



UNAUDITED ACCOUNTS

For the Period ended 30 September 2012

Merchant Bank of Sri Lanka PLC
Unaudited Income Statement

	Company					Group					
	Quarter ended		Nine Months Period ended			Quarter ended		Nine Months Period ended			
	30-09-2012 LKR ' 000	30-09-2011 LKR ' 000	30-09-2012 LKR ' 000	30-09-2011 LKR ' 000	Variance %	30-09-2012 LKR ' 000	30-09-2011 LKR ' 000	30-09-2012 LKR ' 000	30-09-2011 LKR ' 000	Variance %	
											Re-presented*
INCOME	492,137	417,745	1,375,216	1,177,040	16.84	900,241	748,559	2,523,991	2,084,443	21.1	
Interest income	466,095	334,694	1,311,433	970,777	35.09	797,609	588,916	2,203,575	1,681,127	31.1	
Less: Interest expense	277,713	139,124	730,349	391,265	-86.66	464,501	259,017	1,238,484	734,168	-68.7	
Net interest income	188,382	195,570	581,084	579,512	0.27	333,108	329,899	965,091	946,959	1.9	
Capital gain on quoted investments	(1,663)	17,569	(688)	98,294	-100.70	(4,927)	19,798	(16,515)	115,991	-114.2	
Insurance premium income	-	-	-	-	0.00	71,497	65,586	228,691	140,761	62.5	
Fee and commission income	8,233	8,775	27,898	38,511	-27.56	10,136	10,761	33,999	43,772	-22.3	
Dividend income	11,611	11,558	13,673	13,454	1.63	3,396	3,139	6,099	5,913	3.1	
Other income	7,861	45,149	22,900	56,004	-59.11	22,530	60,359	68,142	96,879	-29.7	
OPERATING INCOME	214,424	278,621	644,867	785,775	-17.93	435,740	489,542	1,285,507	1,350,275	-4.8	
Less:											
NON INTEREST EXPENSES											
Personnel costs	72,809	55,996	206,773	164,354	-25.81	160,230	136,183	455,459	360,304	-26.4	
Provision for staff retirement benefits	9,000	6,000	22,000	17,000	-29.41	12,440	9,021	32,301	25,441	-27.0	
Premises, equipment and establishment expenses	17,292	12,841	46,813	36,958	-26.67	29,650	23,491	82,294	67,214	-22.4	
Professional fees and consultancy charges	1,331	1,968	7,580	9,648	21.43	5,712	5,257	17,727	18,948	6.4	
Provision for loan losses	37,883	(3,343)	80,379	34,514	-132.89	46,646	9,184	92,320	72,139	-28.0	
Provision for loss on disposal of Leased assets	4,106	5,120	5,250	15,428	65.97	4,157	6,930	5,894	24,553	76.0	
Provision for fall in value of investments	(58,697)	13,161	19,325	46,228	0.00	(70,221)	16,702	10,085	57,850	82.6	
Other overhead expenses	43,468	23,438	108,047	72,248	-49.55	132,194	87,748	339,935	233,729	-45.4	
	127,192	115,181	496,167	396,378	-25.18	320,808	294,516	1,036,015	860,178	-20.4	
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXES	87,232	163,440	148,700	389,397	-61.81	114,932	195,026	249,492	490,097	-49.1	
Less: Value Added Tax on financial services	8,139	13,709	19,267	39,510	51.24	14,134	20,350	35,804	63,353	43.5	
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE CORPORATE TAX	79,093	149,731	129,433	349,887	63.01	100,798	174,676	213,688	426,744	49.9	
Share of Associate Company Profit / (Loss)	(2,905)	15,841	(15,152)	46,550	-132.55	(2,905)	15,841	(15,152)	46,550	-132.5	
OPERATING PROFIT BEFORE CORPORATE TAX	76,188	165,572	114,281	396,437	-71.17	97,893	190,517	198,536	473,294	-58.1	
Less: Tax on profits on ordinary activities	24,500	41,638	39,500	102,522	61.47	33,179	46,964	65,457	117,946	44.5	
OPERATING PROFIT AFTER CORPORATE TAX	51,688	123,934	74,781	293,915	-74.56	64,714	143,553	133,079	355,348	-62.5	
DISCONTINUED OPERATIONS											
Profit / (Loss) from discontinued operations (net of income tax)	-	-	-	-		(32,850)	(9,920)	(68,000)	(19,701)	245.2	
OPERATING PROFIT FOR THE PERIOD	51,688	123,934	74,781	293,915		31,864	133,633	65,079	335,647		
Attributable to:											
Equity Holders of the parent	51,688	123,934	74,781	293,915	-74.56	30,481	126,164	53,676	300,948	-82.2	
Minority interest						1,383	7,469	11,403	34,699	-67.1	
OPERATING PROFIT FOR THE PERIOD	51,688	123,934	74,781	293,915	-74.56	31,864	133,633	65,079	335,647	-80.6	
BASIC EARNINGS PER SHARE (LKR.)	0.38	0.92	0.55	2.18	-74.77	0.23	0.93	0.40	2.23	-82.1	

