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28th October 2015

The Board of Directors
Citizen Development Business Finance PLC
No. 18
Orabipasha Mawatha
Colombo 10.

Dear Sirs,

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF CITIZEN DEVELOPMENT BUSINESS FINANCE PLC

This report has been prepared for the inclusion in the Prospectus issued in connection with the Public Offer of Rated, Subordinated, Guaranteed and Redeemable Debentures of Rs. 1 Billion.

We have examined the financial statements of Citizen Development Business Finance PLC ("the Company") for the financial years ended 31st March 2011 to 31st March 2015, included in the prospectus and report as follows.

1. INCORPORATION

Citizen Development Business Finance PLC ("the Company") is a public limited liability company incorporated on 7th September 1995 and domiciled in Sri Lanka. The debentures of the Company have a primary listing on the Colombo Stock Exchange. It is licensed by Monetary Board of the Central Bank of Sri Lanka to provide vast range of financial services under the Finance Business Act No. 42 of 2011 and also registered under the Finance Leasing Act No. 56 of 2000. As per section 487(2) of Companies Act No 7 of 2007 the Company has been re-registered. The registered office of the Company is situated at No. 123, Orabipasha Mawatha, Colombo 10.

2. FINANCIAL STATEMENTS

2.1 Five Years Summary of Financial Statements

A summary of Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows of Citizen Development Business Finance PLC for the years ended 31st March 2011 to 31st March 2015, based on the audited financial statements of the Company are set out in Annexure 1.

Summaries presented for Assets, Liabilities and Shareholders' funds for financial years ended 31st March 2011 to 31st March 2015 are based on the financial statements prepared in accordance with SLFRSs and LKASs, effective from 1st January 2012 applied from the date of transition of 1st April 2011.



Operating results summaries presented for financial years ended 31st March 2012, 2013, 2014 and 2015 are based on the financial statements prepared in accordance with SLFRSs and LKASs, effective from 1st January 2012 applied from the date of transition of 1st April 2011, whereas the financial information presented for the years ended 31st March 2011 is based on the financial statements prepared in accordance with the previous SLASs.

2.2 Audit Reports

We have audited the financial statements of the Company for the years ended 31st March 2011 to 31st March 2015. Unqualified audit opinions have been issued for the said financial years.

2.3 Application of Accounting Standards and Accounting Policies

The financial statements of the Company for the financial years ended 31st March 2011 to 31st March 2015 complied with the applicable Sri Lanka Accounting Standards.

The accounting policies of the Company are stated in detail in the audited financial statements of Citizen Development Business Finance PLC for the year ended 31st March 2015. The adoption of revised/new accounting standards and a summary of related amendments to the accounting policies of the Company from financial years ended 31st March 2011 to 31st March 2015 are given below.

| Financial Year | Adoption of revised Accounting Standards and related changes in Accounting Policies |
|-----------------------------|--|
| 31 st March 2011 | The statement of financial position as at 31 st March 2011 was restated in 2013 due to effects explained under "Adoption of revised/ new accounting standards and related changes in Accounting Policies for the year ended 31 st March 2013" as a result of the adoption of SLFRSs and LKASs, effective from 1 st January 2012. |
| 31 st March 2012 | The statement of financial position as at 31 st March 2012 was restated in 2013. due to effects explained under "Adoption of revised/ new accounting standards and related changes in Accounting Policies for the year ended 31 st March 2013" as a result of the adoption of SLFRSs and LKASs, effective from 1 st January 2012. |
| 31 st March 2013 | <p>The Institute of Chartered Accountants of Sri Lanka issued a new volume of Sri Lanka Accounting Standards which became applicable for the annual financial periods beginning on or after 1st January 2012. The Financial Statements which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes thereto have been prepared in accordance with these Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the institute of Chartered Accountants of Sri Lanka. The financial statements prepared for the year ended 31st March 2013 are the Company's first Financial Statements prepared in accordance with SLFRSs and SLFRS 1 "First-Time Adoption of Sri Lanka Financial Reporting Standards" has been applied. An explanation of how the transition to SLFRS has affected the reported statement of financial position, comprehensive income and cash flows of the Company is provided in the financial statements for the year ended 31st March 2013.</p> <p>Resulting implications of adopting SLFRSs were as follows;</p> |

Loans and receivables to customers

- Initial recognition of all Loans and receivables is at fair value plus directly attributable transaction costs.
- Loans and receivables are subsequently measured at amortized cost using effective interest method net of provision for impairment.
- Impairment of Loans and receivables are determined based on the objective evidence of impairment. The Company assesses the impairment on individual basis with respect to individually significant customers. For other customers, impairment is determined on collective basis using the incurred loss model.
- Interest income continued to be recognized on impaired loans on EIR basis.

Deposits

- Deposits are subsequently measured at amortized cost using effective interest rate over the estimated terms of the deposits.

