



**INTERIM FINANCIAL STATEMENTS**  
**For the 06 months ended 30<sup>th</sup> June 2010**

Rupees in Thousands

## Summarised Income Statement

	For the Six months ended 30th June		Change	For the Quarter Ended 30th June		Change
	2 010	2 009	%	2 010	2 009	%
<b>Interest Income</b>	<b>1,372,292</b>	<b>1,653,617</b>	(17)	<b>704,552</b>	<b>847,152</b>	(17)
Interest Income on Loans and Advances	997,080	1,235,732	(19)	510,803	625,029	(18)
Interest Income on Other Interest Earning Assets	375,212	417,885	(10)	193,749	222,123	(13)
<b>Less: Interest Expenses</b>	<b>656,237</b>	<b>1,005,783</b>	(35)	<b>328,289</b>	<b>498,161</b>	(34)
Interest Expense on Deposits	602,934	869,244	(31)	302,292	438,569	(31)
Interest Expense on Other Interest Bearing Liabilities	53,303	136,539	(61)	25,997	59,592	(56)
<b>Net Interest Income</b>	<b>716,055</b>	<b>647,834</b>	11	<b>376,263</b>	<b>348,991</b>	8
<b>Non - Interest Income</b>	<b>190,762</b>	<b>492,460</b>	(61)	<b>98,937</b>	<b>298,533</b>	(67)
Foreign Exchange Income	54,679	38,977	40	28,958	11,893	143
Other Income	136,083	453,483	(70)	69,979	286,640	(76)
<b>Less: Non - Interest Expenses</b>	<b>509,666</b>	<b>426,889</b>	19	<b>266,506</b>	<b>220,486</b>	21
Personnel Costs	207,318	165,470	25	107,040	86,600	24
Provision for Staff Retirement Benefits	5,810	4,569	27	2,992	2,425	23
Premises, Equipment and Establishment Expenses	157,900	134,474	17	81,608	69,101	18
Loss on Trading / Investment Securities	-	-	-	-	-	-
Other Operating Expenses	138,638	122,376	13	74,866	62,360	20
<b>Less: Provision for Bad and Doubtful Debts and Loans Written Off</b>	<b>15,837</b>	<b>162,939</b>	(90)	<b>7,615</b>	<b>81,416</b>	(91)
Provisions - General	17,111	(6,062)	(382)	9,272	(8,720)	(206)
Provisions - Specific	27,888	179,265	(84)	17,137	93,868	(82)
Recoveries (-)	(33,718)	(13,879)	143	(21,850)	(7,417)	195
Provisions - Others	-	-	-	-	-	-
Loans Written Off / (Recovered)	4,556	3,615	26	3,056	3,685	(17)
<b>Less: Provision for Decline in Value of Investments (Net)</b>	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	-
<b>Operating Profit on Ordinary Activities Before Taxes</b>	<b>381,314</b>	<b>550,466</b>	(31)	<b>201,079</b>	<b>345,622</b>	(42)
Less: Value Added Tax on Financial Services	100,576	67,400	49	53,124	26,313	102
<b>Operating Profit on Ordinary Activities Before Corporate Tax</b>	<b>280,738</b>	<b>483,066</b>	(42)	<b>147,955</b>	<b>319,309</b>	(54)
Share of Subsidiaries/Associate Companies' Profit	-	-	-	-	-	-
<b>Operating Profit Before Corporate Tax</b>	<b>280,738</b>	<b>483,066</b>	(42)	<b>147,955</b>	<b>319,309</b>	(54)
Less: Tax on Profits on Ordinary Activities	129,957	183,917	(29)	64,682	112,619	(43)
<b>Operating Profit for the Period</b>	<b>150,781</b>	<b>299,149</b>	(50)	<b>83,273</b>	<b>206,690</b>	(60)
<b>Basic Earnings Per Share (Rs.)</b>	<b>1.29</b>	<b>2.70</b>	(52)	<b>0.71</b>	<b>1.87</b>	(62)

