Results for the Half year ended 30 September 2012

This commentary relates to the interim non-audited financial statements for half year ended 30 September 2012.

GROUP PERFORMANCE

The DFCC Group recorded a consolidated profit after tax of LKR 1558m for the half year ended 30 September 2012 compared with LKR 1249m in the corresponding period of the previous year (comparable period).

Apart from the Banking Business which contributed LKR 1442m to profit after tax (based on partial consolidation in the supplementary income statement of DBB) and is analyzed below, the investment banking joint venture, Acuity Partners (Pvt) Ltd (APL) contributed LKR 87m in the current period marginally lower than LKR 90m in the comparable period. The current period however includes a deemed disposal gain of LKR 83m(50% of the total recorded by APL) arising from a transaction by its subsidiary Lanka Ventures PLC accounted in the income statement as per the previous Sri Lanka Accounting Standards. However, at the end of the current financial year consequent to representation of financial statements under the new accounting standards this amount of deemed disposal gain would be accounted as other comprehensive income in the equity and not in the income statement as currently presented. The environment was not conducive for investment banking business and the contribution from APL's core activities was significantly lower than in the previous period. The contribution from all other subsidiaries and associate company collectively was LKR 78m in the current period (LKR 65m in the comparable period).

BANKING BUSINESS

The Banking Business of the DFCC Group is undertaken by DFCC Bank (DFCC), a licensed specialized bank and 99 % owned subsidiary DFCC Vardhana Bank (DVB), a licensed commercial bank. Both banks function as one economic entity and as such it is appropriate to analyse the consolidated performance of the two banks as DFCC Banking Business (DBB). A consolidated Income statement for DBB has been released to the Colombo Stock Exchange as supplementary financial information. This statement was derived from the interim financial statements with certain adjustments for ease of analysis. Since the financial year of DVB ends in December, the accounts of DVB are consolidated with a 3 month lag.

The interest income of DBB in the current period was LKR 6,929m, an increase of 61% over LKR 4,303m in the previous comparable period. Thus the second quarter was an improvement over the 54% increase recorded in the first quarter over the previous comparable period. The higher interest income in the current period was the result of portfolio growth with total loans and advances (excluding interest receivable) increasing 33% from LKR 72,426m on 30 September 2011 to LKR 96,468m on 30 September 2012, as well as due to the increase in market interest rates. As in the first quarter, the funding cost in DVB was also correspondingly high, but there was a marginal improvement in the interest margin.

DVB reached the 18% maximum LKR credit growth ceiling for 2012 imposed by the Central Bank of Sri Lanka by 30 June 2012 which is consolidated with half year ended 30 September 2012 of DFCC Bank with a 3 month gap. It recently obtained a foreign currency line of credit which was converted to LKR on a hedged basis which enables it to increase its LKR advances portfolio by about LKR 1 billion during the period leading up to December 2012;DVB's customer deposit base increased from LKR 24,041m on 30 September 2011 to LKR 43,022m on 30 September 2012, an increase of 79% resulting in reducing its exposure to inter bank borrowing and significant improvement to the cash equivalent on 30 September 2012 to LKR 8,278m compared to LKR 4,112m one year ago.

DFCC also increased its customer deposit base from LKR 5,787m on 30 September 2011 to LKR 15,269m on 30 September 2012. Thus both constituent banks of the DBB made use of reduced domestic investor appetite for medium and long term funds in the relative volatility of interest rates by growing its customer deposit base. Depending on future market conditions and credit demand, DFCC will replace or supplement these deposits with longer term funding from domestic or international sources.

Other income of DBB was LKR 645m in the current period, 10% higher when compared to the comparable period. Main contributors were dividend income, fees and commission income which offset lower gains from sale of listed shares and a marginal net loss in foreign exchange operations.

Foreign exchange income of the DBB is primarily derived from DVB, the commercial banking arm The income generated from trading activities was slightly lower than the cost of hedging swaps of foreign currencies to LKR for a higher interest yield and net interest income. this funding strategy was overall beneficial to DBB. The gross non-performing loan ratio of DBB marginally increased to 4.9% as at 30 September 2012 compared with 4.3%, on 31 March 2012. This is however much lower than 5.8% one year ago.

The ratio of operating expenses to operating income was 42% in the current period compared with 45% in the comparable period. The 13% increase in operating expenses in the current period was compensated by additional income. The increase in operating cost was largely due to personnel cost. As explained in my previous commentary, concomitant with expansion of branch network and diversification of product and services particularly in DVB, there was an increase in head count from 1316 employees in the group one year ago to 1463 employees in the group as at 30 September 2012. This head count increase included strengthening of management positions with a few external recruits. These factors contributed to an increase in the personnel cost on a year on year basis.

The DBB recorded LKR 1961m as operating profit before taxes which was an increase of 21% over the comparable period, an improvement over 11% recorded in the first quarter. Profit after tax (both VAT on financial services and income tax) was LKR 1,442m, an increase of 28% over the Rs 1,128 m recorded in the comparable period. The current quarter included an adjustment for a one off, non recurrent financial services value added tax over provision for

the prior year amounting to LKR 184m. Without this, DBB's profit after tax for the current period was LKR 1,257 m, an increase of 11% over the comparable period.

As stated in my previous commentary, going forward, the credit ceiling will have an adverse impact on the growth of DVB during the remainder of the year since because of its smaller base than DFCC at the end of December 2011. DFCC has room and can expect to grow as previously approved project loans are progressively disbursed, although there is a general slowdown in the demand for new project loans.

INVESTMENTS

The quoted equity investment securities of DFCC are carried at a cost of LKR 4,969m as at 30 September 2012. The aggregate market value of the investments on 30 September 2012 amounted to LKR 16,365m with an unrealized gain of LKR 11,396m. Thus the unrealized gain during the quarter ended 30 September 2012 has increased by LKR 2,634m or 30%. However, given vagaries of the domestic and global stock markets the current increase may not be indicative of future performance of this portfolio and in fact as at 31 October 2011, the unrealized gain has reduced to LKR 1124m. The interim non-audited financial statements are not based on the new accounting standards and therefore the unrealized gain is currently not recognized in the financial statements. However, under the new accounting standards all listed shares currently classified as investment securities would be reclassified as available for sale and marked to market and the unrealized gains recognized in the equity of DBB.

PRUDENTIAL INDICATORS

The capital adequacy and liquidity ratios continued to be well above the stipulated regulatory minimum. Specific provision cover for the DBB was 73% and unprovided NPL s as a proportion of equity was under 8%.

