



INTERIM FINANCIAL STATEMENT
For the six months ended June 30, 2008

	For the six months ended			For the quarter ended		
	30.06.2008 Rs. Mn.	30.06.2007 Rs. Mn.	Growth %	30.06.2008 Rs. Mn.	30.06.2007 Rs. Mn.	Growth %
Income	21,284.9	16,078.9	32.38	11,017.3	8,610.3	27.95
Interest Income	17,970.4	13,850.5	29.75	9,087.9	7,483.6	21.44
Interest Income on Loans and Advances	14,056.3	11,047.5	27.24	7,121.7	5,872.2	21.28
Interest Income on Other Interest Earning Assets	3,914.1	2,803.0	39.64	1,966.2	1,611.4	22.02
Less : Interest Expenses	11,921.7	8,441.2	41.23	6,020.7	4,501.2	33.76
Interest Expenses on Deposits	8,183.5	6,114.8	33.83	4,182.9	3,196.6	30.85
Interest Expenses on Other Interest Bearing Liabilities	3,738.2	2,326.4	60.69	1,837.8	1,304.6	40.87
Net Interest Income	6,048.7	5,409.3	11.82	3,067.2	2,982.4	2.84
Non-Interest Income	3,097.3	2,106.4	47.04	1,801.8	1,073.4	67.86
Foreign Exchange Income	1,076.5	823.3	30.75	550.4	442.5	24.38
Other Income (*Note - 1)	2,020.8	1,283.1	57.49	1,251.4	630.9	98.35
Net Income	9,146.0	7,515.7	21.69	4,869.0	4,055.8	20.05
Less : Non-Interest Expenses	3,497.9	2,922.3	19.70	1,773.4	1,462.9	21.22
Personnel Costs	1,767.5	1,505.3	17.42	903.9	747.6	20.91
Provision for Staff Retirement Benefits	150.9	159.8	(5.57)	74.7	79.6	(6.16)
Premises, Equipment & Establishment Expenses	922.8	756.6	21.97	473.3	382.0	23.90
Loss on Trading/Investment Securities	2.3	0.1	2,200.00	0.1	-	-
Amortization of Intangible Assets	29.2	22.6	29.20	15.0	10.6	41.51
Other Operating Expenses	625.2	477.9	30.82	306.4	243.1	26.04
Less : Provision for Bad and Doubtful Debts and Loans Written Off	795.7	446.1	78.37	511.1	375.0	36.29
Provisions - General	343.5	259.7	32.27	147.2	140.0	5.14
Provisions - Specific	667.6	307.6	117.04	489.8	287.7	70.25
Recoveries (-)	(219.5)	(122.1)	(79.77)	(127.7)	(53.3)	(139.59)
Loans Written Off	4.1	0.9	355.56	1.8	0.6	200.00
Less : Provision for Decline in Value of Investments	-	-	-	-	-	-
Operating Profit on Ordinary Activities Before Taxes	4,852.4	4,147.3	17.00	2,584.5	2,217.9	16.53
Less : Value Added Tax on Financial Services	1,069.2	764.2	39.91	564.8	403.3	40.04
Operating Profit on Ordinary Activities Before Corporate Taxes	3,783.2	3,383.1	11.83	2,019.7	1,814.6	11.30
Add/(Less) : Share of Profit/(Loss) before tax of Associate Companies	-	-	-	-	-	-
Operating Profit Before Corporate Tax	3,783.2	3,383.1	11.83	2,019.7	1,814.6	11.30
Less : Tax on Profits on Ordinary Activities (*Note - 2)	1,524.2	1,401.2	8.78	761.0	750.5	1.40
Operating Profit for the Period	2,259.0	1,981.9	13.98	1,258.7	1,064.1	18.28
Attributable to:						
Equity holders of the parent	2,259.0	1,981.9	13.98	1,258.7	1,064.1	18.28
Minority interest	-	-	-	-	-	-
	2,259.0	1,981.9	13.98	1,258.7	1,064.1	18.28
Basic Earnings per Ordinary Share - (Rs.)	8.90	7.79	14.25	5.00	4.22	18.48
Diluted Earnings per Ordinary Share - (Rs.)	8.84	7.74	14.21	4.97	4.19	18.62

*** Notes;**

1). The other income of the group of Rs. 1,846.0 Mn recorded an increase of Rs. 566.0 Mn or 44.22 % as against Rs. 1,280.0 Mn recorded for the corresponding period last year. This increase was mainly due to the profit earned by the Bank on the sale of investment in shares of Commercial Leasing Company PLC in May 2008, amounting to Rs. 405.531 Mn.