Merchant Bank of Sri Lanka PLC

Unaudited Balance Sheet

As at	Company				Group			
	30-Sep-12	30-Sep-11	31-Dec-11	Change	30-Sep-12	30-Sep-11	31-Dec-11	Change
	LKR ' 000	LKR ' 000	LKR ' 000	%	LKR ' 000	LKR ' 000	LKR ' 000	%
ASSETS								
Cash in hand and at bank	130,694	132,104	97,260	-1.1	270,018	189,186	238,050	42.7
Other Investments	-	-	-	0.0	439,970	-	250,000	0.0
Government treasury bills / bonds	869,065	429,496	871,088	102.3	1,670,543	1,191,281	1,670,391	40.2
Dealing securities	305,359	331,067	277,766	-7.8	367,061	456,708	378,096	-19.6
Investment securities	10,022	10,024	10,024	0.0	10,032	10,034	10,034	0.0
Bills receivable	658,189	707,437	632,128	-7.0	658,191	707,643	632,357	-7.0
Loans	1,660,486	1,369,096	1,539,704	21.3	3,534,834	3,207,717	3,253,646	10.2
Lease / hire purchase receivable	6,878,940	4,803,784	5,467,127	43.2	10,861,587	7,838,847	8,781,037	38.6
Assets classified as held for sale	237,186	237,186	237,186	0.0	2,541,754	2,599,173	2,708,371	0.0
Investment in real estate	-	-	-	0.0	23,967	28,157	28,157	-14.9
Other assets	359,945	244,369	311,402	47.3	872,062	695,035	744,053	25.5
Investment in associate	111,100	129,758	132,774	-14.4	111,100	129,758	132,774	-14.4
Investments in subsidiaries	259,524	309,524	259,524	-16.2	-	-	-	0.0
Investment properties	46,603	47,795	47,654	-2.5	226,869	166,800	165,876	36.0
Property, plant and equipment	84,018	51,527	50,757	63.1	202,127	131,799	132,589	53.4
Intangible assets	8,257	1,393	2,443	492.7	120,201	109,211	110,603	10.1
Total Assets	11,619,388	8,804,560	9,936,837	32.0	21,910,316	17,461,349	19,236,035	25.5
LIABILITIES								
Deposits from customers	-	-	-	0.0	5,361,142	4,464,360	4,724,433	20.1
Borrowings	6,620,425	4,718,887	5,014,069	40.3	7,216,005	5,113,218	5,465,161	41.1
Insurance provision - Life	-	-	-	0.0	135,425	83,669	106,682	61.9
Insurance provision - Non Life	-	-	-	0.0	447,689	287,153	328,252	55.9
Current tax liability	156,248	190,107	125,871	-17.8	156,248	190,107	125,871	-17.8
Debentures	1,261,800	641,800	1,311,800	96.6	1,261,800	641,800	1,311,800	96.6
Deferred tax liability	74,834	20,994	74,834	256.5	74,834	20,994	74,834	256.5
Retirement benefit obligation	132,552	89,598	114,073	47.9	181,026	124,363	153,133	45.6
Other liabilities	624,700	338,816	453,392	84.4	1,114,781	786,256	793,869	41.8
Liabilities directly associated with assets classified as held for sale	-	-	-	0.0	2,445,183	2,391,077	2,544,050	2.3
Total Liabilities	8,870,559	6,000,202	7,094,039	47.8	18,394,133	14,102,997	15,628,085	30.4
EQUITY								
Stated capital	1,607,000	1,607,000	1,607,000	0.0	1,607,000	1,607,000	1,607,000	0.0
Statutory reserves	114,526	91,261	114,526	25.5	184,784	149,239	184,784	23.8
Investment Fund	68,822	37,736	55,978	82.4	81,007	37,736	68,163	114.7
Retained earnings	958,481	1,068,361	1,065,294	-10.3	1,105,495	1,246,584	1,222,843	-11.3
Total equity attributable to equity holders of the company	2,748,829	2,804,358	2,842,798	-2.0	2,978,286	3,040,559	3,082,790	-2.0
Minority Interest	-	-	-		537,897	317,793	525,160	69.3
Total equity	2,748,829	2,804,358	2,842,798		3,516,183	3,358,352	3,607,950	
Total liabilities & equity	11,619,388	8,804,560	9,936,837	32.0	21,910,316	17,461,349	19,236,035	25.5

