

INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2010



Citizens Development Business Finance Ltd
No 18, Sri sangaraja Mawatha, Colombo 10

CITIZENS DEVELOPMENT BUSINESS FINANCE LTD
STATEMENT OF INCOME

	COMPANY			COMPANY		
	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED		
	01-10-2010 to 31-12-2010	01-10-2009 to 31-12-2009	Variance	31-12-2010	31-12-2009	Variance
Rs.	Rs.	%	Rs.	Rs.	%	
Income	609,436,806	372,604,331	64%	1,491,905,704	1,101,398,631	35%
Interest Income	443,066,930	342,268,663	29%	1,241,950,663	1,041,406,649	19%
Less: Interest Expenses	225,208,013	232,469,726	-3%	658,745,714	714,860,456	-8%
Net Interest Income	217,858,917	109,798,937	98%	583,204,949	326,546,193	79%
Other Income	166,369,876	30,335,668	448%	249,955,041	59,991,982	317%
	384,228,793	140,134,605	174%	833,159,990	386,538,175	116%
Less : Operating Expenses						
Personnel Expenses	61,351,680	36,523,063	68%	155,544,795	94,234,537	65%
Premises, Equipment and Administration Expenses	63,262,429	41,943,230	51%	179,822,757	118,338,157	52%
Marketing and Business Promotion Expenses	52,054,965	26,604,306	96%	138,427,225	75,752,559	83%
Finance Charges	3,629,697	1,541,328	135%	8,182,351	4,766,117	72%
	180,298,771	106,611,927	69%	481,977,128	293,091,370	64%
Profit before Loan Loss Provision	203,930,022	33,522,678	508%	351,182,862	93,446,805	276%
Less - Provision for Bad and Doubtful Debts-Specific	(15,000,000)	18,000,000	-183%	7,000,000	54,000,000	-87%
Operating Profit Before VAT on Financial Services and Tax	218,930,022	15,522,678	1310%	344,182,862	39,446,805	773%
Less - Value added tax on Financial Services	(769,178)	2,500,000	-131%	12,471,639	7,500,000	66%
Profit Before Income Tax	219,699,200	13,022,678	1587%	331,711,223	31,946,805	938%
Less -Provision for Taxation	9,000,000	3,000,000	200%	21,000,000	9,000,000	133%
Profit after provision for Taxation	210,699,200	10,022,678	2002%	310,711,223	22,946,805	1254%
Net Profit for the period	210,699,200	10,022,678	2002%	310,711,223	22,946,805	1254%
Earnings Per Share (EPS)	5.31	0.25		7.83	0.58	

CITIZENS DEVELOPMENT BUSINESS FINANCE LTD
STATEMENT OF INCOME

	GROUP			GROUP		
	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED		
	01-10-2010 to 31-12-2010	01-10-2009 to 31-12-2009	Variance	31-12-2010	31-12-2009	Variance
Rs.	Rs.	%	Rs.	Rs.	%	
Income	609,436,806	372,897,817	63%	1,491,975,255	1,102,409,697	35%
Interest Income	443,066,930	342,562,150	29%	1,242,020,214	1,042,417,715	19%
Less: Interest Expenses	225,208,014	232,469,726	-3%	658,745,714	714,860,456	-8%
Net Interest Income	217,858,916	110,092,424	98%	583,274,500	327,557,259	78%
Other Income	166,369,876	30,335,667	448%	249,955,041	59,991,982	317%
	384,228,792	140,428,091	174%	833,229,541	387,549,241	115%
Less : Operating Expenses						
Personnel Expenses	61,351,680	36,523,063	68%	155,544,795	94,234,537	65%
Premises, Equipment and Administration Expenses	63,262,429	41,943,230	51%	179,843,749	118,338,157	52%
Marketing and Business Promotion Expenses	52,054,965	26,604,306	96%	138,427,225	75,752,559	83%
Finance Charges	3,629,697	1,541,328	135%	8,182,351	4,766,117	72%
	180,298,771	106,611,927	69%	481,998,120	293,091,370	64%
Profit before Loan Loss Provision	203,930,021	33,816,164	503%	351,231,421	94,457,871	272%
Less -Provision for Bad and Doubtful Debts-Specific	(15,000,000)	18,000,000	-183%	7,000,000	54,000,000	-87%
Operating Profit Before VAT on Financial Services and Tax	218,930,021	15,816,164	1284%	344,231,421	40,457,871	751%
Less -Value added tax on Financial Services	(769,178)	2,500,000	-131%	12,471,639	7,500,000	66%
Profit Before Income Tax	219,699,199	13,316,163	1550%	331,759,782	32,957,871	907%
Less - Provision for Taxation	9,000,000	3,000,000	200%	21,000,000	9,000,000	133%
Profit after provision for Taxation	210,699,199	10,316,163	1942%	310,759,782	23,957,871	1197%
Net Profit for the period	210,699,199	10,316,163	1942%	310,759,782	23,957,871	1197%
Attributable to Equity holders of the Parent						
Attributable to Minority Interest						
Net profit attributable to shareholders of the parent Company	210,699,199	10,316,163	1942%	310,759,782	23,957,871	1197%
Net profit for the period	210,699,199	10,316,163	1942%	310,759,782	23,957,871	1197%
Earnings Per Share (EPS)	5.31	0.26		7.83	0.60	


