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30 October 2019

The Board of Directors
Citizens Development Business Finance PLC
No.123
Orabipasha Mawatha
Colombo 10.

Dear Sirs,

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF CITIZENS 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, Unsecured, Listed and Redeemable Debenture of Rs. 500 million, with an option to issue up to a further Rs. 500 million in the event the initial Rs. 500 million debentures are oversubscribed and with a further option of issuing up to Rs. 250 million of said debentures in the event the further Rs.500 million debentures are oversubscribed.

We have examined the financial statements of Citizens Development Business Finance PLC ("the Company") for the financial years ended 31st March 2015 to 31st March 2019, included in the prospectus and report as follows.

1. INCORPORATION

Citizens 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 Citizens Development Business Finance PLC for the years ended 31st March 2015 to 31st March 2019, based on the audited financial statements of the Company are set out in Annexure 1.

Summaries presented for Operating Results, Assets, Liabilities and Shareholders' funds for financial years ended 31st March 2015 to 31st March 2019 are based on the financial statements prepared in accordance with SLFRSs and LKASs.

2.2 Audit Reports

We have audited the financial statements of the Company for the years ended 31st March 2015 to 31st March 2019. 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 2015 to 31st March 2019 complied with the applicable Sri Lanka Accounting Standards.

The accounting policies of the Company are stated in detail in the audited financial statements of Citizens Development Business Finance PLC for the year ended 31st March 2019. 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 2015 to 31st March 2019 are given below.

Financial Year	Adoption of revised Accounting Standards and related changes in Accounting Policies
31 st March 2015	<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> <ul style="list-style-type: none">(a) SLFRS 10 -Consolidated Financial Statements(b) SLFRS 12 -Disclosure of Interests in Other Entities(c) SLFRS 13 -Fair Value Measurement(d) Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to SLFRS 7)(e) 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> <p>Presentation of Items of Other Comprehensive Income</p> <p>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.</p>
31 st March 2016	There were no material changes.
31 st March 2017	There were no material changes.
31 st March 2018	<p>The Institute of Chartered Accountants of Sri Lanka issued a new Sri Lanka Financial Reporting Standard which became applicable for the annual financial periods beginning on or after 1st January 2018. The Company has early adopted the SLFRS 9 “Financial Instruments” with the date of initial application of 1st April 2017. The nature and the effects of the changes are explained below:</p> <p>Classification and measurement of financial assets and financial liabilities</p> <p>SLFRS 9 – “Financial Instruments” contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under SLFRS 9 – “Financial Instruments” is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 9 - Financial Instruments” eliminates the previous LKAS 39 – “Financial Instruments: Recognition and Measurement” categories of held for trading, held to maturity, loans and receivables and available for sale. Under SLFRS 9 – “Financial Instruments”, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification</p> <p>Impairment of financial assets</p> <p>SLFRS 9 – “Financial Instruments” replaces the “Incurred Loss” model in LKAS 39 – “Financial Instruments: Recognition and Measurement” with a forward-looking “Expected Credit Loss” (ECL) model. The new model applies to financial assets that are not measured at FVTPL, including loans and receivables, and all other debt securities. ECL does not apply to equity investments and need to be measured at fair value.</p> <p>Hedge accounting</p> <p>The new general hedge accounting model in SLFRS 9 – “Financial Instruments”. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward – looking approach to assessing hedge effectiveness. SLFRS 9 – “Financial Instruments” require extensive new disclosures in particular about hedge accounting.</p> <p>The general hedge accounting requirements of SLFRS 9 – “Financial Instruments” retain the three types of hedge accounting mechanisms in LKAS 39</p>



	– “Financial Instruments: Recognition and Measurement”. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is no longer required.
31 st March 2019	There were no material changes.

2.4 Dividends

The Company has paid the following dividends in respect of Ordinary Shares during the years ended 31st March 2015 to 31st March 2019.

Year ended 31 st March	Dividend Paid Rs. '000	Dividend per share Rs.
2015	190,068	3.50
2016	190,068	3.50
2017	190,068	3.50
2018	271,526	5.00
2019	339,408	5.00

The dividend has been paid Rs.2.50 in the form of cash dividend and the balance Rs.2.50 in the form of scrip dividend for the year ended 31st March 2019.