These Financial Statements are in compliance with the requirements of the Companies Act, No. 7 of 2007.

Priyantha Herath
Asst. General Manager - Finance & Treasury Management

Lakshman Kaluarachchi
Acting Chief Executive Officer

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board

M R Shah
Chairman

Mr. V. Kanagasabapathy
Director

01 November 2012

Merchant Bank of Sri Lanka PLC

Unaudited Statement of Changes in Equity

For the period ended 30 September 2012

	Stated Capital LKR ' 000	Statutory Reserves LKR ' 000	Investment Fund LKR ' 000	Retained Earnings LKR ' 000	Total LKR ' 000
Company					
Balance as at 01.01.2011	1,607,000	91,261	-	980,932	2,679,193
Net Profit for the period	-	-	-	293,915	293,915
Transfers to reserve fund	-	-	37,736	(37,736)	-
Dividend Paid	-	-	-	(168,750)	(168,750)
Balance as at 30.09.2011	1,607,000	91,261	37,736	1,068,361	2,804,358
Balance as at 01.01.2012	1,607,000	114,526	55,978	1,065,294	2,842,798
Profit for the period	-	-	-	74,781	74,781
Transfers to investment fund	-	-	12,844	(12,844)	-
Dividend Paid	-	-	-	(168,750)	(168,750)
Balance as at 30.09.2012	1,607,000	114,526	68,822	958,481	2,748,829

	Stated Capital LKR ' 000	Statutory Reserves LKR ' 000	Investment Fund LKR ' 000	Retained Earnings LKR ' 000	Minority Interest LKR ' 000	Total LKR ' 000
Group						
Balance as at 01.01.2011	1,607,000	149,239	-	1,152,122	292,894	3,201,255
Net Profit for the period	-	-	-	300,948	34,699	335,647
Transfers to reserve fund	-	-	37,736	(37,736)	-	-
Dividend Paid	-	-	-	(168,750)	(9,800)	(178,550)
Right issue	-	-	-	-	-	-
Balance as at 30.09.2011	1,607,000	149,239	37,736	1,246,584	317,793	3,358,352
Balance as at 01.01.2012	1,607,000	184,784	68,163	1,222,843	525,160	3,607,950
Net profit for the period	-	-	-	53,676	11,403	65,079
Prior year adjustment	-	-	-	10,570	10,154	20,724
Transfers to reserve fund	-	-	12,844	(12,844)	-	-
Dividend Paid	-	-	-	(168,750)	(8,820)	(177,570)
Balance as at 30.09.2012	1,607,000	184,784	81,007	1,105,495	537,897	3,516,183

Statutory reserves represent the reserve fund of the company in terms of Direction No.05 of 2006 issued by the Central Bank of Sri Lanka under Section No.34 of the Finance Leasing Act No.56 of 2000 and the statutory reserve of the subsidiary, Merchant Credit of Sri Lanka represents its reserve fund in terms of Direction No.01 of 2003 issued by the Central Bank of Sri Lanka under Section No.46 of the Finance Companies Act No. 23 of 1991.

