

**Merchant Bank of Sri Lanka PLC**  
**Income Statement**

												Company	Group
		Quarter ended		Nine Months Period ended			Quarter ended		Nine Months Period ended				
Note	30-09-2008	30-09-2007	30-09-2008	30-09-2007	Variance	30-09-2008	30-09-2007	30-09-2008	30-09-2007	Variance			
	LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000	%	LKR ' 000	LKR ' 000	LKR ' 000	LKR ' 000	%			
<b>INCOME</b>	01	250,204	209,727	739,382	579,375	27.6	408,965	358,956	1,175,963	998,646	17.8		
Interest income	02	229,620	195,509	678,764	537,439	26.3	378,352	334,926	1,089,615	932,714	16.8		
Less: Interest expense	03	144,732	92,996	402,908	241,040	-67.2	240,016	172,882	671,202	478,581	-40.2		
<b>Net interest income</b>		84,888	102,513	275,856	296,399	-6.9	138,336	162,044	418,413	454,133	-7.9		
Fee and commission income	04	9,152	3,254	25,746	10,048	156.2	11,916	5,218	33,239	15,581	113.3		
Dividend income		2,438	726	5,066	2,639	92.0	2,438	726	5,071	2,644	91.8		
Other income	05	8,994	10,238	29,806	29,249	1.9	16,259	18,086	48,038	47,707	0.7		
		105,472	116,731	336,474	338,335	-0.6	168,949	186,074	504,761	520,065	-2.9		
Less:													
<b>OPERATING EXPENSES</b>													
Personnel costs	06	30,738	22,956	88,002	70,529	-24.8	46,672	39,782	134,285	114,971	-16.8		
Premises, equipment and establi	07	7,581	5,838	22,718	18,138	-25.3	13,591	10,447	40,212	32,917	-22.2		
Fee and commission expenses	08	722	274	1,970	1,332	-47.9	1,347	1,064	5,020	5,292	5.1		
Provision for staff retirement benefits		900	900	2,700	2,700	0.0	1,371	1,341	4,113	4,023	-2.2		
Provision for loan losses	09	(2,320)	2,118	28,732	7,225	-297.7	4,523	18,767	68,792	45,060	-52.7		
Provision/reversal for disposal as	10	11,405	6,120	26,127	16,150	-61.8	14,494	6,120	30,376	16,150	-88.1		
Provision for (appreciation)/fall in	11	313	3,631	(6,479)	13,988	146.3	313	3,631	(6,479)	13,988	146.3		
Value Added Tax on financial ser	12	5,533	6,153	19,170	18,974	-1.0	10,862	7,157	28,019	25,483	-10.0		
Other overhead expenses	13	17,538	18,039	47,824	48,503	1.4	26,938	30,439	77,665	76,401	-1.7		
		72,410	66,029	230,764	197,539	-16.8	120,111	118,748	382,003	334,285	-14.3		
<b>PROFIT FROM OPERATIONS</b>		33,062	50,702	105,710	140,796	-24.9	48,838	67,326	122,758	185,780	-33.9		
Share of Associate Company profit/(loss) be		3,141	(754)	14,982	3,859	288.2	3,141	(754)	14,982	3,859	288.2		
<b>PROFIT BEFORE TAXATION</b>		36,203	49,948	120,692	144,655	-16.6	51,979	66,572	137,740	189,639	-27.4		
Less: Income tax expenses		1,278	-	11,604	11,658	0.5	1,653	375	12,729	12,783	0.4		
<b>PROFIT AFTER TAXATION</b>		34,925	49,948	109,088	132,997	-18.0	50,326	66,197	125,011	176,856	-29.3		
<b>Attributable to:</b>													
Equity Holders of the parent		34,925	49,948	109,088	132,997	-18.0	42,780	58,235	117,209	155,365	-24.6		
Minority interest		-	-	-	-		7,546	7,962	7,802	21,491	-63.7		
<b>PROFIT FOR THE PERIOD</b>		34,925	49,948	109,088	132,997	-18.0	50,326	66,197	125,011	176,856	-29.3		
<b>BASIC EARNINGS PER SHARE (LKR.)</b>		0.39	0.55	1.21	1.48	-18.2	0.56	0.74	1.39	1.97	-29.4		