Yours faithfully,

Chartered Accountants
Colombo

Annexure 1 - Five Year Summary
Citizens Development Business Finance PLC
Financial Performance
For the year ended 31st March

	Company					Group				
	2018/19	2017/18	2016/2017	2015/2016	2014/2015	2018/19	2017/18	2016/2017	2015/2016	2014/2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross income	16,240,520	11,784,862	8,591,219	7,486,005	6,907,077	16,920,793	12,049,986	8,703,057	7,549,279	6,940,752
Profit before tax	2,111,366	1,686,817	1,227,501	1,253,944	951,420	2,236,225	1,764,214	1,259,779	1,278,467	968,251
Income tax expense	401,173	285,629	220,986	248,790	249,687	428,111	310,063	234,695	257,693	257,829
Profit for the year	1,710,193	1,401,188	1,006,515	1,005,153	701,733	1,808,114	1,454,151	1,025,084	1,020,774	710,422
Total other comprehensive income	74,337	(113,718)	372,749	(65,120)	186,271	74,471	(113,773)	374,411	(64,407)	186,350
Total comprehensive income for the year	1,784,530	1,287,470	1,379,264	940,033	888,005	1,882,585	1,340,378	1,399,495	956,367	896,772

Citizens Development Business Finance PLC
Statement of Financial Position
As at 31st March

	Company					Group				
	2018/19	2017/18	2016/2017	2015/2016	2014/2015	2018/19	2017/18	2016/2017	2015/2016	2014/2015
	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	1,093,874	2,974,825	454,061	722,351	313,394	1,189,251	3,039,663	507,020	729,789	334,358
Financial assets measured at fair value through profit or loss (FVTPL)	1,687,004	1,485,315	163,041	121,963	56,220	1,727,013	1,519,227	163,041	121,963	56,220
Loans and receivables to banks	3,094,312	1,425,000	655,673	2,967,870	301,700	3,195,205	1,475,356	655,673	2,979,124	301,700
Deposits with financial institutions	6,719,704	2,392,827	1,893,615	1,602,179	1,933,217	6,719,704	2,392,827	1,893,615	1,610,311	1,943,407
Loans and receivables to customers	69,133,049	59,438,349	43,189,010	38,538,920	29,378,799	71,582,081	60,585,395	43,605,197	38,753,565	29,620,437
Other investment securities	1,313,861	2,471,305	3,563,432	3,272,075	3,140,349	1,319,177	2,476,583	3,637,045	3,305,827	3,146,427
Investment in subsidiaries	509,918	509,918	509,918	509,918	427,745	-	-	-	-	-
Investment property	20,198	20,198	20,198	20,198	20,198	20,198	20,198	20,198	20,198	20,198
Property, plant and equipment	2,369,187	2,029,222	1,839,091	1,606,958	1,421,343	2,384,016	2,042,777	1,841,768	1,610,638	1,426,433
Intangible assets	82,791	86,149	65,684	68,319	71,160	97,838	101,692	84,568	71,364	75,792
Goodwill on consolidation	-	-	-	-	-	244,180	244,180	244,179	244,179	244,179
Other assets	3,408,541	2,669,002	1,580,562	1,195,561	949,584	3,499,958	2,699,662	1,581,148	1,199,129	955,914
Total assets	89,432,439	75,502,110	53,934,285	50,626,312	38,013,709	91,978,621	76,597,560	54,233,453	50,646,087	38,125,066
Liabilities										
Derivative financial liabilities	363,153	-	-	-	-	363,153	-	-	-	-
Deposits from customers	47,236,367	44,709,832	32,601,836	30,887,694	27,079,134	47,222,578	44,705,409	32,590,453	30,803,916	27,079,134
Debt securities issued	3,980,483	4,081,033	2,075,631	1,044,135	1,043,481	3,980,483	4,081,033	2,075,631	1,044,135	1,043,481
Other interest-bearing borrowings	24,509,877	15,114,486	10,957,017	11,301,685	3,780,763	26,473,852	15,831,490	11,117,538	11,309,582	3,838,571
Current tax liabilities	556,748	443,080	178,702	109,133	111,514	633,142	445,407	179,108	111,020	117,227
Deferred tax liabilities	1,357,419	860,819	628,721	479,765	282,079	1,336,061	887,200	638,987	481,840	283,654
Retirement benefit obligation	7,369	60,727	15,794	53,036	45,299	7,681	61,017	15,861	53,036	45,425
Other liabilities	2,755,620	3,079,734	1,235,419	1,698,895	1,369,435	3,091,402	3,326,267	1,300,954	1,736,886	1,378,202
Total liabilities	80,767,036	68,349,711	47,693,120	45,574,344	33,711,705	83,108,352	69,337,823	47,918,531	45,540,416	33,785,694
Equity										
Stated capital	1,185,062	1,185,062	1,185,062	1,185,062	1,185,062	1,185,062	1,185,062	1,185,062	1,185,062	1,185,062
Reserve fund	2,240,486	1,753,868	2,402,088	1,802,101	1,663,584	2,240,471	1,758,999	2,406,392	1,803,893	1,664,062
Retained earnings	5,239,855	4,213,469	2,654,015	2,064,806	1,453,358	5,399,141	4,279,468	2,690,686	2,086,229	1,460,464
Total parent company shareholders' equity	8,665,403	7,152,399	6,241,165	5,051,968	4,302,004	8,824,674	7,223,529	6,282,140	5,075,183	4,309,588
Non-controlling interests	-	-	-	-	-	45,595	36,208	32,782	30,488	29,784
Total equity	8,665,403	7,152,399	6,241,165	5,051,968	4,302,004	8,870,269	7,259,737	6,314,922	5,105,671	4,339,372
Total liabilities and equity	89,432,439	75,502,110	53,934,285	50,626,312	38,013,709	91,978,621	76,597,560	54,233,453	50,646,087	38,125,066

