

INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010



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

STATEMENT OF INCOME

	COMPANY			COMPANY		
	FOR THREE MONTHS ENDED			FOR SIX MONTHS ENDED		
	01-07-2010 to 30-09-2010	01-07-2009 to 30-09-2009	Variance	30-09-2010	30-09-2009	Variance
Rs.	Rs.	%	Rs.	Rs.	%	
Income	465,983,837	363,701,138	28%	882,468,898	728,794,300	21%
Interest Income	419,117,297	335,148,209	25%	798,883,733	699,137,985	14%
Less: Interest Expenses	215,623,674	235,331,652	-8%	433,537,700	482,390,730	-10%
Net Interest Income	203,493,623	99,816,557	104%	365,346,033	216,747,255	69%
Other Income	46,866,540	28,552,929	64%	83,585,165	29,656,315	182%
	250,360,163	128,369,486	95%	448,931,198	246,403,570	82%
Less : Operating Expenses						
Personnel Expenses	48,731,900	31,729,590	54%	94,193,115	57,711,474	63%
Premises, Equipment and Administration Expenses	61,513,818	38,119,013	61%	116,560,328	76,394,927	53%
Marketing and Business Promotion Expenses	48,640,357	30,729,659	58%	86,372,260	49,148,253	76%
Finance Charges	2,656,083	1,649,815	61%	4,552,654	3,224,789	41%
	161,542,158	102,228,077	58%	301,678,357	186,479,443	62%
Profit before Loan Loss Provision	88,818,005	26,141,409	240%	147,252,841	59,924,127	146%
Provision for Bad and Doubtful Debts-Specific	10,000,000	18,000,000	-44%	22,000,000	36,000,000	-39%
Operating Profit Before VAT on Financial Services and Tax	78,818,005	8,141,409	868%	125,252,841	23,924,127	424%
Value added tax on Financial Services	7,310,956	2,000,000	266%	13,240,817	5,000,000	165%
Profit Before Income Tax	71,507,049	6,141,409	1064%	112,012,024	18,924,127	492%
Provision for Taxation	6,000,000	3,000,000	100%	12,000,000	6,000,000	100%
Profit after provision for Taxation	65,507,049	3,141,409	1985%	100,012,024	12,924,127	674%
Net Profit for the period	65,507,049	3,141,409	1985%	100,012,024	12,924,127	674%
Earnings Per Share (EPS)	1.65	0.08		2.52	0.33	

STATEMENT OF INCOME


	GROUP			GROUP		
	FOR THREE MONTHS ENDED			FOR SIX MONTHS ENDED		
	01-07-2010 to 30-09-2010	01-07-2009 to 30-09-2009	Variance	30-09-2010	30-09-2009	Variance
Rs.	Rs.	%	Rs.	Rs.	%	
Income	465,994,552	363,996,473	28%	882,538,449	729,511,880	21%
Interest Income	419,128,012	335,443,544	25%	798,953,284	699,855,565	14%
Less: Interest Expenses	215,623,674	235,331,652	-8%	433,537,700	482,390,730	-10%
Net Interest Income	203,504,338	100,111,892	103%	365,415,584	217,464,835	68%
Other Income	46,866,540	28,552,929	64%	83,585,165	29,656,315	182%
	250,370,878	128,664,821	95%	449,000,749	247,121,150	82%
Less : Operating Expenses						
Personnel Expenses	48,731,900	31,729,590	54%	94,193,115	57,711,474	63%
Premises, Equipment and Administration Expenses	61,534,810	38,119,013	61%	116,581,320	76,394,927	53%
Marketing and Business Promotion Expenses	48,640,357	30,729,659	58%	86,372,260	49,148,253	76%
Finance Charges	2,656,083	1,649,815	61%	4,552,654	3,224,789	41%
	161,563,150	102,228,077	58%	301,699,349	186,479,443	62%
Profit before Loan Loss Provision	88,807,728	26,436,744	236%	147,301,400	60,641,707	143%
Provision for Bad and Doubtful Debts-Specific	10,000,000	18,000,000	-44%	22,000,000	36,000,000	-39%
Operating Profit Before VAT on Financial Services and Tax	78,807,728	8,436,744	834%	125,301,400	24,641,707	408%
Value added tax on Financial Services	7,310,956	2,000,000	266%	13,240,817	5,000,000	165%
Profit Before Income Tax	71,496,772	6,436,744	1011%	112,060,583	19,641,707	471%
Provision for Taxation	6,000,000	3,000,000	100%	12,000,000	6,000,000	100%
Profit after provision for Taxation	65,496,772	3,436,744	1806%	100,060,583	13,641,707	633%
Net Profit for the period	65,496,772	3,436,744	1806%	100,060,583	13,641,707	633%
Attributable to Equity holders of the Parent						
Attributable to Minority Interest	-	-		-	-	
Net profit attributable to shareholders of the parent Company	65,496,772	3,436,744	1806%	100,060,583	13,641,707	633%
Net profit for the period	65,496,772	3,436,744	1806%	100,060,583	13,641,707	633%
Earnings Per Share (EPS)	1.65	0.09		2.52	0.34	