2). The tax on profit on ordinary activities published in the first half results of 2007 of the Bank and the Group has been restated as Rs.1,401.2 Mn., and Rs.1,414.8 Mn., respectively in the comparative columns of the Income Statement of 2007. This was due to reversal of a deferred tax asset recognised on statutory general provisions made as per the new provisioning requirements of the Central Bank of Sri Lanka, which was subsequently reversed in preparing the Annual Report 2007.

	For the six months ended			For the quarter ended		
	30.06.2008 Rs. Mn.	30.06.2007 Rs. Mn.	Growth %	30.06.2008 Rs. Mn.	30.06.2007 Rs. Mn.	Growth %
Income	21,121.0	16,082.3	31.33	10,842.6	8,621.2	25.77
Interest Income	17,981.3	13,857.0	29.76	9,093.3	7,487.6	21.44
Interest Income on Loans and Advances	14,046.0	11,039.9	27.23	7,116.4	5,868.1	21.27
Interest Income on Other Interest Earning Assets	3,935.3	2,817.1	39.69	1,976.9	1,619.5	22.07
Less : Interest Expenses	11,911.6	8,434.5	41.22	6,015.5	4,497.5	33.75
Interest Expenses on Deposits	8,183.1	6,111.6	33.89	4,182.7	3,196.0	30.87
Interest Expenses on Other Interest Bearing Liabilities	3,728.5	2,322.9	60.51	1,832.8	1,301.5	40.82
Net Interest Income	6,069.7	5,422.5	11.94	3,077.8	2,990.1	2.93
Non-Interest Income	2,922.5	2,103.3	38.95	1,621.7	1,080.3	50.12
Foreign Exchange Income	1,076.5	823.3	30.75	550.4	442.5	24.38
Other Income	1,846.0	1,280.0	44.22	1,071.3	637.8	67.97
Net Income	8,992.2	7,525.8	19.48	4,699.5	4,070.4	15.46
Less : Non-Interest Expenses	3,474.6	2,896.9	19.94	1,761.5	1,449.7	21.51
Personnel Costs	1,781.2	1,511.5	17.84	910.8	751.8	21.15
Provision for Staff Retirement Benefits	150.9	159.8	(5.57)	74.7	79.6	(6.16)
Premises, Equipment & Establishment Expenses	914.0	747.8	22.23	468.7	376.7	24.42
Loss on Trading/Investment Securities	2.3	0.1	2,200.00	0.1	-	-
Amortization of Intangible Assets	29.2	23.1	26.41	15.0	11.1	35.14
Other Operating Expenses	597.0	454.6	31.32	292.2	230.5	26.77
Less : Provision for Bad and Doubtful Debts and Loans Written Off	795.7	446.1	78.37	511.1	375.0	36.29
Provisions - General	343.5	259.7	32.27	147.2	140.0	5.14
Provisions - Specific	667.6	307.6	117.04	489.8	287.7	70.25
Recoveries (-)	(219.5)	(122.1)	(79.77)	(127.7)	(53.3)	(139.59)
Loans Written Off	4.1	0.9	355.56	1.8	0.6	200.00
Less : Provision for Decline in Value of Investments	-	-	-	-	-	-
Operating Profit on Ordinary Activities Before Taxes	4,721.9	4,182.8	12.89	2,426.9	2,245.7	8.07
Less : Value Added Tax on Financial Services	1,069.2	764.2	39.91	564.8	403.3	40.04
Operating Profit on Ordinary Activities Before Corporate Taxes	3,652.7	3,418.6	6.85	1,862.1	1,842.4	1.07
Add/(Less) : Share of Profit/(Loss) before tax of Associate Companies	4.2	3.5	20.00	0.7	1.9	(63.16)
Operating Profit Before Corporate Tax	3,656.9	3,422.1	6.86	1,862.8	1,844.3	1.00
Less : Tax on Profits on Ordinary Activities	1,538.7	1,414.8	8.76	769.8	756.9	1.70
Operating Profit for the Period	2,118.2	2,007.3	5.52	1,093.0	1,087.4	0.51
Attributable to:						
Equity holders of the parent	2,117.2	2,006.4	5.52	1,092.6	1,086.9	0.52
Minority interest	1.0	0.9	11.11	0.4	0.5	(20.00)
	2,118.2	2,007.3	5.52	1,093.0	1,087.4	0.51
Basic Earnings per Ordinary Share - (Rs.)	8.33	7.01	18.91	4.33	3.69	17.20
Diluted Earnings per Ordinary Share - (Rs.)	8.28	6.95	19.21	4.31	3.67	17.60