* Brackets indicate negative numbers

Five Year Summary (Continued)
Citizens Development Business Finance PLC
Statement of Changes in Equity (Company)

	Stated capital	Revaluation reserve	Available-for-sale reserve	Investment fund reserve	Statutory reserve fund	Retained earnings	Total equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2014	1,185,062	132,765	689,691	87,745	497,954	983,697	3,576,914
Profit for the period	-	-	-	-	-	701,734	701,734
Other Comprehensive Income							
Remeasurement of defined benefit liability (asset)							
Net actuarial gain or loss of defined benefit plan	-	-	-	-	-	(27,066)	(27,066)
Expected return of plan assets	-	-	-	-	-	10,510	10,510
Fair value reserve (available for sale financial assets)							
Net change in fair value	-	-	164,519	-	-	-	164,519
Revaluation surplus of lands	-	38,308	-	-	-	-	38,308
	1,185,062	171,073	854,210	87,745	497,954	1,668,875	4,464,919
Transaction with equity holders of the company contribution and distributions							
Dividend to equity holders for the year - 2013/14	-	-	-	-	-	(162,916)	(162,916)
Net transfers during the period	-	-	-	(87,745)	140,247	(52,601)	-
Balance as at 31 March 2015	1,185,062	171,073	854,210	-	638,301	1,453,358	4,302,004
Balance as at 1st April 2015	1,185,062	171,073	854,210	-	638,301	1,453,358	4,302,004
Profit for the period	-	-	-	-	-	1,005,153	1,005,153
Other Comprehensive Income							
Remeasurement of defined benefit liability/(asset)							
Net actuarial gain or loss of defined benefit plan	-	-	-	-	-	(14,465)	(14,465)
Expected return on plan assets	-	-	-	-	-	11,859	11,859
Fair value reserve (available for sale financial assets)							
Net change in fair value	-	-	(105,114)	-	-	-	(105,114)
Surplus on revaluation of lands	-	42,600	-	-	-	-	42,600
	1,185,062	213,673	749,096	-	638,301	2,455,905	5,242,037
Transaction with equity holders of the company contribution and distributions							
Dividend to equity holders for the year - 2014/15	-	-	-	-	-	(190,068)	(190,068)
Net transfers during the year	-	-	-	-	201,031	(201,031)	-
Balance as at 31 March 2016	1,185,062	213,673	749,096	-	839,332	2,064,806	5,051,969
Balance as at 1st April 2016	1,185,062	213,673	749,096	-	839,332	2,064,806	5,051,969
Total comprehensive income for the year 2016/17							
Profit for the year	-	-	-	-	-	1,006,515	1,006,515
Other Comprehensive Income (Net of tax)							
Remeasurement of defined benefit liability/(asset)	-	-	-	-	-	(25,935)	(25,935)
Net change in available-for-sale financial assets	-	-	70,613	-	-	-	70,613
Net change in revaluation surplus	-	328,071	-	-	-	-	328,071
Total comprehensive income for the year 2016/17	-	328,071	70,613	-	-	980,580	1,379,264

