



INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2021

COMMERCIAL DEVELOPMENT COMPANY PLC

STATEMENT OF COMPREHENSIVE INCOME

02

For the six months ended June 30,	For the Six Months Ended			Change			For the Quarter Ended			Change		
	June 30, 2021	June 30, 2020		June 30, 2021	June 30, 2020		June 30, 2021	June 30, 2020		June 30, 2021	June 30, 2020	
	Rs. 000	Rs. 000	%	Rs. 000	Rs. 000	%	Rs. 000	Rs. 000	%	Rs. 000	Rs. 000	%
Revenue	320,188	225,131	42.2	166,633	114,420	45.6						
Cost of Sales	(216,838)	(123,759)	75.2	(138,052)	(62,861)	119.6						
Gross Profit	103,350	101,372	2.0	28,581	51,559	(44.6)						
Other Income	11	45	(75.6)	6	-	-						
	103,361	101,417	1.9	28,587	51,559	(44.6)						
Administrative Expenses	(17,258)	(15,705)	9.9	(8,594)	(7,044)	22.0						
Operating Profit	86,103	85,712	0.5	19,993	44,515	(55.1)						
Net Finance Income	14,050	4,506	211.8	7,540	2,554	195.2						
Share of Profit of Equity Accounted Investee, Net of Tax	-	3,739	(100.0)	-	3,200	(100.0)						
Profit before Tax	100,153	93,957	6.6	27,533	50,269	(45.2)						
Income Tax (Expense)/Reversal	28,172	(25,654)	(209.8)	(6,761)	(13,411)	(49.6)						
Profit for the period attributable to Owners of the Company	128,325	68,303	87.9	20,772	36,858	(43.6)						
Other Comprehensive Income, Net of Tax												
Net change in fair value of Debt investments at FVOCI	-	(290)	(100.0)	-	(233)	(100.0)						
Related Tax	-	81	(100.0)	-	65	(100.0)						
Other Comprehensive Income for the period, Net of Tax	-	(209)	(100.0)	-	(168)	(100.0)						
Total Comprehensive Income for the period, Net of Tax	128,325	68,094	88.5	20,772	36,690	(43.4)						
Earnings per Share (Rs.)	10.69	5.69	87.9	1.73	3.07	(43.6)						

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

Explanatory Notes

- 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 June 30, 2021, the Company received Rs. 163,329,906/- as rental, income from outsourcing services, vehicle hiring charges and other utility services from Commercial Bank of Ceylon PLC (Rs.113,838,435/- during the quarter ended June 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, there were no payments made to Insurance Companies through Commercial Insurance Brokers (Pvt) Ltd (Rs.2,334,797/- was paid during the quarter ended June 30, 2020 to Continental Insurance Lanka Ltd wherein Mr.A.L.Gooneratne, a Director of the Company functions as a Director).
 - As at the reporting date, the Company has invested Rs.450,000,000/- in Fixed Deposits for a 1 year, interest at 6.25% - 8.5% per annum at CBC Finance Limited, which is a fully owned subsidiary of Commercial Bank of Ceylon PLC (the Parent).
 - During the period, the Company has awarded a contract to CBC Tech Solutions Limited, a fully owned subsidiary of Commercial Bank of Ceylon PLC (the Parent) to develop a Human Resource Information System at a cost of Rs. 2,272,900/-.
- All known expenses have been provided for in these Interim Financial Statements.
- There were no material events that took place since June 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 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 is 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% as announced in the Government Budget Proposals . 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 recognized in the income tax expense for the period ended June 30,2021.

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 Commercial Bank of Ceylon PLC could have impact on our operations. Therefore, our response to the impact can be varied, which largely depends on operational decisions of Commercial Bank of Ceylon PLC.

STATEMENT OF FINANCIAL POSITION

04

	As at June 30, 2021	As at December 31, 2020 (Audited)	Change
	Rs.'000	Rs.'000	%
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	92,192	97,482	(5.43)
Intangible Assets - Work in Progress	2,273	-	-
Investment Property	2,877,581	2,876,679	0.03
Deposits Receivable	11,296	11,181	1.03
	<u>2,983,342</u>	<u>2,985,342</u>	(0.07)
Current Assets			
Inventories	-	18	(100.00)
Trade and Other Receivables	61,434	47,429	29.53
Financial Investments	469,337	206,288	127.52
Cash and Cash Equivalents	70,070	210,433	(66.70)
	<u>600,841</u>	<u>464,168</u>	29.44
Total Assets	<u><u>3,584,183</u></u>	<u><u>3,449,510</u></u>	3.90
EQUITY AND LIABILITIES			
Equity			
Stated Capital	120,000	120,000	-
Other Reserves	2,325,842	2,287,444	1.68
Retained Earnings	635,588	587,661	8.16
Total Equity	<u>3,081,430</u>	<u>2,995,105</u>	2.88
Non-Current Liabilities			
Deposits Payables	53,277	37,796	40.96
Employee Benefits	57,165	51,776	10.41
Lease Creditors - Long Term	1,176	1,626	(27.68)
Deferred Taxation	265,115	311,652	(14.93)
	<u>376,733</u>	<u>402,850</u>	(6.48)
Current Liabilities			
Trade and Other Payables	89,394	16,609	438.23
Lease Creditors - Short Term	1,788	4,347	(58.87)
Deferred Revenue	11,477	1,841	523.41
Current Tax Liabilities	23,361	28,758	(18.77)
	<u>126,020</u>	<u>51,555</u>	144.44
Total Equity and Liabilities	<u><u>3,584,183</u></u>	<u><u>3,449,510</u></u>	3.90
Net Assets Value Per Ordinary Share (Rs.)	<u>256.79</u>	<u>249.59</u>	2.88