BALANCE SHEET AS AT	COMPANY		GROUP	
	30-09-2010	Audited	30-09-2010	Audited
	(2010/2011)	31-03-2010	(2010/2011)	31-03-2010
Assets	Rs.	(2009/10) Rs.	Rs.	(2009/10) Rs.
Cash and Cash Equivalents	42,749,581	7,165,259	45,699,498	7,467,653
Investment in Government Securities	484,342,015	549,962,183	484,342,015	549,962,183
Deposits with Licence Commercial Banks & Financial Institutions	185,885,475	144,047,575	185,885,475	144,047,575
Securities Purchase under resale agreements	20,102,605	150,102,605	20,102,605	150,102,605
Loans & Advances	1,372,867,620	1,210,855,151	1,376,448,290	1,214,900,628
Net Investments in Leases	3,490,733,940	2,949,261,028	3,490,733,940	2,949,261,028
Net Investments in Hiring Contracts	1,209,420,264	874,967,565	1,209,420,264	874,967,565
Investment Securities	100,909,075	100,909,075	100,909,075	100,909,075
Investment in Subsidiaries	5,000,000	5,000,000	-	-
Trade and Other Receivables	326,148,113	259,449,645	326,148,111	259,449,645
Inventories	352,655,197	203,215,974	352,655,197	203,215,974
Investment Properties	20,197,977	20,197,977	20,197,977	20,197,977
Property, Plant and Equipment	212,616,709	200,669,868	212,616,709	200,669,868
Total Assets	7,823,628,571	6,675,803,905	7,825,159,156	6,675,151,776
Liabilities				
Deposits From Customers	6,040,234,374	4,837,875,995	6,040,234,374	4,837,875,995
Borrowings	526,994,033	755,046,204	526,994,033	755,046,204
Debentures	43,487,231	73,880,000	43,487,231	73,880,000
Retirement Benefit obligations	13,760,944	11,146,870	13,760,944	11,146,870
Other Liabilities	605,718,463	484,639,791	606,281,127	483,068,300
	7,230,195,045	6,162,588,860	7,230,757,709	6,161,017,369
Shareholders' Funds				
Stated Capital	396,850,480	396,850,480	396,850,480	396,850,480
Reserve Fund	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	135,211,885	54,993,404	136,179,806	55,912,766
Minority Interest	-	-	-	-
Shareholders' Funds	593,433,526	513,215,045	594,401,447	514,134,407
Total liabilities & Shareholders' Funds & Minority Interest	7,823,628,571	6,675,803,905	7,825,159,156	6,675,151,776
Net Assets Value per Ordinary Share	14.95	12.93	14.98	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


Director

27th October 2010

COMPANY**Statement of changes in Equity**

For the Six months period ended 30-09-2010	Stated Capital Rs	Reveluation Reserve Rs	Accumulated Profit/ (Losses) Rs	Reserve Fund Rs	Total Rs
Balance as at March 31, 2009	396,850,480	15,082,857	30,692,770	6,500,000	449,126,107
Net Profit/ (Loss) For the Period			12,924,128		12,924,128
Balance as at September 30, 2009	396,850,480	15,082,857	43,616,898	6,500,000	462,050,235
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			100,012,024		100,012,024
Final Dividend for 2009/2010			(19,793,543)	-	(19,793,543)
Balance as at September 30, 2010	396,850,480	15,082,857	135,211,885	46,288,304	593,433,526

* Number of Ordinary Shares as at 30 th September 2010, Voting- 39,685,048

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

GROUP**Statement of changes in Equity**

For the Six months period ended 30-09-2010	Stated Capital Rs	Reveluation Reserve Rs	Accumulated Profit/ (Losses) Rs	Reserve Fund Rs	Minority Interest Rs	Total Rs
Balance as at March 31, 2009	396,850,480	15,082,857	31,103,438	6,500,000	-	449,536,775
Net Profit/ (Loss) For the Period			13,641,708			13,641,708
Balance as at September 30, 2009	396,850,480	15,082,857	44,745,146	6,500,000		463,178,483
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			100,060,583			100,060,583
Final Dividend for 2009/2010			(19,793,543)	-		(19,793,543)
Balance as at September 30, 2010	396,850,480	15,082,857	136,179,806	46,288,304		594,401,447