As at	Bank			Group		
	30.06.2008	31.12.2007	Growth	30.06.2008	31.12.2007	Growth
	Rs. Mn.	(Audited) Rs. Mn.	%	Rs. Mn.	(Audited) Rs. Mn.	%
On-Balance Sheet Assets						
Cash in Hand	3,950.1	4,221.3	(6.42)	3,957.1	4,221.3	(6.26)
Balances with Central Bank of Sri Lanka / Other Central Banks	13,751.7	11,575.6	18.80	13,751.7	11,575.6	18.80
Due from Banks and Other Financial Institutions	17,828.1	15,791.0	12.90	17,828.1	15,791.0	12.90
Investments - Trading Account	5,870.3	6,583.6	(10.83)	5,870.3	6,757.7	(13.13)
Government Securities	5,745.9	6,170.8	(6.89)	5,745.9	6,170.8	(6.89)
Investments held for sale	-	205.5	-	-	379.6	-
Other Securities	124.4	207.3	(39.99)	124.4	207.3	(39.99)
Investments - Held-to-Maturity	46,513.4	45,448.4	2.34	46,730.5	45,646.5	2.37
Government Securities	45,087.5	43,692.3	3.19	45,304.6	43,890.4	3.22
Other Securities	1,425.9	1,756.1	(18.80)	1,425.9	1,756.1	(18.80)
Less : Provision for Decline in Value of Investments	-	-	-	-	-	-
Investments in Associates and Subsidiaries	478.0	478.0	-	66.8	62.7	6.54
Investments in Associate Companies	44.3	44.3	-	66.8	62.7	6.54
Investments in Subsidiary Companies	433.7	433.7	-	-	-	-
Total Loans and Advances						
Total Performing Loans and Advances	172,185.4	172,613.8	(0.25)	172,078.9	172,462.3	(0.22)
Bills of Exchange	3,470.8	3,224.4	7.64	3,470.8	3,224.4	7.64
Overdrafts	40,916.7	41,078.7	(0.39)	40,916.3	41,078.7	(0.40)
Lease Rentals Receivable	10,349.4	10,917.3	(5.20)	10,249.1	10,772.6	(4.86)
Other Loans	117,448.5	117,393.4	0.05	117,442.7	117,386.6	0.05
Total Non-Performing Loans and Advances	13,158.7	8,603.5	52.95	13,158.7	8,603.5	52.95
Bills of Exchange	55.0	52.5	4.76	55.0	52.5	4.76
Overdrafts	2,651.1	1,448.6	83.01	2,651.1	1,448.6	83.01
Lease Rentals Receivable	632.3	285.9	121.16	632.3	285.9	121.16
Other Loans	7,076.6	4,477.4	58.05	7,076.6	4,477.4	58.05
Interest Receivables	2,743.7	2,339.1	17.30	2,743.7	2,339.1	17.30
Total Gross Loans and Advances	185,344.1	181,217.3	2.28	185,237.6	181,065.8	2.30
Less :						
Interest in Suspense	3,884.6	3,336.4	16.43	3,884.6	3,336.4	16.43
Specific Loan Loss Provisions	3,009.9	2,690.1	11.89	3,009.9	2,690.1	11.89
General Loan Loss Provisions	1,207.5	867.2	39.24	1,207.5	867.2	39.24
Net Loans and Advances	177,242.1	174,323.6	1.67	177,135.6	174,172.1	1.70
Other Assets	6,319.0	5,750.1	9.89	6,346.1	5,773.7	9.91
Property, Plant & Equipment	3,537.1	3,417.6	3.50	4,097.2	3,997.1	2.50
Lease Hold Property	81.5	81.9	(0.49)	119.1	119.0	0.08
Intangible Assets	280.2	268.5	4.36	280.2	268.5	4.36
Total On-Balance Sheet Assets	275,851.5	267,939.6	2.95	276,182.7	268,385.2	2.91

