

# INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2012



Citizens Development Business Finance PLC

## BALANCE SHEET

As at	COMPANY		GROUP	
	30/09/2012 Rs	Audited 31/03/2012 Rs.	30/09/2012 Rs.	Audited 31/03/2012 Rs.
<b>Assets</b>				
Cash and Cash Equivalents	126,251,160	121,343,098	129,586,686	124,678,624
Investment in Government Securities	654,397,810	576,963,367	654,397,810	576,963,367
Deposits with Licensed Commercial Banks & Financial Institutions	1,333,822,013	490,589,920	1,333,822,013	490,589,920
Securities Purchased under Resale Agreements	177,072,950	326,000,000	177,072,950	326,000,000
Loans & Advances	3,854,030,475	3,307,640,589	3,854,030,475	3,307,640,589
Net Investments in Leases	8,538,928,426	7,095,726,690	8,538,928,426	7,095,726,690
Net Investments in Hiring Contracts	3,243,862,080	2,846,241,640	3,243,862,080	2,846,241,640
Investment Securities	463,818,400	459,193,600	463,818,400	459,193,600
Tax Recoverable	281,107,572	261,080,749	281,107,572	261,080,749
Trade and Other Receivables	591,367,699	354,744,904	591,366,900	354,744,104
Inventories	289,931,004	210,693,612	289,931,004	210,693,612
Investment in Subsidiaries	2,745,447	2,745,447	-	-
Investment Properties	20,197,977	20,197,977	20,197,977	20,197,977
Property, Plant and Equipment	571,946,753	470,979,957	571,946,753	470,979,957
<b>Total Assets</b>	<b>20,149,479,766</b>	<b>16,544,141,550</b>	<b>20,150,069,046</b>	<b>16,544,730,829</b>
<b>Liabilities</b>				
Deposits From Customers	14,341,645,600	11,388,775,587	14,341,645,600	11,388,775,587
Borrowings	1,417,229,624	1,730,205,633	1,417,229,624	1,730,205,633
Debentures	250,000,000	250,000,000	250,000,000	250,000,000
Retirement Benefit Obligations	38,037,675	28,606,687	38,037,675	28,606,687
Tax Payable	115,321,902	62,853,091	115,726,979	63,258,167
Other Liabilities	1,507,191,003	789,344,790	1,507,376,005	789,529,792
	17,669,425,804	14,249,785,788	17,670,015,883	14,250,375,866
<b>Shareholders' Funds</b>				
Stated Capital	1,185,061,645	1,114,960,915	1,185,061,645	1,114,960,915
Reserve Funds	278,736,884	278,736,884	278,736,884	278,736,884
Revaluation Reserve	12,066,286	12,066,286	12,066,286	12,066,286
Investment Fund Reserve	29,989,877	21,102,343	29,989,877	21,102,343
Accumulated Profit	974,199,270	867,489,334	974,198,471	867,488,535
<b>Shareholders' Funds</b>	<b>2,480,053,962</b>	<b>2,294,355,762</b>	<b>2,480,053,163</b>	<b>2,294,354,963</b>
Minority Interest	-	-	-	-
<b>Total Equity</b>	<b>2,480,053,962</b>	<b>2,294,355,762</b>	<b>2,480,053,163</b>	<b>2,294,354,963</b>
<b>Total Liabilities &amp; Equity</b>	<b>20,149,479,766</b>	<b>16,544,141,550</b>	<b>20,150,069,046</b>	<b>16,544,730,829</b>
<b>Net Assets Value per Ordinary Share</b>	<b>45.67</b>	<b>44.15</b>	<b>45.67</b>	<b>44.15</b>

Note

The above figures are subject to audit unless specified.

The Financial statements are in compliance with the requirements of the Companies Act No 7 of 2007.

Sgd.

**Damith Tennakoon**

Director/CFO

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

Approved and Signed for and on behalf of the Board.

Sgd.

**D. H. J Gunawardena**

Chairman

Sgd.