Cash Flow Statement

	COMPANY		GROUP	
	01-04-2010-30-09-2010 (6 month period) (2010/2011) Rs.	01-04-2009-30-09-2009 (6 month period) (2009/10) Rs.	01-04-2010-30-09-2010 (6 month period) (2010/2011) Rs.	01-04-2009-30-09-2009 (6 month period) (2009/10) Rs.
Cash Flow from Operating Activities				
Interest Receipts	803,085,121	679,029,448	803,154,672	679,747,028
Commission Receipts	36,999,524	28,201,989	36,999,524	28,201,989
Other Income	45,969,934	181,421	45,969,934	181,421
Interest Payments	(422,147,206)	(501,097,652)	(422,147,206)	(501,097,652)
Fees and Commission Expenses	(63,010,354)	(34,913,524)	(63,111,346)	(34,913,524)
Employees Related Payments	(79,166,150)	(52,141,129)	(79,166,150)	(52,141,129)
Suppliers Payments	(112,223,870)	(75,948,871)	(112,223,870)	(75,784,395)
Financial Expenses	(4,552,654)	(3,224,789)	(4,552,654)	(3,224,789)
Operating Profit/ (Loss) Before Changes in Operating Assets	204,954,345	40,086,893	204,922,904	40,968,949
(Increase)/ Decrease in Operating Assets				
Investments in Licence Commercial banks and other Financial Institutions	88,162,100	(453,050,062)	88,162,100	(453,050,062)
Investments in Government Securities	65,620,168	(223,276,088)	65,620,168	(223,276,088)
Net Funds Advanced to Customers	(1,049,798,215)	892,140,963	(1,049,333,407)	893,816,024
Other Short Term Assets	(21,958,900)	(67,672,740)	(19,744,745)	(70,008,990)
Inventories	(149,439,223)	(42,887,138)	(149,439,223)	(42,887,138)
Increase/ (Decrease) in Operating Liabilities	(862,459,725)	145,341,828	(859,812,203)	145,562,695
Borrowings	(228,052,171)	(4,039,100,256)	(228,052,171)	(4,039,100,256)
Deposits from customers	1,202,358,379	4,095,201,585	1,202,358,379	4,095,201,895
	974,306,208	56,101,329	974,306,208	56,101,639
Cash (used in)/generated from Operations	111,846,483	201,443,157	114,494,005	201,664,024
Economic Service Charge	(47,548,382)	(22,151,069)	(47,548,382)	(22,151,069)
	64,298,101	179,292,088	66,945,623	179,512,955

	COMPANY		GROUP	
	01-04-2010-30-09-2010 (6 month period) 2010/11 Rs.	01-04-2009-30-09-2009 (6 month period) 2009/10 Rs.	01-04-2010-30-09-2010 (6 month period) 2010/11 Rs.	01-04-2009-30-09-2009 (6 month 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	(33,446,842)	(30,089,571)	(33,446,842)	(30,089,571)
Net Cash Inflows/(Outflows) from Investing Activities	(30,881,607)	(29,065,819)	(30,881,607)	(29,065,819)
Cash Flow from Financing Activities				
Dividend Paid	(19,793,543)	-	(19,793,543)	-
Redemption of Debentures	(30,392,769)	(36,563,948)	(30,392,769)	(36,563,948)
Net Cash Inflow (out flows) from Financing Activities	(50,186,312)	(36,563,948)	(50,186,312)	(36,563,948)
Net Increase/(Decrease) In Cash & Cash Equivalents	(16,769,818)	113,662,321	(14,122,296)	113,883,188
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	(123,416,891)	(55,627,239)	(120,466,976)	(55,383,645)
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	42,749,581	12,588,983	45,699,498	12,832,577
Bank Overdraft	(166,166,474)	(68,216,222)	(166,166,474)	(68,216,222)
	(123,416,893)	(55,627,239)	(120,466,976)	(55,383,645)

EXPLANATORY NOTES

- 1) There were no changes in the accounting policies and methods of computation since the publication of financial statements in the Annual Report -2009/2010
- 2) These interim financial statements are presented in accordance with SLAS 35- "Interim Financial Reporting" and provide the information as required in terms of rule 7.4 of the Colombo Stock Exchange
- 3) There were no material events that took place since September 30,2010, that required disclosure in these financial statements.
- 4) All known Expenses have been provided in these financial statements and Management fees were not applicable to the company
- 5) During the period there were no material changes in the composition of assets , liabilites and contingent liabilities.
- 6) Company has listed its shares in the Diri Savi Board of Colombo Stock Exchange on 06th October 2010.