Investment fund account consists of the 8% of the profit calculated for the payment of Value Added Tax on financial services and 5% of the profit before tax calculated for payment of Income Tax purpose during the year.

Merchant Bank of Sri Lanka PLC

Unaudited Cash Flow Statement

For the period ended 30 September	Company		Group	
	2012 LKR ' 000	2011 LKR ' 000	2012 LKR ' 000	2011 LKR ' 000
Cash Flow from Operating Activities				
Interest and commission receipts	1,065,941	803,720	2,173,564	1,773,454
Interest payments	(581,093)	(381,648)	(1,111,540)	(757,996)
Receipts from other operating activities	35,886	167,754	313,165	292,666
Cash payments to employees and suppliers	(289,922)	(232,101)	(616,577)	(533,093)
Payments on other operating activities	(65,553)	(81,982)	(388,813)	(260,024)
Operating profit before changes in operating assets	165,259	275,743	369,799	515,007
(Increase)/Decrease in operating assets:				
Operating assets	(33,915)	245,982	(254,227)	30,934
Funds advanced to customers	(1,558,656)	(1,496,779)	(2,120,412)	(2,887,233)
Increase/(Decrease) in operating liabilities				
Operating liabilities	171,308	279	435,134	83,905
Deposits from customers	-	-	728,143	872,862
Net cash from operating activities before income tax	(1,256,004)	(974,775)	(841,563)	(1,384,525)
Income tax paid	(23,048)	(87,841)	(30,471)	(95,921)
Net cash inflow/(outflow) from operating activities	(1,279,052)	(1,062,616)	(872,034)	(1,480,446)
Cash flows from investing activities				
Purchase of Property, Plant & Equipment	(49,810)	(17,174)	(115,319)	(68,323)
Dividend income	20,195	36,942	11,927	29,642
Purchase of investments	(90,736)	(667,058)	(5,222,656)	(746,303)
Proceeds from Sale of Property, Plant & Equipment	79	91	79	562
Proceeds from sale of investments	43,129	619,810	4,999,126	737,732
	-	-	-	-
Net cash inflow/(outflow) from investing activities	(77,143)	(27,389)	(326,843)	(46,690)
Cash flows from financing activities				
Proceeds from issue of shares	-	-	-	-
Dividend paid	(168,750)	(168,750)	(179,570)	(179,570)
Cash inflow from long term borrowings	241,900	1,142,878	241,900	1,142,878
Repayment of long term borrowings	(413,378)	(466,005)	(414,165)	(467,500)
Proceeds from short term borrowings	14,798,174	5,542,572	14,673,174	5,792,572
Repayment of short term borrowings	(13,107,968)	(4,881,543)	(13,107,968)	(4,896,543)
Net cash inflow/(outflow) from financing activities	1,349,978	1,169,152	1,213,371	1,391,837
Net increase / (decrease) in cash and cash equivalents	(6,217)	79,147	14,494	(135,299)
Cash and cash equivalents at beginning of the period	784,630	286,082	1,987,172	1,677,374
Cash and cash equivalents at end of the period (Note. 1)	778,413	365,229	2,001,666	1,542,075
Note 1 Reconciliation of cash and cash equivalents				
Government treasury bills	869,065	429,496	1,670,543	1,191,281
Cash in hand and at bank	130,694	132,104	270,018	189,186
Bank overdrafts	(221,346)	(196,371)	(473,039)	(285,384)
Cash at banks and short-term deposits attributable to discontinued operation	-	-	534,144	446,992
	778,413	365,229	2,001,666	1,542,075