**C. M Nanayakkara**

Managing Director/ CEO

Colombo

15th November 2012

## INCOME STATEMENT

	COMPANY					
	For the Quarter ended 30th September			For the Six Months ended 30th September		
	2012 Rs.	2011 Rs.	Variance %	2012 Rs.	2011 Rs.	Variance %
<b>Income</b>	1,024,312,126	723,579,949	42%	1,916,004,217	1,296,147,120	48%
Interest Income	959,895,777	597,373,170	61%	1,786,754,701	1,129,864,445	58%
Less: Interest Expenses	560,078,457	305,167,222	84%	1,031,925,062	578,045,608	79%
<b>Net Interest Income</b>	399,817,320	292,205,948	37%	754,829,639	551,818,837	37%
Other Income	64,416,349	126,206,779	(49%)	129,249,516	166,282,675	(22%)
	464,233,669	418,412,727	11%	884,079,155	718,101,512	23%
<b>Less : Operating Expenses</b>						
Personnel Expenses	94,809,346	70,007,418	35%	185,584,036	134,674,447	38%
Premises, Equipment and Administration Expenses	105,907,990	85,181,824	24%	206,344,059	164,730,363	25%
Marketing and Business Promotion Expenses	52,262,830	71,751,774	(27%)	127,193,848	124,192,166	2%
Finance Charges	1,937,641	2,399,553	(19%)	3,536,101	4,392,793	(20%)
	254,917,807	229,340,569	11%	522,658,044	427,989,769	22%
<b>Profit before Loan Loss Provision</b>	209,315,862	189,072,158	11%	361,421,111	290,111,743	25%
Less - Provision for loan losses	20,000,000	5,085,330	293%	52,567,264	13,035,330	303%
<b>Profit Before VAT on Financial Services and Tax</b>	189,315,862	183,986,828	3%	308,853,847	277,076,413	11%
Less - VAT on Financial Services	8,284,170	9,525,689	(13%)	15,784,170	16,511,727	(4%)
<b>Profit Before Income Tax</b>	181,031,692	174,461,139	4%	293,069,677	260,564,686	12%
Less -Income Tax Expenses	32,550,917	13,333,879	144%	47,550,917	19,362,693	146%
<b>Net Profit for the period</b>	148,480,775	161,127,260	(8%)	245,518,760	241,201,993	2%
<b>Attributable to</b> Shareholders of the parent Company Minority Interest	148,480,775	161,127,260	(8%)	245,518,760	241,201,993	2%
<b>Net Profit for the period</b>	148,480,775	161,127,260	(8%)	245,518,760	241,201,993	2%
<b>Earnings Per Share (EPS)</b>	2.79	3.03		4.62	4.54	

Note :

Earnings per share for the previous periods presented have been restated to reflect the effect of Scrip Dividend issue.  
An estimated Provision has been made for income tax expenses.

INCOME STATEMENT

	GROUP			GROUP		
	For the Quarter ended 30th September			For the Six Months ended 30th September		
	2012 Rs.	2011 Rs.	Variance %	2012 Rs.	2011 Rs.	Variance %
<b>Income</b>	<b>1,024,312,126</b>	723,640,539	42%	<b>1,916,004,217</b>	1,296,337,660	48%
Interest Income	959,895,777	597,373,170	61%	1,786,754,701	1,129,864,445	58%
Less: Interest Expenses	560,078,457	305,167,222	84%	1,031,925,062	578,045,608	79%
<b>Net Interest Income</b>	<b>399,817,320</b>	292,205,948	37%	<b>754,829,639</b>	551,818,837	37%
Other Income	64,416,349	126,267,369	(49%)	129,249,516	166,473,215	(22%)
	<b>464,233,669</b>	418,473,317	11%	<b>884,079,155</b>	718,292,052	23%
<b>Less : Operating Expenses</b>						
Personnel Expenses	94,809,346	70,007,418	35%	185,584,036	134,674,447	38%
Premises, Equipment and Administration Expenses	105,907,990	85,097,620	24%	206,344,059	164,646,159	25%
Marketing and Business Promotion Expenses	52,262,830	71,751,774	(27%)	127,193,848	124,192,166	2%
Finance Charges	1,937,641	2,399,553	(19%)	3,536,101	4,392,793	(20%)
	<b>254,917,807</b>	229,256,365	11%	<b>522,658,044</b>	427,905,565	22%
<b>Profit before Loan Loss Provision</b>	<b>209,315,862</b>	189,216,952	11%	<b>361,421,111</b>	290,386,487	24%
Less - Provision for loan losses	20,000,000	5,085,330	293%	52,567,264	13,035,330	303%
<b>Profit Before VAT on Financial Services and Tax</b>	<b>189,315,862</b>	184,131,622	3%	<b>308,853,847</b>	277,351,157	11%
Less - VAT on Financial Services	8,284,170	9,525,689	(13%)	15,784,170	16,511,727	(4%)
<b>Profit Before Income Tax</b>	<b>181,031,692</b>	174,605,933	4%	<b>293,069,677</b>	260,839,430	12%
Less -Income Tax Expenses	32,550,917	13,333,879	144%	47,550,917	19,362,693	146%
<b>Net Profit for the period</b>	<b>148,480,775</b>	161,272,054	(8%)	<b>245,518,760</b>	241,476,737	2%
<b>Attributable to</b> Shareholders of the parent Company Minority Interest	<b>148,480,775</b>	161,272,054	(8%)	<b>245,518,760</b>	241,476,737	2%
<b>Net Profit for the period</b>	<b>148,480,775</b>	161,272,054	(8%)	<b>245,518,760</b>	241,476,737	2%
<b>Earnings Per Share (EPS)</b>	<b>2.79</b>	3.04		<b>4.62</b>	4.54	