Nihal Fonseka Chief Executive Officer

5 November 2012

DFCC Bank

Income Statement

		Bank			Group				
		For the 6 months ended For the quarter ended F			For the 6 months ended For the quarter ended			r ended	
For the period ended	Notes	30.09.12 LKR 000	30.09.11 LKR 000	30.09.12 LKR 000	30.09.11 LKR 000	30.09.12 LKR 000	30.09.11 LKR 000	30.09.12 LKR 000	30.09.11 LKR 000
Income		4,440,175	3,141,989	2,297,819	1,488,051	7,805,608	5,204,714	4,079,425	2,562,907
Interest income		4,067,047	2,742,036	2,130,948	1,364,877	6,954,113	4,355,130	3,694,253	2,232,699
Interest income on loans & advances		3,783,507	2,479,271	1,976,220	1,273,766	6,260,689	3,828,689	3,307,760	2,009,016
Interest income on other interest earning assets		283,540	262,765	154,728	91,111	693,424	526,441	386,493	223,683
Less : Interest expenses		2,350,399	1,252,209	1,229,461	635,588	4,135,085	2,030,183	2,224,534	1,055,361
Interest expense on deposits Interest expense on other interest bearing liabilities		885,219 1,465,180	222,429 1,029,780	477,654 751,807	124,235 511,353	2,513,920 1,621,165	906,677 1,123,506	1,402,866 821,668	477,124 578,237
Net interest income		1,465,180	1,029,780	901,487	729,289	2,819,028	2,324,947	1,469,719	1,177,338
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Non interest income Foreign exchange income	6 5	373,128 (57,504)	399,953 (8,918)	166,871 (30,463)	123,174 (10,866)	851,495 (2,710)	849,584 31,513	385,172 (18,902)	330,208 9,351
Other income	5	430,632	408,871	197,334	134,040	854,205	818,071	404,074	320,857
Less : Non interest expenses		618,361	596,738	318,425	300.059	1,541,205	1,435,556	797,214	725,450
Personnel costs		298,281	252,685	152,121	124,514	735,155	617,825	390,272	304,999
Provision for staff retirement benefits		45,478	34,195	22,739	17,097	45,478	34,195	22,739	17,097
Premises, equipment & establishment expenses		137,379	131,717	74,219	64,411	367,325	333,772	195,250	165,884
Loss on trading / investment securities Other operating expenses		0 127,469	0 168,458	0 64,063	0 89,159	0 353,961	0 418,700	0 168,843	0 221,616
Amortization of intangible assets		127,409	106,456	04,003	69,159	353,901	418,700	100,043	221,010
Software		9,754	9,683	5,283	4,878	39,286	31,064	20,110	15,854
Less : Provision for bad & doubtful debts and loans written off		(107,591)	(125,541)	(22,012)	(38,699)	40,026	(42,404)	48,622	6,141
Provisions - general		(7,304)	(73,868)	(5,437)	(24,826)	5,992	(67,577)	(5,024)	(29,577)
Provisions - specific		123,352	163,683	59,672	89,998	305,311	285,848	168,313	155,874
Recoveries Loans written off		(223,651)	(216,256) 900	(56,482)	(104,682) 811	(274,086) 2.809	(264,015) 3,340	(95,381) (19,286)	(121,576) 1,420
Loans whiteh on		12	900	(19,765)	011	2,809	3,340	(19,200)	1,420
Less : Provision for fall in value of dealing & investment securities losses		0	0	0	0	0	0	0	0
Operating profit on ordinary activities before taxes		1,579,006	1,418,583	771,945	591,103	2,089,292	1,781,379	1,009,055	775,955
Less : Value added tax on financial services	7	(16,329)	148,041	(102,012)	61,487	56,034	185,201	(68,302)	83,928
Operating profit on ordinary activities before corporate tax		1,595,335	1,270,542	873,957	529,616	2,033,258	1,596,178	1,077,357	692,027
Share of profits/(Loss) of associates after tax						6,369	(2,864)	7,806	1,216
Operating profit before corporate tax		1,595,335	1,270,542	873,957	529,616	2,039,627	1,593,314	1,085,163	693,243
Less : Income tax on profit on ordinary activities	8	338,669	236,240	169,417	87,882	481,921	344,254	240,035	146,624
Profit for the period		1,256,666	1,034,302	704,540	441,734	1,557,706	1,249,060	845,128	546,619
Attributable to Equity holders of the Bank Minority interest						1,501,516 56,190	1,212,619 36,441	819,134 25,994	529,581 17,038
		1,256,666	1,034,302	704,539	441,734	1,557,706	1,249,060	845,128	546,619
Basic earnings per share - LKR		4.74	3.90	2.66	1.67	5.66	4.57	3.09	2.00
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Balance Sheet

		Bank	F	Group		
As at	Notes	30.09.12 LKR 000	31.03.12 LKR 000 Audited	30.09.12 LKR 000	31.03.12 LKR 000 Audited	
On-Balance Sheet Assets						
Cash in hand		367	280	1,351,268	1,430,388	
Balances with Central Bank of Sri Lanka		0	0	2,300,885	1,596,066	
Due from Banks and other financial institutions		5,508,211	3,534,482	9,769,321	5,399,603	
Investments - trading account		565,387	189,113	1,402,676	719,023	
Government securities		487,815	123,806	1,325,104	653,716	
Other securities		77,572	65,307	77,572	65,307	
Investments - held to maturity (net of provisions)		9,653,048	8,320,830	22,264,035	19,474,088	
Government securities		2,848,451	1,413,713	12,785,247	9,914,652	
Investments in ordinary shares		5,088,806	4,922,464	7,628,257	7,452,543	
Investments in preference shares		1,295,500	1,568,000	1,324,490	1,596,990	
Investments in debentures		0	0	80,750	80,750	
Investments in unit trusts		420,291	416,653	457,791	441,653	
Less : Provision for decline in value of Investments		0	0	12,500	12,500	
Investment in associate companies		35,270	35,270	391,709	370,799	
Investment in subsidiary companies		3,782,453	3,777,907	-	-	
Investment in joint venture company		655,000	655,000	-	-	
Less : Provision for decline in value of Investments in Subsidiaries		(17,367)	(17,367)	-	-	
Total loans and advances			(, ,			
Total performing loans and advances		55,262,650	52,941,881	90,904,856	84,557,382	
Bills of exchange discounted		0	0	527,568	527,476	
Overdrafts		0	0	12,654,153	11,939,734	
Einance leases		9,538,884	8.985.856	10,681,900	9,481,351	
Other loans		45,723,766	43,956,025	67,041,235	62,608,822	
Total non performing loans and advances		4,184,493	3,721,145	7,611,897	6,407,272	
Bills of exchange discounted		4,104,435	0,721,145	38,884	32,661	
Overdrafts		0	0	1,646,626	1,261,820	
Finance leases		279,079	171,340	287,318	171,780	
Other loans		2,515,095	2,218,735	3,590,415	3,029,448	
Loan interest receivable				2,048,654		
Total gross loans and advances		1,390,319 59,447,143	1,331,070 56,663,026	98,516,753	1,911,563 90,964,654	
Less :		55,447,145	50,005,020	30,510,735	30,304,034	
Interest in suspense		1,390,319	1,331,070	2,885,487	2,564,083	
Provision for credit losses - specific		1,663,657	1,747,151	2,653,174	2,588,509	
Provision for credit losses - general		347,619	354,923	493,912	485,825	
Net loans and advances		56,045,548	53,229,882	92,484,180	85,326,237	
Group balances receivable		33,127	41,597	0	0	
Prepayments		39,912	43,810	39,908	43,810	
Other receivables		938,051	1,294,674	2,313,343	2,457,183	
Deferred tax asset		0	0	5,673	5,583	
Assets held for sale		0	0	2,875	2,875	
Intangible assets		50,535	29,978	238,973	203,861	
Investment property		0	0	133,542	147,981	
Goodwill on consolidation		-	-	226,411	226,411	
Property and equipment (Net of accumulated depreciation)		457,714	431,606	949,316	936,250	
Income tax refund due		139,574	139,574	162,895	161,020	
Total On Balance Sheet Assets		77,886,830	71,706,635	134,037,010	118,501,178	

Balance Sheet

			F	Group		
As at	Notes	30.09.12 LKR 000	31.03.12 LKR 000 Audited	30.09.12 LKR 000	31.03.12 LKR 000 Audited	
On Balance Sheet Liabilities						
Total deposits		15,269,276	11,710,526	58,291,065	44,420,013	
Demand deposits		0	0	1,335,405	1,256,908	
Savings deposits		0	0	7,295,555	7,172,688	
Time deposits		15,269,276	11,710,526	49,185,773	35,521,883	
Margin deposits		0	0	213,710	274,006	
Other deposits		0	0	260,622	194,528	
Total borrowings		38,060,158	36,106,592	44,407,305	43,991,926	
Borrowings from CBSL		482,457	564,675	484,757	564,675	
Borrowings from Banks and financial institutions in Sri Lanka		7,199,770	7,271,270	8,229,806	8,588,671	
Borrowings from Banks and financial institutions abroad		1,657,910	1,855,514	1,698,143	1,943,369	
Borrowings under repurchase agreements		0	0	4,274,578	5,480,078	
Debentures - Subordinated		590,000	590,000	1,590,000	1,590,000	
Debentures - Others		700,000	700,000	700,000	700,000	
Other Borrowings		27,430,021	25,125,133	27,430,021	25,125,134	
Group balances payable		0	222	0	0	
Interest accrued		1,655,321	1,144,954	2,570,244	1,731,630	
Current taxation		181,881	0	291,765	56,665	
Deferred taxation		339,213	328,039	386,766	376,284	
Other liabilities		431,154	662,750	1,524,095	1,842,545	
Total On Balance Sheet Liabilities		55,937,003	49,953,083	107,471,240	92,419,064	
Equity						
Share capital	12.2	2,650,977	2,650,977	2,650,977	2,650,977	
Share premium		2,064,837	2,064,837	2,064,837	2,064,837	
Stated Capital		4,715,814	4,715,814	4,715,814	4,715,814	
Statutory reserves		1,655,772	1,485,215	1,655,772	1,485,215	
General reserve		13,779,839	13,779,839	13,779,839	13,779,839	
Retained profit		1,798,402	1,772,684	5,954,961	5,686,342	
Shareholders' equity		21,949,827	21,753,552	26,106,386	25,667,210	
Minority interest		-	-	459,384	414,904	
Total equity		21,949,827	21,753,552	26,565,770	26,082,114	
Total equity and liabilities		77,886,830	71,706,635	134,037,010	118,501,178	
Off-Balance Sheet Items and Contra Accounts						
Contingencies		3,349,671	3,778,802	16,654,869	18,379,290	
Commitments		9,946,648	14,916,351	18,559,109	22,543,390	
Net assets value per share,LKR		82.80	82.06	98.48	96.82	
Memorandum Information			L			
Number of employees		469	466	1,463	1,396	
Number of branches and extension offices		19	19	146	145	
The highest, the lowest and the last traded market price recorded						
during the period ended		30.09.2012	30.09.2011			
- Highest price LKR.		128.10	150.00			
- Lowest price LKR.		104.00	125.50			
- Last traded price LKR.		122.30	129.00			
		00	.20.00			