Merchant Bank of Sri Lanka PLC

Unaudited Segment reporting

Company	Leasing		Trade		Corporate advisory &		Money		Eliminations /		Total	
	2012	2011	Finance		Capital Markets		Market		Unallocated		2012	2011
			LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000		
For the period ended 30 September												
Revenue from external customers												
Interest	124,460	68,612	229,667	177,561	26,612	26,271	62,169	30,559	2,710	1,607	445,618	304,610
Lease income	865,815	666,167	-	-	-	-	-	-	-	-	865,815	666,167
Commissions	13,300	10,404	1,383	2,088	-	-	-	-	-	-	14,683	12,492
Others	20,067	18,232	2,582	31,832	14,571	123,924	10,270	14,893	1,610	4,890	49,100	193,771
Total revenue from external customers	1,023,642	763,415	233,632	211,481	41,183	150,195	72,439	45,452	4,320	6,497	1,375,216	1,177,040
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Segment results	141,352	233,926	15,271	24,279	(52,178)	30,066	175,301	139,440	(165,465)	(31,274)	114,281	396,437
Profit before interest, tax and associate company's profit											859,782	741,152
Interest expense											(730,349)	(391,265)
Income from Associate company											(15,152)	46,550
Income tax expense											(39,500)	(102,522)
Net profit for the period											74,781	293,915
Other Information												
Segment assets	7,142,921	4,837,388	1,879,324	1,732,632	516,937	642,856	1,019,755	645,645	452,641	269,571	11,011,578	8,128,092
Investment in Associate/Subsidiaries	-	-	-	-	-	-	-	-	370,624	439,282	370,624	439,282
Assets classified as held for sale	-	-	-	-	-	-	-	-	237,186	237,186	237,186	237,186
Total assets	7,142,921	4,837,388	1,879,324	1,732,632	516,937	642,856	1,019,755	645,645	1,060,451	946,039	11,619,388	8,804,560
Segment liabilities	85,362	96,841	65,641	68,203	(84)	-	8,183,167	5,471,489	536,473	363,669	8,870,559	6,000,202
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	85,362	96,841	65,641	68,203	(84)	-	8,183,167	5,471,489	536,473	363,669	8,870,559	6,000,202

Merchant Bank of Sri Lanka PLC

Unaudited Segment reporting

Group	Leasing		Trade Finance		Corporate advisory & Capital Markets		Money Market		Insurance		Eliminations / Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000
For the period ended 30 September														
Revenue from external customers														
Interest	124,460	68,612	494,028	412,082	26,612	26,271	86,147	51,351	66,372	27,730	16,782	7,249	814,401	593,295
Lease income	1,389,174	1,087,832	-	-	-	-	-	-	-	-	-	-	1,389,174	1,087,832
Commissions	13,300	10,404	1,383	2,088	-	-	-	-	-	-	-	-	14,683	12,492
Premium revenue	-	-	-	-	-	-	-	-	228,691	140,761	-	-	228,691	140,761
Others	49,992	47,640	4,221	35,000	14,571	123,923	1,090	5,713	19,900	17,935	(12,732)	19,852	77,042	250,063
Total revenue from external customers	1,576,926	1,214,488	499,632	449,170	41,183	150,194	87,237	57,064	314,963	186,426	4,050	27,101	2,523,991	2,084,443
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment results	108,826	294,277	59,955	52,468	(52,178)	30,066	146,448	117,147	5,394	(12,144)	(69,909)	(8,520)	198,536	473,294
Profit before interest, tax and associate company's profit													1,452,172	1,160,912
Interest expense													(1,238,484)	(734,168)
Income from Associate company													(15,152)	46,550
Loss from discontinued operations													(68,000)	(19,701)
Income tax expense													(65,457)	(117,946)
Minority interest													(11,403)	(34,699)
Net profit for the period													53,676	300,948
Other Information														
Segment assets	11,125,569	7,872,605	3,671,020	3,359,363	516,937	642,856	1,395,733	1,041,316	1,193,407	813,256	1,354,796	1,003,022	19,257,462	14,732,418
Investment in Associate	-	-	-	-	-	-	-	-	-	-	111,100	129,758	111,100	129,758
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	2,541,754	2,599,173	2,541,754	2,599,173
Total assets	11,125,569	7,872,605	3,671,020	3,359,363	516,937	642,856	1,395,733	1,041,316	1,193,407	813,256	4,007,650	3,731,953	21,910,316	17,461,349
Segment liabilities	3,556,136	2,780,174	1,627,058	1,512,340	(84)	-	8,510,822	5,821,288	794,623	586,915	1,460,395	1,011,203	15,948,950	11,711,920
Liabilities directly associated with assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
											2,445,183	2,391,077	2,445,183	2,391,077
Total liabilities	3,556,136	2,780,174	1,627,058	1,512,340	(84)	-	8,510,822	5,821,288	794,623	586,915	3,905,578	3,402,280	18,394,133	14,102,997