Note :

Earnings per share for the previous periods presented have been restated to reflect the effect of Scrip Dividend issue.  
An estimated Provision has been made for income tax expenses.

## STATEMENT OF CHANGES IN EQUITY - COMPANY

	Stated Capital Rs	Revaluation Reserve Rs	Retained Earnings Rs	Reserve Fund Rs	Investment Fund Reserve Rs	Total Rs
Balance as at April 01, 2011	396,850,480	15,082,857	457,586,665	152,650,304	3,012,215	1,025,182,521
Issue of Shares	718,110,435					718,110,435
Net Profit For the period			241,201,993			241,201,993
Dividend Paid			(79,370,096)			(79,370,096)
Transfer into/(out) from reserve			(9,121,087)		9,121,087	-
Balance as at September 30, 2011	1,114,960,915	15,082,857	610,297,475	152,650,304	12,133,302	1,905,124,853
Balance as at April 01, 2012	1,114,960,915	12,066,286	867,489,334	278,736,884	21,102,343	2,294,355,762
Issue of Shares	70,100,730					70,100,730
Net Profit For the period			245,518,760			245,518,760
Dividend 2011/2012			(129,921,290)			(129,921,290)
Transfer into/(out) from reserve			(8,887,534)		8,887,534	
Balance as at September 30, 2012	1,185,061,645	12,066,286	974,199,270	278,736,884	29,989,877	2,480,053,962

## STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital		Revaluation Reserve		Retained Earnings		Reserve Fund		Investment Fund Reserve		Total		Minority Interest		Total Equity	
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Balance as at April 01, 2011	396,850,480	15,082,857	455,243,921	152,650,304	3,012,215	1,022,839,777	-	-	1,022,839,777	-	-	1,022,839,777	-	-	1,022,839,777	-
Issue of Shares	718,110,435					718,110,435			718,110,435			718,110,435			718,110,435	
Net Profit for the Period			241,476,737			241,476,737			241,476,737			241,476,737			241,476,737	
Dividend Paid			(79,370,096)			(79,370,096)			(79,370,096)			(79,370,096)			(79,370,096)	
Transfer into/(out) from reserve			(9,121,087)		9,121,087	-			9,121,087			-			-	
Balance as at September 30, 2011	1,114,960,915	15,082,857	608,229,475	152,650,304	12,133,302	1,903,056,853	-	-	1,903,056,853	-	-	1,903,056,853	-	-	1,903,056,853	-
Balance as at April 01, 2012	1,114,960,915	12,066,286	867,488,535	278,736,884	21,102,343	2,294,354,963	-	-	2,294,354,963	-	-	2,294,354,963	-	-	2,294,354,963	-
Issue of Shares	70,100,730					70,100,730			70,100,730			70,100,730			70,100,730	
Net Profit for the Period			245,518,760			245,518,760			245,518,760			245,518,760			245,518,760	
Dividend 2011/2012			(129,921,290)			(129,921,290)			(129,921,290)			(129,921,290)			(129,921,290)	
Transfer into/(out) from reserve			(8,887,534)		8,887,534	-			8,887,534			-			-	
Balance as at September 30, 2012	1,185,061,645	12,066,286	974,198,471	278,736,884	29,989,877	2,480,053,163	-	-	2,480,053,163	-	-	2,480,053,163	-	-	2,480,053,163	-