Statement of Changes in Equity - Bank

	Ordinary Shares LKR. 000	Share Premium LKR. 000	Statutory Reserves LKR. 000	General Reserve LKR. 000	Retained Earnings LKR. 000	Total LKR. 000
Balance as at 01.04.2011 Issue of shares under employee share option plan	2,648,838 2,139	2,054,546 10,424	1,068,600	11,379,839	3,067,038	20,218,861 12,563
Profit for the period Final dividends approved on 30.06.2011 Share issue expenses		(133)			1,034,302 (795,208)	1,034,302 (795,208) (133)
Transfers			154,326		(154,326)	-
Balance as at 30.09.2011	2,650,977	2,064,837	1,222,926	11,379,839	3,151,806	20,470,385
Balance as at 01.04.2012	2,650,977	2,064,837	1,485,215	13,779,839	1,772,684	21,753,552
Profit for the period Final dividends approved on 29.06.2012 Share issue expenses					1,256,666 (1,060,391)	- 1,256,666 (1,060,391)
Transfers			170,557		(170,557)	-
Balance as at 30.09.2012	2,650,977	2,064,837	1,655,772	13,779,839	1,798,402	21,949,827

Statement of Changes in Equity - Group

	Attributable to equity holders of the bank						
	Ordinary	Share	Statutory	General	Retained	Minority	Total
	Shares	Premium	Reserves	Reserve	Earnings	Interest	
	LKR. 000	LKR. 000	LKR. 000	LKR. 000	LKR. 000	LKR. 000	LKR. 000
Balance as at 01 04 2011	2,648,838	2,054,546	1,068,600	11,379,839	6,530,865	486,666	24,169,354
Issue of shares under employee share option plan	2,139	10,424					12,563
Profit for the period					1,212,619	36,441	1,249,060
Right issue of shares						11,682	11,682
Adjustments due to changes in holdings						(107,598)	(107,598)
Final dividends approved on 30.06.2011					(795,208)		(795,208)
Dividends distributed to minority interest by subsidiaries						(38,190)	(38,190)
Share issue expenses		(133)					(133)
Transfers			154,326		(154,326)		-
Balance as at 30.09.2011	2,650,977	2,064,837	1,222,926	11,379,839	6,793,950	389,001	24,501,530
Balance as at 01.04.2012	2,650,977	2,064,837	1,485,215	13,779,839	5,686,342	414,904	26,082,114
Profit for the period					1,501,516	56,190	1,557,706
Increase in Minority Interest on Deemed Disposal of holding in a Sub	sidiary of JV					39,897	39,897
Final dividends approved on 29.06.2012					(1,060,391)		(1,060,391)
Dividends distributed to minority interest by subsidiaries						(49,010)	(49,010)
Increase in ownership interest by the bank that does not result in cha	inge of control				(1,949)	(2,597)	(4,546)
Transfers			170,557		(170,557)		-
Balance as at 30.09.2012	2,650,977	2,064,837	1,655,772	13,779,839	5,954,961	459,384	26,565,770

Selected Performance Indicators

	Bank		Group	
	30.09.12	31.03.12	30.09.12	31.03.12
Regulatory Capital Adequacy				
Core capital (Tier - 1 Capital) LKR. Mn	16,624	17,851	21,077	22,328
Total capital base LKR. Mn	13,425	14,923	19,583	21,085
Core capital ratio (Minimum requirement 5%)	22.82	24.37	19.19	21.00
Total capital ratio (Minimum requirement 10%)	18.43	20.37	17.83	19.90
Asset Quality				
Non-performing loans and advances - Gross exposure %	4.8	4.3	4.9	4.3
(Net of interest in suspense)				
- Net exposure %	1.3	0.5	1.7	0.9
(Net of interest in suspense and provisions)				
Profitability (Annualized)				
Interest margin %	4.5	4.8	4.4	4.9
Return on assets %	4.3	4.2	3.2	3.5
Return on equity %	11.5	11.0	11.6	11.8
Statutory liquid assets LKR. Mn	5.624	3.859		
	5,624	3,059 52		
Statutory liquid assets ratio % (Minimum requirement 20%)	44	52		

	Bank		Group		
For the period ended	30-09-2012	30-09-2011		30-09-2011	
	LKR 000	LKR 000	LKR 000	LKR 000	
Cash flow from operating activities					
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Interest Receipts	3,674,409	2,459,577	6,082,986	3,812,957	
Interest payments Recoveries on loans previously written off	(1,845,592)	(1,320,914)	(3,382,547)	(2,142,751)	
Receipts from other operating activities	36,787 269,458	57,866 131,263	36,787 675,851	57,866 581,719	
Cash payments to employees & suppliers	(842,168)	(717,009)	(1,790,497)	(1,559,800)	
Value added tax	16,329	(171,157)	(1,790,497)	(1,35),800) (200,284)	
		(,,	(: •,)	()	
Operating Cash flow before changes in operating assets and liabilities	1,309,223	439,626	1,552,469	549,707	
(Increase)/decrease in operating assets:					
Deposits held for regulatory or monetary control purposes	0	0	(704,891)	(249,745)	
Funds advanced to customers	(2,636,056)	(5,659,690)	(7,142,181)	(11,325,389)	
Others	230,304	(10,231)	190,059	(418,064)	
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Increase /(decrease) in operating liabilities:					
Security deposits from customers	0	(950)	95	(856)	
Deposits from customers	3,558,750	2,098,568	13,884,194	4,283,827	
Negotiable certificates of deposit Others	0 (322,640)	0 66,783	66,094 (341,944)	66,243 252,737	
Net cash flow from operating activities before income tax	2,139,581	(3,065,894)	7,503,895	(6,841,540)	
Income tax paid	(130,274)	(3,005,694)	(177,369)	(439,175)	
Net cash flow from/(used in)operating activities	2,009,307	(3,419,590)	7,326,526	(7,280,715)	
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Cash flow from investing activities					
Dividends received	672,284	320,037	561,018	274,774	
Interest received	210,393	247,200	632,923	582,846	
Treasury bills eligible for rediscounting with Central Bank	(2,345,923)	9,628,575	(2,891,613)	12,939,527	
Proceeds from sale and redemption of securities	386,374	466,864	386,374	587,208	
Purchase of securities Investment in additional shares of subsidiaries-DFCC Vardhana Bank PLC	(209,415)	(874,613)	(148,048)	(874,613)	
Investment in additional shares of substraines-DFCC vardinana Bank FLC	(4,546) 0	(1,336,587) 0	(4,546) 0	(243,136) (96,000)	
Purchase of property, equipment, intangibles and investment property	(107,766)	(10,888)	(214,456)	(108,206)	
Proceeds from sale of equipment and investment property	624	2,133	28,162	36,475	
Net cash from investing activities	(1,397,975)	8,442,721	(1,650,186)	13,098,875	
Cash flow from financing activities					
Issue of debentures	0	(910,000)	0	(910,000)	
Issue of new shares under option	0	12,563	0	12,563	
Issue of new shares by subsidiary (Rights issue)	0	0	0	11,681	
Share issue expenses Borrowing, medium and long - term	0 9,825,711	(133) 2,412,243	0 9,825,711	(133) 4,256,597	
Other borrowings	(1,686,500)	(1,956,996)	(2,593,929)	(1,316,801)	
Repayment of borrowing , medium and long - term	(6,270,321)	(1,451,925)	(6,270,321)	(1,238,710)	
Dividends paid	(1,053,506)	(2,636,715)	(1,102,517)	(2,670,352)	
Net Cash flow from/(used in) financing activities	815,384	(4,530,963)	(141,056)	(1,855,155)	
、 <i>,</i>				<u>, , , , ,</u>	
Net increase/(decrease) in cash & cash equivalents	1,426,716	492,168	5,535,284	3,963,005	
Cash & cash equivalents/(overdraft-net) at the beginning of period as					
previously stated	4,163,425	1,370,810	12,441,560	4,777,976	
Consolidated adjustment -Synapsys Limited	0	0	0	16,000	
Cash & cash equivalents /(overdraft-net)at the beginning of the period					
	4,163,425	1,370,810	12,441,560	4,793,976	
Cash & cash equivalents at the end of period	5,590,141	1,862,978	17,976,844	8,756,981	
Paranaliation of each & each convincients					
Reconciliation of cash & cash equivalents Cash & short - term funds	5 509 579	1 805 625	8 557 477	2 552 500	
Treasury bills & other securities eligible	5,508,578	1,805,625	8,557,472	2,552,580	
for rediscounting with Central Bank	81,563	57,353	8,172,443	5,824,641	
Securities purchased under resale agreements	0	0	1,265,468	450,001	
Borrowing short term - Bank overdrafts	0	0	(18,539)	(70,241)	
	5,590,141	1,862,978	17,976,844	8,756,981	

The Cash Flow Statement of the bank includes the results of associate, joint venture and subsidiary companies only to the extent of the cash flows between Bank and respective companies as required by Sri Lanka Accouting Standards

EXPLANATORY NOTES

Note 1. Accounting policies

The accounting policies and methods of computation are consistent with those policies and methods followed during the previous financial year.