As at	Bank			Group		
	30.06.2008	31.12.2007 (Audited)	Growth	30.06.2008	31.12.2007 (Audited)	Growth
	Rs. Mn.	Rs. Mn.	%	Rs. Mn.	Rs. Mn.	%
On-Balance Sheet Liabilities						
Total Deposits	191,512.0	183,110.1	4.59	191,498.2	183,087.9	4.59
Demand Deposits	16,378.6	16,763.7	(2.30)	16,365.6	16,741.8	(2.25)
Savings Deposits	73,161.5	71,356.1	2.53	73,161.4	71,356.1	2.53
Time Deposits	98,993.4	91,902.5	7.72	98,992.7	91,902.2	7.72
Margin Deposits	1,416.9	1,615.0	(12.27)	1,416.9	1,615.0	(12.27)
Other Deposits	1,561.6	1,472.8	6.03	1,561.6	1,472.8	6.03
Total Borrowings	47,472.4	48,774.9	(2.67)	47,374.0	48,670.8	(2.66)
Borrowings from Central Bank of Sri Lanka	156.9	179.8	(12.74)	156.9	179.8	(12.74)
Borrowings from Banks and Financial Institutions in Sri Lanka	9,197.2	8,493.0	8.29	9,197.2	8,493.0	8.29
Borrowings from Banks and Financial Institutions Abroad	4,816.7	8,994.6	(46.45)	4,816.7	8,994.6	(46.45)
Securities Sold Under Re-Purchase Agreements	27,789.1	23,342.1	19.05	27,690.7	23,238.0	19.16
Subordinated Term Debt	4,436.0	6,680.4	(33.60)	4,436.0	6,680.4	(33.60)
Other Borrowings	1,076.5	1,085.0	(0.78)	1,076.5	1,085.0	(0.78)
Other Liabilities	10,328.1	9,868.2	4.66	10,325.7	9,853.6	4.79
Current Taxation	1,408.9	1,698.1	(17.03)	1,391.2	1,679.3	(17.16)
Deferred Taxation	528.0	552.3	(4.40)	687.5	711.9	(3.43)
Total On-Balance Sheet Liabilities	251,249.4	244,003.6	2.97	251,276.6	244,003.5	2.98
Shareholders' Funds and Minority Interest						
Shareholders' Funds	24,602.1	23,936.0	2.78	24,882.3	24,357.9	2.15
Stated Capital	9,541.6	10,514.8	(9.26)	9,541.6	10,514.8	(9.26)
Statutory Reserve Fund	1,633.7	1,633.7	-	1,634.5	1,634.5	-
Total Other Reserves	13,426.8	11,787.5	13.91	13,706.2	12,208.6	12.27
Minority Interest	-	-	-	23.8	23.8	-
Total Shareholders' Funds and Minority Interest	24,602.1	23,936.0	2.78	24,906.1	24,381.7	2.15
Total On-Balance Sheet Liabilities, Shareholders' Funds and Minority Interest	275,851.5	267,939.6	2.95	276,182.7	268,385.2	2.91
Off-Balance Sheet Items and Contra Accounts	73,685.5	59,954.5	22.90	73,685.5	59,954.5	22.90
Contingencies	47,245.0	43,653.1	8.23	47,245.0	43,653.1	8.23
Commitments and Contra Accounts	26,440.5	16,301.4	62.20	26,440.5	16,301.4	62.20
Net Assets Value per Ordinary Share (Rs.)	94.66	96.11	(1.51)	95.78	97.80	(2.07)
Memorandum Information						
Number of Employees	3,960	3,745	5.74			
Number of Branches	174	172	1.16			

CERTIFICATION:

I certify that the above Financial Statements give a true and fair view of the state of affairs of Commercial Bank of Ceylon PLC and the group as at June 30, 2008 and its profit for the for the six months ended June 30, 2008.

K.D.N. Buddhipala

(Sgd) Chief Financial Officer

We, the undersigned, being the Chairman and the Managing Director of the Commercial Bank of Ceylon PLC, certify jointly that:-

- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka, and
- the information contained in these statements have been extracted from the unaudited financial statements of the Bank unless indicated as audited.

M J C Amarasuriya

(Sgd) Chairman

July 31, 2008

Colombo.

A L Gooneratne

(Sgd) Managing Director

July 31, 2008

Colombo.