## CASH FLOW STATEMENT

For the Six Months period ended	COMPANY		GROUP	
	30/09/2012 Rs.	30/09/2011 Rs.	30/09/2012 Rs.	30/09/2011 Rs.
<b>Cash Flow from Operating Activities</b>				
Interest Receipts	1,919,741,931	1,122,191,958	1,919,741,931	1,122,191,958
Commission Receipts	53,284,796	46,238,198	53,284,796	46,238,198
Other Income	68,864,092	89,209,802	68,864,092	89,209,802
Interest Payments	(837,449,058)	(510,656,539)	(837,449,058)	(510,656,539)
Fees and Business Promotion Expenses	(36,147,372)	(67,856,833)	(36,147,372)	(67,856,833)
Employees Related Payments	(175,984,036)	(129,392,155)	(175,984,036)	(129,392,155)
Suppliers Payment	(213,867,988)	(180,184,341)	(213,867,988)	(180,184,341)
Financial Expenses	(3,536,101)	(4,392,793)	(3,536,101)	(4,392,793)
<b>Operating Profit/ (Loss) Before Changes in Operating Assets</b>	774,906,264	365,157,297	774,906,264	365,157,297
<b>(Increase)/ Decrease in Operating Assets</b>				
Investments Licensed Commercial banks and other Financial Institutions	(843,232,093)	(29,223,172)	(843,232,093)	(29,223,172)
Investment in Government Securities	71,492,607	(178,943,259)	71,492,607	(178,943,259)
Net Funds Advance to Customers	(2,421,677,276)	(2,470,336,016)	(2,421,677,276)	(2,470,336,016)
Other Short Term Assets	32,734,517	(60,643,300)	32,734,517	(60,643,300)
Inventories	(97,339,434)	(122,170,251)	(97,339,434)	(122,170,251)
<b>Increase/ (Decrease) in Operating Liabilities</b>	(2,483,115,415)	(2,496,158,701)	(2,483,115,415)	(2,496,158,701)
Borrowings	(312,976,009)	237,014,365	(312,976,009)	237,014,365
Deposits from customers	2,952,870,013	1,970,484,591	2,952,870,013	1,970,484,591
	2,639,894,004	2,207,498,956	2,639,894,004	2,207,498,956
Cash (used in)/generated from Operations	156,778,589	(288,659,745)	156,778,589	(288,659,745)
Gratuity paid	(169,012)	(246,150)	(169,012)	(246,150)
Value Added Tax	(7,185,290)	(16,786,170)	(7,185,290)	(16,786,170)
Economic Service Charge	(12,841,533)	(18,510,244)	(12,841,533)	(18,510,244)
Tax Paid				-
	136,582,754	(324,202,309)	136,582,754	(324,202,309)

**CASH FLOW STATEMENT**

For the Six Months period ended	COMPANY		GROUP	
	30/09/2012 Rs.	30/09/2011 Rs.	30/09/2012 Rs.	30/09/2011 Rs.
<b>Cash Flow from Investing Activities</b>				
Dividend receipts	3,684,000	3,102,000	3,684,000	3,102,000
Purchase of Property, Plant & Equipment	(140,734,446)	(256,081,382)	(140,734,446)	(256,081,380)
Proceeds from sale of Property Plant & equipments	-	98,820	-	98,820
Net Cash Inflows/( Outflows) Investing Activities	(137,050,446)	(252,880,562)	(137,050,446)	(252,880,560)
<b>Cash Flow from Financing Activities</b>				
Issue of Shares	70,100,730	718,110,435	70,100,730	718,110,435
Dividend paid	(129,921,290)	(79,370,096)	(129,921,290)	(79,370,096)
Redemption of Debentures	-	(16,113,564)	-	(16,113,564)
Net Cash Inflow (out flows) from Financing Activities	(59,820,560)	622,626,775	(59,820,560)	622,626,775
Net Increase/(Decrease) In Cash & Cash Equivalents	(60,288,252)	45,543,904	(60,288,252)	45,543,905
Cash & Cash Equivalents at the beginning of the Year	(48,733,659)	(149,932,205)	(45,398,133)	(146,982,288)
Cash & Cash Equivalents at the end of the Year	(109,021,911)	(104,388,301)	(105,686,385)	(101,438,383)
<b>Cash and Cash Equivalents at the beginning of the year</b>				
Cash at Bank and In Hand	121,343,098	49,343,058	124,678,624	52,292,975
Bank Overdraft	(170,076,757)	(199,275,263)	(170,076,757)	(199,275,263)
	(48,733,659)	(149,932,205)	(45,398,133)	(146,982,288)
<b>Cash and Cash Equivalents at the end of the year</b>				
Cash at Bank and In Hand	126,251,160	64,058,793	129,586,686	67,008,711
Bank Overdraft	(235,273,071)	(168,447,094)	(235,273,071)	(168,447,094)
	(109,021,911)	(104,388,301)	(105,686,385)	(101,438,383)

