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18 October 2018

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 over subscribed.

We have examined the financial statements of Citizens Development Business Finance PLC ("the Company") for the financial years ended 31st March 2014 to 31st March 2018, 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 2014 to 31st March 2018, 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 2014 to 31st March 2018 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 2014 to 31st March 2018. 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 2014 to 31st March 2018 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 2018. 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 2014 to 31st March 2018 are given below.

Financial Year	Adoption of revised Accounting Standards and related changes in Accounting Policies
31st March 2014	<p>Defined Benefit Plans</p> <p>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.</p> <p>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>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> <p>(a) SLFRS 10 -Consolidated Financial Statements (b) SLFRS 12 -Disclosure of Interests in Other Entities</p>



	<p>(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> <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 Standards 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>

Impairment of financial assets

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.

Hedge accounting

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.

The general hedge accounting requirements of SLFRS 9 – “Financial Instruments” retain the three types of hedge accounting mechanisms in LKAS 39 – “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.



2.4 Dividends

The Company has paid the following dividends in respect of Ordinary Shares during the years ended 31st March 2014 to 31st March 2018.

Year ended 31 st March	Dividend Paid Rs. 000	Dividend Per Share Rs.
2014	162,916	3.00
2015	190,068	3.50
2016	190,068	3.50
2017	190,068	3.50
2018	271,526	5.00

Yours faithfully,

Chartered Accountants
Colombo

Annexure I

Five Year Summary

Citizen Development Business Finance PLC
Financial Performance

For the year Ended 31st March

	Company					Group				
	2017/18	2016/2017	2015/2016	2014/2015	2013/2014	2017/18	2016/2017	2015/2016	2014/2015	2013/2014
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Gross Income	11,784,862	8,591,218	7,486,005	6,907,077	6,267,604	12,049,986	8,703,057	7,549,279	6,940,752	6,267,604
Profit Before Taxation	1,686,817	1,227,501	1,253,944	951,420	729,968	1,764,214	1,259,779	1,278,467	968,251	729,868
Taxation	285,629	220,986	248,790	249,687	168,755	310,063	234,695	257,693	257,829	168,755
Profit after Taxation	1,401,188	1,006,515	1,005,153	701,734	561,213	1,454,151	1,025,084	1,020,774	710,422	561,113
Other Comprehensive Income, Net of Income Tax	(113,718)	372,749	(65,120)	186,271	199,942	(113,773)	374,410	(64,407)	186,350	199,942
Total Comprehensive Income	1,287,470	1,379,264	940,032	888,005	761,155	1,340,378	1,399,495	956,367	896,772	761,055

Citizen Development Business Finance PLC
Financial Position
As At 31st March

	Company					Group				
	2017/18	2016/2017	2015/2016	2014/2015	2013/2014	2017/18	2016/2017	2015/2016	2014/2015	2013/2014
	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	2,974,825	454,061	722,351	313,394	462,555	3,039,663	507,020	729,789	334,358	465,891
Deposits with Commercial Banks	2,392,827	1,893,615	1,602,179	1,933,217	2,706,172	2,392,827	1,893,615	1,610,311	1,943,407	2,706,172
Financial Instruments - Held for trading	1,485,315	163,041	121,963	56,220	-	1,519,227	163,041	121,963	56,220	-
Loans and receivables to customers	59,438,349	43,189,010	38,538,920	29,378,799	25,724,944	60,585,395	43,605,197	38,753,565	29,620,437	25,724,944
Loans and receivables to bank	1,425,000	655,673	2,967,870	301,700	228,000	1,475,356	655,673	2,979,124	301,700	228,000
Financial Investments - Available for sale	-	-	-	-	-	-	-	-	-	-
Financial Instruments - Held to maturity	-	-	-	-	-	-	-	-	-	-
Financial Instruments - Loans and	-	-	-	-	-	-	-	-	-	-
Investment securities	2,471,305	3,563,432	3,272,075	3,140,349	2,624,291	2,476,583	3,637,045	3,305,827	3,146,427	2,624,291
Investment in subsidiaries	509,918	509,918	509,918	427,745	2,745	-	-	-	-	-
Investment Properties	20,198	20,198	20,198	20,198	20,198	20,198	20,198	20,198	20,198	20,198
Property, Plant and Equipment	2,029,222	1,839,091	1,606,958	1,421,343	1,004,471	2,042,777	1,841,768	1,610,638	1,426,433	1,004,471
Goodwill on consolidation	-	-	-	-	-	244,179	244,179	244,179	244,179	-
Intangible Assets	86,149	65,684	68,319	71,160	77,784	101,692	84,568	71,364	75,792	77,784
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other Assets	2,669,002	1,580,562	1,195,561	949,584	917,382	2,699,662	1,581,148	1,199,129	955,914	917,381
Total Assets	75,502,110	53,934,285	50,626,312	38,013,709	33,768,542	76,597,560	54,233,453	50,646,087	38,125,066	33,769,132