Notes to the Financial Statements

1. Basis of Preparation

The Balance Sheet as at 30 September 2012, the Income Statements, Cash Flow Statements and statements of changes in equity of the company and the group for the nine months ended 30 September 2012 are drawn up from unaudited financial statements of the company, its subsidiaries, associate companies and provide information as required by Colombo Stock Exchange and SLAS 35 - Interim Financial Reporting. Further, provisions of the Companies Act No. 07 of 2007 has been considered in preparing the interim financial statements of the company and of the group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements as at 31 December 2011.

The Institute of Chartered Accountants of Sri Lanka had issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after January 01, 2012. These Sri Lanka Accounting Standards comprise of Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS).

The Institute of Chartered Accountant of Sri Lanka issued a ruling addressing the comparative figures in the interim financial statements. As per the ruling an entity is able to follow one of the following options in presenting its interim financial statements.

i. To present the interim financial statements in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS) effective from 01 January 2012.

ii. Prepare interim financial statements in accordance with Sri Lanka Accounting standards existed immediately prior to 01 January 2012, with a disclosure on the impact to the Statement of Comprehensive Income.

iii. To present the interim financial statements in accordance with Sri Lanka Accounting Standards effective from 01 January 2012 and the comparative information in accordance with the Sri Lanka Accounting Standards existed immediately prior to 01 January 2012.

The group adopts the second option in presenting these financial statements for the nine months ended 30 September 2012.

The Group has quantified the impact to the Statement of Comprehensive Income for the period (before taxes) and a Net asset based on the new Sri Lanka Accounting Standards and as the impact is shown below.

Area of Impact	Description	Impact to the Statement of Comprehensive Income for nine months ended September 30, 2012	Impact to Net Assets as at September 30, 2012	Impact to Net Assets as at December 31, 2011
Recognition of interest income at Effective Interest Rate	Interest income is recognized based on EIR method and not based on sum of digits method as done previously.	Decreased by Rs. 5,687,680	Decreased by Rs. 5,687,680	Decreased by Rs. 66,331,813
Recognition of interest income from loans on accrual basis	Interest income is recognized based on accrual basis up to nine months and not on cash basis as done previously.	Increased by Rs. 1,127,588	Increased by Rs. 1,127,588	Increased by Rs. 7,464,352
Recognition of interest expense at Effective Interest Rate	Interest expense is recognized based on EIR method and not based on straight line method as done previously.	Decreased by Rs. 9,104,748	Decreased by Rs. 9,104,748	Increased by Rs. 6,455,566
Measurement of staff loans at fair value (Day 1 Difference)	All staff loans are recognized initially at fair value. Subsequent interest recognition is based on EIR method. Day 1 difference (i.e.. the difference between the transaction amount and the fair value determined based on market interest rate) is treated as pre-paid staff cost and is amortized.	No impact	No impact	N/A
Financial assets	Financial assets with objective evidences are tested for impairment and impairment loss, if any impairment loss is recognized in Profit or Loss	No significant impact	No significant impact	No significant impact
Available for Sale Financial Assets	Subsequent measurement of Investments classified as Available for Sale (AFS) is at fair value and the corresponding changes in fair value is recognized in Equity through the Statement of Other Comprehensive Income.	No significant impact	No significant impact	No significant impact
Loans and receivable	Subsequent measurement of Investments classified as Loans and receivable (L&R) are at amortized cost based on EIR method.	No significant impact	No significant impact	No significant impact
Financial Assets at Fair Value through Profit or Loss	Subsequent measurement of Investments classified as Fair Value through Profit or Loss (FVTPL) is at fair value and the corresponding changes in fair value is recognized in Profit or Loss.	Increased by Rs. 680,744	Increased by Rs. 680,744	Increased by Rs.3,692,846

2. **Accounting policies**

There were no material changes in the accounting policies and methods of computation since the annual financial statements for the year ended 31 December 2011.
During the quarter there were no material changes in the composition of assets, liabilities and use of funds raised through debentures.