Figures in brackets indicates deductions.



## SEGMENTAL ANALYSIS - COMPANY

	Lease & Stock-out on Hire		Loans		Pawning		Others		Total	
	30/09/12	30/09/11	30/09/12	30/09/11	30/09/12	30/09/11	30/09/12	30/09/11	30/09/12	30/09/11
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest	1,267,423,106	832,521,149	162,146,228	103,430,079	58,787,507	22,961,033	296,397,860	170,951,185	1,786,754,701	1,129,864,446
Non Interest Income	-	-	-	-	-	-	124,624,716	141,008,275	124,624,716	141,008,275
"Mark to market value adjustment on Quoted Shares"	-	-	-	-	-	-	4,624,800	25,274,400	4,624,800	25,274,400
Total Revenue	1,267,423,106	832,521,149	162,146,228	103,430,079	58,787,507	22,961,033	427,647,376	337,233,860	1,916,004,217	1,296,147,121
Segmental Results	1,267,423,106	832,521,149	162,146,228	103,430,079	58,787,507	22,961,033	427,647,376	337,233,860	1,916,004,217	1,296,147,121
Unallocated Expenses	-	-	-	-	-	-	-	-	(1,622,934,540)	(1,035,582,536)
Profit from Operations	-	-	-	-	-	-	-	-	293,069,677	260,564,685
Income Tax expenses	-	-	-	-	-	-	-	-	(47,550,917)	(19,362,693)
Net Profit for the Period	-	-	-	-	-	-	-	-	245,518,760	241,201,992
Segment Assets	11,782,790,506	7,610,735,466	1,865,013,345	1,438,884,115	772,045,474	344,415,304	1,216,971,656	919,060,773	15,636,820,981	10,313,095,658
Unallocated Assets	-	-	-	-	-	-	-	-	4,512,658,785	3,069,718,055
Total Assets	-	-	-	-	-	-	-	-	20,149,479,766	13,382,813,713

## SHAREHOLDERS' INFORMATION

### Twenty Largest Share Holders as at 30 September 2012

#### Ordinary Voting Shares

No	Name	Shareholding	Percentage
1	Ceylinco Insurance PLC -A/C No 1 (Life Fund)	14,642,163	31.63%
2	CDB ESOP Trust Fund (Pvt) Ltd	12,500,000	27.00%
3	Ceylinco Insurance PLC A/c NO: 2 (General Fund)	1,853,287	4.00%
4	National Development Bank PLC/Dr. T. Senthilvel	1,775,000	3.83%
5	Perpetual Capital (Pvt) Ltd	1,583,300	3.42%
6	The Finance Company PLC A/C No 1	1,250,000	2.70%
7	Asia Management Consultancy (Pvt) Ltd	706,622	1.53%
8	Mr. D Kotthoff	516,319	1.12%
9	Little Smile Organic (Pvt) Ltd	416,500	0.90%
10	Premium Brands (Pvt) Ltd	243,833	0.53%
11	Seylan Bank PLC /Dr. T. Senthilvel	196,700	0.42%
12	Mr. J A Leanage	190,619	0.41%
13	Mr. W S R Fernando	137,900	0.30%
14	Captain M A L Ratnayake	137,432	0.30%
15	Dr. C Gunasekara	131,700	0.28%
16	Pan Asia Banking Corporation PLC/ Mr. S. M. P. L. Jayaratne	125,000	0.27%
17	Rev. J N Fernando	125,000	0.27%
18	Mr. A M Subramaniam & S Ragulan	122,500	0.26%
19	Mrs W M N Dabarera	118,942	0.26%
20	MR. K Sabaratnam	105,850	0.23%
	Sub total of Top 20 Share Holders	36,878,667	79.65%
	Others	9,420,556	20.35%
	Total	46,299,223	100.00%