*Brackets indicate negative numbers

Five Year Summary (Continued)

Citizen Development Business Finance PLC
Financial Position (Continued)

	Company					Group				
	2017/18	2016/2017	2015/2016	2014/2015	2013/2014	2017/18	2016/2017	2015/2016	2014/2015	2013/2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	000	000	000	000	000	000	000	000	000	000
Liabilities										
Due to banks			-	-	-			-	-	-
Due to customers	44,709,832	32,601,836	30,887,694	27,079,134	24,518,193	44,705,409	32,590,453	30,803,916	27,079,134	24,518,193
Debentures	4,081,033	2,075,631	1,044,135	1,043,481	1,172,333	4,081,033	2,075,631	1,044,135	1,043,481	1,172,333
Other borrowings	15,114,486	10,957,017	11,301,685	3,780,763	3,142,006	15,831,490	11,117,538	11,309,582	3,838,571	3,142,006
Current tax liability	443,080	178,702	109,133	111,514	48,333	445,407	179,108	111,020	117,227	48,738
Deferred tax liabilities	860,819	628,721	479,765	282,079	145,383	887,200	638,987	481,840	283,654	145,383
Retirement benefit obligations	60,727	15,794	53,036	45,299	159,242	61,017	15,861	53,036	45,425	159,242
Other liabilities	3,079,734	1,235,419	1,698,895	1,369,435	1,006,139	3,326,267	1,300,954	1,736,886	1,378,202	1,006,524
Total Liabilities	68,349,711	47,693,120	45,574,344	33,711,705	30,191,628	69,337,823	47,918,531	45,540,416	33,785,694	30,192,418
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	1,753,868	2,402,088	1,802,101	1,663,584	1,408,156	1,758,999	2,406,392	1,803,893	1,664,062	1,408,156
Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Investment Fund Reserve	-	-	-	-	-	-	-	-	-	-
Available for fund reserve	-	-	-	-	-	-	-	-	-	-
Retained Earnings	4,213,469	2,654,015	2,064,806	1,453,358	983,697	4,279,468	2,690,686	2,086,229	1,460,464	983,496
Total parent company shareholders' equity	7,152,399	6,241,165	5,051,968	4,302,004	3,576,914	7,223,529	6,282,140	5,075,183	4,309,588	3,576,713
Non-controlling interests	-	-	-	-	-	36,208	32,782	30,488	29,784	-
Total Equity	7,152,399	6,241,165	5,051,968	4,302,004	3,576,914	7,259,737	6,314,922	5,105,671	4,339,372	3,576,713
Total Liabilities & Equity	75,502,110	53,934,285	50,626,312	38,013,709	33,768,542	76,597,560	54,233,453	50,646,087	38,125,066	33,769,132