Five Year Summary (Continued)
Citizens Development Business Finance PLC
Statement of Changes in Equity (Company)

	Stated capital	Revaluation reserve	Available-for-sale reserve	Investment fund reserve	Statutory reserve fund	Retained earnings	Total equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Total comprehensive income for the year 2016/17 (Continued)	-	328,071	70,613	-	-	980,580	1,379,264
Transaction with equity holders of the company							
Dividend to equity holders for the year - 2015/2016	-	-	-	-	-	(190,068)	(190,068)
Net transfers during the period	-	-	-	-	201,303	(201,303)	-
Total transactions with equity holders	-	-	-	-	201,303	(391,371)	(190,068)
Balance as at 31 March 2017	1,185,062	541,744	819,709	-	1,040,635	2,654,015	6,241,165
Balance as at 1st April 2017	1,185,062	541,744	819,709	-	1,040,635	2,654,015	6,241,165
Impact of adopting SLFRS 9 – "Financial Instruments" as at 1 April 2017	-	-	(819,709)	-	-	633,541	(186,168)
Restated balance as at 1st April 2017	1,185,062	541,744	-	-	1,040,635	3,287,556	6,054,997
Total comprehensive income for the year 2017/18							
Profit for the year	-	-	-	-	-	1,401,188	1,401,188
Other comprehensive income for the year (net of tax)							
Remeasurement of defined benefit liability/(asset)	-	-	-	-	-	(4,969)	(4,969)
Increase in revaluation surplus	-	59,638	-	-	-	-	59,638
Deferred tax on revaluation surplus	-	(168,387)	-	-	-	-	(168,387)
Total comprehensive income for the year 2017/18	-	(108,749)	-	-	-	1,396,219	1,287,470
Transaction with equity holders of the company contribution and distributions							
Dividend to equity holders for the year - 2016/17	-	-	-	-	-	(190,068)	(190,068)
Net transfers during the period	-	-	-	-	280,238	(280,238)	-
Total transactions with equity holders	-	-	-	-	280,238	(470,306)	(190,068)
Balance as at 31 March 2018	1,185,062	432,995	-	-	1,320,873	4,213,469	7,152,399
Balance as at 1st April 2018	1,185,062	432,995	-	-	1,320,873	4,213,469	7,152,399
Profit for the year	-	-	-	-	-	1,710,193	1,710,193
Other comprehensive income for the year (net of tax)							
Net change in revaluation surplus	-	200,804	-	-	-	-	200,804
Increase in revaluation surplus	-	200,804	-	-	-	-	200,804
Less : Deferred tax on revaluation surplus	-	(56,225)	-	-	-	-	(56,225)
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	(70,242)	(70,242)
Total comprehensive income for the year 2018/19	-	144,579	-	-	-	1,639,951	1,784,530
Transactions with equity holders of the Company							
Dividends to equity holders for year- 2017/2018	-	-	-	-	-	(271,526)	(271,526)
Net transfers during the year	-	-	-	-	342,039	(342,039)	-
Total transactions with equity holders	-	-	-	-	342,039	613,565	(271,526)
Balance as at 31 March 2019	1,185,062	577,574	-	-	1,662,912	5,239,855	8,665,403

*brackets indicate negative numbers

Five Year Summary (Continued)
Citizens Development Business Finance PLC
Statement of Changes in Equity (Group)