The percentage of shares held by the public as at 30th September 2012 is 36.94%

#### Ordinary Non Voting Shares

No	Name	Shareholding	Percentage
1	J B Cocoshell (Pvt) Ltd	856,291	10.70%
2	CDB ESOP Trust Fund (Pvt) Limited	562,499	7.03%
3	Seylan Bank PLC / HVA Lanka Exports (Pvt) Ltd.	388,896	4.86%
4	Ceylinco Insurance PLC A/c No 2(General Fund)	320,541	4.00%
5	Mr.J A Leanage	261,326	3.26%
6	Seylan Bank PLC/Radheesh Evan Sellamullu	218,083	2.72%
7	Commercial Bank of Ceylon PLC/ R.E. Sellamuttu	214,497	2.68%
8	Mr. M J Fernando	208,999	2.61%
9	Mr. H N Esufally	208,999	2.61%
10	Mr. S Prabagar	198,800	2.48%
11	Captain M A L Ratnayake	188,845	2.36%
12	Mr. G H I Jafferjee	156,749	1.96%
13	Mr. J R Fernando	155,704	1.94%
14	Mr. D R J Leanage	131,400	1.64%
15	Mr. S R Fernando	120,000	1.50%
16	Askold (Pvt) Limited	117,949	1.47%
17	Mr. M A Valabji	104,499	1.31%
18	Jafferjees Investments (Pvt) Ltd	104,499	1.31%
19	Gold Investment Limited	104,499	1.31%
20	Gulf Crown Investments Limited	104,499	1.31%
	Sub total of Top 20 Share Holders	4,727,574	59.05%
	Others	3,278,410	40.95%
	Total	8,005,984	100%

The percentage of shares held by the public as at 30th September 2012 is 88.62%

## SHAREHOLDERS' INFORMATION

### Directors' and Chief Executive Officer's Share holding as at 30 September 2012

#### Ordinary Voting Shares

Name	Share Holding	Percentage
Mr. D H J Gunawardena - Chairman	-	-
Mr. C M Nanayakkara -MD/CEO	29,660	0.064%
Mr. R H Abeyagoonewardena	31,500	0.068%
Mr. T M D P Tennakoon	42,000	0.091%
Mr. P A J Jayawardena	500	0.001%
Mr. W W K M Weerasooriya	7,000	0.015%
Mr. S R Abeynayake	-	-
Dr A Dharmasiri	-	-
Mr. D A De Silva	-	-
Mr. Razik Mohamed	-	-
Mr. S V Munasinghe	40,000	0.086%

#### Ordinary Non Voting Shares

Name	Share Holding	Percentage
Mr. D H J Gunawardena - Chairman	-	-
Mr. C M Nanayakkara - MD/CEO	28,941	0.361%
Mr. R H Abeyagoonewardena	5,447	0.068%
Mr. T M D P Tennakoon	7,262	0.091%
Mr. P A J Jayawardena	22	0.00%
Mr. W W K M Weerasooriya	1,209	0.015%
Mr. S R Abeynayake	-	-
Dr A Dharmasiri	-	-
Mr. D A De Silva	-	-
Mr. Razik Mohamed	-	-
Mr. S V Munasinghe	9,411	0.118%

### Share Information for the Six Months ended 30 September 2012

#### Market Value of the Shares

	Ordinary Voting Shares		Ordinary Non Voting Shares	
	30/09/12	30/09/11	30/09/12	30/09/11
Highest Price	47.50	83.90	42.70	55.90
Lowest Price	31.00	69.30	26.60	46.00
Last Traded	42.80	73.00	33.00	53.60