*Brackets indicate negative numbers

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

Balance as at 1st April 2013
Profit for the year Period

Other Comprehensive Income
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

Transaction with equity holders of the company contribution and distributions

Contribution or distributions
Dividend to equity holders

Transfers during the year
Balance as at 31 March 2014

Balance as at 1st April 2014
Profit for the year Period

Other Comprehensive Income
Remeasurement of defined benefit liability (asset)
Net actuarial gain or loss of defined benefit plan
Expected return of plan asset
Fair value reserve (available for sale financial assets)

Net change in fair value

Revaluation surplus

Transaction with equity holders of the company contribution and distributions

Dividend to equity holders
Acquisition made during the year

Net transfers during the year
Balance as at 31 March 2015

Balance as at 1st April 2015
Profit for the year Period

Other Comprehensive Income
Remeasurement of defined benefit liability (asset)
Net actuarial gain or loss of defined benefit plan
Expected return of plan asset
Fair value reserve (available for sale financial assets)

Net change in fair value

Revaluation surplus

Total comprehensive income for the year 2015/16

Transaction with equity holders of the company contribution and distributions

Dividend to equity holders
Net transfers during the year

Balance as at 31 March 2016

Stated Capital	Revaluation Reserve	Available-for-sale reserve	Investment fund Reserve	Statutory Reserve Fund	Retained Earnings	Total
Rs. 000	Rs. 000	Rs. 000	000	000	Rs. 000	Rs. 000
1,185,062	132,765	464,035	50,933	385,712	746,592	2,965,098
-	-	-	-	-	561,212	561,212
1,185,062	132,765	464,035	50,933	385,712	1,307,804	3,526,310
-	-	-	-	-	(25,714)	(25,714)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	225,656	-	-	-	225,656
1,185,062	132,765	689,691	50,933	385,712	1,282,090	3,726,253
-	-	-	-	-	-	-
-	-	-	-	-	(149,339)	(149,339)
-	-	-	36,812	112,243	(149,055)	-
1,185,062	132,765	689,691	87,745	497,954	983,696	3,576,913
1,185,062	132,765	689,691	87,745	497,954	983,696	3,576,913
-	-	-	-	-	701,734	701,734
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(27,066)	(27,066)
-	-	-	-	-	10,510	10,510
-	-	164,519	-	-	-	164,519
-	-	-	-	-	-	-
-	38,308	-	-	-	-	38,308
1,185,062	171,073	854,210	87,745	497,954	1,668,874	4,464,918
-	-	-	-	-	(162,916)	(162,916)
-	-	-	-	-	-	-
-	-	-	(87,745)	140,347	(52,601)	-
1,185,062	171,073	854,210	-	638,301	1,453,357	4,302,003
1,185,062	171,073	854,210	-	638,301	1,453,358	4,302,003
-	-	-	-	-	1,005,153	1,005,153
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(2,606)	(2,606)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(105,114)	-	-	-	(105,114)
-	42,600	-	-	-	-	42,600
-	42,600	(105,114)	-	-	1,002,548	940,034
-	-	-	-	-	-	-
-	-	-	-	-	(190,068)	(190,068)
-	-	-	-	201,031	(201,031)	-
1,185,062	213,673	749,096	-	839,332	2,064,806	5,051,969

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

Balance as at 1st April 2016
 Profit for the year Period
 Other Comprehensive Income
 Remeasurement of defined benefit liability (asset)
 Net change in available-for-sale financial assets
 Net change in Revaluation surplus
 Total comprehensive income for the year 2016/17

Transaction with equity holders of the company contribution and distributions

Dividend to equity holders
 Net transfers during the year
 Changes in Non-controlling interests

Balance as at 31 March 2017

Balance as at 1st April 2017
 Impact of adopting SLFRS - 9
 Restated Balance as at 1st April 2017

Profit for the year Period
 Other Comprehensive Income
 Remeasurement of defined benefit liability (asset)
 Net change in available-for-sale financial assets
 Net change in Revaluation surplus
 Deferred tax on revaluation surplus
 Total comprehensive income for the year 2017/18