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

July 26, 2021

(Sgd.) S.RENGANATHAN
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, 2020	120,000	2,327,172	(71)	453,609	2,900,710
Total Comprehensive Income for the six months ended June 30, 2020					
Profit for the six months ended June 30, 2020	-	-	-	68,303	68,303
Other Comprehensive Income for the six months ended June 30, 2020	-	-	(209)	-	(209)
	-	-	(209)	68,303	68,094
Transaction with equity holders, recognized directly in equity					
Final Dividend for 2019	-	-	-	(48,000)	(48,000)
Balance as at June 30, 2020	120,000	2,327,172	(280)	473,912	2,920,804
Total Comprehensive Income for the six months ended December 31, 2020					
Profit for the six months ended December 31, 2020	-	-	-	54,279	54,279
Other Comprehensive Income for the six months ended December 31, 2020	-	-	280	43,504	43,784
	-	-	280	97,783	98,063
Transaction with equity holders, recognized directly in equity					
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	-
Balance as at December 31, 2020 - Audited	120,000	2,287,444	-	587,661	2,995,105
Total Comprehensive Income for the six months ended June 30 2021					
Profit for the six months ended June 30, 2021	-	-	-	128,325	128,325
Other Comprehensive Income for the six months ended June 30, 2021	-	-	-	-	-
	-	-	-	128,325	128,325
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 June 30, 2021	120,000	2,325,842	-	635,588	3,081,430

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

STATEMENT OF CASH FLOWS

06

For the six months Ended June 30,	2021	2020
	Rs.'000	Rs.'000
Cash Flows from Operating Activities		
Profit before Tax	100,153	93,957
Non-cash adjustments to reconcile Profit before Tax to Net Cash Flows		
Depreciation/Amortization	21,683	22,385
Share of Profit of Equity Accounted Investee, Net of Tax	-	(3,739)
Interest Income	(15,824)	(6,828)
Provision for Employee Benefits	5,738	4,907
Interest Expenses	1,606	2,322
	113,356	113,004
Changes in;		
Trade & Other Receivables	(13,834)	(3,368)
Deposits Payables	15,481	1,787
Deferred Revenue	9,636	(4,319)
Trade and Other Payables	72,623	5,317
	197,280	112,421
Interest Paid	(1,606)	(2,322)
Employee Benefits paid	(348)	(139)
Current Tax paid	(23,762)	(10,937)
	(25,716)	(13,408)
Net Cash Flow Generated from Operating Activities	171,564	99,023
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(24,836)	(292)
Intangible Assets Under Development	(2,273)	-
Development of Investment Property	(902)	-
Proceeds from Sale of Property, Plant and Equipment	8,156	-
Interest Received	15,824	6,828
Dividend Received	-	4,200
Net Change in Financial Investments	(263,049)	(113,351)
Net Cash Flow (Used in)/Generated from Investing Activities	(267,080)	(102,615)
Cash Flows from Financing Activities		
Payment of Lease Liabilities	(3,010)	(2,586)
Dividend Paid	(41,837)	(49,772)
Net Cash Flow Used in Financing Activities	(44,847)	(52,358)
Net Increase in Cash and Cash Equivalents	(140,363)	(55,950)
Cash and Cash Equivalent at the Beginning of the Period	210,433	119,282
Cash and Cash Equivalent at the End of the Period	70,070	63,332
Analysis of Cash and Cash Equivalents		
Cash at Bank	70,053	63,282
Cash in Hand	17	50
	70,070	63,332

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

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

	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 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	People's Leasing and Finance PLC/K.Laveendrakumar	30,228	0.25
08	Gajath Chrysantha Goonetilleke	30,077	0.25
09	Surendra Wickramasinghe	27,200	0.23
10	People's Leasing Finance PLC/ R. Dahanayake	27,000	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	0.20
15	Hettiarachchige Mano Jerome De Silva	20,000	0.17
16	Welgamage Amitha Kumar Perera	20,000	0.17
17	Dehiwalage Sunil Priyantha Perera	18,713	0.16
18	Muthukuamr Balasubramaniam	16,016	0.13
19	Sithampalam Durga	14,491	0.12
20	Mallory Evan Wijesinghe	12,000	0.10
		<hr/>	<hr/>
		11,351,671	94.61
	Other shareholders	<hr/>	<hr/>
		648,329	5.39
	Total	<hr/>	<hr/>
		12,000,000	100.00

Percentage of public holding in the Stated Capital of the Company as at June 30, 2021 was 10%. There were 1,128 shareholders representing the public holding percentage stated above.

The Float Adjusted Market Capitalisation of the Company as at June 30, 2021 was Rs.208,500,000/-.

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 the Colombo Stock Exchange.

None of the Directors held shares of the Company as at June 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 : cdccompany@combank.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 June 30,</i>	173.75	70.20
Highest price during the <i>quarter ended June 30,</i>	212.00	79.10
Lowest price during the <i>quarter ended June 30,</i>	100.00	60.00
Number of Ordinary Shares in issue	12,000,000	12,000,000

Financial Ratios

As at June 30,	2021	2020
Interest Cover (times)	48.54	36.91
Quick Assets Ratio (times)	4.77	5.36
Net Assets Value Per Share (Rs.)	256.79	243.40