Investment Securities

- Investment securities where management has the intention and the ability to hold till maturity are classified as held to maturity investments. Those investments are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost.
- Equity securities not held for trading are classified as Available for Sale and are measured at their fair value with the changes in fair value being taken to Other Comprehensive Income.
- Unquoted equity securities whose fair value cannot be reliably measured are carried at cost.
- Quoted Treasury Bills/Bonds are classified as Available for Sale and are measured at fair value with the changes in fair value being taken to Other Comprehensive Income.
- If available for sale financial asset is impaired, the difference between the carrying amount and the fair value less any previous impairment loss recognized in the income statement, is removed from Other Comprehensive Income and recognized in the income statement.

Dealing Securities

- Dealing securities are classified as "Fair Value through Profit or Loss" which are measured at fair value with the changes in fair value being taken through profit or loss.

Interest Income /expense

- Interest income and expenses are recognized in profit or loss using the effective interest method.
- Interest in suspense which had been made in accordance with Central Bank of Sri Lanka regulations has been reversed

| | |
|-----------------------------------|---|
| | <p>Fee and commission income</p> <ul style="list-style-type: none"> • All fees, points paid or received, transaction costs and other premiums or discounts are amortized over the expected life of the instrument. • Fee income on financial guarantee contracts, insurance commission, commission on money remittances and commission on debit card transactions are recognized as revenue over the period that the related services are provided. |
| <p>31st March 2014</p> | <p>Defined Benefit Plans</p> <ul style="list-style-type: none"> • The Company has adopted LKAS 19 Employee Benefits (Revised in 2013) with effect from 1st April 2013 in accordance with the transitional provisions in the standard and changed its basis for determining the expenses related to defined benefit plans. • As a result of the change, the Company now recognizes all the re measurements of the net defined liability in other comprehensive income. Re measurements of the net defined benefit liability comprise actuarial gain or losses. Previously, the Company recognized actuarial gain or losses in the Income Statement. The impact on change in the accounting policy has been applied retrospectively. |
| <p>31st March 2015</p> | <p>The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1st April 2014.</p> <ol style="list-style-type: none"> SLFRS 10 – Consolidated Financial Statements SLFRS 12 – Disclosure of Interests in Other Entities SLFRS 13 – Fair Value Measurement Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to SLFRS 7) Presentation of items of Other Comprehensive Income (Amendments to LKAS 1) <p>The nature and the effects of the changes are explained below:</p> <p>Fair Value Measurement</p> <p>In accordance with the transitional provisions of SLFRS 13, the Company has applied the new definition of fair value, prospectively. The change had no significant impact on the measurement of the Company’s assets and liabilities, but the Company has included new disclosures in the Financial Statements which are required under SLFRS 13.</p> <p>Offsetting Financial Assets and Financial Liabilities</p> <p>As a result of the amendments to SLFRS 7, the Company has expanded disclosure about offsetting financial assets and liabilities</p> |

| Presentation of Items of Other Comprehensive Income | |
|--|--|
| | As a result of the amendments to LKAS 1, the Company has modified the presentation of items of other comprehensive income in its Statement of Profit or Loss and Other Comprehensive Income, to present items that would be reclassified to profit in the future separately from those that would be never be. Comparative information has been represented on the same basis. |

2.4 Dividends

The Company has paid the following dividends in respect of Ordinary Shares during the years ended 31st March 2011 to 31st March 2015.

| Year ended 31st March | Dividend Paid Rs. 000 | Dividend Per Share Rs. |
|---|----------------------------------|---------------------------------------|
| 2011 | 79,370 | 2.00 |
| 2012 | 129,921 | 2.50 |
| 2013 | 149,339 | 2.75 |
| 2014 | 162,916 | 3.00 |
| 2015 | 190,068 | 3.50 |

Yours faithfully, _



Chartered Accountants
Colombo

Annexure 1

Five Year Summary

Citizen Development Business Finance PLC

Financial Performance

| <i>For the year Ended 31st March</i> | Company | | | | | GROUP | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------------|
| | 2014/2015 | 2013/2014 | 2012/2013 | 2011/2012 | 2010/2011* (Restated) | 2014/2015 | 2013/2014 | 2012/2013 | 2011/2012 | 2010/2011* (Restated) |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Gross Income | 6,703,708,676 | 6,267,603,700 | 4,311,850,070 | 2,877,978,004 | 2,226,022,713 | 6,737,383,800 | 6,267,603,800 | 4,311,850,070 | 2,833,323,000 | 2,226,237,404 |
| Profit Before Taxation | 951,420,464 | 729,968,049 | 669,993,111 | 644,272,579 | 561,270,581 | 968,250,999 | 729,868,049 | 669,893,111 | 534,668,373 | 558,008,475 |
| Taxation | 249,686,559 | 168,755,278 | 135,118,484 | 13,839,677 | 29,460,581 | 257,828,764 | 168,755,278 | 135,118,484 | 13,859,299 | 29,460,581 |
| Profit after Taxation | 701,733,905 | 561,212,771 | 534,874,627 | 630,432,902 | 531,810,000 | 710,422,235 | 561,112,771 | 534,774,627 | 520,809,074 | 528,547,894 |
| Other Comprehensive Income, Net of Income Tax | 186,271,144 | 199,942,458 | 226,448,727 | - | - | 186,349,694 | 199,942,458 | 226,448,727 | 46,593,600 | - |
| Total Comprehensive Income | 888,005,049 | 761,155,229 | 761,323,354 | 630,432,902 | 531,810,000 | 896,771,929 | 761,055,229 | 761,223,354 | 567,402,674 | 528,547,894 |