Transaction with equity holders of the company contribution and distributions

Dividend to equity holders
 Net transfers during the year
 Balance as at 31 March 2018

Stated Capital	Revaluation Reserve	Available-for-sale reserve	Investment fund Reserve	Statutory Reserve Fund	Retained Earnings	Total
Rs. 000	Rs. 000	Rs. 000	000	000	Rs. 000	Rs. 000
1,185,062	213,673	749,096	-	839,332	2,064,806	5,051,969
-	-	-	-	-	1,006,515	1,006,515
-	-	-	-	-	-	-
-	-	-	-	-	(25,935)	(25,935)
-	-	70,613	-	-	-	70,613
-	328,071	-	-	-	-	328,072
-	328,071	70,613	-	-	980,580	1,379,265
-	-	-	-	-	-	-
-	-	-	-	-	(190,068)	(190,068)
-	-	-	-	201,303	(201,303)	-
-	-	-	-	-	-	-
1,185,062	541,744	819,709	-	1,040,635	2,654,015	6,241,165
1,185,062	541,744	819,709	-	1,040,635	2,654,015	6,241,165
-	-	819,709	-	-	633,541	186,168
1,185,062	541,744	-	-	1,040,635	3,287,556	6,054,997
-	-	-	-	-	1,401,188	1,401,188
-	-	-	-	-	4,969	4,969
-	-	-	-	-	-	-
-	59,638	-	-	-	-	59,638
-	168,387	-	-	-	-	168,387
-	108,749	-	-	-	1,396,219	1,287,470
-	-	-	-	-	-	-
-	-	-	-	-	190,068	190,068
-	-	-	-	280,238	280,238	-
1,185,062	432,995	-	-	1,320,874	4,213,469	7,152,399

Five Year Summary (Continued)

Citizen Development Business Finance P.L.C
Statement of Changes in Equity (Group)

	Stated Capital	Revaluation Reserve	Available-for-sale reserve	Investment fund Reserve	Statutory Reserve Fund	Retained Earnings	Total	Minority Interest	Total Equity
	Rs. 000	Rs. 000	Rs. 000	000	000	Rs. 000	Rs. 000	Rs. 000	000
Balance as at 1st April 2013	1,185,062	132,765	464,035	50,933	385,712	746,491	2,964,997	-	2,964,997
Profit for the year Period	-	-	-	-	-	561,113	561,113	-	561,113
	1,185,062	132,765	464,035	50,933	385,712	1,307,604	3,526,110	-	3,526,110
Other Comprehensive Income	-	-	-	-	-	(25,714)	(25,714)	-	(25,714)
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	-	-	-	225,656	-	225,656
Transaction with equity holders of the company contribution and distributions	1,185,062	132,765	689,691	50,933	385,712	1,281,890	3,726,053	-	3,726,053
Contribution or distributions	-	-	-	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	(149,339)	(149,339)	-	(149,339)
Transfers during the year	-	-	-	36,812	112,243	(149,055)	-	-	-
Balance as at 31 March 2014	1,185,062	132,765	689,691	87,745	497,954	983,496	3,576,713	-	3,576,713
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 Period	-	-	-	-	-	709,452	709,452	971	710,422
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Remeasurement of defined benefit liability (asset)	-	-	-	-	-	(26,998)	(26,998)	11	(26,987)
Net actuarial gain or loss of defined benefit plan	-	-	-	-	-	10,510	10,510	-	10,510
Expected return of plan asset	-	-	-	-	-	-	-	-	-
Fair value reserve (available for sale financial assets)	-	-	164,519	-	-	-	164,519	-	164,519
Net change in fair value	-	-	-	-	-	-	-	-	-
Revaluation surplus	-	38,308	-	-	-	-	38,308	-	38,308
Transaction with equity holders of the company contribution and distributions	1,185,062	171,073	854,210	87,745	497,954	1,676,460	4,472,504	981	4,473,485
Dividend to equity holders	-	-	-	-	-	(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	4,309,588	29,784	4,339,372
Balance as at 1st April 2015	1,185,062	171,073	854,210	-	638,780	1,460,464	4,309,588	29,784	4,339,372
Profit for the year Period	-	-	-	-	-	1,018,620	1,018,620	2,154	1,020,774
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Remeasurement of defined benefit liability (asset)	-	-	-	-	-	-	-	-	-
Net actuarial gain or loss of defined benefit plan	-	-	-	-	-	(2,492)	(2,492)	12	(2,479)
Expected return of plan asset	-	-	-	-	-	-	-	-	-
Fair value reserve (available for sale financial assets)	-	-	-	-	-	-	-	-	-
Net change in fair value	-	-	(104,584)	-	-	-	(104,584)	56	(104,527)
Revaluation surplus	-	42,600	-	-	-	-	42,600	-	42,600
Total comprehensive income for the year 2015/16	-	42,600	(104,584)	-	-	1,016,128	954,145	2,223	956,367
Transaction with equity holders of the company contribution and distributions	-	-	-	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	(190,068)	(190,068)	-	(190,068)
Net transfers during the year	-	-	-	-	201,814	(201,814)	-	-	-
Changes in Non-Controlling Interest	-	-	-	-	-	1,519	1,519	(1,519)	-
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