STATEMENT OF CHANGES IN EQUITY

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	Attributable to equity holders of the parent													Total	Minority Interest	Total Equity
	Stated Capital / Share Capital					Other Reserves										
	Ordinary Voting Shares	Ordinary Non-Voting Shares	Share Premium	Cumulative. Red. Preference Shares	Stated Capital	Statutory Reserve	Primary Dealer Special Risk Reserve	Capital Redemption Reserve	Revaluation Reserve	General Reserve	Foreign currency Translation Reserve	Unappropriated Profit/(Loss) carried forward				
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.				
BANK																
Balance as at 31.12.2006	1,335.2	93.0	1,728.8	1,000.0	-	1,428.5	6.2	906.6	1,288.2	7,971.9	(416.1)	500.5	15,842.8	-	15,842.8	
Final dividend for 2006	-	-	-	-	-	-	-	-	-	-	-	(501.4)	(501.4)	-	(501.4)	
Issue of Ordinary Shares under Employee Share Option Plan	8.1	-	59.8	-	-	-	-	-	-	-	-	-	67.9	-	67.9	
Rights issue of Ordinary shares	402.9	27.9	5,310.4	-	-	-	-	-	-	-	-	-	5,741.2	-	5,741.2	
Bonus issue of Ordinary shares	582.0	40.3	-	-	-	-	-	(622.3)	-	-	-	-	-	-	-	
Balance of CRRF transferred to General Reserve	-	-	-	-	-	-	-	(284.3)	-	284.3	-	-	-	-	-	
Share issue expenses written off	-	-	(73.8)	-	-	-	-	-	-	-	-	-	(73.8)	-	(73.8)	
Realised revaluation surplus on disposal of property	-	-	-	-	-	-	-	-	(1.5)	-	-	1.5	-	-	-	
Debtenture issue expenses written-off	-	-	(7.3)	-	-	-	-	-	-	-	-	-	(7.3)	-	(7.3)	
Transferred to Stated Capital	(2,328.2)	(161.2)	(7,017.9)	(1,000.0)	10,507.3	-	-	-	-	-	-	-	-	-	-	
Net unrealised gains/(losses) from Bangladesh translation	-	-	-	-	-	-	-	-	-	-	26.2	-	26.2	-	26.2	
Net profit for the six months ended 30.06.2007	-	-	-	-	-	-	-	-	-	-	-	1,981.9	1,981.9	-	1,981.9	
Balance as at 30.06.2007	-	-	-	-	10,507.3	1,428.5	6.2	0.0	1,286.7	8,256.2	(389.9)	1,982.5	23,077.5	-	23,077.5	
Issue of Ordinary Shares under Employee Share Option Plan	-	-	-	-	8.7	-	-	-	-	-	-	-	8.7	-	8.7	
Share issue expenses written off	-	-	-	-	(1.2)	-	-	-	-	-	-	-	(1.2)	-	(1.2)	
Net unrealised losses from Bangladesh translation	-	-	-	-	-	-	-	-	-	-	(37.6)	-	(37.6)	-	(37.6)	
Net profit for the six months ended 31.12.2007	-	-	-	-	-	-	-	-	-	-	-	2,121.6	2,121.6	-	2,121.6	
Transfers during the year	-	-	-	-	-	205.2	17.4	-	-	2,022.2	-	(2,244.8)	-	-	-	
Dividends for 2007	-	-	-	-	-	-	-	-	-	-	-	(1,233.0)	(1,233.0)	-	(1,233.0)	
Balance as at 31.12.2007 - Audited	-	-	-	-	10,514.8	1,633.7	23.6	-	1,286.7	10,278.4	(427.5)	626.3	23,936.0	-	23,936.0	
Final dividend for 2007	-	-	-	-	-	-	-	-	-	-	-	(620.5)	(620.5)	-	(620.5)	
Redemption of Preference shares	-	-	-	-	(1,000.0)	-	-	-	-	-	-	-	(1,000.0)	-	(1,000.0)	
Issue of Ordinary Shares under Employee Share Option Plan	-	-	-	-	26.8	-	-	-	-	-	-	-	26.8	-	26.8	
Net unrealised gains/(losses) from Bangladesh translation	-	-	-	-	-	-	-	-	-	-	0.8	-	0.8	-	0.8	
Profit after tax for the six months ended 30.06.2008	-	-	-	-	-	-	-	-	-	-	-	2,259.0	2,259.0	-	2,259.0	
Balance as at 30.06.2008	-	-	-	-	9,541.6	1,633.7	23.6	-	1,286.7	10,278.4	(426.7)	2,264.8	24,602.1	-	24,602.1	
GROUP																
Balance as at 31.12.2006	1,335.2	93.0	1,728.8	1,000.0	-	1,429.3	6.2	906.6	1,288.2	7,971.9	(416.0)	673.3	16,016.5	11.0	16,027.5	
Final dividend for 2006	-	-	-	-	-	-	-	-	-	-	-	(501.4)	(501.4)	-	(501.4)	
Issue of Ordinary Shares under Employee Share Option Plan	8.1	-	59.8	-	-	-	-	-	-	-	-	-	67.9	-	67.9	
Rights issue of Ordinary shares	402.9	27.9	5,310.4	-	-	-	-	-	-	-	-	-	5,741.2	-	5,741.2	
Bonus issue of Ordinary shares	582.0	40.3	-	-	-	-	-	(622.3)	-	-	-	-	-	-	-	
Balance of CRRF transferred to General Reserve	-	-	-	-	-	-	-	(284.3)	-	284.3	-	-	-	-	-	
Share issue expenses written off	-	-	(73.8)	-	-	-	-	-	-	-	-	-	(73.8)	-	(73.8)	
Realised revaluation surplus on disposal of property	-	-	-	-	-	-	-	-	(1.5)	-	-	1.5	-	-	-	
Surplus on revaluation of property	-	-	-	-	-	-	-	-	312.0	-	-	-	312.0	18.0	330.0	
Deferred tax effect on revaluation surplus on property	-	-	-	-	-	-	-	-	(109.2)	-	-	-	(109.2)	(6.3)	(115.5)	
Debtenture issue expenses written-off	-	-	(7.3)	-	-	-	-	-	-	-	-	-	(7.3)	-	(7.3)	
Transferred to Stated Capital	(2,328.2)	(161.2)	(7,017.9)	(1,000.0)	10,507.3	-	-	-	-	-	-	-	-	-	-	
Net unrealised gains/(losses) from Bangladesh translation	-	-	-	-	-	-	-	-	-	-	26.2	-	26.2	-	26.2	
Net profit for the six months ended 30.06.2007	-	-	-	-	-	-	-	-	-	-	-	2,117.2	2,117.2	1.0	2,118.2	
Balance as at 30.06.2007	-	-	-	-	10,507.3	1,429.3	6.2	0.0	1,489.5	8,256.2	(389.8)	2,290.6	23,589.3	23.7	23,613.0	
Issue of Ordinary Shares under Employee Share Option Plan	-	-	-	-	8.7	-	-	-	-	-	-	-	8.7	-	8.7	
Share issue expenses written off	-	-	-	-	(1.2)	-	-	-	-	-	-	-	(1.2)	-	(1.2)	
Net unrealised losses from Bangladesh translation	-	-	-	-	-	-	-	-	-	-	(37.6)	-	(37.6)	-	(37.6)	
Net profit for the six months ended 31.12.2007	-	-	-	-	-	-	-	-	-	-	-	2,031.8	2,031.8	2.4	2,034.2	
Transfers during the year	-	-	-	-	-	205.2	17.4	-	-	2,022.2	-	(2,244.8)	-	-	-	
Dividends for 2007	-	-	-	-	-	-	-	-	-	-	-	(1,233.1)	(1,233.1)	(2.3)	(1,235.4)	
Balance as at 31.12.2007 - Audited	-	-	-	-	10,514.8	1,634.5	23.6	0.0	1,489.5	10,278.4	(427.4)	844.5	24,357.9	23.8	24,381.7	
Final dividend for 2007	-	-	-	-	-	-	-	-	-	-	-	(620.5)	(620.5)	(0.9)	(621.4)	
Redemption of Preference shares	-	-	-	-	(1,000.0)	-	-	-	-	-	-	-	(1,000.0)	-	(1,000.0)	
Issue of Ordinary Shares under Employee Share Option Plan	-	-	-	-	26.8	-	-	-	-	-	-	-	26.8	-	26.8	
Net unrealised gains/(losses) from Bangladesh translation	-	-	-	-	-	-	-	-	-	-	0.8	-	0.8	-	0.8	
Profit after tax for the six months ended 30.06.2008	-	-	-	-	-	-	-	-	-	-	-	2,117.2	2,117.2	1.0	2,118.2	
Balance as at 30.06.2008	-	-	-	-	9,541.6	1,634.5	23.6	0.0	1,489.5	10,278.4	(426.6)	2,341.2	24,882.2	23.9	24,906.1	