Note 2. Accounting for investments in associate company and subsidiary companies

Accounted under cost method in Bank's financial statements. Amounts are based on unaudited financial statements of the associate and subsidiary companies.

Note 3. Accounting for investment in Joint Venture Company

Accounted under partial consolidation method in group's financial statements. Amounts are based on unaudited financial statements of the joint venture company.

Note 4. 31 December financial year companies

These are DFCC Vardhana Bank PLC, Synapsys Ltd (subsidiaries) and Acuity Partners (Pvt) Limited (joint venture) and Namal Asset Management Limited (associate).

Results of these companies are consolidated with DFCC Bank with a three months gap. Thus the consolidated results for the period ended 30.09.2012 include profits of these companies for the period 01.01.2012 to 30.06.2012.

Note 5. Foreign Exchange Income

Foreign exchange income includes cost of forward exchange premium on funding swaps (swap of foreign currency for LKR). The income derived from LKR is included under net interest income while the premium on forward purchases to cover foreign exchange risk is expensed to foreign exchange income.

Note 6.Non-Interest Income

	Bank		Group	
	30.09.2012 LKR. 000	30.09.2011 LKR. 000	30.09.2012 LKR. 000	30.09.2011 LKR. 000
Dividend income Net gain on sale of other investment securities	256,640 74,848	149,431 167,444	139,861 74,848	100,069 174,121
Marked to market (loss)/ gain on other dealing securities	12,190	(1,398)	11,793	(1,404)
Other income	29,450	84,476	624,993	576,798
	373,128	399,953	851,495	849,584

Note 7. Value added tax on financial services

	Dai	IK	Group	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	LKR. 000	LKR. 000	LKR. 000	LKR. 000
VAT on Financial Services expense-Current year	168,113	148,041	240,476	185,201
Over provisoin of VAT on Financial Services-Prior year	(184,442)	-	(184,442)	-
	(16,329)	148,041	56,034	185,201

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Note 8. Taxation

	Bar	Bank		
	30.09.2012 LKR. 000	30.09.2011 LKR. 000	30.09.2012 LKR. 000	30.09.2011 LKR. 000
Current Income Tax	327,496	311,538	471,438	419,588
Over Provision of Income Tax	-	(38,580)	-	(38,580)
Deferred tax	11,173	(36,718)	10,482	(36,754)
	338,669	236,240	481,920	344,254

Note 9. Investment in Quoted Ordinary Shares	Bank	
	30.09.2012	31.03.2012
	LKR. 000	LKR. 000
Cost	4,969,272	4,786,760
Unrecognized gain	11,395,942	9,304,328
Market Value	16,365,214	14,091,088

Market value on 31/10/20012 was LKR 14,857 million

Note 10. Post balance sheet events

No circumstances have arisen which would require disclosure or adjustment to the accounts.

Note 11.

Interim financial statements have been prepared in accordance with Sri Lanka Accounting Standards that existed immediately prior to 1 January 2012. This is one of the options permitted by the Institute of Chartered Accountants of Sri Lanka (ICASL) and is applicable only to interim financial statements for the financial year ending on 31 March 2013. The financial statements for the financial year ending on 31 March 2013 will however be prepared in accordance with the new Accounting Standards applicable for accounting periods commencing on or after 1 January 2012.

The Bank has obtained external expert advice on adoption of new Financial Instruments Standards which constitute the most significant change in the transition to the new Accounting Standards. The Bank has made considerable progress in the preparatory work towards transition to the new Accounting Standards. An area that is still being addressed is the computation of Deferred Tax expense that could arise due to variations between accounting treatment of income and expense under the new accounting regime and corresponding income tax treatment. However, the estimated impact (which according to internal estimates is not unfavourable) of financial instruments recognition and impairment measurement that have to be recognised in the Statement of Comprehensive Income and Net Assets have not been independently audited and as such the Bank considers it prudent to defer the disclosure of the impact until an audit has been done.

Note 12. Disclosures under Appendix 7B of the Listing Rules

12.1 Bank has not incurred management fees or any other similar expenditure

12.2 Share Capital

Number of shares of the Bank on 30 September 2012 (No increase from 31 March 2012)

265,097,688

The Financial Statements of the Bank has retained the concept of par value, authorized capital and share premium account instead of the Stated Capital introduced by the Companies Act No. 7 of 2007 in accordance with section 7 of the DFCC Bank Act No. 35 of 1955 as amended.

12.3 Twenty Major Shareholders as at 30.09.2012

	Name of Shareholder/Company	Shareholding	%
1	Bank of Ceylon No.2 A/c.	38,039,994	14.35
2	Hatton National Bank PLC A/c No.1	32,109,140	12.11
3	Sri Lanka Insurance Corporation Ltd-Life Fund	26,509,832	10.00
4	Employees Provident Fund	24,368,995	9.19
5	Mr M A Yaseen	22,886,700	8.63
6	Distilleries Company of Sri Lanka PLC	17,042,856	6.43
7	Seafeld International Limited	15,286,794	5.77
8	HSBC Intl Nom. Ltd-BPSS Lux-Aberdeen Global Asia		
	Pacific Equity Fund	12,216,146	4.61
9	Renuka City Hotels PLC	6,926,870	2.61
10	HSBC Intl Nom Ltd-BPSS LDN-Aberdeen Asia Pacific Fund	6,750,000	2.55
11	HSBC Intl Nominees Ltd-BP2S London-Edinburg Dragon		
	Trust PLC	5,620,164	2.12
12	Renuka Hotels Limited	4,073,360	1.54
13	HSBC Intl Nominees Ltd-SSBT- Aberdeen Institutional		
	Commingled Funds, LLC	3,002,500	1.13
14	Employee Trust Fund Board	2,444,528	0.92
15	HSBC Intl Nominees Ltd-BP2S London-Aberdeen Asia		
	Smaller Companies Investment Trust	2,389,870	0.90
16	HSBC Intl Nominees Ltd-BP2S Luxembourg-Aberdeen		
	Globoal Frontier Markets Equity Fund	2,133,300	0.80
17	Cargo Boat Development Company PLC	2,098,200	0.79
18	HSBC Intl Nominees Ltd-BP2S-London - Aberdeen New		
	Dawn Investment Trust XCC6	1,800,000	0.68
19	Mellon Bank N.A Florida Retirement System	1,500,000	0.57
20	National Savings Bank	1,342,024	0.51

12.4 Public holding as at 30.09.2012 is 63.37%

12.5 Directors' Interests in Shares

	As at
	30.09.2012
Brito, J M S - Chairman	38,760
Fonseka, A N – Ex-officio Director	142,006*
Abeywardena, A S	10,380
Bandaranayake, T K	1,478
Dayasri, G K	1,036
Gunawardana, H M N S	Nil
Jansz, C R	1,000
Thambiayah, R B	211,200
Thambiayah, S.R – Alternative Director	Nil
Chandrasasa L P	500
Perumal, J E A	42,475

*Directors' shareholding includes shares held by the spouse.

Certification

We, the undersigned, being the Chairman, the Chief Executive Officer and the Chief Financial Officer of DFCC Bank certify that:

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.

(b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank unless indicated as audited .