<b>Summarised Balance Sheet</b>			
	Current Period As at 30/06/2010	Previous Period As at 31/12/2009 Audited	Previous Period As at 30/06/2009
<b>On-Balance Sheet Assets</b>			
Cash in Hand	567,768	563,463	473,746
Balances with Central Bank of Sri Lanka / Other Central Banks	1,565,359	1,317,769	1,264,448
Due from Banks and Other Financial Institutions	1,032,798	1,128,130	290,038
<b>Investments - Trading Account</b>	<b>117,862</b>	<b>3,717,105</b>	<b>4,124,400</b>
Government Securities	117,862	3,717,105	4,124,400
Other Securities	-	-	-
<b>Investments - Held-to-Maturity (Net of provisions made for decline in investment value) (Excluding Investments in Associates and Subsidiaries)</b>	<b>6,457,078</b>	<b>3,014,482</b>	<b>1,179,354</b>
Government Securities	6,405,480	2,940,596	1,077,824
Other Securities	51,598	73,886	101,530
Investments in Associates and Subsidiaries	-	-	-
<b>Total Loans and Advances</b>			
<b>Total Performing Loans and Advances</b>	<b>12,329,451</b>	<b>9,872,088</b>	<b>10,662,821</b>
Bills of Exchange	181,166	132,359	125,560
Overdrafts	3,589,558	3,470,674	3,868,622
Lease Rentals Receivable	435,617	480,964	498,095
Other Loans	8,123,110	5,788,091	6,170,544
<b>Total Non-performing Loans and Advances</b>	<b>2,488,922</b>	<b>2,516,698</b>	<b>2,564,188</b>
Bills of Exchange	52,140	39,337	78,194
Overdrafts	796,782	844,665	900,999
Lease Rentals Receivable	64,665	84,104	78,388
Other Loans	959,384	1,021,957	1,032,914
Interest Receivables	615,951	526,635	473,693
<b>Total Gross Loans and Advances</b>	<b>14,818,373</b>	<b>12,388,786</b>	<b>13,227,009</b>
<b>Less:</b>			
Suspended Interest	1,037,202	1,002,630	920,965
Specific Loan Loss Provisions	469,306	496,990	505,941
General Loan Loss Provisions	76,911	59,795	58,151
<b>Net Loans and Advances</b>	<b>13,234,954</b>	<b>10,829,371</b>	<b>11,741,952</b>
Other Assets	302,048	356,817	422,577
Intangible Assets	42,875	36,127	37,704
Investment Properties	-	-	-
Property, Plant & Equipments (Net of accumulated depreciation of fixed assets)	588,722	595,564	587,454
<b>Total On Balance Sheet Assets</b>	<b>23,909,464</b>	<b>21,558,828</b>	<b>20,121,673</b>
<b>On-Balance Sheet Liabilities</b>			
<b>Total Deposits</b>	<b>17,883,199</b>	<b>16,328,703</b>	<b>14,766,627</b>
Demand Deposits	2,793,537	3,207,311	1,588,182
Savings Accounts	2,083,030	2,083,448	1,607,762
Time Deposits	10,476,238	8,998,190	9,069,326
Margin Deposits	298,670	326,028	188,630
Other Deposits	2,231,724	1,713,726	2,312,727
<b>Total Borrowings</b>	<b>1,674,854</b>	<b>1,376,779</b>	<b>1,618,186</b>
Borrowings from CBSL	9,036	12,856	17,719
Borrowings from Banks and Financial Institutions in Sri Lanka	403,708	214,460	379,800
Borrowings from Banks and Financial Institutions Abroad	309,501	281,658	136,766
Securities sold under Repurchase Agreements	902,609	817,805	973,091
Subordinated Term Debts	50,000	50,000	110,810
Other Borrowings	-	-	-
Deferred Taxation	13,162	10,527	55,607
Current Taxation	265,922	245,564	246,240
Other Liabilities	1,499,324	1,617,594	1,544,020
<b>Total On Balance Sheet Liabilities</b>	<b>21,336,461</b>	<b>19,579,167</b>	<b>18,230,680</b>
<b>Minority Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity Capital and Reserves</b>	<b>2,573,003</b>	<b>1,979,661</b>	<b>1,890,993</b>
Stated Capital (147,520,543 Ordinary Shares)	1,548,966	1,106,404	1,106,404
Statutory Reserve Fund	61,837	61,837	42,446
Total Other Reserves	962,200	811,420	742,143
<b>Total On-Balance Sheet Liabilities and Equity Capital and Reserves</b>	<b>23,909,464</b>	<b>21,558,828</b>	<b>20,121,673</b>
<b>Off-Balance Sheet Items and Contra Accounts</b>	<b>2,642,476</b>	<b>3,151,959</b>	<b>2,398,721</b>
Contingencies	2,642,476	3,151,959	2,398,721
Commitments and Contra Accounts	-	-	-
<b>Net Asset Value per Share (Rs.)</b>	<b>17.44</b>	<b>17.89</b>	<b>17.09</b>
<b>Memorandum Information</b>			
Number of Employees	573	511	491
Number of Branches	37	35	33