	Stated capital	Revaluation reserve	Available for sale reserve	Investment fund	Statutory reserve fund	Retained earnings	Total	Non-controlling interest	Total Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2014	1,185,062	132,765	689,691	87,745	497,954	983,496	3,576,713	-	3,576,713
Profit for the year	-	-	-	-	-	709,452	709,452	971	710,422
Other comprehensive income for the year									
Remeasurement of defined benefit liability (asset)									
Net actuarial gain or loss of defined benefit plan	-	-	-	-	-	(26,998)	(26,998)	11	(26,987)
Expected return of plan asset	-	-	-	-	-	10,510	10,510	-	10,510
Fair value reserve (available for sale financial assets)									
Net change in fair value	-	-	164,519	-	-	-	164,519	-	164,519
Revaluation surplus	-	38,308	-	-	-	-	38,308	-	38,308
	1,185,062	171,073	854,210	87,745	497,954	1,676,460	4,472,504	981	4,473,485
Transaction with equity holders of the company									
Dividend to equity holders for the year - 2013/14	-	-	-	-	-	(162,916)	(162,916)	-	(162,916)
Acquisition made during the year	-	-	-	-	-	-	-	28,802	28,802
Net transfers during the year	-	-	-	(87,745)	140,825	(53,080)	-	-	-
Balance as at 31 March 2015	1,185,062	171,073	854,210	-	638,780	1,460,464	4,309,589	29,784	4,339,372
Balance as at 1st April 2015	1,185,062	171,073	854,210	-	638,780	1,460,464	4,309,589	29,784	4,339,372
Total comprehensive income for the year 2015/2016									
Profit for the year	-	-	-	-	-	1,018,620	1,018,620	2,154	1,020,774
Other comprehensive income for the year (net of tax)									
Remeasurement of defined benefit liability/(asset)	-	-	-	-	-	(2,492)	(2,492)	12	(2,479)
Net change in available-for-sale financial assets	-	-	(104,584)	-	-	-	(104,584)	56	(104,528)
Net change in revaluation surplus	-	42,600	-	-	-	-	42,600	-	42,600
Total comprehensive income for the year 2015/16	-	42,600	(104,584)	-	-	1,016,128	954,144	2,223	956,367
Transaction with equity holders of the company contribution and distributions									
Dividend to equity holders for the year - 2014/2015	-	-	-	-	-	(190,068)	(190,068)	-	(190,068)
Net transfers during the year	-	-	-	-	201,814	(201,814)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	1,519	1,519	(1,519)	-
Total transactions with equity holders	-	-	-	-	201,814	(390,364)	(188,550)	(1,519)	(190,068)
Balance as at 31 March 2016	1,185,062	213,673	749,626	-	840,594	2,086,229	5,075,183	30,488	5,105,671
Balance as at 1st April 2016	1,185,062	213,673	749,626	-	840,594	2,086,229	5,075,183	30,488	5,105,671
Total comprehensive income for the year 2016/17									
Profit for the year	-	-	-	-	-	1,022,774	1,022,774	2,310	1,025,084
Other comprehensive income for the year (net of tax)									
Remeasurement of defined benefit liability/(asset)	-	-	-	-	-	(25,935)	(25,935)	-	(25,935)
Increase in revaluation surplus	-	328,071	-	-	-	-	328,071	-	328,071
Net change in available-for-sale financial assets	-	-	72,115	-	-	-	72,115	160	72,274
Total comprehensive income for the year 2016/17	-	328,071	72,115	-	-	996,839	1,397,025	2,470	1,399,495

Five Year Summary (Continued)
Citizens Development Business Finance PLC
Statement of Changes in Equity (Group)

