



INTERIM FINANCIAL STATEMENTS
For the year ended December 31, 2022

COMMERCIAL DEVELOPMENT COMPANY PLC

	Note	For the Year Ended			For the Quarter Ended		
		December 31, 2022 Rs. 000	December 31, 2021 Rs. 000	Change %	December 31, 2022 Rs. 000	December 31, 2021 Rs. 000	Change %
Revenue	3	631,128	632,287	(0.2)	164,981	146,884	12.3
Cost of Sales	4	(324,607)	(292,384)	11.0	(86,711)	(797)	10,779.7
Gross Profit		306,521	339,903	(9.8)	78,270	146,087	(46.4)
Other Income		2,040	78	2,515.4	39	42	(7.1)
		308,561	339,981	(9.2)	78,309	146,129	(46.4)
Administrative Expenses		(36,730)	(32,824)	11.9	(9,383)	(8,089)	16.0
Fair Value Gain/(Loss) on Investment Property		64,503	89,132	(27.6)	64,503	89,132	
Operating Profit		336,334	396,289	(15.1)	133,429	227,172	(41.3)
Net Finance Income		64,955	30,976	109.7	25,273	8,665	191.7
Profit before Tax		401,289	427,265	(6.1)	158,702	235,837	(32.7)
Income Tax Expense	5	(176,912)	(25,759)	586.8	(118,414)	(31,903)	271.2
Profit for the period attributable to Owners of the Company		224,377	401,506	(44.1)	40,288	203,934	(80.2)
Other Comprehensive Income, Net of Tax							
Actuarial Gain / (Loss) on Defined Benefit Plans		(402)	3,449	(111.7)	(402)	3,449	(111.7)
Related Tax		108	(828)	(113.0)	108	(828)	(113.0)
Net Actuarial Gain / (Loss) on Defined Benefit Plans		(294)	2,621	(111.2)	(294)	2,621	(111.2)
Change in fair value of Debt investments at FVOCI		243	(243)	(200.0)	1,971	(243)	(911.1)
Related Tax		(58)	58	(200.0)	(473)	58	(915.5)
Net change in fair value of Debt investments at FVOCI		185	(185)	(200.0)	1,498	(185)	(909.7)
Other Comprehensive Income/(Expense) for the year Net of Tax		(109)	2,436	(104.5)	1,204	2,436	(50.6)
Total Comprehensive Income for the year, Net of Tax		224,268	403,942	(44.5)	41,492	206,370	(79.9)
Earnings per Share (Rs.)		18.70	33.46	(44.1)	3.36	16.99	(80.2)

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.
- The drop in revenue compared to the last year was due to discontinuation of sanitization business. The income from sanitization business for the year ended December 31, 2021 amounted to Rs.57.8 Mn.
- The significant increase in the cost of sales for the quarter ended December 31, 2022 was mainly due to a reversal of a provision made during the quarter ended December 31, 2021 on account of renovation of Commercial House building amounting to Rs.60 Mn. However, the expected renovations could not be carried out due to the pandemic.
- The significant increase in the income tax expense was due to the effect of increase in the income tax rate from 24% to 30% with effect from 2nd half of the current year as opposed to a reduction in income tax rate from 28% to 24% with effect from January 01, 2021. Accordingly, deferred tax provision for the current year increased to Rs 83.6 Mn. as opposed to a deferred tax reversal amounting to Rs.49.2 Mn during the previous year.
- 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, 2022 as per the requirements of the Sri Lanka Accounting Standard - LKAS 40 on "Investment Property".
- 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 December 31, 2022, the Company received Rs. 163.5 Mn. as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.143.4 Mn during the quarter ended December 31, 2021).

The Company also has invested Rs.122.2 Mn.(inclusive of interest) in Fixed Deposits at market interest rates at Commercial Bank of Ceylon PLC.

(b) As at the reporting date, the Company has invested Rs.549.3 Mn. in Fixed Deposits (inclusive of interest) at market interest rates at CBC Finance Limited, which

- 8 All known expenses have been provided for in these Interim Financial Statements.
- 9 There were no material events that took place since December 31, 2022, that require disclosure in these Interim Financial Statements, except that the Company has deferred the planned repairs to the Commercial House Building. The renovation project did not materialize due to the excessive quotes submitted 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.
- 10 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.50.6 Mn. as Surcharge Tax in two equal installments in April and July 2022.

- 11 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. 0 Mn. 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 December 31, 2022	As at December 31, 2021 (Audited)	Change %
	Rs.'000	Rs.'000	%
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	131,768	90,897	44.96
Intangible Assets	2,132	2,762	(22.81)
Investment Property	3,031,217	2,966,713	2.17
Deposits Receivable	10,980	10,857	1.13
	<u>3,176,097</u>	<u>3,071,229</u>	3.41
Current Assets			
Trade and Other Receivables	53,042	43,011	23.32
Financial Investments	671,482	565,585	18.72
Cash and Cash Equivalents	154,462	105,524	46.38
	<u>878,986</u>	<u>714,120</u>	23.09
Total Assets	<u><u>4,055,083</u></u>	<u><u>3,785,349</u></u>	7.13
EQUITY AND LIABILITIES			
Equity			
Stated Capital	120,000	120,000	-
Other Reserves	2,406,680	2,418,164	(0.47)
Retained Earnings	890,744	789,199	12.87
Total Equity	<u><u>3,417,424</u></u>	<u><u>3,327,363</u></u>	2.71
Non-Current Liabilities			
Deposits Payables	56,761	54,492	4.16
Employee Benefits	61,078	50,966	19.84
Lease Creditors	69,138	14,374	380.99
Deferred Tax	346,815	263,159	31.79
	<u>533,792</u>	<u>382,991</u>	39.37
Current Liabilities			
Trade and Other Payables	26,894	16,958	58.59
Lease Creditors	15,963	5,080	214.23
Deferred Revenue	8,515	10,566	(19.41)
Current Tax	52,495	42,391	23.84
	<u>103,867</u>	<u>74,995</u>	38.50
Total Equity and Liabilities	<u><u>4,055,083</u></u>	<u><u>3,785,349</u></u>	7.13
Net Assets Value Per Ordinary Share (Rs.)	<u><u>284.79</u></u>	<u><u>277.28</u></u>	2.71