*Brackets indicate negative numbers

Five Year Summary (Continued)

Citizen Development Business Finance PLC
Statement of Changes in Equity (Group) (Continued)

Balance as at 1st April 2016	
Profit for the year Period	
Other Comprehensive Income	
Remeasurement of defined benefit liability (asset)	
Net change in available-for-sale financial assets	
Net change in Revaluation surplus	
Total comprehensive income for the year 2016/17	
Transaction with equity holders of the company contribution and distributions	
Dividend to equity holders	
Net transfers during the year	
Changes in Non-controlling interests	
Balance as at 31 March 2017	
Balance as at 1st April 2017	
Impact of adopting SLFRS - 9	
Restated Balance as at 1st April 2017	
Profit for the year Period	
Other Comprehensive Income	
Remeasurement of defined benefit liability (asset)	
Net change in available-for-sale financial assets	
Net change in Revaluation surplus	
Deferred tax on revaluation surplus	
Total comprehensive income for the year 2017/18	
Transaction with equity holders of the company contribution and distributions	
Dividend to equity holders	
Net transfers during the year	
Changes in Non-controlling interests	
Balance as at 31 March 2018	

Stated Capital	Revaluation Reserve	Available-for-sale reserve	Investment fund Reserve	Statutory Reserve Fund	Retained Earnings	Total	Minority Interest	Total Equity
1,185,062	213,673	749,626	-	840,594	2,086,229	5,075,183	30,488	5,105,671
-	-	-	-	-	1,022,774	1,022,774	2,310	1,025,084
-	-	-	-	-	-	-	-	-
-	-	-	-	-	(25,935)	(25,935)	-	(25,935)
-	-	72,115	-	-	-	72,115	160	72,274
-	328,071	-	-	-	-	328,071	-	328,071
-	328,071	72,115	-	-	996,839	1,397,025	2,470	1,399,495
-	-	-	-	-	-	-	-	-
-	-	-	-	-	(190,068)	(190,068)	(176)	(190,244)
-	-	-	-	202,314	(202,314)	-	-	-
-	-	-	-	-	-	-	-	-
1,185,062	541,744	821,740	-	1,042,908	2,690,686	6,282,140	32,782	6,314,922
1,185,062	541,744	821,740	-	1,042,908	2,690,686	6,282,140	32,782	6,314,922
-	-	(821,740)	-	-	618,090	(203,650)	(1,644)	(205,294)
1,185,062	541,744	(0)	-	1,042,908	3,308,776	6,078,490	31,138	6,109,628
-	-	-	-	-	1,448,875	1,448,875	5,276	1,454,151
-	-	-	-	-	-	-	-	-
-	-	-	-	-	(5,019)	(5,019)	(5)	(5,024)
-	-	-	-	-	-	-	-	-
-	59,638	-	-	-	-	59,638	-	59,638
-	(168,387)	-	-	-	-	(168,387)	-	(168,387)
-	(108,749)	-	-	-	1,443,856	1,335,107	5,271	1,340,378
-	-	-	-	-	(190,068)	(190,068)	(201)	(190,269)
-	-	-	-	283,096	(283,096)	-	-	-
1,185,062	432,995	(0)	-	1,326,004	4,279,469	7,223,529	36,208	7,259,738