J M S Brito Chairman A.N Fonseka Ex-officio Director & Chief Executive S. Nagarajah Chief Financial Officer No of Shares

31/10/2012

Business Segment Information

For the six months ended 30 September	Lendir 2012 LKR 000	ng 2011 LKR 000	Financial Le 2012 LKR 000	easing 2011 LKR 000	Investing 2012 LKR 000	in Equity 2011 LKR 000	Commerci 2012 LKR 000	ial Banking 2011 LKR 000	Oti 2012 LKR 000	her 2011 LKR 000	Unallo 2012 LKR 000	cated 2011 LKR 000	Eliminat 2012 LKR 000	ions 2011 LKR 000	Total 2012 LKR 000	2011 LKR 000
Revenue													<i>(</i>)			
Interest income Other income	3,403,579 64,697	2,210,995 72,316	663,468	531,041	- 331,486	- 313,625	2,892,654 368,218	1,595,894 245,781	41,981 364,360	63,903 353,152	- (23,055)	- 14,135	(47,569) (254,211)	(46,703) (149,425)	6,954,113 851,495	4,355,130 849,584
Income from external customers	3,468,276	2,283,311	663,468	531,041	331,486	313,625	3,260,872	1,841,675	406,341	417,055	(23,055)	14,135	(301,780)	(196,128)	7,805,608	5,204,714
Inter segment income	-		-	-		-	-	-	-	-		=	-		-	-
Total income	3,468,276	2,283,311	663,468	531,041	331,486	313,625	3,260,872	1,841,675	406,341	417,055	(23,055)	14,135	(301,780)	(196,128)	7,805,608	5,204,714
Percentage *	44	44	8	10	4	6	42	35	5	8	3	3	-	-	100	100
Expense																
Segment losses	(99,392)	(51,089)	(8,199)	(74,452)		-	147,617	83,137		-					40,026	(42,404)
Depreciation	-	-	-	-	-	-	81,741	68,336	18,251	15,735					99,992	84,071
Other operating & interest expenses Inter segment expense	2,290,812	1,472,611	465,128	279,126	-	-	2,565,433	1,436,879	215,456	209,997			(173,353)	(114,277)	5,363,476	3,284,336
	2,191,420	1,421,522	456,929	204,674	-	-	2,794,791	1,588,352	233,707	225,732		_	(173,353)	(114,277)	5,503,494	3,326,003
Result	1,276,856	861,789	206,539	326,367	331,486	313,625	466,081	253,323	172,635	191,323				=	2,302,114	1,878,711
Unallocated expenses															212,822	97,333
Value Added Tax on financial services															56,034	185,201
															2,033,258	1,596,178
Share of profits/(Loss) of associates Profit on ordinary activities before tax														_	6,369 2,039,627	(2,864) 1,593,314
Income tax on profit on ordinary activities															481.921	344.254
Profit on ordinary activities after tax															1,557,706	1,249,060
Minority interest															56,190	36,441
Profit for the period														_	1,501,516	1,212,619
Assets	51,781,193	38,684,618	9,730,004	7,729,515	6,804,596	4,607,257	56,057,352	35,432,046	3,282,167	3,788,915	7,285,582	4,024,045	(1,295,593)	(544,265)	133,645,301	93,722,131
Percentage	39	41	7	8	5	5	42	38	2	4	5	4	-	-	100	100
Investment in associate company															391,709	266,287
															134,037,010	93,988,418
Liabilities	39,589,276	31,349,507	8,757,004	6,956,563	-	-	51,187,801	31,134,533	1,599,980	2,245,400	7,590,575	(1,654,850)	(1,253,396)	(544,265)	107,471,240	69,486,888

Revenue and expenses attributable to the incorporated business segments of industrial estate management, stock brokering and consultancy services are included in the column for other.

Revenue and expenses attributable to the business segment of DFCC Vardhana Bank Limited is included in the column for Commercial Banking.

Property & equipment and depreciation attributable to an incorporated business segment is included in the relevant segment and the balance is unallocated.

Assets held for sale is included in the segment, other.

Eliminations are the consolidation adjustments for inter company transactions, dividend and dividend payable attributable to minority shareholders.

* Net of eliminations

Debenture Information

DFCC Listed Subordinated Debentures

Debenture Categories	Interest Payable Frequency	Applicable Interest Rate	Comparative Govt. Sec. Interest Rate (Gross)	Value as at 30 Sep 2012 LKR'. 000
Fixed Rate 2006/2016 - 14.00% p.a.	Annually	14.00%	13.61%	590,000
				590,000
Other Ratios	30.09.2012	31.03.2012		
Debt Equity Ratio	1.71	1.56		
Interest Cover (Times)	1.34	1.72		
Quick Asset Ratio (%)	44	52		

Supplementary Financial Information (Consolidated Income Statement of DFCC & DVB (DBB))

This information relates to the consolidation of DFCC Bank (DFCC) and DFCC Vardhana Bank PLC (DVB) for purpose of internal review and analysis of the banking business and is derived from total Group financial statements.

Income statement of DVB for the 6 months ended 30 June is consolidated with Income statements of DFCC for the 6 months ended 30 September