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 22, 2023

(Sgd.)

S.C.U.MANATUNGE
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
Total Comprehensive Income for the year ended December 31, 2021					
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
	-	-	(185.00)	404,127	403,942
Transaction with equity holders, recognized directly in equity					
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 Gain on Investment Property	-	130,905	-	(130,905)	-
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 year ended December 31, 2022					
Profit for the year ended December 31, 2022	-	-	-	224,377	224,377
Other Comprehensive Income for the year ended December 31, 2022	-	-	185	(294)	(109)
	-	-	185	224,083	224,268
Transaction with equity holders, recognized directly in equity					
Final Dividend for 2021	-	-	-	(48,000)	(48,000)
Interim Dividend for 2022	-	-	-	(36,000)	(36,000)
Write back of Unclaimed Dividends	-	-	-	349	349
Transfer of Fair Value Losses on Investment Property	-	(11,669)	-	11,669	-
Balance as at December 31, 2022	120,000	2,406,680	-	890,744	3,417,424

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

STATEMENT OF CASH FLOWS

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For the year ended December 31,	2022	2021
	Rs.'000	Rs.'000
Cash Flows from Operating Activities		
Profit before Tax	401,289	427,265
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation	41,662	41,634
Amortization	630	239
Profit on disposal of Property, Plant and Equipment	(1,933)	-
Interest Income	(77,837)	(34,984)
Fair Value Gain on Investment Property	(64,503)	(89,132)
Provision for Employee Benefits	10,876	4,844
Interest Expenses	12,453	3,640
	322,637	353,506
Changes in:		
Inventory	-	18
Trade & Other Receivables	(10,031)	4,420
Deposits Receivables	(123)	324
Deposits Payables	(534)	14,047
Deferred Revenue	(2,051)	8,725
Trade and Other Payables	9,242	199
	319,140	381,239
Interest Paid	(9,649)	(992)
Employee Benefits paid	(1,166)	(2,205)
Surcharge Tax Paid	(50,556)	-
Current Tax paid	(83,102)	(61,389)
Net Cash Flow Generated from Operating Activities	174,667	316,653
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(31,453)	(24,950)
Improvement of Investment Property	-	(902)
Purchase of Intangible Assets	-	(2,412)
Proceeds from Sale of Property, Plant and Equipment	28,203	8,442
Interest Received	47,181	22,443
Disposal/(Investment) in Treasury Bills	80,000	(80,000)
Investment in Fixed Deposits	(155,000)	(267,000)
Net Cash Flow (Used in)/Generated from Investing Activities	(31,069)	(344,379)
Cash Flows from Financing Activities		
Settlement of Lease Liabilities	(11,703)	(5,649)
Dividend Paid	(82,957)	(71,534)
Net Cash Flow Used in Financing Activities	(94,660)	(77,183)
Net Increase in Cash and Cash Equivalents	48,938	(104,909)
Cash and Cash Equivalent at the beginning of the Year	105,524	210,433
Cash and Cash Equivalent at the end of the Year	154,462	105,524
Analysis of Cash and Cash Equivalents		
Cash at Bank	154,394	105,484
Cash in Hand	68	40
	154,462	105,524

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

	Name of the Shareholder	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	41,960	0.35
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	14,000	0.12
20	Gunendra Rasitha Sellahewa	14,000	0.12
		<hr/>	<hr/>
		11,383,436	94.91
	Other shareholders	<hr/>	<hr/>
		616,564	5.09
	Total	<hr/>	<hr/>
		12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at December 31, 2022 was 10%. There were 1,009 shareholders representing the public holding percentage stated above.

The Float Adjusted Market Capitalisation of the Company as at December 31, 2022 was Rs.114.6 Mn.

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 December 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.C.U.Manatunge - Managing Director
Mr.A.L. Gooneratne
Mr.A.T.P. Edirisinghe
Mr.L.D.A. Jayasinghe
Mr.U.I.S. Tillakawardana
Dr.R.Attalage - appointed w.e.f. 01.01.2023

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 December 31,</i>	95.50	136.00
Highest price during the <i>quarter ended December 31,</i>	109.75	154.50
Lowest price during the <i>quarter ended December 31,</i>	87.00	126.50
Number of Ordinary Shares in issue	12,000,000	12,000,000

Financial Ratios

As at December 31,	2022	2021
Interest Cover (times)	26.11	98.87
Quick Assets Ratio (times)	8.46	9.52
Net Assets Value Per Share (Rs.)	284.79	277.28