	Stated capital	Revaluation reserve	Available for sale reserve	Investment fund	Statutory reserve fund	Retained earnings	Total	Non-controlling interest	Total Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Transaction with equity holders of the company									
Dividend to equity holders for year - 2015/16	-	-	-	-	-	(190,068)	(190,068)	(176)	(190,244)
Net transfers during the year	-	-	-	-	202,314	(202,314)	-	-	-
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	202,314	(392,382)	(190,068)	(176)	(190,244)
Balance as at 31 March 2017	1,185,062	541,744	821,740	-	1,042,908	2,690,686	6,282,140	32,782	6,314,922
Balance as at 1st April 2017	1,185,062	541,744	821,740	-	1,042,908	2,690,686	6,282,140	32,782	6,314,922
Impact of adopting SLFRs 9 - "Financial instruments" as at 01 April 2017	-	-	(821,740)	-	-	618,090	(203,650)	(1,644)	(205,294)
Restated balance as at 1st April 2017	1,185,062	541,744	-	-	1,042,908	3,308,776	6,078,490	31,138	6,109,628
Total comprehensive income for the year 2017/2018									
Profit for the year	-	-	-	-	-	1,448,875	1,448,875	5,276	1,454,151
Other comprehensive income for the year									
Net change in revaluation surplus	-	-	-	-	-	-	-	-	-
Increase in revaluation surplus	-	59,638	-	-	-	-	59,638	-	59,638
Less: Deferred tax on revaluation surplus	-	(168,387)	-	-	-	-	(168,387)	-	(168,387)
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	(5,019)	(5,019)	(5)	(5,024)
Total comprehensive income for the year 2017/18	-	(108,749)	-	-	-	1,443,856	1,335,107	5,271	1,340,378
Transactions with equity holders of the company									
Dividend to equity holders for the year 2016/2017	-	-	-	-	-	(190,068)	(190,068)	(201)	(190,269)
Transfers during the year	-	-	-	-	283,096	(283,096)	-	-	-
Total transactions with equity holders	-	-	-	-	283,096	(473,164)	(190,068)	(201)	(190,269)
Balance as at 31 March 2018	1,185,062	432,995	-	-	1,326,004	4,279,468	7,223,529	36,208	7,259,737
Balance as at 1st April 2018	1,185,062	432,995	-	-	1,326,004	4,279,468	7,223,529	36,208	7,259,737
Total comprehensive income for the year 2018/19									
Profit for the year	-	-	-	-	-	1,798,213	1,798,213	9,901	1,808,114
Other comprehensive income for the year (net of tax)									
Net change in revaluation surplus	-	-	-	-	-	-	-	-	-
Increase in revaluation surplus	-	200,804	-	-	-	-	200,804	-	200,804
Less: Deferred tax on revaluation surplus	-	(56,225)	-	-	-	-	(56,225)	-	(56,225)
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	(70,121)	(70,121)	13	(70,108)
Total comprehensive income for the year 2018/19	-	144,579	-	-	-	1,728,092	1,872,671	9,914	1,882,585
Transactions with equity holders of the Company									
Dividends to equity holders for year- 2017/2018	-	-	-	-	-	(271,526)	(271,526)	(527)	(272,053)
Transfers during the year	-	-	-	-	336,893	(336,893)	-	-	-
Total transactions with equity holders	-	-	-	-	336,893	(608,419)	(271,526)	(527)	(272,053)
Balance as at 31 March 2019	1,185,062	577,574	-	-	1,662,897	5,399,141	8,824,674	45,595	8,870,269

*Brackets indicate negative numbers

Five Year Summary (Continued)