Citizen Development Business Finance PLC

Financial Position

| <i>As At 31st March</i> | 2014/2015 | 2013/2014 | 2012/2013 | 2011/2012 | 2010/2011 (Restated) | 2014/2015 | 2013/2014 | 2012/2013 | 2011/2012 | 2010/2011 (Restated) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Assets | | | | | | | | | | |
| Cash and Cash Equivalents | 313,394,279 | 462,555,296 | 205,326,279 | 121,343,098 | 49,343,058 | 334,358,488 | 465,890,822 | 208,661,805 | 124,678,624 | 52,292,975 |
| Deposits with Commercial Banks trading | 1,933,216,541 | 2,706,172,054 | 1,335,271,762 | 504,888,341 | 270,795,850 | 1,943,406,672 | 2,706,172,054 | 1,335,271,762 | 504,888,341 | 270,795,850 |
| Loans and receivables to customers | 56,220,230 | - | - | - | - | 56,220,230 | - | - | - | - |
| Loans and receivables to bank | 29,378,799,251 | 25,724,944,295 | 19,450,586,882 | 13,469,076,072 | 8,081,942,079 | 29,620,437,218 | 25,724,944,295 | 19,450,586,882 | 13,469,076,072 | 8,081,942,079 |
| Financial Investments - Available for sale | 301,700,000 | 227,999,991 | - | - | - | 301,700,000 | 227,999,991 | - | - | - |
| Financial Instruments - Held to maturity | - | - | 563,943,600 | 458,193,600 | 411,600,000 | - | - | 563,943,600 | 458,193,600 | 411,600,000 |
| Financial Instruments - Loans and Investment securities | - | - | 1,150,590,251 | 588,625,646 | 532,980,368 | - | - | 1,150,590,251 | 588,625,646 | 532,980,368 |
| Investment in subsidiaries | - | - | 140,164,014 | 326,000,000 | 187,379,059 | - | - | 140,164,014 | 326,000,000 | 187,379,059 |
| Property, Plant and Equipment | 3,140,348,599 | 2,624,291,042 | 2,745,447 | 2,745,447 | 5,000,000 | 3,146,426,620 | 2,624,291,042 | - | - | - |
| Goodwill on consolidation | 427,745,447 | 20,197,977 | 20,197,977 | 20,197,977 | 20,197,977 | 20,197,977 | 20,197,977 | 20,197,977 | 20,197,977 | 20,197,977 |
| Intangible Assets | 20,197,977 | 1,004,470,809 | 657,717,807 | 470,979,957 | 237,821,921 | 1,426,432,810 | 1,004,470,809 | 658,717,807 | 470,979,957 | 237,821,921 |
| Deferred tax assets | 1,421,342,866 | - | - | - | - | 244,179,431 | - | - | - | - |
| Other Assets | 71,159,770 | 77,783,761 | 69,115,379 | - | - | 75,792,298 | 77,783,761 | 69,115,379 | - | - |
| | - | - | - | 30,837,745 | - | - | - | - | 30,837,745 | - |
| | 949,583,620 | 917,381,613 | 858,272,042 | 621,040,743 | 593,532,925 | 955,914,234 | 917,380,813 | 858,272,042 | 621,039,943 | 593,532,925 |
| Total Assets | 38,013,708,580 | 33,768,542,285 | 24,453,931,440 | 16,613,928,626 | 10,390,593,237 | 38,125,065,978 | 33,769,131,564 | 24,455,521,519 | 16,614,517,905 | 10,388,543,154 |

Five Year Summary (Continued)

Citizen Development Business Finance PLC
Financial Position (Continued)