Interest income6,929,263 (2,1414,752) (2,240,933) (2,240,933)Other Income2,734,44Other Income14,114Dividends received from other Subsidiaries14,114Dividends received from other Subsidiaries12,31,21Ofter Income12,212Dividends received from other Subsidiaries12,31,21Ofter Income12,73,212Dividends received from other Subsidiaries13,732Dividends received from other Subsidiaries13,732Otars from sile of non-affiliated shares13,732Personal Counsision income32,7322Others61,352Operating income34,229,601Casta for income Insentifis631,152Provision for affir teriment benefits631,152Provision for affir teriment benefits631,152Provision for affir teriment benefits632,732Operating oporits2,000,799I,177,81211,227,022Operating profit before provisions2,000,799- Specific Provision35,511- Specific Provision35,511- Specific Provision35,511- Constrain grofit before value added tax1,960,773- Loans Witten off1,242,025Value added tax on financial services - Correct period1,242,0276- Constrain grofit before value added tax1,960,773- Loans Witten off2,833- Specific Provision3,349Profit after ta before share of associate profit1,244,427- Constrain grofit before value added tax1,96	For the six months ended 30 September	2012 LKR 000	2011 LKR 000
Interest expense(4,144,762)(2,040,933) (2,784,80)Other Income2,784,8012,262,481Other Income14,11430,309Dividends received from other subsidiaries18,21267,470Gains from sole of tran-affiliated starcs74,848107,444Freigi action on affiliated starcs12,71131,514Marked to market loss on other dealing socurities11,79361,427Piese and Commission income327,3922,90,430Others61,53248,613Operating income3429,5012,344,834Presoned costs61,152498,003Provision for ruff retirement basefits61,152498,003Provision for ruff retirement basefits61,45734,105Presoned costs352,428325,455Other overhead costs352,428325,455Other overhead costs359,444408,279Operating profit before provisions2,000,7991,577,812Allowances for credit losses359,42434,005- Specific Provision35,3102,3003,340Operating profit before lorone tax1,240,2791,435,015I acous Writen off1,240,279(1,435,0151,432,424Value added tax on financial services -Current period1,249,2471,131,442Value added tax on financial services -Current period1,249,2451,131,442Value added tax on financial services -Current period1,249,2451,132,424Value added tax on financial services -Current period1,249,2	Interact income	6 929 263	4 303 414
Net interest income 2.784.501 2.262.481 Other Income 14.114 90.309 Dividends received from other Subsidiaries 14.114 90.309 Dividends from non-filliated entities 128.212 67.470 Gains from sole of non offilter detaing securities 14.114 90.309 Prevised schmage income 128.212 240.484 Marked to market loss on other dealing securities 137.739 240.430 Others 04.225 2444.844 Personal costs 327.232 240.430 Prevision for infir crimeme hearfit 61.152 049.037 Provision for aff crimeme hearfit 61.152 049.037 Provision for infir crimeme hearfit 64.378 33.195 Prevision control & costs 352.428 265.455 Operating expenses 345.311 238.548 - Operating profit before provisions 305.311 238.548 - General Provision 352.31 238.548 - General Provision 352.31 238.548 - General Provision 359.92 (67.577) - Lease Write off 248.079 3.340 Operating profit before income tax 1.900.773 1.620.216 Value added tax on financial services -Over provision from prior year- <td></td> <td>, ,</td> <td></td>		, ,	
Dividends received from other Subsidiaries $44,114$ $90,309$ Dividends from non-affiliated shares $128,212$ $67,470$ Gains from sale of ano-affiliated shares $74,488$ $167,444$ Foreign exchange income $12,7133$ $(3,427)$ Hes and Commission income $32,7392$ $240,430$ Others $61,552$ $48,613$ Operating income $34,292,501$ $2.844,884$ Personnel costs $631,152$ $49,603$ Provision for stall retirment benefits $44,478$ $34,195$ Premises, equipment & estabilishment expenses $35,2428$ $326,545$ Operating income $3429,501$ $2.844,882$ $12,67,022$ Operating profit before provision $2000,799$ $1.577,812$ Allowances for credit losses $305,341$ $228,548$ - Specific Provision 502 $(26,407)$ - Concurrence provision $305,351$ $228,998$ - Specific Provision 502 $(26,407)$ - Lans Written off $2,2699$ $3,340$ Operating profit before value added tax $1.960,773$ - Loans Written off $2,2699$ $3,340$ Operating profit before share of associate proisi $1.424,202$ - Line written off $2,853$ $3,045$ Profit after tax before share of associate proisin from prior year $1.444,1207$ - Line written off $1.324,248$ 3.645 Profit off the period $1.444,200$ $1.131,469$ - Voide affor in subsidiaries 3.045 $1.042,020$ - Profit of t	1		
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Gains from sale of non-affiliated shares74,848167,444Foreign exchange income(2,711)31,514Market on other dealing securities(1,793)(3,427)Fees and Cormission income327,39220,430Others $61,552$ 48,613Operating income3429,5012,844,831Personnel costs $61,152$ 498,003Provision for staff retirement benefits $45,478$ 34,195Premises, equipment & estabilishment expanses $35,2428$ 32,6555Other overhead expanses $30,5420$ 1,267,022Operating requestes $1,23,702$ 1,267,022Operating requestes $30,511$ 25,588• Specific Provision $30,511$ 25,588• Specific Provision $5,992$ (67,577)• Recoveries $(27,4086)$ $(27,4086)$ • Corrent Provision $5,992$ (67,577)• Leave Witten off $2,809$ $3,340$ Operating profit before value added tax $1,960,773$ • Loave Witten off $2,249,272$ $(1,453,015)$ Income tax expense $(463,092)$ $(40,592)$ $(1,720,297)$ $1,435,015$ $(1,852,01)$ Income tax expense $(463,092)$ $(30,659)$ Profit after tax before share of associate profit $1,444,500$ $1,128,424$ Share of profits of National Asset Managemet Limited $2,853$ $3,045$ Profit of the period $1,444,500$ $1,31,469$ Consolidation adjustement $32,040$ $1,344,500$ Profit for the perio		,	
Foreign exchange income(2,711)31,514Marked to market loss on other dealing securities11,793(3,427)Frees and Commission income27,792240,430Others61,35248,613Operating income3.429,5012.844,884Personnel costs63,1,5249,8003Provision for staff treitment benefits45,47834,195Pressine, cquipment & catabilistment expenses399,644408,279Operating expenses1.428,7021.267,022Operating profit before provisions2000,7991.577,812Allowances for credit losses395,644408,279- Specific Provision305,311258,848- General Provision5,992(67,377)- Recoveries(27,4086)(264,015)- Loans Written off2,8093,340Operating profit before value added tax1,960,7731,620,216Value added tax on financial services- Current period(240,015)(185,201)Operating profit before share of associate profit1,272,025(130,52)Operating profit before share of associate profit1,441,6471,128,424Value added tax on financial services - Over provision from prior year- Profit for the period1,444,5001,131,469* Adjusted for presentation purpose only1,287,0021,131,462* Mote Off Reconciliation with Group profit1,444,5001,131,469* Profit for the period - DBB Stotiationes accounted in DBB Universed1,338,4851,107,792Add: Profit form outer subsidi	Dividends from non-affiliated entities	128,212	67,470
Marked to market to so on other dealing securities 11,793 (3,427) Fees and Commission income 327,392 240,430 Others 61,352 48,613 Operating income 3429,501 2,844,844 Personnel costs 631,152 498,003 Provision for staff retirement benefits 45,473 34,193 Provision for staff retirement benefits 45,473 34,193 Operating programmer & stabilishiemet expenses 352,423 326,545 Operating programmer & stabilishiemet expenses 1,267,022 1,267,022 Operating programses 1,287,042 1,267,022 Operating profit before provision 305,311 28,548 - General Provision 5,992 (07,777) - Kecowetics 3,209 3,340 Operating profit before value added tax 1,960,773 1,620,216 Value added tax on financial services - Current period (240,476) (1,452,002) Operating profit before share of associate profit 1,720,297 1,1452,015 Income tax expense (463,002) 1,132,424	Gains from sale of non-affiliated shares	74,848	167,444
Fees and Commission income327,392240,430Ohers0.1,55248,613Operating income3.429,5012.844,841Personnel cots61,152498,003Provision for staff retirement benefits45,47834,195Premises, equipment & establishment expenses392,644408,279Operating expenses346,82791,267,022Operating rofit before provisions2,000,7991,577,812Allowances for credit losses305,311285,848- Specific Provision305,311285,848- General Provision305,311285,848- General Provision305,311285,848- Specific Provision305,311285,848- Specific Provision305,311285,948- Specific Provision305,311285,948- Contrast profit before value added tax1,960,7731,620,216Value added tax on financial services - Current period(240,476)(185,201)Operating profit before income tax1,790,2971,128,424Value added tax on financial services - Over provison from prior year-184,4427 Profit for the period1,441,6471,128,424Share of profits of National Asset Managemet Limited2,8533,045Profit for the period1,444,5001,131,469* Adjusted for presentation purpose only1,444,5001,131,469Consolidition adjustneres2,01220111,33,603Profit for the period1,244,6401,314,6491,344,649Con			31,514
Others 61,352 48,613 Operating income 3,429,501 2,844,834 Personnel costs 631,152 498,003 Premises, equipment & establishment expenses 34,2478 34,195 Operating profit before provisions 34,2478 34,048 Operating regresses 1,287,022 1,207,022 Operating profit before provisions 2,000,799 1,577,812 Allowances for credit losses 395,311 253,848 - Specific Provision 305,311 253,929 - Decoveries 306,0773 1,620,216 Operating profit before value added tax 1,960,773 1,620,216 Operating rotit before value added tax 1,960,773 1,620,216 Value added tax on financial services - Current period 1,244,647 1,128,424 Value added tax on financial services - Over provison from prior year-	Marked to market loss on other dealing securities	11,793	(3,427)