Citizens Development Business Finance PLC

Statement of Cash Flows

Year Ended 31st March,

	Company					Group				
	2018/2019	2017/18	2016/2017	2015/2016	2014/2015	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flow from operating activities										
Interest receipts	14,091,470	10,071,310	7,539,230	6,611,990	6,297,268	14,631,161	10,331,714	7,645,620	6,667,798	6,329,183
Commission receipts	177,240	354,773	234,890	181,146	172,003	285,118	386,076	247,842	185,623	172,003
Other income	1,424,025	1,126,899	765,886	607,313	271,977	1,446,721	1,128,335	767,258	610,096	272,013
Interest payments	(8,753,486)	(5,708,843)	(4,727,522)	(2,928,455)	(3,363,411)	(8,938,263)	(5,784,897)	(4,740,024)	(2,931,642)	(3,369,414)
Fees and business promotion expenses	(478,818)	(99,364)	(67,036)	(114,495)	(68,183)	(550,997)	(99,364)	(80,473)	(115,503)	(68,183)
Employees related payments	(1,297,965)	(1,007,190)	(842,787)	(675,738)	(558,874)	(1,367,125)	(1,046,447)	(865,068)	(684,466)	(559,914)
Suppliers payment	(1,947,820)	(1,099,450)	(1,051,732)	(1,622,318)	(672,689)	(1,991,487)	(1,123,487)	(1,079,705)	(1,629,640)	(680,967)
Financial expenses	(73,294)	(21,183)	(27,768)	(18,557)	(15,471)	(76,387)	(24,334)	(27,497)	(18,620)	(15,471)
Operating profit before changes in operating assets	3,141,352	3,616,952	1,823,161	2,040,888	2,062,621	3,438,741	3,767,596	1,867,953	2,083,646	2,079,349
(Increase) / Decrease in operating assets										
Investments in financial institutions	(5,996,188)	(455,156)	2,020,761	329,549	772,956	(5,996,188)	(455,156)	2,062,075	329,549	833,831
Investment in Government securities	(28,877)	(709,631)	(177,737)	(2,794,898)	(486,561)	(79,415)	(721,381)	(177,737)	(2,802,062)	(492,517)
Net funds advanced to customers	(10,675,989)	(16,001,860)	(4,828,411)	(9,559,510)	(4,131,430)	(12,172,564)	(16,900,485)	(5,125,891)	(9,515,890)	(4,035,683)
Changes in other short term assets	(387,363)	(1,045,178)	(241,336)	(202,043)	4,118	(407,076)	(1,134,795)	(248,573)	(205,476)	7,950
Changes Inventories	(17,164)	7,952	(103,843)	(14,483)	(83,016)	(17,164)	7,952	(103,843)	(14,483)	(83,016)
	(13,964,229)	(14,586,921)	(1,507,405)	(10,200,498)	(1,861,312)	(15,233,666)	(15,436,269)	(1,726,017)	(10,124,717)	(1,690,185)
Increase/ (Decrease) in operating liabilities										
Net borrowings	9,758,545	3,683,083	(344,668)	7,316,946	700,876	11,070,188	4,526,347	(45,529)	7,241,933	540,847
Net deposits from customers	2,331,003	11,628,396	1,742,182	3,353,231	2,480,778	2,331,003	11,627,538	1,742,182	3,268,901	2,480,778
	12,089,548	15,311,479	1,397,514	10,670,177	3,181,654	13,401,191	16,153,885	1,696,653	10,510,834	3,021,625
Net cash (used in)/ generated from operating activities	(1,874,681)	724,558	(109,891)	469,680	1,320,342	(1,832,475)	717,616	(29,364)	386,117	1,331,440
Contribution to plan assets	(180,000)	-	(90,273)	(61,765)	(179,785)	(180,000)	-	(90,273)	(61,765)	(179,785)
Taxation	-	(39,709)	(85,439)	(77,985)	(43,372)	(2,025)	(42,647)	(97,421)	(90,214)	(44,364)
	(2,054,681)	684,849	(285,603)	329,930	1,097,185	(2,014,500)	674,969	(217,057)	234,139	1,107,255
Cash flow from investing activities										
Dividend receipts	38,041	20,411	16,428	11,639	9,064	38,874	21,129	16,882	11,693	9,064
Investment in other investment securities	1,157,443	(176,343)	(44,236)	(80,730)	-	1,157,443	(176,343)	(44,236)	(80,730)	-
Investment in quoted shares - AFS	-	-	(43,006)	(71,590)	-	-	-	(43,006)	(76,590)	-
Net investment in debentures	-	-	-	-	5,102	-	-	-	-	5,102
Purchase of property, plant and equipment	(393,954)	(390,797)	(117,236)	(143,508)	(528,219)	(399,454)	(403,690)	(135,561)	(144,025)	(531,351)
Proceeds from sale of property, plant and equipment	5,559	6,000	11,025	27,752	123	5,559	6,000	11,025	27,752	123
Investment in subsidiary	-	-	-	(82,172)	(425,000)	-	-	-	-	(425,000)
Net cash inflows / (outflows) investing activities	807,089	(540,729)	(177,025)	(338,609)	(938,930)	802,422	(552,904)	(194,896)	(261,900)	(942,061)

*Brackets indicate negative numbers

Five Year Summary (Continued)

Citizens Development Business Finance PLC
Statement of Cash Flows (Continued)
Year Ended 31st March.