<i>For the six months ended June 30,</i>	Bank		Group	
	2008	2007	2008	2007
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Cash Flows from Operating Activities				
Interest and commission receipts	19,174.3	14,353.8	19,183.0	14,688.6
Interest payments	(11,558.8)	(8,496.3)	(11,548.8)	(8,489.6)
Recoveries on loans previously provided/written-off	219.5	122.1	219.5	122.1
Foreign exchange profit and other income	170.2	467.6	10.8	479.5
Cash payments to employees and suppliers	(4,337.3)	(3,489.8)	(4,296.2)	(3,446.4)
Operating profit before changes in operating assets and Liabilities	3,667.9	2,957.4	3,568.3	3,354.2
(Increase)/Decrease in Operating Assets				
Balances with Central Banks	(2,176.1)	333.8	(2,176.1)	333.8
Funds advanced to customers	(3,933.7)	(10,632.6)	(3,978.7)	(10,618.2)
Other operating assets	(568.9)	(139.0)	(572.4)	(161.5)
Increase/(Decrease) in Operating Liabilities				
Deposits from customers	8,401.9	11,728.7	8,410.3	11,800.1
Net cash from operating activities before income tax	5,391.1	4,248.3	5,251.4	4,708.4
Income tax paid	(1,807.5)	(793.0)	(1,818.9)	(810.6)
Net cash inflow/(outflow) from operating activities	3,583.6	3,455.3	3,432.5	3,897.8
Cash Flows from Investing Activities				
Dividends and interest received	192.1	144.0	176.7	128.0
Government Treasury Bills & Bonds	(929.1)	(12,670.7)	(948.1)	(12,683.5)
Due from Banks and Other Financial Institutions	(2,037.1)	(4,303.3)	(2,037.1)	(4,303.3)
Securities sold under re-purchase agreements	4,447.0	7,842.0	4,452.7	7,768.5
Additions to investments and proceeds from matured/sold investments	1,983.7	525.2	2,158.5	525.2
Additions to property, plant & equipment and proceeds from sale of property, plant & equipment	(357.6)	(237.6)	(356.5)	(269.3)
Net cash inflow/(outflow) from investing activities	3,299.0	(8,700.4)	3,446.2	(8,834.4)
Cash Flows from Financing Activities				
Dividends paid to minority shareholders	-	-	(1.0)	(1.0)
Proceeds from issue of ordinary shares	26.8	5,809.1	26.8	5,809.1
Redemption of Debentures	(2,244.4)	-	(2,244.4)	-
Redemption of Preference Shares	(1,000.0)	-	(1,000.0)	-
Debenture issue expenses	-	(7.3)	-	(7.3)
Share issue expenses	-	(73.8)	-	(73.8)
Net change in other borrowings	(3,244.1)	113.8	(3,232.2)	(178.1)
Dividends paid to shareholders	(692.1)	(613.0)	(692.1)	(613.0)
Net cash inflow/(outflow) from financing activities	(7,153.8)	5,228.8	(7,142.9)	4,935.9
Net increase in cash and cash equivalents	(271.2)	(16.3)	(264.2)	(0.7)
Cash and cash equivalents at beginning of the period	4,221.3	3,282.4	4,221.3	3,275.1
Cash and cash equivalents at end of the period	3,950.1	3,266.1	3,957.1	3,274.4