Operating income3.429,0112.84,841Personal coss631,152498,003Provision for staff reinement benefits631,152498,003Premise, equipment & establishment expenses352,428326,545Oher overhead expenses399,644486,279Operating profit before provisions2,000,7991,577,812Allovances for credit losses395,311285,848- Specific Provision395,311285,848- General Provision395,311285,848- General Provision395,311285,848- General Provision395,311285,848- Const Written off2,8093,340Operating profit before value added tax1,960,7731,620,216Value added tax on financial services -Current period(240,476)(185,201)Operating profit before value added tax1,960,7731,630,216Value added tax on financial services -Our provison from prior year-184,442-Profit off to the period1,441,6471,128,424Value added tax on financial services -Our provison from prior year-184,442-Profit of the period1,444,5001,131,469* Adjusted for presentation purpose only1,131,4691,131,469Profit for the period1,444,5001,131,469Consolidation adjustness counted in DBB(4,114)(3,339)Ovidend neceived(4,919)(3,339)Ovidend neceived1,395,4851,097,972Add: Profit from other subsidiaries and Joint venture35,930<	Fees and Commission income	327,392	240,430
Personnel costs Provision for stiff retirment benefits Premines, equipment & establishment expenses Operating profit before provisions 1.428,702 1.226,022 Operating profit before provisions 2.000,799 1.577,812 Allowances for credit losses - Specific Provision - Specific Prov	Others	61,352	48,613
Provision for suff retirment benefits $45,478$ $34,195$ Termiss, equipment & stabilishment expensesObter overhead expenses $390,644$ $408,279$ Operating profit before provisions $2,000,799$ $1.577,812$ Allowances for credit losses $305,311$ $25,548$ - Specific Provision $305,311$ $25,548$ - Specific Provision $305,311$ $25,948$ - Canas Written off $25,909$ $3,340$ Operating profit before value added tax $1,960,773$ $1,620,216$ Value added tax on financial services -Current period $(240,476)$ $(185,201)$ Operating profit before income tax $1,260,022$ $(306,591)$ Income tax expense $(46,3022)$ $(306,591)$ Income tax expense $(240,476)$ $(1128,424)$ Value added tax on financial services -Over provison from prior year- Profit for the period $1.444,500$ $1.134,469$ Profit for the period $1.444,500$ $1.134,469$ $1.344,650$ Profit for the period adoed adoed tax $1.955,488$ <t< td=""><td>Operating income</td><td>3,429,501</td><td>2,844,834</td></t<>	Operating income	3,429,501	2,844,834
Provision for suff retirment benefits $45,478$ $34,195$ Termiss, equipment & stabilishment expensesObter overhead expenses $390,644$ $408,279$ Operating profit before provisions $2,000,799$ $1.577,812$ Allowances for credit losses $305,311$ $25,548$ - Specific Provision $305,311$ $25,548$ - Specific Provision $305,311$ $25,948$ - Canas Written off $25,909$ $3,340$ Operating profit before value added tax $1,960,773$ $1,620,216$ Value added tax on financial services -Current period $(240,476)$ $(185,201)$ Operating profit before income tax $1,260,022$ $(306,591)$ Income tax expense $(46,3022)$ $(306,591)$ Income tax expense $(240,476)$ $(1128,424)$ Value added tax on financial services -Over provison from prior year- Profit for the period $1.444,500$ $1.134,469$ Profit for the period $1.444,500$ $1.134,469$ $1.344,650$ Profit for the period adoed adoed tax $1.955,488$ <t< td=""><td>Personnel costs</td><td>631.152</td><td>498 003</td></t<>	Personnel costs	631.152	498 003
Promises, equipment, & establishment expenses325,428326,545Other overhead expenses399644408,279Operating greating profit before provisions2,000,7991,577,812Allowances for credit losses- Specific Provision305,311285,848- Specific Provision5,992(67,577)- General Provision5,992(67,577)- General Provision5,992(67,577)- Recoveries(274,086)(264,015)- Loans Written off2,8093,340Operating profit before value added tax1,960,7731,620,216Value added tax on financial services - Current period(463,002)(106,591)- Loans Written off1,127,207(1,128,424Value added tax on financial services - Over provison from prior year-184,442 Profit after tax before share of associate profit1,144,6471,128,424Value added tax on financial services - Over provison from prior year-184,442 Profit of National Asset Managemet Limited2,8533,045Profit for the period1,444,5001,131,469* Adjusted for presentation purpose only1,444,5001,131,469* Note 01- Reconciliation with Group profit1,257,2051,000For the six months ended 30 September20122011LKR 000LKR 000LKR 0001,077,792Add: Profit for the period1,557,7061,249,060Optistion of the Joint venture and its subsidiaries55,2906,1,000Joint venture and its subsi			
Operating expenses1,428,7021,267,022Operating profit before provisions2,000,7991,577,812Allowances for credit losses- \$	Premises, equipment & establishment expenses	,	
Operating profit before provisions 2,000,799 1.577,812 Allowances for credit losses - Specific Provision 305,311 285,848 - General Provision 5.992 (67,577) - Recoveries (274,086) (264,015) - Loans Written off 2,809 3,340 Operating profit before value added tax 1.960,773 1.620,216 Value added tax on financial services - Current period (240,476) (185,201) Operating profit before income tax 1.720,297 1.435,015 Income tax expense (463,002) (306,591) - Profit after tax before share of associate profit 1.287,205 1.128,424 Value added tax on financial services -Over provison from prior year- 1.844,422 - Profit for the period 1.444,500 1.131,469 * Adjusted for presentation purpose only - - Nate 01- Reconciliation with Group profit - - For the six months ended 30 September 2012 2011 - LKR 000 1.444,500 1.444,500 1.31,469 Consolidation adjustments 0.92,90 0.3389 - Dividend from s	Other overhead expenses	399,644	408,279
Allowances for credit losses - Specific Provision 305,311 285,848 - General Provision 5.992 (67,577) - Recoveries (274,086) (264,015) - Loans Written off 2,809 3,340 Operating profit before value added tax 1,960,773 1,620,216 Value added tax on financial services -Current period (240,476) (185,201) Operating profit before income tax 1,720,297 1,435,015 Income tax expense (463,092) (306,591) 1,2257,205 1,128,424 - Yalue added tax on financial services -Over provison from prior year- 184,442 - Profit after tax before share of associate profit 1,444,500 1,131,469 * Adjusted for presentation purpose only - 2012 2011 Note 01- Reconciliation with Group profit - 1,244,500 1,131,469 Consolidation adjustments 1,395,485 1,097,792 4,3691 Dividend from subsidiaries accounted in DBB (44,114) (30,309) - Dividend from other subsidiaries and Joint venture 86,331 89,668 Profit for the period 1,557,706 <td>Operating expenses</td> <td>1,428,702</td> <td>1,267,022</td>	Operating expenses	1,428,702	1,267,022
- Specific Provision 305,311 285,848 - General Provision 5,992 (67,577) - Recoveries (274,086) (264,015) - Loans Written off 2,809 3,340 Operating profit before value added tax 1,960,773 1,620,216 Value added tax on financial services - Current period (240,476) (185,201) Operating profit before income tax 1,720,297 1,435,015 Income tax expense (463,092) (306,591) 1,128,424 - - Value added tax on financial services -Over provison from prior year- 1,441,647 - Profit after tax before share of associate profit 1,441,647 - - Profit for the period 1,444,500 1,131,469 - * Adjusted for presentation purpose only - - - Note 01- Reconciliation with Group profit - - - For the six months ended 30 September 2012 2011 LKR 000 Profit for the period-DBB 1,444,500 1,131,469 - Consolidation adjustments 01,441,103 (3,039) (4,001) (3,368)	Operating profit before provisions	2,000,799	1,577,812
- Čeneral Provision5,992(67,57)-Recoveries(274,086)(264,015)- Loams Written off2,8093,340Operating profit before value added tax1,960,7731,620,216Value added tax on financial services -Current period(240,476)(185,201)Operating profit before income tax1,720,2971,435,015Income tax expense(263,092)(306,591)1,128,424Profit after tax before share of associate profit1,441,647-Profit after tax before share of associate profit1,444,5401,131,469* Adjusted for presentation purpose onlyNote 01- Reconciliation with Group profitFor the six months ended 30 September20122011LKR 000LKR 0001,131,469Profit for the period1,444,5001,131,469* Adjusted for presentation purpose onlySubsidiaries accounted in DBB(44,114)(30,309)WHT on dividend received(4,201)(3,368)1,097,792Subsidiaries75,29061,600Joint venture86,93189,668Profit for the period1,557,7061,249,060Composition of the beriod writure area tils subsidiaries3,541-Subsidiaries3,512(5,576Subsidiaries3,512(5,598)	Allowances for credit losses		
-Recoveries(274,086)(264,015)- Loans Written off2,8093,340Operating profit before value added tax1,960,7731,620,216Value added tax on financial services -Current period(240,476)(1185,201)Operating profit before income tax1,720,2971,435,015Income tax expense(463,092)(306,591)1,1257,2051,128,424Value added tax on financial services -Over provison from prior year-184,442-Profit after tax before share of associate profit1,441,6471,128,424Share of profits of National Asset Managemet Limited2,8533,045Profit for the period1,444,5001,131,469* Adjusted for presentation purpose only11,128,425Note 01- Reconciliation with Group profit1,144,5001,131,469For the six months ended 30 September20122011LKR 0001,1444,5001,3368)1,097,792Add: Profit from other subsidiaries accounted in DBB(44,114)(30,309)WHT on dividend received1,395,4851,097,792Add: Profit from other subsidiaries and Joint venture86,93189,668Profit for the period1,557,7061,249,060Composition of the beriod1,557,7061,249,060Composition of the beriod1,557,7061,249,060	- Specific Provision	305,311	285,848