3. **Events after the Balance Sheet date**

There were no material events that took place since September 30, 2012, that require disclosure in these financial statements.

4. **Commitments and contingencies**

There have not been a significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31 December 2011.

5. Share Information	As at 30.09.2012	As at 31.12.2011
Net Asset per share	LKR	LKR
- Company	20.36	21.06
- Group	22.06	22.84
Market price per share recorded during the quarter ended 30 September	LKR	LKR
-High	27.50 (17.09.2012)	45.00 (17.08.2011)
-Low	19.70 (11.07.2012)	35.90 (26.09.2011)
-Last Transaction	25.00 (28.09.2012)	39.80 (30.09.2011)
Number of shares issued	As at 30.09.2012	As at 31.12.2011
Stated capital (LKR)	135,000,000	135,000,000
	1,607,000,000	1,607,000,000

6. Ratios	As at 30.09.2012	As at 31.12.2011
Debt/Equity Ratio	2.87	2.33
Liquidity Ratio	0.50	1.72
Interest Cover	1.16	1.81

7. **Discontinued Operation**

The Company intends to dispose the MBSL Savings Bank Limited and negotiations for the sale were in progress. Therefore MBSL savings Limited was classified as assets held for sale and as a discontinued operation.

8. **Twenty largest share holders**

	Name of the share holder	No. of Shares	Holding %
01.	Bank of Ceylon No. 1 Account	97,392,136	72.14%
02.	Bank of Ceylon A/C Ceybank Unit Trust	7,260,522	5.38%
03.	Environmental Resources Investment PLC	970,250	0.72%
04.	Dr. S Yaddhegige	739,400	0.55%
05.	Mr. C R D Fernando	574,020	0.43%
06.	Mr. M. M. Udeshi	555,476	0.41%
07.	Merrill J Fernando & Sons (Private) Limited	526,165	0.39%
08.	Mr. M.Premajayanth	480,001	0.36%
09.	Mr. N. Balasingam	381,400	0.28%
10.	Mr. C P De Silva	335,000	0.25%
11.	Mr. A. Chelliah	333,800	0.25%
12.	Waldock Mackenzie Limited / Mr. Lalith Prabash Hapangama	300,000	0.22%
13.	Bartleet Produce Marketing (Pvt) Limited	300,000	0.22%
14.	Thurston Investments Limited	300,000	0.22%
15.	Chemane PLC A/C No 1	300,000	0.22%
16.	Seylan Bank Limited / Mr. Dinesh Nagendra Sellamuttu	286,301	0.21%
17.	Gnanam Imports (Private) Limited	266,967	0.20%
18.	Commercial Bank Ceylon PLC / W L T Anandawansa	255,010	0.19%
19.	Seylan Bank Limited / Priyani Dharshini Ratnagopal	238,100	0.18%
20.	DFCC Vardhana Bank Ltd / Sithlanka Pvt Ltd	235,000	0.17%

9. The percentage of shares held by the public as at 30 September 2012 was 27.86%

10. **Directors' share holding**

Name of the Director	No. of Shares
Mr. M R Shah (Chairman)	Nil
Mr. M.S.S. Paramananda	Nil
Mr. Lakshman Perera (Resigned on 10 September 2012)	Nil
Mr. P.G. Rupasinghe	Nil
Mr. V. Kanagasabapathy	Nil
Prof. Ranjith Bandara	Nil
Mr. K Dharmasiri	Nil

11. **Acting CEO's share holding**

Mr.Lakshman Kaluarachchi Nil