Liabilities

| | | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Due to banks | - | - | - | 97,262,273 | - | - | - | 97,262,273 | - | - |
| Due to customers | 27,079,133,660 | 24,518,192,737 | 17,771,172,664 | 11,699,662,914 | 7,770,659,215 | 27,079,133,660 | 24,518,192,737 | 17,771,172,664 | 11,699,662,914 | 7,770,659,215 |
| Debentures | 1,043,481,193 | 1,172,332,835 | 259,378,311 | 257,898,116 | 275,980,038 | 1,043,481,193 | 1,172,332,835 | 259,378,311 | 257,898,116 | 275,980,038 |
| Other borrowings | 3,780,763,484 | 3,142,005,650 | 2,503,704,580 | 1,800,533,575 | 751,674,339 | 3,838,570,678 | 3,142,005,650 | 2,503,704,580 | 1,800,533,575 | 751,674,339 |
| Current tax liability | 111,513,609 | 48,333,210 | 92,965,307 | 62,853,091 | 44,429,014 | 117,226,977 | 48,738,286 | 93,370,384 | 63,258,167 | 44,814,474 |
| Deferred tax liabilities | 282,079,149 | 145,383,295 | 31,912,358 | - | - | 283,654,115 | 145,383,295 | 31,912,358 | - | - |
| Retirement benefit obligations | 45,298,838 | 159,241,654 | 103,164,100 | 28,606,687 | 20,676,229 | 45,425,460 | 159,241,654 | 103,164,100 | 28,606,687 | 20,676,229 |
| Other liabilities | 1,369,435,106 | 1,006,138,792 | 726,535,918 | 364,609,339 | 428,472,839 | 1,378,202,112 | 1,006,523,795 | 726,821,720 | 364,794,342 | 428,380,041 |
| Total Liabilities | 33,711,705,039 | 30,191,628,173 | 21,488,833,238 | 14,311,425,995 | 9,291,891,674 | 33,785,694,195 | 30,192,418,252 | 21,489,524,117 | 14,312,016,074 | 9,292,184,336 |
| Equity | | | | | | | | | | |
| Stated Capital | 1,185,061,645 | 1,185,061,645 | 1,185,061,645 | 1,114,960,915 | 396,850,480 | 1,185,061,645 | 1,185,061,645 | 1,185,061,645 | 1,114,960,915 | 396,850,480 |
| Reserve Fund | 1,663,583,860 | 1,408,155,750 | 385,711,809 | 278,736,884 | 152,650,304 | 1,664,062,266 | 1,408,155,750 | 385,711,809 | 278,736,884 | 152,650,304 |
| Revaluation Reserve | | | 132,765,013 | 12,066,286 | 15,082,857 | | | 132,765,013 | 12,066,286 | 15,082,857 |
| Investment Fund Reserve | | | 50,933,191 | 21,102,344 | 3,012,215 | | | 50,933,191 | 21,102,344 | 3,012,215 |
| Available for fund reserve | | | 464,034,525 | 358,284,525 | 311,690,925 | | | 464,034,521 | 358,284,525 | 311,690,925 |
| Retained Earnings | 1,453,358,036 | 983,696,717 | 746,592,019 | 517,351,677 | 219,414,782 | 1,460,464,302 | 983,495,917 | 746,491,219 | 517,350,877 | 217,072,037 |
| Total parent company shareholders' equity | 4,302,003,541 | 3,576,914,112 | 2,965,098,202 | 2,302,502,631 | 1,098,701,563 | 4,309,588,213 | 3,576,713,312 | 2,964,997,398 | 2,302,501,831 | 1,096,358,818 |
| Non-controlling interests | | | | | | 29,783,570 | | | | |
| Total Equity | 4,302,003,541 | 3,576,914,112 | 2,965,098,202 | 2,302,502,631 | 1,098,701,563 | 4,339,371,783 | 3,576,713,312 | 2,964,997,398 | 2,302,501,831 | 1,096,358,818 |
| Total Liabilities & Equity | 38,013,708,580 | 33,768,542,285 | 24,453,931,440 | 16,613,928,626 | 10,390,593,237 | 38,125,065,978 | 33,769,131,564 | 24,454,521,515 | 16,614,517,905 | 10,388,543,154 |

*Based on SLAS applicable prior to 1st January 2012

Five Year Summary (Continued)