CITIZENS DEVELOPMENT BUSINESS FINANCE LTD

BALANCE SHEET AS AT	COMPANY		GROUP	
	31-12-2010 (2010/2011)	Audited 31-03-2010 (2009/10)	31-12-2010 (2010/2011)	Audited 31-03-2010 (2009/10)
	Rs.	Rs.	Rs.	Rs.
Assets				
Cash and Cash Equivalents	27,031,692	7,165,259	29,981,609	7,467,653
Investment in Government Securities	417,625,574	549,962,183	417,625,574	549,962,183
Deposits with Licence Commercial Banks & Financial Institutions	274,885,475	144,047,575	274,885,475	144,047,575
Securities Purchase under Resale Agreements	182,000,000	150,102,605	182,000,000	150,102,605
Loans & Advances	1,500,816,864	1,210,855,151	1,504,180,707	1,214,900,628
Net Investments in Leases	4,051,719,518	2,949,261,028	4,051,719,518	2,949,261,028
Net Investments in Hiring Contracts	1,309,494,761	874,967,565	1,309,494,761	874,967,565
Investment Securities	215,884,000	100,909,075	215,884,000	100,909,075
Investment in Subsidiaries	5,000,000	5,000,000	-	-
Trade and Other Receivables	357,187,978	259,449,645	357,187,978	259,449,645
Inventories	322,986,905	203,215,974	322,986,905	203,215,974
Investment Properties	20,197,976	20,197,977	20,197,976	20,197,977
Property, Plant and Equipment	232,480,971	200,669,868	232,480,971	200,669,868
Total Assets	8,917,311,714	6,675,803,905	8,918,625,474	6,675,151,776
Liabilities				
Deposits From Customers	6,704,725,754	4,837,875,995	6,704,725,754	4,837,875,995
Borrowings	501,564,897	755,046,204	501,564,897	755,046,204
Debentures	277,194,380	73,880,000	277,194,380	73,880,000
Retirement Benefit Obligations	15,067,981	11,146,870	15,067,981	11,146,870
Income Tax Payable	21,657,713	9,075,196	22,043,168	9,460,651
Other Liabilities	592,968,265	475,564,595	592,928,649	473,607,649
	8,113,178,990	6,162,588,860	8,113,524,829	6,161,017,369
Shareholders' Funds				
Stated Capital	396,850,480	396,850,480	396,850,480	396,850,480
Reserve Funds	46,288,304	46,288,304	46,288,304	46,288,304
Revaluation Reserve	15,082,857	15,082,857	15,082,857	15,082,857
Accumulated Profit	345,911,083	54,993,404	346,879,004	55,912,766
Minority Interest			-	-
Shareholders' Funds	804,132,724	513,215,045	805,100,645	514,134,407
Total liabilities & Shareholders' Funds & Minority Interest	8,917,311,714	6,675,803,905	8,918,625,474	6,675,151,776
Net Assets Value per Ordinary Share	20.26	12.93	20.29	12.96


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.


Damith Tennakoon
Assistant General Manager- Finance

Signed for and on behalf of the Board


Director
20 th January 2011


Director

**CITIZENS DEVELOPMENT BUSINESS FINANCE LTD
COMPANY**

Statement of Changes in Equity

For the Nine Months Period Ended 31-12-2010	Stated Capital Rs	Revaluation Reserve Rs	Accumulated Profit/ (Losses) Rs	Reserve Funds Rs	Total Rs
Balance as at March 31, 2009	396,850,480	15,082,857	30,692,768	6,500,000	449,126,105
Net Profit/ (Loss) For the Period			22,946,805		22,946,805
Balance as at December 31, 2009	396,850,480	15,082,857	53,639,573	6,500,000	472,072,910
Balance as at March 31, 2010	396,850,480	15,082,857	54,993,404	46,288,304	513,215,045
Net Profit For the Period			310,711,223		310,711,223
Final Dividend for 2009/2010			(19,793,544)	-	(19,793,544)
Balance as at December 31st , 2010	396,850,480	15,082,857	345,911,083	46,288,304	804,132,724