## Statement of Changes In Equity and Reserves - BANK

For the Period Ended (30/06/2010)	Stated Capital					Reserves					Total
	Ordinary Voting Shares	Ordinary Non-Voting Shares	Cumulative Redeemable Preference Shares	Assigned Capital	Share Premium	Reserve Fund	Revaluation Reserve	General Reserve	Other Reserve	Income Statement	
<b>Balance as at 01/01/2009</b>	1,106,404	-	-	-	-	42,446	17,858	-	-	425,136	1,591,844
Issue of Share/Increase of Assigned Capital	-	-	-	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-	-
Rights Issue	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation of Property, Plant & Equip	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the period	-	-	-	-	-	-	-	-	-	299,149	299,149
Transfer to Reserves during the period	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30/06/2009</b>	1,106,404	-	-	-	-	42,446	17,858	-	-	724,285	1,890,993
<b>Balance as at 01/01/2010</b>	1,106,404	-	-	-	-	61,837	5,646	-	-	805,773	1,979,660
Issue of Share/Increase of Assigned Capital	-	-	-	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-	-
Rights Issue	442,562	-	-	-	-	-	-	-	-	-	442,562
Surplus on Revaluation of Property, Plant & Equip	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the period	-	-	-	-	-	-	-	-	-	150,781	150,781
Transfer to Reserves during the period	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30/06/2010</b>	1,548,966	-	-	-	-	61,837	5,646	-	-	956,554	2,573,003

\* Number of Ordinary Shares as at 30th June 2009, Voting -147,520,543

Rupees in Thousands

## Cash Flow Statement

	From 01/01/10 To 30/06/10	From 01/01/09 To 30/06/09
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest Received	1,445,512	1,613,819
Fees & Commission Received	149,943	319,900
Interest Payments	(709,350)	(1,010,016)
Exchange Income	54,679	38,977
Cash Payments to Employees & Suppliers	(327,997)	(266,908)
Payments on Other Operating Activities	(239,215)	(189,777)
<b>Operating Profit before changes in Operating Assets</b>	<b>373,572</b>	<b>505,995</b>
<b>(Increase)/Decrease in Operating Assets</b>		
Bills of Exchange	54,425	103,287
Loans and Advances	(2,444,585)	32,090
Other Assets	(80,314)	(194,207)
Lease Rentals Receivable	64,787	97,630
Treasury Bills / Bonds / Repos	46,283	(963,501)
	(1,985,832)	(418,706)
<b>Increase/(Decrease) in Operating Liabilities</b>		
Deposits	1,554,495	318,261
Other Liabilities	(65,156)	291,706
Borrowings	270,232	25,524
<b>Net Cash from Operating Activities before Income Tax</b>	<b>(226,261)</b>	<b>216,785</b>
Taxation Paid	(106,963)	(59,240)
<b>Net Cash from Operating Activities</b>	<b>(333,224)</b>	<b>157,545</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments / Realisation in Commercial Papers	-	50,000
Investments in Securities	27,788	(440,295)
Purchase of Property, Plant & Equipment	(32,434)	(34,462)
Acquisition of Intangible Assets	(10,509)	(9,414)
Proceeds from Sale of Property, Plant & Equipment	5	-
<b>Net Cash Flows Used in Investing Activities</b>	<b>(15,150)</b>	<b>(434,171)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Right Issue	442,562	-
Proceeds from Proposed Debentures	-	-
Redemption of Debentures	-	-
Dividends Paid	-	-
<b>Net Cash used in Financing Activities</b>	<b>442,562</b>	<b>-</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	94,188	(276,626)
Cash and Cash Equivalents at the beginning of the period	1,208,392	1,553,162
<b>Cash and Cash Equivalents at the end of the period</b>	<b>1,302,580</b>	<b>1,276,536</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Cash & Short Term Funds	601,396	567,824
Balances with Central Bank of Sri Lanka	1,010,685	845,478
Due to Foreign Banks	(309,501)	(136,766)
	<b>1,302,580</b>	<b>1,276,536</b>