For the six months ended June 30,	Banking		Leasing		Dealing		Property/Investments		Eliminations/Unallocated		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Revenue from external customers												
Interest	13,139.8	10,322.8	-	-	3,935.3	2,817.1	-	-	-	-	17,075.1	13,139.9
Exchange	291.8	454.5	-	-	784.7	368.8	-	-	-	-	1,076.5	823.3
Lease income	-	-	906.2	717.1	-	-	-	-	-	-	906.2	717.1
Commissions	1,278.2	1,087.0	-	-	47.4	0.8	-	-	-	-	1,325.6	1,087.8
Other	219.5	122.1	-	-	41.2	7.3	612.3	140.4	38.7	44.4	911.7	314.2
Total revenue from external customers	14,929.3	11,986.4	906.2	717.1	4,808.6	3,194.0	612.3	140.4	38.7	44.4	21,295.1	16,082.3
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	14,929.3	11,986.4	906.2	717.1	4,808.6	3,194.0	612.3	140.4	38.7	44.4	21,295.1	16,082.3
Segment result	5,627.7	3,438.6	851.0	699.1	1,070.0	693.4	612.3	140.4	38.7	44.4	8,199.7	5,015.9
Unallocated expenses											(4,547.0)	(1,597.3)
Profit from operations											3,652.7	3,418.6
Net financing costs											-	-
Income from Associates											4.2	3.5
Corporate tax											(1,538.7)	(1,414.8)
Minority interests											(1.0)	(0.9)
Net profit after taxation											2,117.2	2,006.4
As at	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Segment assets	181,231.4	172,263.5	10,642.4	10,799.9	72,126.6	73,524.9	1,984.0	1,963.4	10,136.3	9,770.8	276,120.7	268,322.5
Investments in Associates	-	-	-	-	-	-	62.0	62.7	-	-	62.0	62.7
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets											276,182.7	268,385.2
Segment liabilities	154,196.6	145,520.3	10,642.4	10,799.9	72,126.6	73,524.9	2,046.0	2,026.1	12,265.0	12,132.3	251,276.6	244,003.5
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities											251,276.6	244,003.5
Information on Cash Flows												
For the six months ended June 30,	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Cash flows from operating activities	1,832.2	2,295.8	750.7	592.4	861.0	1,027.2	-	-	(11.4)	(17.6)	3,432.5	3,897.8
Cash flows from investing activities	-	-	-	-	1,467.5	(9,218.3)	2,335.2	653.2	-	-	3,802.7	(8,565.1)
Cash flows from financing activities	(4,232.2)	(259.2)	-	-	(2,244.4)	-	-	-	(666.3)	5,195.1	(7,142.9)	4,935.9
Capital expenditure	(356.5)	(269.3)	-	-	-	-	-	-	-	-	(356.5)	(269.3)

- 1) There were no changes in the accounting policies and methods of computation since the publication of financial statements in the Annual Report - 2007. These Interim financial statements are presented in accordance with SLAS 35 - Interim Financial Reporting.
- 2) There were no material events that took place since June 30, 2008, that require disclosure in these financial statements.
- 3) During the quarter there were no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through debentures.
- 4) All known expenses including management fees and similar expenses have been provided for in these financial statements.
- 5) The Bank disposed the remaining investment in units of Comtrust Equity Fund on February 27, 2008. The Bank also disposed its 30% stake in the equity of Commercial Leasing Co. PLC on May 23, 2008.