GROUP

Statement of changes in Equity

For the Nine months period ended 31-12-2010	Stated Capital Rs	Revaluation Reserve Rs	Accumulated Profit/ (Losses) Rs	Reserve Funds Rs	Minority Interest Rs	Total Rs
Balance as at March 31, 2009	396,850,480	15,082,857	31,103,167	6,500,000	-	449,536,504
Net Profit/ (Loss) For the Period			23,957,871			23,957,871
Balance as at December 31, 2009	396,850,480	15,082,857	55,061,038	6,500,000		473,494,375
Balance as at March 31, 2010	396,850,480	15,082,857	55,912,766	46,288,304	-	514,134,407
Net Profit For the Period			310,759,782			310,759,782
Final Dividend for 2009/2010			(19,793,544)	-		(19,793,544)
Balance as at December 31, 2010	396,850,480	15,082,857	346,879,004	46,288,304		805,100,645

* Number of Ordinary Shares as at 31st December 2010, Voting- 39,685,048

* The Company paid final Dividend of 50 cents per share for the 15 months period ended 31 march 2010 on 07th July 2010.

Cash Flow Statement

	COMPANY		GROUP	
	01-04-2010-31-12-2010	01-04-2009-31-12-2009	01-04-2010-31-12-2010	01-04-2009-31-12-2009
	(9 months period) (2010/2011) Rs.	(9 months period) (2009/10) Rs.	(9 months period) (2010/2011) Rs.	(9 months period) (2009/10) Rs.
Cash Flow from Operating Activities				
Interest Receipts	1,242,365,926	1,010,254,217	1,242,435,478	1,011,265,283
Commission Receipts	55,577,260	41,362,569	55,577,260	41,362,569
Other Income	78,589,436	12,678,823	78,589,436	12,678,823
Interest Payments	(622,078,608)	(785,052,574)	(622,078,608)	(785,052,574)
Fees and Commission Expenses	(104,502,641)	(61,365,364)	(104,603,633)	(61,365,364)
Employees Related Payments	(146,307,344)	(89,959,767)	(146,307,344)	(89,959,767)
Suppliers' Payments	(173,126,489)	(87,616,159)	(173,126,489)	(87,834,980)
Financial Expenses	(8,182,351)	(4,766,118)	(8,182,351)	(4,766,118)
Operating Profit/ (Loss) Before Changes in Operating Assets	322,335,189	35,535,627	322,303,749	36,327,872
(Increase)/ Decrease in Operating Assets				
Investments in Licenced Commercial banks and other Financial Institutions	(162,735,295)	(240,550,000)	(162,735,295)	(240,550,000)
Investments in Government Securities	132,336,609	(616,234,475)	132,336,609	(616,234,475)
Net Funds Advanced to Customers	(1,819,685,117)	764,326,013	(1,819,003,483)	766,551,545
Other Short Term Assets	(32,069,107)	(78,696,899)	(30,071,777)	(81,456,209)
Inventories	(119,770,931)	(78,354,085)	(119,770,931)	(78,354,085)
Increase/ (Decrease) in Operating Liabilities	(1,679,588,652)	(213,973,819)	(1,676,941,128)	(213,715,352)
Borrowings	(253,481,307)	(3,365,411,969)	(253,481,307)	(3,365,411,969)
Deposits from customers	1,866,849,759	3,808,101,986	1,866,849,759	3,808,101,986
	1,613,368,452	442,690,017	1,613,368,452	442,690,017
Cash (used in)/generated from Operations	(66,220,200)	228,716,198	(63,572,676)	228,974,665
Value Added Taxes	(51,498,436)	-	(51,498,436)	-
Economic Service Charge	(21,512,715)	(29,084,960)	(21,512,715)	(29,084,960)
	(139,231,351)	199,631,238	(136,583,827)	199,889,705