	Company					Group				
	2018/2019	2017/18	2016/2017	2015/2016	2014/2015	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flow from financing activities										
Dividend paid	(271,526)	(190,068)	(190,068)	(190,068)	(162,916)	(277,531)	(190,269)	(191,894)	(190,068)	(162,816)
Net change in debentures	(100,550)	2,005,402	1,031,496	-	(128,852)	(100,550)	2,005,402	1,031,496	-	(128,852)
Net cash inflow/(outflows) from financing activities	(372,076)	1,815,334	841,428	(190,068)	(291,767)	(378,081)	1,815,133	839,602	(190,068)	(291,667)
Net increase / (Decrease) in cash and cash equivalents	(1,619,668)	1,959,454	378,800	(198,748)	(133,512)	(1,590,159)	1,937,198	427,648	(217,829)	(126,438)
Cash and cash equivalents at the beginning of the year	2,205,081	245,627	(133,173)	65,575	199,087	2,233,378	296,180	(131,469)	86,360	202,422
Cash and cash equivalents at the end of the year	585,413	2,205,081	245,627	(133,173)	65,575	643,219	2,233,378	296,180	(131,469)	75,984
Cash and cash equivalents at the beginning of the year										
Cash at bank and cash in hand	2,974,825	454,061	722,351	313,394	462,555	3,039,663	507,020	729,789	334,358	465,891
Bank overdraft	(769,744)	(208,434)	(855,524)	(247,819)	(263,468)	(806,285)	(210,840)	(861,258)	(247,998)	(263,468)
	2,205,081	245,627	(133,173)	65,575	199,087	2,233,378	296,180	(131,469)	86,360	202,422
Cash and cash equivalents at the end of the year										
Cash at bank and cash in hand	1,093,874	2,974,825	454,061	722,351	313,394	1,189,251	3,039,663	507,020	729,789	321,426
Bank overdraft	(508,461)	(769,744)	(208,434)	(855,524)	(247,819)	(546,032)	(806,285)	(210,840)	(861,259)	(243,442)
	585,413	2,205,081	245,627	(133,173)	65,575	643,219	2,233,378	296,180	(131,469)	75,984

*Brackets indicate negative numbers

Five Year Summary (Continued)

Citizens Development Business Finance PLC
Performance Indicators (Company)

		2018/19	2017/18	2016/2017	2015/2016	2015/2014
Return on Average Assets	%	2.07%	2.17%	1.93%	2.27%	1.96%
Return on Average Equity	%	21.62%	20.92%	17.83%	21.49%	17.81%
Income Growth	%	37.81%	37.17%	14.76%	8.38%	10.20%
Dividends Cover	Times	6	5	5	5	4
Property, Plant and equipment to Shareholders' Funds	%	27.34%	28.37%	29.47%	31.81%	33.04%
Total Assets to Shareholders' Funds	Times	10.32	10.56	8.64	10.02	8.84
Total Deposit Liabilities to Capital	%	2.51%	2.65%	3.62%	3.84%	4.38%
Capital funds to liabilities (including contingent liabilities)	%	1.47%	1.73%	2.48%	2.60%	3.52%
Liquid Assets to Liabilities	%	13.36%	10.29%	9.75%	14.62%	3.91%

Share Information

Market Value per Share						
- Voting	LKR	77.1	84.9	64.20	75.00	85.00
- Non Voting	LKR	61.1	74	48.10	68.00	73.90
Earnings per Share	LKR	31.49	25.8	18.53	18.51	12.92
Dividends per Share	LKR	5	5	3.50	3.50	3.50
Net Assets per Share	LKR	159.57	131.71	114.93	93.03	79.22

Other Information

Number of Branches		71	71	69	62	59
Number of Staff		1618	1,588	1,439	1,136	1,167

*Brackets indicate negative numbers