*Brackets indicate negative numbers.

Five Year Summary (Continued)

Citizen Development Business Finance PLC
Statement Of Cash Flow
Year Ended 31st March

	Company					Group				
	2017/18	2016/2017	2015/2016	2014/2015	2013/2014	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<i>Cash Flow from Operating Activities</i>										
Interest Receipts	10,071,310	7,539,231	6,611,990	6,297,268	5,786,356	10,331,714	7,645,620	6,667,798	6,329,183	5,786,356
Commission Receipts	354,773	234,891	181,146	172,003	165,333	386,076	247,843	185,623	172,003	165,333
Other Income	1,126,899	765,886	607,313	271,977	59,601	1,128,335	767,258	610,096	272,013	- 59,601
Interest Payments	(5,708,843)	(4,727,522)	(2,928,455)	(3,363,411)	(3,251,951)	(5,784,897)	(4,740,024)	(2,931,642)	(3,369,414)	(3,251,951)
Fees and Business promotion Expenses	(99,364)	(67,036)	(114,495)	(68,183)	(64,973)	(99,364)	(80,473)	(115,503)	(68,183)	(64,973)
Employees Related Payments	(1,007,190)	(842,787)	(675,738)	(558,874)	(491,755)	(1,046,447)	(865,068)	(684,466)	(559,914)	(491,755)
Suppliers Payment	(1,099,450)	(1,051,732)	(1,622,318)	(672,689)	(616,952)	(1,123,487)	(1,079,705)	(1,629,640)	(680,868)	(616,952)
Financial Expenses	(21,183)	(27,768)	(18,557)	(15,471)	(24,560)	(24,334)	(27,497)	(18,620)	(15,471)	(24,560)
Operating Profit/ (Loss) Before Changes in Operating Assets	3,616,952	1,823,161	2,040,888	2,062,621	1,561,098	3,767,596	1,867,953	2,083,646	2,079,349	1,561,098
(Increase)/ Decrease in Operating Assets	-	-	-	-	-	-	-	-	-	-
Investments in License Commercial banks and other Financial Institution	(455,156)	2,020,761	329,549	772,956	(1,261,652)	(455,156)	2,062,075	329,549	833,831	(1,261,652)
Investment in Government Securities	(709,631)	(177,737)	(2,794,898)	(486,561)	(771,937)	(721,381)	(177,737)	(2,802,062)	(492,517)	(771,937)
Net Funds Advanced to Customers	(16,001,860)	(4,828,411)	(9,559,510)	(4,131,430)	(6,613,344)	(16,900,485)	(5,125,891)	(9,515,890)	(4,035,683)	(6,613,344)
Changes in Other Short Term Assets	(1,045,178)	(241,335)	(202,043)	4,118	(192,953)	(1,134,795)	(248,573)	(205,476)	7,950	(192,953)
Inventories	7,952	(103,843)	(14,483)	(83,016)	27,241	7,952	(103,843)	(14,483)	(83,016)	27,241
	(14,586,921)	(1,507,405)	(10,200,498)	(1,861,312)	(7,251,548)	(15,436,269)	(1,726,017)	(10,124,717)	(1,690,086)	(7,251,548)
Increase/ (Decrease) in Operating Liabilities	-	-	-	-	-	-	-	-	-	-
Borrowings	3,683,083	(344,669)	7,316,946	700,876	638,301	4,526,347	(45,529)	7,241,933	540,847	638,301
Deposits from customers	11,628,396	1,742,182	3,353,231	2,480,778	6,445,568	11,627,538	1,742,182	3,268,901	2,480,778	6,445,568
	15,311,479	1,397,514	10,670,177	3,181,654	7,083,869	16,153,885	1,696,653	10,510,834	3,021,625	7,083,869
Net Cash (used in)/ generated from operating Activities	724,558	(109,891)	469,680	1,320,342	(167,679)	717,616	(29,363)	386,117	1,331,440	(167,679)
Gratuity paid / Contribution to plan assets	-	(90,273)	(61,765)	(179,785)	(828)	-	(90,273)	(61,765)	(179,785)	(828)
Value Added Tax	-	-	-	-	-	-	-	-	-	-
Taxation	(39,709)	(85,439)	(77,985)	(43,372)	1,062	(42,647)	(97,421)	(90,214)	(44,364)	1,062
Economic Service Charge	-	-	-	-	-	-	-	-	-	-
	684,849	(285,603)	329,930	1,097,185	(167,444)	674,969	(217,057)	234,139	1,107,291	(167,444)
<i>Cash Flow from Investing Activities</i>										
Investment Property	-	-	-	-	-	-	-	-	-	-
Investment in subsidiary	-	-	(82,172)	(425,000)	-	-	-	-	(425,000)	-
Dividend receipts	20,411	16,428	11,639	9,064	7,068	21,129	16,882	11,693	9,064	7,068
Investment in Government Securities/Quoted shares-Trading	(176,343)	(44,236)	(80,730)	-	-	(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 & Equipment	(390,797)	(117,236)	(143,508)	(528,219)	(469,609)	(403,690)	(135,561)	(144,025)	(531,351)	(469,609)
Proceeds from sale of Property, Plant & Equipment	6,000	11,025	27,752	123	4,531	6,000	11,025	27,752	123	4,531
Net Cash Inflows/(Outflows) Investing Activities	(540,729)	(177,025)	(338,609)	(938,930)	(458,010)	(552,904)	(194,896)	(261,900)	(942,061)	(458,010)