	COMPANY		GROUP	
	01-04-2010-31-12-2010 (9 months period) 2010/11 Rs.	01-04-2009-31-12-2009 (9 months period) 2009/10 Rs.	01-04-2010-31-12-2010 (9 months period) 2010/11 Rs.	01-04-2009-31-12-2009 (9 months period) 2009/10 Rs.
Cash Flow from Investing Activities				
Dividend Receipts	2,565,235	1,023,752	2,565,235	1,023,752
Purchase of Property, Plant & Equipment	(64,711,104)	(42,309,398)	(64,711,104)	(42,309,398)
Net Cash Inflows/(Outflows) from Investing Activities	(62,145,869)	(41,285,646)	(62,145,869)	(41,285,646)
Cash Flow from Financing Activities				
Dividend Paid	(19,793,543)	-	(19,793,543)	-
Redemption of Debentures	203,314,380	(72,549,691)	203,314,380	(72,549,691)
Net Cash Inflows (outflows) from Financing Activities	183,520,837	(72,549,691)	183,520,837	(72,549,691)
Net Increase/(Decrease) In Cash & Cash Equivalents	(17,856,383)	85,795,901	(15,208,859)	86,054,368
Cash & Cash Equivalents at the beginning of the Period	(106,647,073)	(169,289,560)	(106,344,680)	(169,266,833)
Cash & Cash Equivalents at the end of the Period	(124,503,456)	(83,493,659)	(121,553,539)	(83,212,465)
Cash and Cash Equivalents at the beginning of the period				
Cash at Bank and In Hand	7,165,259	5,074,921	7,467,653	5,097,648
Bank Overdraft	(113,812,333)	(174,364,481)	(113,812,333)	(174,364,481)
	(106,647,074)	(169,289,560)	(106,344,680)	(169,266,833)
Cash and Cash Equivalents at the end of the period				
Cash at Bank and In Hand	27,031,692	8,091,002	29,981,609	8,372,196
Bank Overdraft	(151,535,148)	(91,584,661)	(151,535,148)	(91,584,661)
	(124,503,456)	(83,493,659)	(121,553,539)	(83,212,465)

CITIZENS DEVELOPMENT BUSINESS FINANCE LTD
EXPLANATORY NOTES

- 1) There were no changes in the accounting policies since the publication of financial statements in the Annual Report -2009/2010
- 2) As per a decision of the Board taken during the quarter under review , Investments in listed shares have been classified as current investments and the market value has been applied as carrying value. The mark to market adjustment of Rs 114,974,925/= has been recognised in the Financial Statements.
- 3) These interim financial statements are presented in accordance with SLAS 35- "Interim Financial Reporting" and information has been provided as required in terms of rule 7.4 of the Colombo Stock Exchange
- 4) There were no material events that took place since December 31,2010, that required disclosure in these financial statements.
- 5) All known Expenses have been provided in these financial statements and management fees were not applicable to the company
- 6) During the period there were no material changes in the composition of assets , liabilities and contingent liabilities.

Selected Performance Indicators

Indicator	Company		Group	
	as at 31.12.2010	as at 31.03.2010	as at 31.12.2010	as at 31.03.2010
Asset Quality (Rs. 000)				
Total accommodations (Net of interest in suspense)	7,054,293	5,234,608	7,057,657	5,239,029
Net total accommodations (Net of provision for bad and doubtful debts & interest in suspense)	6,862,032	5,035,084	6,865,395	5,039,130
Non-performing accommodations (Net of interest in suspense)	317,089	396,291	317,089	396,291
Liquidity (Rs. 000)				
Required minimum amount of liquid assets	670,473	483,788	670,473	483,788
Available amount of liquid assets	895,542	845,277	898,492	845,580
Required minimum amount of Government securities	233,411	233,411	233,411	233,411
Available amount of Government securities	599,625	700,065	599,625	700,065
Capital Adequacy				
Core capital to risk weighted assets ratio (Minimum 5%)	10.40%	9.17%	10.42%	9.19%
Total capital to risk weighted assets ratio (Minimum 10%)	10.40%	9.17%	10.42%	9.19%
Capital funds to total deposit liabilities ratio (minimum 10%)	11.77%	10.30%	11.78%	10.32%
Profitability				
Return on average assets(%)	5.3%	1.2%	5.3%	1.2%
Return on average equity(%)	62.9%	16.8%	62.8%	16.9%

SEGMENTAL ANALYSIS(GROUP)