CITIZENS DEVELOPMENT BUSINESS FINANCE LTD

Interim Financial Statements for the six months ended 30th September 2010

Twenty Largest holders of Shares as at 30th September 2010

	Name	No of Shares as at 30/09/2010	%
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	Seylan Bank Asset Management Ltd	775,000	1.95
6	Dr. T. Senthilverl	500,000	1.26
7	Ceylinco Finance PLC	230,833	0.58
8	H.M.N. Fonseka	200,000	0.50
9	K.A.N. De Silva	150,000	0.38
10	S.M.P.L. Jayaratne	125,000	0.31
11	W.M.N. Dabarera	118,000	0.30
12	W.S.N. Kurera	105,100	0.26
13	A.M. Subramanium	105,000	0.26
14	S. Elilventhan	100,000	0.25
15	M.P.N. Fernando	100,000	0.25
16	S.C.D. Martino	100,000	0.25
17	Rev J.N. Fernando	100,000	0.25
18	J. Ukwatta	100,000	0.25
19	A.M. Annda	100,000	0.25
20	Dr. C. Gunasekara	100,000	0.25
	Others	32,147,891	81.01
	Total	7,537,157	18.99
		39,685,048	100.00

Director's and Chief Executive Officer's holding in shares as at 30th September 2010

Name	No of Shares as at 30/09/2010	%
R. Renganathan (Chairman)	Nil	Nil
E.T.L. Ranasinghe	1,000	0.00
P.A.Jayawardena	10,000	0.03
Dr. T. Senthilverl	500,000	1.26
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 30.09.2010 is 31.46%

Selected Performance Indicators

Indicator	Company		Group	
	as at 30.09.2010	as at 31.03.2010	as at 30.09.2010	as at 31.03.2010
Asset Quality (Rs. 000)				
Total accommodations (Net of interest in suspense)	6,284,406	5,234,608	6,287,987	5,239,029
Net total accommodations (Net of provision for bad and doubtful debts & interest in suspense)	6,073,022	5,035,084	6,076,602	5,039,130
Non-performing accommodations(Net of interest in suspense)	346,118	396,291	346,118	396,291
Liquidity (Rs. 000)				
Required minimum amount of liquid assets	604,023	483,788	604,023	483,788
Available amount of liquid assets	727,079	845,277	730,029	845,580
Required minimum amount of Government securities	233,411	233,411	233,411	233,411
Available amount of Government securities	504,445	700,065	504,445	700,065
Capital Adequacy				
Core capital to risk weighted assets ratio (Minimum 5%)	8.72%	9.17%	8.74%	9.19%
Total capital to risk weighted assets ratio (Minimum 10%)	8.72%	9.17%	8.74%	9.19%
Capital funds to total deposit liabilities ratio (minimum 10%)	9.57%	10.30%	9.59%	10.32%
Profitability				
Return on average assets(%)	2.8%	1.2%	2.8%	1.2%
Return on average equity(%)	36.1%	16.8%	36.1%	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	571,052,757	499,379,334	101,311,404	105,988,987	3,023,478	-	123,558,032	94,487,244	798,945,671	699,855,565
Fee Based Income & Others	-	-	-	-	-	-	-	-	83,592,778	29,656,315
Total Revenue	571,052,757	499,379,334	101,311,404	105,271,407	3,023,478	-	123,558,032	94,487,244	882,538,449	729,511,880
Segmental Results	571,052,757	499,379,334	101,311,404	105,271,407	3,023,478	-	123,558,032	94,487,244	882,538,449	729,511,880
Unallocated Expenses	-	-	-	-	-	-	-	-	(770,477,866)	(709,870,172)
Profit from Operations	-	-	-	-	-	-	-	-	112,060,583	19,641,708
Income Tax expenses	-	-	-	-	-	-	-	-	(12,000,000)	(6,000,000)
Net Profit for the Period	-	-	-	-	-	-	-	-	100,060,583	13,641,708
Segment Asset	4,700,154,204	3,426,836,402	977,937,555	747,973,792	45,596,598	-	352,702,678	256,196,761	6,076,391,035	4,431,006,955
Unallocate Assets	-	-	-	-	-	-	-	-	1,748,768,121	1,346,870,806
Total Assets	-	-	-	-	-	-	-	-	7,825,159,156	5,777,877,761