## SELECTED PERFORMANCE INDICATORS

Indicator	Company		Group	
	As at 30/09/12	As at 31/03/12	As at 30/09/12	As at 31/03/12
<b>Asset Quality (Rs. 000)</b>				
Total Accommodations (Net of Interest in Suspense)	15,878,804	13,457,125	15,882,550	13,460,871
Net total Accommodations (Net of Provision for Bad and Doubtful Debts & Interest in Suspense)	15,636,821	13,249,609	15,636,821	13,249,609
Non-performing Accommodations (Net of Interest in Suspense)	386,523	224,907	386,523	224,907
<b>Liquidity (Rs. 000)</b>				
Required Minimum amount of Liquid Assets	1,445,396	1,142,699	1,445,396	1,142,699
Available amount of Liquid Assets	2,291,544	1,515,794	2,294,879	1,518,232
Required Minimum amount of Government Securities	719,566	463,347	719,566	463,347
Available amount of Government Securities	831,471	902,963	831,471	902,963
<b>Capital Adequacy</b>				
Core Capital to Risk Weighted Assets ratio (Minimum 5%)*	15.21%	16.79%	15.21%	16.79%
Total Capital to Risk Weighted Assets ratio (Minimum 10%)*	15.40%	17.03%	15.40%	17.03%
Capital Funds to total Deposit Liabilities ratio (Minimum 10%)	17.29%	19.91%	17.29%	19.91%
<b>Profitability</b>				
Return on Average Assets(%) (Annualized)	2.7%	4.7%	2.7%	4.7%
Return on Average Equity(%) (Annualized)	20.6%	38.0%	20.6%	38.2%

\* Including current year unaudited profit

## EXPLANATORY NOTES

- 1) The Interim Financial Statement of the company has been prepared on the basis of the same accounting policies and methods applied for the year ended March 31, 2012 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting. Previous year figures and Phrases have been re-arranged wherever necessary to conform to the current Presentation.

The Institute of Chartered Accountants of Sri Lanka had issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after January 01, 2012. These Sri Lanka Accounting Standards comprise of Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS).

The Company is required to prepare interim financial statements in accordance with LKAS 34 – Interim Financial Reporting. However, the Institute of Chartered Accountants of Sri Lanka has decided to allow Companies to prepare interim financial statements during the first financial year commencing on or after January 01, 2012 in accordance with Sri Lanka Accounting Standards that existed immediately prior to that date (SLASs) with disclosures on impact to the Statement Comprehensive Income for the period and Net assets based on SLFRS/LKAS. If determination of that impact is impracticable, the Companies are required to disclose that fact.

The Company has quantified the impact to the Statement of Comprehensive Income for the period (before taxes) and a Net asset based on the new Sri Lanka Accounting Standards and as the impact is shown below.

### Impact (before taxes) of application of Sri Lanka Financial Reporting Standards (SLFRS/LKAS)

Area of impact	Description	Profit for the period as per the Statement of comprehensive Income for the six months ended 30th September 2012 (Rs '000)	Statement of other Comprehensive Income for six months ended 30th September 2012. (Rs. '000)	Net Assets as at 30th September 2012. (Rs. '000)
Impairment of Loans and Advances	Time-based CBSL provision is replaced with collective and specific impairment. All individually significant loans and advances with objective evidences are individually tested while other loans and advances are tested collectively for impairment. For the purpose of SLFRS Reporting suspension of Interest is no longer applicable and the interest is continued to recognise on the impaired loan balances based on the Effective Interest Rate method (EIR method).	System development for the computation of impairment is in progress		
Interest in Suspense	Interest in suspense are no longer applicable under new accounting standards	computation is in progress		
Measurement of low interest staff loans at fair value	All staff loans are recognised initially at fair value. Subsequent interest recognition is based on EIR method. Day 1 difference (ie. The difference between the transaction amount and the fair value difference between the transaction amount and the fair value determined based on market interest rate) is treated as pre-paid staff cost and is amortised.	Increase by 455	No impact	Increase by 2,472
Measurement of customer deposits, Securitization loans and borrowings at effective interest rate	Interest expense is recognised based on EIR method and not based on straight line method as done under previously applicable SLASs.	Increase by 4,454	No impact	Increase by 20,220
Differed processing fees income	Processing fees on Loans and advances should be amortized over the period of the loan	Decrease by 8,632	No impact	Decrease by 8,632
Differed savings interest on deposits with valuable gifts	At initial recognition, financial assets and liabilities are recognised at fair value and transaction cost is considered in determining the fair value. Interest are recognized at effective interest rate	Increase by 1,584		Increase by 1,584

EXPLANATORY NOTES

Area of impact	Description	Profit for the period as per the Statement of comprehensive Income for the six months ended 30th September 2012 (Rs '000)	Statement of other Comprehensive Income for six months ended 30th September 2012. (Rs. '000)	Net Assets as at 30th September 2012. (Rs. '000)
Marked to market investment categorized as Available for Sale securities	AS per the SLAS, quoted equity investment has been classified as current investment and change in market value included in income statement. When adapting LKAS/SLFRS the company classified these equity investment as available for sale and change in fair value included in other comprehensive income	Decrease by 4,625	Increase by 4,625	No impact

The above figures are provisional and subject to the review by auditors.