Citizen Development Business Finance PLC
Statement of Changes in Equity

| | Stated Capital | Revaluation Reserve | Available-for- sale reserve | Investment Fund reserve | Statutory Reserve Fund | Retained Earnings | Total | Minority Interest | Total Equity |
|--|-------------------|------------------------|-----------------------------------|----------------------------|------------------------------|----------------------|---------------|----------------------|---------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Balance as at April 01, 2010 | 396,850,480 | 15,082,857 | - | - | 46,288,304 | 54,993,404 | 513,215,045 | - | 513,215,045 |
| Net Profit For the period | - | - | - | - | - | 531,810,000 | 531,810,000 | - | 531,810,000 |
| Dividend Paid | - | - | - | - | - | (19,842,524) | (19,842,524) | - | (19,842,524) |
| Transfer From Reserves | - | - | - | 3,012,215 | 106,362,000 | (109,374,215) | - | - | - |
| Balance as at March 31, 2011 | 396,850,480 | 15,082,857 | - | 3,012,215 | 152,650,304 | 457,586,665 | 1,025,182,521 | - | 1,025,182,521 |
| Balance as at 31st March 2011 as previously reported | 396,850,480 | 15,082,857 | - | 3,012,215 | 152,650,304 | 457,586,665 | 1,025,182,521 | - | 1,025,182,521 |
| Impact of first time adaption of SLFRSs as at 1st April 2011 | - | - | 311,690,925 | - | - | (238,171,884) | 73,519,041 | - | 73,519,041 |
| Restated balance as at 1st April 2011 | 396,850,480 | 15,082,857 | 311,690,925 | 3,012,215 | 152,650,304 | 219,414,781 | 1,098,701,562 | - | 1,098,701,562 |
| Profit for the year 2011/2012 | - | - | - | - | - | 518,467,129 | 518,467,129 | - | 518,467,129 |
| Other comprehensive income for the year 2011/2012 | - | - | 46,593,600 | - | - | - | 46,593,600 | - | 46,593,600 |
| Total comprehensive income for the year 2011/2012 | - | - | 46,593,600 | - | - | 518,467,129 | 565,060,729 | - | 565,060,729 |
| Transactions with equity holders, recognized directly in equity Contributions by and distributions to equity holders | - | - | - | - | - | - | - | - | - |
| Final dividends for year 2011/2012 | - | - | - | - | - | (79,370,096) | (79,370,096) | - | (79,370,096) |
| Shares issued | 718,110,435 | - | - | - | - | - | 718,110,435 | - | 718,110,435 |
| Total contributions by and distributions to equity holders | 718,110,435 | - | - | - | - | (79,370,096) | 638,740,339 | - | 638,740,339 |
| Transfer of revaluation reserve on disposal of property plant and equipment | - | (3,016,571) | - | - | - | 3,016,571 | - | - | - |
| Transfers during the year 2011/2012 | - | - | - | 18,090,129 | 126,086,580 | (144,176,709) | - | - | - |
| Balance as at 31st March 2012 | 1,114,960,915 | 12,066,286 | 358,284,525 | 21,102,344 | 278,736,884 | 517,351,676 | 2,302,502,630 | - | 2,302,502,630 |
| Balance as at 1st April 2012 | 1,114,960,915 | 12,066,286 | 358,284,525 | 21,102,344 | 278,736,884 | 517,351,676 | 2,302,502,630 | - | 2,302,502,630 |
| Restated profit for the year | - | - | - | - | - | 489,164,061 | 489,164,061 | - | 489,164,061 |
| Restated other comprehensive income for the year | - | 120,698,727 | 105,750,000 | - | - | 6,803,343 | 233,252,070 | - | 233,252,070 |
| Transactions with equity holders, recognized directly in equity contribution by and distribution to equity holders | - | 120,698,727 | 105,750,000 | - | - | 6,803,343 | 233,252,070 | - | 233,252,070 |
| | - | 120,698,727 | 105,750,000 | - | - | 495,967,404 | 722,416,131 | - | 722,416,131 |
| Final dividends for the year - script 2011/12 | 70,100,730 | - | - | - | - | (70,100,730) | - | - | - |
| Final dividends for the year - cash 2012/13 | - | - | - | - | - | (59,820,560) | - | - | - |
| Transfers during the year | - | - | - | 29,830,847 | 106,974,925 | (136,805,772) | - | - | - |
| Total contribution by and distributions to equity holders | 1,185,061,645 | 132,765,013 | 464,034,525 | 50,933,191 | 385,711,809 | 746,491,219 | 2,964,997,402 | - | 2,964,997,402 |
| Balance as at 31st March 2013 | 1,185,061,645 | 132,765,013 | 464,034,525 | 50,933,191 | 385,711,809 | 746,491,219 | 2,964,997,402 | - | 2,964,997,402 |
| Balance as at 1st April 2013 | 1,185,061,645 | 132,765,013 | 464,034,525 | 50,933,191 | 385,711,809 | 746,491,219 | 2,964,997,402 | - | 2,964,997,402 |
| Profit for the year Period | - | - | - | - | - | 561,112,771 | 561,112,771 | - | 561,112,771 |
| | 1,185,061,645 | 132,765,013 | 464,034,525 | 50,933,191 | 385,711,809 | 1,307,603,990 | 3,526,110,173 | - | 3,526,110,173 |
| Other Comprehensive Income | - | - | - | - | - | (25,713,942) | (25,713,942) | - | (25,713,942) |
| Remeasurement of defined benefit liability (asset) | - | - | - | - | - | - | - | - | - |
| Net actuarial gain or loss of defined benefit plan | - | - | - | - | - | - | - | - | - |
| Net change in fair value of available for sale financial assets | - | - | 225,656,400 | - | - | - | 225,656,400 | - | 225,656,400 |
| Transaction with equity holders of the company contribution and distributions | 1,185,061,645 | 132,765,013 | 689,690,925 | 50,933,191 | 385,711,809 | 1,281,890,048 | 3,726,052,631 | - | 3,726,052,631 |
| Contribution or distributions | - | - | - | - | - | - | - | - | - |
| Dividend to equity holders | - | - | - | - | - | (149,339,319) | (149,339,319) | - | (149,339,319) |
| Transfers during the year | - | - | - | 36,812,258 | 112,242,554 | (149,054,812) | - | - | - |
| Balance as at 31 march 2014 | 1,185,061,645 | 132,765,013 | 689,690,925 | 87,745,449 | 497,954,363 | 983,495,917 | 3,576,713,312 | - | 3,576,713,312 |
| Balance as at 1st April 2014 | 1,185,061,645 | 132,765,013 | 689,690,925 | 87,745,449 | 497,954,363 | 983,495,917 | 3,576,713,312 | - | 3,576,713,312 |
| Profit for the year Period | - | - | - | - | - | 709,451,620 | 709,451,620 | 970,615 | 710,422,235 |
| Other Comprehensive Income | - | - | - | - | - | - | - | - | - |
| Remeasurement of defined benefit liability (asset) | - | - | - | - | - | - | - | - | - |
| Net actuarial gain or loss of defined benefit plan | - | - | - | - | - | (26,997,825) | (26,997,825) | 10,792 | (26,987,033) |
| Expected return of plan asset | - | - | - | - | - | 10,509,949 | 10,509,949 | - | 10,509,949 |
| Fair value reserve (available for sale financial assets) | - | - | 164,518,800 | - | - | - | 164,518,800 | - | 164,518,800 |
| Net change in fair value | - | - | - | - | - | - | - | - | - |
| Revaluation surplus | - | 38,307,978 | - | - | - | - | 38,307,978 | - | 38,307,978 |
| Transaction with equity holders of the company contribut | 1,185,061,645 | 171,072,991 | 854,209,725 | 87,745,449 | 497,954,363 | 1,676,459,661 | 4,472,503,834 | 981,407 | 4,473,485,241 |
| Dividend to equity holders | - | - | - | - | - | (162,915,621) | (162,915,621) | - | (162,915,621) |
| Acquisition made during the year | - | - | - | - | - | - | - | 28,802,163 | 28,802,163 |
| Net transfers during the year | - | - | - | (87,745,449) | 140,825,187 | (53,079,738) | - | - | - |
| Balance as at 31 march 2015 | 1,185,061,645 | 171,072,991 | 854,209,725 | - | 638,779,550 | 1,460,464,302 | 4,309,588,213 | 29,783,570 | 4,339,371,783 |