- Loans Written off2,8093,340Operating profit before value added tax1,960,7731,620,216Value added tax on financial services -Current period(240,476)(185,201)Operating profit before income tax1,720,297(1,85,201)Income tax expense(463,092)(306,591)1,1257,205(1,128,424Value added tax on financial services -Over provison from prior year-184,442-Profit after tax before share of associate proift1,441,6471,128,424Share of profits of National Asset Managemet Limited2,8533,045Profit for the period1,444,5001,131,469* Adjusted for presentation purpose only-Note 01- Reconciliation with Group profit-For the six months ended 30 September20122011LKR 000LKR 0001,131,469Profit for the period -DBB1,444,5001,131,469Consolidation adjustments(44,114)(30,309)Dividend from subsidiaries accounted in DBB(44,114)(30,309)WHT on dividend received1,395,4851,097,792Add: Profit from other subsidiaries and Joint venture86,93189,668Profit for the period1,557,7061,249,060Composition of the Loint venture results3,517(5,908)		,	
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Value added tax on financial services -Current period (185,201) Operating profit before income tax 1,720,297 Income tax expense (463,092) (463,092) (306,591) 1,128,424 1,128,424 Value added tax on financial services -Over provison from prior year- 184,442 Profit after tax before share of associate proift 1,441,647 Share of profits of National Asset Managemet Limited 2,853 Share of profit for the period 1,444,500 Herrid for presentation purpose only 1,444,500 Note 01- Reconciliation with Group profit 2012 For the six months ended 30 September 2012 Dividend from subsidiaries accounted in DBB (44,114) Outorule dividend received (3,368) Add: Profit from other subsidiaries and Joint venture 75,290 Subsidiaries 75,290 Joint venture 86,931 Value added tax on the undit is subsidiaries 3,517 Composition of the period 1,249,060	- Loans Written off	2,809	3,340
Operating profit before income tax1,720,2971,435,015Income tax expense(463,092)(306,591)1,257,2051,128,424Value added tax on financial services -Over provison from prior year*184,442Profit after tax before share of associate profit1,441,6471,441,6471,128,424Share of profits of National Asset Managemet Limited2,8533,0451,444,500Profit for the period1,444,500* Adjusted for presentation purpose onlyNote 01- Reconciliation with Group profitFor the six months ended 30 September20122011LKR 000LKR 000LKR 000Profit for the period-DBB(44,114)Consolidation adjustments(44,114)Dividend from subsidiaries accounted in DBB(44,114)(3,368)1,097,792Add: Profit for the subsidiaries and Joint venture75,290Subsidiaries75,290Subsidiaries75,290Joint venture86,931Subsidiaries83,41495,5763,517Joint venture and its subsidiaries3,517Adstres of joint venture and its subsidiaries3,517Operation of the Joint venture and its subsidiaries3,517	Operating profit before value added tax	1,960,773	1,620,216
Operating profit before income tax1,720,2971,435,015Income tax expense(463,092)(306,591)1,257,2051,128,424Value added tax on financial services -Over provison from prior year*184,442Profit after tax before share of associate profit1,441,6471,441,6471,128,424Share of profits of National Asset Managemet Limited2,8533,0451,444,500Profit for the period1,444,500* Adjusted for presentation purpose onlyNote 01- Reconciliation with Group profitFor the six months ended 30 September20122011LKR 000LKR 000LKR 000Profit for the period-DBB(44,114)Consolidation adjustments(44,114)Dividend from subsidiaries accounted in DBB(44,114)(3,368)1,097,792Add: Profit for the subsidiaries and Joint venture75,290Subsidiaries75,290Subsidiaries75,290Joint venture86,931Subsidiaries83,41495,5763,517Joint venture and its subsidiaries3,517Adstres of joint venture and its subsidiaries3,517Operation of the Joint venture and its subsidiaries3,517	Value added tax on financial services -Current period	(240,476)	(185.201)
Image: constraint of the Joint ventureImage: constraint of the Joint venture resultsImage: constrai	-		
Image: constraint of the Joint ventureImage: constraint of the Joint venture resultsImage: constrai	In a sum dans annual	(4(2,002)	(20(501)
Value added tax on financial services -Over provison from prior year- Profit after tax before share of associate proift184,442 1,128,424Share of profits of National Asset Managemet Limited2,8533,045Profit for the period1,444,5001,131,469* Adjusted for presentation purpose only1,444,5001,131,469Note 01- Reconciliation with Group profit20122011For the six months ended 30 September20122011LKR 000LKR 0001,KR 000Profit for the period-DBB1,444,5001,131,469Consolidation adjustments0(44,114)(30,309)Dividend from subsidiaries accounted in DBB(44,114)(30,309)WHT on dividend received(4,901)(3,368)Add: Profit for other subsidiaries and Joint venture Subsidiaries75,29061,600Berofit for the period1,557,7061,249,060Composition of the Joint venture results Joint venture and its subsidiaries83,41495,576Associates of joint venture and its subsidiaries3,517(5,908)	income tax expense		
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Share of profits of National Asset Managemet Limited 2,853 3,045 Profit for the period 1,444,500 1,131,469 * Adjusted for presentation purpose only	· · ·		-
Profit for the period1,444,5001,131,469* Adjusted for presentation purpose onlyNote 01- Reconciliation with Group profitFor the six months ended 30 September20122011LKR 000LKR 000LKR 000Profit for the period-DBB1,444,5001,131,469Consolidation adjustments(44,114)(30,309)Dividend from subsidiaries accounted in DBB(44,114)(30,309)WHT on dividend received(4,901)(3,368)1,395,4851,097,792Add: Profit for mother subsidiaries and Joint venture75,29061,600Subsidiairies75,29061,600Joint venture86,93189,668Profit for the period1,557,7061,249,060Composition of the Joint venture results Joint venture and its subsidiaries83,41495,576Associates of joint venture and its subsidiaries3,517(5,908)	Profit after tax before share of associate proift	1,441,647	1,128,424
* Adjusted for presentation purpose only Note 01- Reconciliation with Group profit For the six months ended 30 September 2012 2011 LKR 000 LKR 000 Profit for the period-DBB 1,444,500 1,131,469 Consolidation adjustments (44,114) (30,309) Dividend from subsidiaries accounted in DBB (44,114) (30,309) WHT on dividend received (4,901) (3,358) Add: Profit from other subsidiairies and Joint venture 75,290 61,600 Joint venture 86,931 89,668 Profit for the period 1,557,706 1,249,060 Composition of the Joint venture results 3,517 (5,908)	Share of profits of National Asset Managemet Limited	2,853	3,045
Note 01- Reconciliation with Group profitFor the six months ended 30 September2012 LKR 0002011 LKR 000Profit for the period-DBB Consolidation adjustments Dividend from subsidiaries accounted in DBB(44,114) (30,309) (3,368)(30,309) (3,368)WHT on dividend received(44,114) (30,309) (4,901)(33,68) (3,368)Add: Profit from other subsidiairies and Joint venture Subsidiairies75,290 (61,600) (1,249,060)Profit for the period1,557,706 (1,249,060)Composition of the Joint venture results Joint venture and its subsidiaries83,414 (95,576 (5,908)	Profit for the period	1,444,500	1,131,469
For the six months ended 30 September2012 2011 LKR 0002011 LKR 000Profit for the period-DBB Consolidation adjustments Dividend from subsidiaries accounted in DBB1,444,5001,131,469WHT on dividend received(44,114)(30,309)WHT on dividend received(44,901)(3,368)1,395,4851,097,792Add: Profit from other subsidiairies and Joint venture Subsidiairies75,29061,600Joint venture86,93189,668Profit for the period1,557,7061,249,060Composition of the Joint venture results Joint venture and its subsidiaries83,41495,576Associates of joint venture and its subsidiaries3,517(5,908)	*Adjusted for presentation purpose only		
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Profit for the period-DBB Consolidation adjustments Dividend from subsidiaries accounted in DBB WHT on dividend received1,444,5001,131,469WHT on dividend received(44,114)(30,309)WHT on dividend received(44,901)(3,368)1,395,4851,097,792Add: Profit from other subsidiairies and Joint venture Subsidiairies75,29061,600Joint venture86,93189,668Profit for the period1,557,7061,249,060Composition of the Joint venture results Joint venture and its subsidiaries83,41495,576Associates of joint venture and its subsidiaries3,517(5,908)	For the six months ended 30 September		
Consolidation adjustmentsDividend from subsidiaries accounted in DBB(44,114)(30,309)WHT on dividend received(4,901)(3,368)1,395,4851,097,792Add: Profit from other subsidiairies and Joint venture Subsidiairies75,29061,600Joint venture86,93189,668Profit for the period1,557,7061,249,060Composition of the Joint venture results Joint venture and its subsidiaries83,41495,576Associates of joint venture and its subsidiaries3,517(5,908)			
WHT on dividend received(4,901)(3,368)1,395,4851,097,792Add: Profit from other subsidiairies and Joint venture Subsidiairies75,29061,600Joint venture86,93189,668Profit for the period1,557,7061,249,060Composition of the Joint venture results Joint venture and its subsidiaries83,41495,576Associates of joint venture and its subsidiaries3,517(5,908)		1,444,500	1,131,469
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Joint venture and its subsidiaries83,41495,576Associates of joint venture and its subsidiaries3,517(5,908)	Profit for the period	1,557,706	1,249,060
Associates of joint venture and its subsidiaries 3,517 (5,908)			
<u> </u>	Associates of joint venture and its subsidiaries		
		86,931	89,668