	Lease & Stock out on Hire		Loans		Pawning		Others		Total	
	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
Interest	1,013,798,980	843,282,288	172,020,655	167,369,231	4,233,514	38,050	51,967,065	31,728,146	1,242,020,214	1,042,417,715
Fee Based Income & Others	-	-	-	-	-	-	-	-	134,980,116	59,991,982
Mark to market investment									114,974,925	-
Total Revenue	1,013,798,980	843,282,288	172,020,655	167,369,231	4,233,514	38,050	51,967,065	31,728,146	1,491,975,255	1,102,409,697
Segmental Results	1,013,798,980	843,282,288	172,020,655	167,369,231	4,233,514	38,050	51,967,065	31,728,146	1,491,975,255	1,102,409,697
Unallocated Expenses	-	-	-	-	-	-	-	-	(1,160,215,473)	(1,069,451,826)
Profit from Operations	-	-	-	-	-	-	-	-	331,759,782	32,957,871
Income Tax expenses	-	-	-	-	-	-	-	-	(21,000,000)	(9,000,000)
Net Profit for the Period	-	-	-	-	-	-	-	-	310,759,782	23,957,871
Segment Assets	5,361,214,279	3,462,722,905	1,005,380,298	829,242,262	79,255,331	1,166,770	419,545,077	258,909,081	6,865,394,985	4,552,041,018
Unallocate Assets	-	-	-	-	-	-	-	-	2,053,230,489	1,583,761,109
Total Assets	-	-	-	-	-	-	-	-	8,918,625,474	6,135,802,127

CITIZENS DEVELOPMENT BUSINESS FINANCE LTD

Interim Financial Statements for the Nine months ended 31st December 2010

Twenty Largest holders of Shares as at 31st December 2010

	Name	No of Shares as at 31/12/2010	%
1	Ceylinco Insurance PIC	14,138,958	35.63
2	CDB ESOP Trust Fund (Pvt) Ltd	12,500,000	31.50
3	The Finance Property Fund Ltd	1,250,000	3.15
4	TFC Homes (Private) Limited	1,250,000	3.15
5	Dr. T. Senthilverl	1,002,800	2.53
6	Asia Management Consultancy (Private) Ltd	661,400	1.67
7	Premium Brands (Pvt) Ltd	175,300	0.44
8	Seylan Bank PLC - A/C No 3	175,000	0.44
9	Pan Asia Banking Corporation PLC/S.M.P.L. Jayaratne	125,000	0.31
10	W.M.N. Dabarera	111,800	0.28
11	R.S.Tissanayagam	105,900	0.27
12	W.S.N. Kurera	105,100	0.26
13	A.M. Subramanium	105,000	0.26
14	Rev J.N. Fernando	100,000	0.25
15	Dr. C. Gunasekara	100,000	0.25
16	M.P.N. Fernando	100,000	0.25
17	Ceylinco Homes International (Lotus Tower) Ltd	100,000	0.25
18	A.M. Ananda	100,000	0.25
19	H.M.N Fonseka	96,800	0.24
20	Perpetual Assets Management (pvt) Ltd	87,500	0.22
		32,390,558	81.62
	Others	7,294,490	18.38
	Total	39,685,048	100.00

Director's and Chief Executive Officer's holding in shares as at 31st December 2010

Name	No of Shares as at 31/12/2010	%
R. Renganathan (Chairman)	Nil	Nil
E.T.L. Ranasinghe	1,000	0.00
P.A.Jayawardena	10,000	0.03
Dr. T. Senthilverl	1,002,800	2.53
P.N.C. Gomes	Nil	Nil
H.P.G.V. Gunawardena	Nil	Nil
C.M Nanayakkara (CEO/GM)	1,000	0.00

Public Holding

As per the listing rules of the Colombo Stock Exchange , percentage of public holding as at 31.12.2010 is 30.19%

Corporate Information

Name of the Company

Citizens Development Business Finance Limited

Registered Office

No 18, Sri Sangaraja Mawatha,
Colombo 10

Tel : 117388388

Fax : 112429888

E mail : cdb@cdb.lk

Web : www.cdb.lk

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 registered under the Finance Companies Act No 78 of 1988.

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

Date of Incorporation

7 th September 1995.

Company Registration Number

PB - 232

Board of Directors

Mr. R. Renganathan - FCA, FCMA, FCIC (SL)
Chairman

Mr. C.M. Nanayakkara - Bsc(Mgt), ACMA(UK), MBA(Sri J)
Chief Executive Officer

Mr. P.N.C. Gomes - Bsc (Acct), MBA (Sri J) , ACA, ACMA

Mr. H.P.G.V. Gunawardena - Bsc(Hons), (M.Eng), MBCS, ACMA(UK)

Mr. P.A. Jayawardena - FCA, FCMA

Mr. E. T. L. Ranasinghe - Chartered Marketer(UK) Dip.M, MCIM(UK), MBA(Sri J)

Dr. T. Senthilverl

Company Secretary

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

Company Auditors

KPMG Ford, Rhodes, Thonton & Co.
(Chartered Accountants)
32 A, Sir Mohamed Macan Marker Mawatha,
Colombo 03

Lawyers of the Company

Nithya Partners
51, Gregory's Road
Colombo 07.

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