The tax impact on the above adjustments relating to the adoption of SLFRS/LKAS has not been considered in computing the adjusted comprehensive income for the 6 months ended 30th September 2012 and the adjusted net assets as at 30th September 2012.

- 2) All known Expenses have been provided in these Financial Statements and Management Fees are not applicable to the Company
- 3) (a) The Company declared a dividend of Rs. 2.50 per share for both Voting & Non Voting Ordinary shares aggregating to a sum of Rs. 129,921,290 as the first and final dividend for the financial year ended 31st March 2012 and which was approved by the Shareholders at the Annual General Meeting held on 28th June 2012.
- (b) The aforesaid dividend was in the form of Rs.1/- per share as a cash dividend and Rs.1.50 as a scrip dividend to be satisfied by the issue of non voting ordinary shares each valued at Rs. 30/- per share and which was paid on 10th July 2012.
- 4) Mr. Razik Mohamed appointed as an Independent Non Executive Director with effect from 1st July 2012.
- 5) During the period there were no material changes in the composition of assets, liabilities and contingent liabilities.
- 6) Group Financial statements comprises the consolidation of the company and its subsidiary CDB Micro Finance Ltd.
- 7) No of Shares as at 30 September 2012 is as follows.

Ordinary Voting Shares	46,299,223
Ordinary Non Voting Shares	8,005,984
- 8) There were no material events that took place other than above since March 31, 2012, that require adjustment to or disclosure in these Financial Statements.

## CORPORATE INFORMATION

### Name of the Company

Citizens Development Business Finance PLC

### Registered Office

No 18, Sri Sangaraja Mawatha,  
Colombo 10

Tel : 011 7388388  
Fax : 011 2429888  
E mail : cdb@cdb.lk  
Web : www.cdb.lk

### Company Secretary

S.S.P Corporate Services ( Private) Ltd  
101, Inner Flower Road,  
Colombo 03

### Company Auditors

KPMG  
(Chartered Accountants)  
32 A, Sir Mohamed Macan Marker Mawatha,  
Colombo 03

### Incorporation & Legal Form

A Public Quoted Company incorporated in  
Sri Lanka under the provisions of the Companies ACT No 17 of  
1982 and re- registered under the companies Act No 7 of 2007.

The company is licensed by the monetary board of the Central Bank of  
Sri Lanka under the Finance Business Act No 42 of 2011

The company is registered under the Finance Leasing Act  
No 56 of 2000.

### Lawyers of the Company

Nithya Partners  
No 97A, Galle Road,  
Colombo 03.

### Bankers of the Company

Seylan Bank PLC  
People's Bank  
Hatton National Bank PLC  
Bank of Ceylon  
Commercial Bank of Ceylon PLC  
Sampath Bank PLC  
Nations Trust Bank PLC  
Deutsche Bank

### Date of Incorporation

7 th September 1995

### Company Registration Number

PB - 232 PQ

### Board of Directors

Chairman

Mr. . D. H. J Gunawardana - FCMA (UK)

Managing Director/Chief Executive Officer

Mr. C. M Nanayakkara - B.Sc (Mgt), FCMA (UK), MBA (Sri J)

Directors

Mr. R. H Abeygoonewardana - ACMA (UK), ACMA (Sri), MCPM  
Mr. S. R Abeynayake - MBA (Sri J), FCA, FCMA  
Dr. A. S Dharmasiri - B.Sc. Eng (Moratuwa), C. Eng., MBA(Sri J), PhD(Sri J), MCMi(UK)  
Mr. P. A. J Jayawardena - LUICF (USA), CIAM, CMFA  
Mr. Razik Mohamed - ACA  
Mr. S. V Munasinghe  
Mr. D. A De Silva - B.Sc(Hons), ACMA(UK)  
Mr. T. M. D. P Tennakoon - ACMA(UK)  
Mr. W. W. K. M Weerasuriya - B.Com.(Sp)



Citizens Development Business Finance PLC  
No 18, Sri Sangaraja Mawatha, Colombo 10