Five Year Summary (Continued)

Citizen Development Business Finance PLC

| Performance Indicators | | 2014/2015 | 2013/2014 | 2012/2013 | 2011/2012 | 2010/2011* |
|---|-------|------------------|------------------|------------------|------------------|-------------------|
| Return on Average Assets | % | 1.96% | 1.93% | 2.60% | 4.67% | 6.23% |
| Return on Average Equity | % | 17.81% | 17.16% | 20.31% | 37.07% | 65.98% |
| Income Growth | % | 6.96% | 45.36% | 49.82% | 29.29% | 17.23% |
| Dividends Cover | Times | 3.69 | 3.44 | 3.63 | 5.24 | 6.70 |
| Property ,Plant and equipment to Shareholders'funds | % | 33.04% | 28.08% | 22.18% | 20.46% | 21.65% |
| Total Assets to Shareholders Funds | Times | 8.84 | 9.44 | 8.25 | 7.22 | 9.46 |
| Total Deposit Liabilities to Capital | % | 4.38% | 4.83% | 6.67% | 9.53% | 5.11% |
| Capital funds to liabilities (including contingent liabilities) | % | 3.52% | 3.93% | 5.51% | 7.79% | 4.27% |
| Liquid Assets to Liabilities | % | 3.91% | 4.57% | 4.95% | 5.19% | 6.92% |

Share Information

Market Value per Share

| | | | | | | |
|----------------------|-----|-------|-------|-------|-------|-------|
| - Voting | LKR | 85.00 | 46.00 | 40.10 | 40.50 | 81.20 |
| - Non Voting | LKR | 73.90 | 37.50 | 29.10 | 54.00 | 0.00 |
| Earnings per Share | LKR | 12.92 | 10.33 | 9.99 | 13.10 | 13.40 |
| Dividends per Share | LKR | 3.50 | 3.00 | 2.75 | 2.50 | 2.00 |
| Net Assets per Share | LKR | 79.22 | 65.87 | 54.60 | 44.31 | 2.77 |

Other Information

| | | | | | | |
|--------------------|--|-------|-------|-----|-----|-----|
| Number of Branches | | 59 | 59 | 44 | 35 | 33 |
| Number of Staff | | 1,136 | 1,109 | 825 | 728 | 578 |

** Based on SLAS applicable prior to 1st January 2012*

Five Year Summary (Continued)