*Brackets indicate negative numbers

Five Year Summary (Continued)

Citizen Development Business Finance PLC
Performance Indicators (Company)

		2017/18	2016/2017	2015/2016	2014/2015	2013/2014
Return on Average Assets	%	2.17%	1.93%	2.27%	1.96%	1.93%
Return on Average Equity	%	20.92%	17.83%	21.49%	17.81%	17.16%
Income Growth	%	37.17%	14.76%	8.38%	10.20%	45.36%
Dividends Cover	Times	5.16	5.30	5.29	3.69	3.44
Property, Plant and equipment to Shareholders' funds	%	28.37%	29.47%	31.81%	33.04%	28.08%
Total Assets to Shareholders Funds	Times	10.56	8.64	10.02	8.84	9.44
Total Deposit Liabilities to Capital	%	2.65%	3.63%	3.84%	4.38%	4.83%
Capital funds to liabilities (including contingent liabilities)	%	1.73%	2.48%	2.60%	3.52%	3.93%
Liquid Assets to Liabilities	%	10.29%	9.75%	14.62%	3.91%	4.57%
Share Information						
Market Value per Share						
- Voting	LKR	84.9	64.20	75.00	85.00	46.00
- Non Voting	LKR	74	48.10	68.00	73.90	37.50
Earnings per Share	LKR	25.8	18.53	18.51	12.92	10.33
Dividends per Share	LKR	5	3.50	3.50	3.50	3.00
Net Assets per Share	LKR	131.71	114.93	93.03	79.22	65.87
Other Information						
Number of Branches		71	69	62	59	59
Number of Staff		1,588	1,439	1,136	1,167	1,109

*Brackets indicate negative numbers