## Selected Performance Indicators

	Current Period As at 30/06/10	Previous Period As at 31/12/09 Audited
<b>Regulatory Capital Adequacy</b>	<b>Bank</b>	
Core Capital (Tier 1 Capital), Rs. Mn	2,537	1,974
Total Capital Base, Rs. Mn	2,625	2,050
Core Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 5%)	19.24%	15.94%
Total Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 10%)	19.91%	16.56%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non - Performing Advances Ratio, % (Without Interest in Suspense)	10.51%	13.17%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	6.56%	8.33%
<b>Profitability (Annualized)</b>		
Interest Margin, %	6.36%	6.42%
Return on Assets (After Tax). %	1.34%	1.94%
Return on Equity, %	13.76%	20.86%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets,-DBU Rs.Mn.	7,519	7,040
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	0.4	0.4
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	37.53%	41.69%
Off-Shore Banking Unit	36.05%	26.43%

### CERTIFICATION:

I certify that the above Financial Statements comply with the requirements of the Companies Act No. 7 of 2007.

(Sgd)

Mangala Gamage

Chief Financial Officer

We, the undersigned, being the Chairman and Director/Chief Executive Officer of Pan Asia Bank certify jointly that:-

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka ; and  
 (b) the information contained in these statements are true and correct to the best of our knowledge and belief.

(Sgd)

A. G. Weerasinghe  
 Chairman

(Sgd)

Claude Peiris  
 Director/Chief Executive Officer

## EXPLANATORY NOTES

- (01) The above Financial Statements are drawn up from the unaudited accounts of the Bank, unless indicated as audited. These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards.
- (02) Revaluation Reserve amount in respect of Fixed Assets revalued except Land, Building and Motor Vehicles.
- (03) There has not been significant changes in the nature of Contingent Liabilities which were disclosed in the Annual Report for the year ended 2009.
- (04) There are no changes to the accounting policies and methods of computation since the publication of the Annual Report for the year ended 2009.
- (05) **Market Price of Shares**

MARKET VALUE	30/06/2010 (Rs.)		30/06/2009 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Market Value per Share	32.00	--	13.75	--
Highest Price Per Share for the Quarter	36.50	--	15.50	--
Lowest Price Per Share for the Quarter	17.00	--	9.25	--

## SHAREHOLDERS INFORMATION

MAJOR SHAREHOLDERS AS AT 30.06.2010

No	Name	No.of Shares	%
1	Mr. K D D Perera	44,241,410	29.99
2	HSBC Int'l NOM LTD – UBS AG SINGAPORE Branch (ex. SBC)	13,846,723	9.39
3	Dr. T Senthilverl	9,309,153	6.31
4	Mr. D C C Joseph	8,505,101	5.77
5	Mr. K D H Perera	7,768,666	5.27
6	Mr. P J Tay	7,305,998	4.95
7	Mr. K D A Perera	6,400,000	4.34
8	Sri Lanka Savings Bank Limited	3,709,333	2.51
9	Samurdhi Authority of Sri Lanka	2,557,188	1.73
10	Michelangelo Footwear (Private) Limited	2,340,000	1.59
11	First Capital Markets Ltd / Mr. W D N H Perera	2,146,000	1.45
12	Almar Trading Co (Pte) Ltd	1,987,033	1.35
13	Mr. A M A R A Zalzalal	1,906,666	1.29
14	Seylan Bank PLC/Thirugnanasambandar Senthilverl	1,845,136	1.25
15	Favourite Garments Ltd	1,500,000	1.02
16	Mr. Y S H I K Silva	1,082,266	0.73
17	Lizzola Holdings Limited	1,064,833	0.72
18	Deshabandu D M I Dissanayake	930,266	0.63
19	Jayes Trading Company (Pvt) Ltd	853,333	0.58
20	Waldock Mackenzie Ltd/Mr. A F Munal & Mrs N Munas	839,066	0.57
		<b>120,138,171</b>	<b>81.44</b>
	<b>Others</b>	<b>27,382,372</b>	<b>18.56</b>
	<b>Total</b>	<b>147,520,543</b>	<b>100.00</b>

As per the Rule No. 8.7(h) of the Colombo Stock Exchange, percentage of Public holding as at 30.06 2010 is 68.45%

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES AS AT 31ST DECEMBER 2009

No	Name of Director	No.of Shares
1	Mr. A G Weerasinghe	17,300
2	Mr. W D N H Perera	1,601,875
3	Mr. J A S S Adhihetty	35,000
4	Mr. A A Page	40,000
5	Mr. R E U De Silva	-
6	Mr. M D S Goonatilleke	-
7	Ms. Kimarli Fernando	175,000
8	Mr. T C Peiris (Acting Chief Executive Officer)	-