Citizen Development Business Finance PLC
Statement Of Cash Flow

| Year Ended 31st March | Company | | | | | Group | | | | |
|---|----------------------|----------------------|----------------------|----------------------|-------------------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------------|
| | 2014/2015 Rs.'000 | 2013/2014 Rs.'000 | 2012/2013 Rs.'000 | 2011/2012 Rs.'000 | 2010/2011* (Restated) Rs.'000 | 2014/2015 Rs.'000 | 2013/2014 Rs.'000 | 2012/2013 Rs.'000 | 2011/2012 Rs.'000 | 2010/2011* (Restated) Rs.'000 |
| Cash Flow from Operating Activities | | | | | | | | | | |
| Interest Receipts | 6,297,268,127 | 5,786,355,711 | 4,154,193,935 | 2,482,015,468 | 1,719,254,184 | 6,329,183,076 | 5,786,355,711 | 4,154,193,935 | 2,482,015,468 | 1,719,468,875 |
| Commission Receipts | 172,003,223 | 165,333,038 | 114,708,002 | 105,016,985 | 76,680,227 | 172,003,223 | 165,333,038 | 114,708,002 | 105,016,985 | 76,680,227 |
| Other Income | 271,976,768 | 59,600,783 | 106,833,228 | 166,907,770 | 106,930,633 | 272,012,768 | 59,600,783 | 106,833,228 | 166,907,770 | 106,930,633 |
| Interest Payments | (3,363,410,589) | (3,251,950,602) | (2,070,883,097) | (1,132,983,965) | (851,371,171) | (3,369,414,261) | (3,251,950,602) | (2,070,883,097) | (1,132,983,965) | (851,371,171) |
| Fees and Business promotion Expenses | (68,182,557) | (64,973,151) | (62,884,584) | (139,646,678) | (157,113,085) | (68,182,557) | (64,973,151) | (62,884,584) | (139,646,678) | (157,467,947) |
| Employees Related Payments | (558,873,852) | (491,755,275) | (343,678,781) | (284,613,609) | (195,427,212) | (559,914,045) | (491,755,275) | (343,678,781) | (284,613,609) | (195,427,212) |
| Suppliers Payment | (672,688,627) | (616,951,912) | (154,777,607) | (459,153,996) | (238,256,294) | (680,868,140) | (616,951,912) | (154,777,607) | (458,768,388) | (238,256,294) |
| Financial Expenses | (15,471,148) | (24,560,204) | (17,148,050) | (11,018,569) | (12,201,431) | (15,471,148) | (24,560,204) | (17,148,050) | (11,018,569) | (12,201,431) |
| Operating Profit/ (Loss) Before Changes in Operating Assets | 2,062,621,345 | 1,561,098,388 | 1,726,363,046 | 726,523,406 | 448,495,851 | 2,079,348,916 | 1,561,098,388 | 1,726,363,046 | 726,909,014 | 448,355,680 |
| (Increase)/ Decrease in Operating Assets | | | | | | | | | | |
| Investments in License Commercial banks and other Financial Institution | 772,955,513 | (1,261,652,466) | (832,681,347) | (227,495,565) | (156,323,234) | 833,830,968 | (1,261,652,466) | (832,681,347) | (227,495,565) | (156,323,234) |
| Investment in Government Securities | (486,561,195) | (771,936,768) | (374,632,094) | (204,010,959) | 38,388,834 | (492,516,516) | (771,936,768) | (374,632,094) | (204,010,959) | 38,388,834 |
| Net Funds Advanced to Customers | (4,131,429,693) | (6,613,344,388) | (6,169,188,965) | (5,376,509,721) | (2,877,842,892) | (4,035,683,491) | (6,613,344,388) | (6,169,188,965) | (5,376,509,721) | (2,877,168,218) |
| Changes in Other Short Term Assets | 4,118,216 | (192,953,232) | (174,615,468) | 42,359,148 | (162,831,399) | 7,950,250 | (192,953,232) | (174,615,468) | 42,359,148 | (160,718,379) |
| Inventories | (83,015,976) | 27,240,730 | (212,632,452) | (61,059,549) | 52,508,081 | (83,015,976) | 27,240,730 | (212,632,452) | (61,059,549) | 52,508,081 |
| | (1,861,311,790) | (7,251,547,736) | (6,037,387,280) | (5,100,193,240) | (2,657,604,759) | (1,690,085,849) | (7,251,547,736) | (6,037,387,280) | (5,099,807,632) | (2,654,957,236) |
| Increase/ (Decrease) in Operating Liabilities | | | | | | | | | | |
| Borrowings | 700,875,813 | 638,301,070 | 586,438,656 | 995,127,752 | (19,968,321) | 540,846,761 | 638,301,070 | 586,438,656 | 995,127,752 | (19,968,321) |
| Deposits from customers | 2,480,778,103 | 6,445,567,918 | 5,808,594,701 | 3,900,032,381 | 2,650,867,209 | 2,480,778,103 | 6,445,567,918 | 5,808,594,701 | 3,900,032,381 | 2,650,867,209 |
| | 3,181,653,916 | 7,083,868,988 | 6,395,033,357 | 4,895,160,133 | 2,630,898,888 | 3,021,624,864 | 7,083,868,988 | 6,395,033,357 | 4,895,160,133 | 2,630,898,888 |
| Net Cash (used in)/ generated from operating Activities | 1,320,342,126 | (167,678,748) | 357,646,077 | (205,033,107) | (26,705,871) | 1,331,539,015 | (167,678,748) | 357,646,077 | (204,647,499) | (24,058,348) |
| Gratuity paid / Contribution to plan assets | (179,784,827) | (827,877) | (493,460) | (554,180) | - | (179,784,827) | (827,877) | (493,460) | (554,180) | - |
| Value Added Tax | - | - | - | (10,807,462) | (99,862,738) | - | - | - | (10,807,462) | (99,862,738) |
| Taxation | (43,372,004) | 1,062,256 | 31,338,880 | - | - | (44,364,495) | 1,062,256 | 31,338,880 | - | - |
| Economic Service Charge | - | - | - | (15,942,954) | (22,144,973) | - | - | - | (15,942,954) | (22,144,973) |
| | 1,097,185,295 | (167,444,369) | 388,491,497 | (232,337,703) | (148,713,582) | 1,107,389,693 | (167,444,369) | 388,491,497 | (231,952,095) | (146,066,059) |
| Cash Flow from Investing Activities | | | | | | | | | | |
| Investment Property | - | - | - | - | - | - | - | - | - | - |
| Investment in subsidiary | (425,000,000) | - | - | - | - | (425,000,000) | - | - | - | - |
| Dividend receipts | 9,064,000 | 7,068,000 | 3,684,000 | 3,102,000 | 2,580,235 | 9,064,000 | 7,068,000 | 3,684,000 | 3,102,000 | 2,580,235 |
| Net Investment in Debentures | 5,102,199 | - | (4,000,000) | - | - | 5,102,199 | - | (4,000,000) | - | - |
| Purchase of Property, Plant & Equipment | (528,218,833) | (469,608,957) | (220,758,047) | (299,958,728) | (76,475,134) | (531,350,523) | (469,608,957) | (220,758,047) | (299,958,728) | (76,475,134) |
| Proceeds from sale of Property, Plant & Equipment | 122,851 | 4,531,250 | 2,062,499 | 8,721,638 | 5,976,874 | 122,851 | 4,531,250 | 2,062,499 | 8,721,638 | 5,976,874 |
| Net Cash Inflows/(Outflows) Investing Activities | (938,929,783) | (458,009,707) | (219,011,548) | (288,135,090) | (67,918,025) | (942,061,473) | (458,009,707) | (219,011,548) | (288,135,090) | (67,918,025) |

