	26,000	0.22
13 Zoebaly Gulamabass Carimjee	25,000	0.21
14 Manel Senanayake	24,000	0.20
15 Wijewickrama Pathinayakage Asanka Dinunuwan Gunathilaka	22,000	0.18
16 Sithampalam Durga	21,500	0.18
17 Arunasalam Sithampalam	19,055	0.18
18 Dehiwalage Sunil Priyantha Perera	18,213	0.16
19 Lankesh Jude Roshitha Dissanayake	16,000	0.13
20 Cosmo Mart (Private) Limited	13,494	0.11
	11,375,060	94.83
Other shareholders	624,940	5.17
Total	12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at September 30, 2022 was 10%. There were 993 shareholders representing the public holding percentage stated above.

The Float Adjusted Market Capitalisation of the Company as at September 30, 2022 was Rs.137,100,000/-.

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 September 30, 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.C.U.Manatunge - 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 September 30,</i>	114.25	128.75
Highest price during the <i>quarter ended September 30,</i>	119.75	174.00
Lowest price during the <i>quarter ended September 30,</i>	83.00	122.00
Number of Ordinary Shares in issue	12,000,000	12,000,000

Financial Ratios

As at September 30,	2022	2021
Interest Cover (times)	26.22	61.65
Quick Assets Ratio (times)	8.64	5.04
Net Assets Value Per Share (Rs.)	284.30	262.56