Five Year Summary (Continued)

Citizen Development Business Finance PLC
Statement Of Cash Flow (Continued)

| Year Ended 31st March | Company | | | | | Group | | | | |
|--|----------------------|----------------------|----------------------|----------------------|-------------------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------------|
| | 2014/2015 Rs.'000 | 2013/2014 Rs.'000 | 2012/2013 Rs.'000 | 2011/2012 Rs.'000 | 2010/2011* (Restated) Rs.'000 | 2014/2015 Rs.'000 | 2013/2014 Rs.'000 | 2012/2013 Rs.'000 | 2011/2012 Rs.'000 | 2010/2011* (Restated) Rs.'000 |
| Cash Flow from Financing Activities | | | | | | | | | | |
| Dividend Paid | (162,915,621) | (149,339,319) | (59,820,560) | (79,370,096) | (19,842,524) | (162,915,621) | (149,339,319) | (59,820,560) | (79,370,096) | (19,842,524) |
| Issue of Shares | - | - | - | 718,110,435 | - | - | - | - | 718,110,435 | - |
| Net change in Debentures | (128,851,642) | 912,954,524 | - | (17,069,000) | 193,189,000 | (128,851,642) | 912,954,524 | - | (17,069,000) | 193,189,000 |
| Net Cash Inflow (out flows) from Financing Activities | (291,767,263) | 763,615,205 | (59,820,560) | 621,671,339 | 173,346,476 | (291,767,263) | 763,615,205 | (59,820,560) | 621,671,339 | 173,346,476 |
| Net Increase/(Decrease) In Cash and Cash Equivalents | (133,511,751) | 138,161,129 | 109,659,389 | 101,198,546 | (43,285,131) | (126,439,043) | 138,161,129 | 109,659,389 | 101,584,154 | (40,637,608) |
| Cash and Cash Equivalents at the beginning of the Year | 199,086,859 | 60,925,730 | (48,733,659) | (149,932,205) | (106,647,073) | 202,422,385 | 64,261,256 | (45,398,133) | (146,982,288) | (106,344,680) |
| Cash and Cash Equivalents at the end of the Year | 65,575,108 | 199,086,859 | 60,925,730 | (48,733,659) | (149,932,204) | 75,983,342 | 202,422,385 | 64,261,256 | (45,398,134) | (146,982,288) |
| Cash and Cash Equivalents at the beginning of the Year | 462,555,296 | 205,326,279 | 121,343,098 | 49,343,058 | 7,165,259 | 465,890,822 | 208,661,805 | 124,678,624 | 52,292,975 | 7,467,653 |
| Cash at bank and in hand | (263,468,437) | (144,400,549) | (170,076,757) | (199,275,263) | (113,812,333) | (263,468,437) | (144,400,549) | (170,076,757) | (199,275,263) | (113,812,333) |
| Bank overdraft | 199,086,859 | 60,925,730 | (48,733,659) | (149,932,205) | (106,647,074) | 202,422,385 | 64,261,256 | (45,398,133) | (146,982,288) | (106,344,680) |
| Cash and Cash Equivalents at the end of the Year | 313,394,279 | 462,555,296 | 205,326,279 | 121,343,098 | 49,343,058 | 321,425,914 | 465,890,822 | 208,661,805 | 124,678,624 | 52,292,975 |
| Cash at bank and in hand | (247,819,171) | (263,468,437) | (144,400,549) | (170,076,757) | (199,275,263) | (245,441,571) | (263,468,437) | (144,400,549) | (170,076,757) | (199,275,263) |
| Bank overdraft | 65,575,108 | 199,086,859 | 60,925,730 | (48,733,659) | (149,932,205) | 75,984,343 | 202,422,385 | 64,261,256 | (45,398,133) | (146,982,288) |

* Based on SLAS applicable prior to 1st January 2012