INFORMATION ON ORDINARY SHARES

	2008 Rs.	2007 Rs.
As at June 30,		
Market value of an ordinary share of the Bank		
Voting	126.00	135.00
Non-Voting	81.25	68.00
Highest price during the quarter ended June 30		
Voting	145.00	215.00 *
Non-Voting	89.50	113.00 *
Lowest price during the quarter ended June 30		
Voting	125.25	128.00
Non-Voting	80.00	63.00
<i>* The highest market prices shown above for both voting and non voting ordinary shares during the quarter ended June 30, 2007 were based on the market prices that prevailed before the rights and bonus issues made by the Bank during the second quarter 2007.</i>		
Number of ordinary shares issued as at June 30		
Voting	233,222,208	209,013,947
Non-Voting	16,120,797	14,324,472

	Bank		Group	
	As at 30.06.2008	As at 31.12.2007 (Audited)	As at 30.06.2008	As at 31.12.2007 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier I Capital) - Rs. Mn.	21,121.6	20,697.5	21,172.1	20,747.9
Total Capital Base - Rs. Mn.	27,028.6	26,802.6	27,079.5	26,853.0
Core Capital Adequacy Ratio as % of				
Risk Weighted Assets (Minimum Requirement, 5%)	9.77%	10.57%	9.79%	10.60%
Total Capital Adequacy Ratio as % of				
Risk Weighted Assets (Minimum Requirement, 10%)	12.50%	13.69%	12.52%	13.71%
Asset Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio % (Net of Interest in Suspense)	5.23%	3.02%		
Net Non-Performing Advances Ratio % (Net of Interest in Suspense and Provisions)	3.53%	1.48%		
Profitability				
Interest Margin, %	4.47%	4.70%		
Return on Assets (before tax), %	2.80%	2.73%		
Return on Equity, %	18.38%	21.13%		
Regulatory Liquidity				
Statutory Liquid Assets - Rs. Mn.				
Domestic Banking Unit	42,365.8	41,066.9		
Off-Shore Banking Unit	6,299.5	8,798.5		
Statutory Liquid Assets Ratio % (Minimum Requirement 20%)				
Domestic Banking Unit	22.70%	22.73%		
Off-Shore Banking Unit	26.90%	38.36%		

Debenture categories	CSE Listing	Interest payable frequency	Market values			Interest Rates		Interest rate of Comparable Govt. Security	Other ratios as at date of last trade	
			Highest Rs.	Lowest Rs.	Year End Rs.	Coupon Rate %	Eff. Ann. Yield %		Int. Yield %	YTM %
Fixed rate										
2005/2010 12.00% p.a.	Not listed	Annually	-	-	-	12.00	12.00	16.00	-	-
May 2006/May 2011 12.00% p.a.	Not listed	Annually	-	-	-	12.00	12.00	16.00	-	-
May 2006/May 2016 13.25% p.a.	Not listed	Annually	-	-	-	13.25	13.25	Indicative 15.75	-	-
Dec 2006/Dec 2011 13.50% p.a.	Listed	Annually	Not traded during the period						-	-
Dec 2006/Dec 2013 13.75% p.a.	Listed	Annually	Not traded during the period			13.50	13.50	16.00	-	-
Dec 2006/Dec 2016 14.00% p.a.	Listed	Annually	Not traded during the period			13.75	13.75	Indicative 15.65	-	-
			Not traded during the period			14.00	14.00	Indicative 15.50	-	-
Floating rate										
2004/2009 3 Months TB rate (Net) + 2% p.a.	Not listed	Quarterly	-	-	-	16.62	16.64	16.50	-	-
2005/2010 3 Months TB rate (Net) + 2% p.a.	Not listed	Quarterly	-	-	-	16.62	16.64	16.00	-	-
2005/2010 3 Months TB rate (Gross) + 1% p.a.	Not listed	Quarterly	-	-	-	17.24	17.22	16.00	-	-
May 2006/May 2011 3 Months TB rate (Net) + 2% p.a.	Not listed	Quarterly	-	-	-	16.62	16.64	16.00	-	-
May 2006/May 2011 3 Months TB rate (Gross) + 1% p.a.	Not listed	Quarterly	-	-	-	17.24	17.22	16.00	-	-
Dec 2006/Dec 2011 12 Months TB rate (Gross) + 1% p.a.	Listed	Annually	Not traded during the period			15.42	15.42	16.00	-	-
Dec 2006/Dec 2013 12 Months TB rate (Gross) + 1% p.a.	Listed	Annually	Not traded during the period			15.42	15.42	Indicative 15.65	-	-
Dec 2006/Dec 2016 12 Months TB rate (Gross) + 1% p.a.	Listed	Annually	Not traded during the period			15.42	15.42	Indicative 15.50	-	-

(The comparative information for June 2007 have been Highlighted)

3 Months TB rate (Gross) three months Treasury Bill rate before 10% Withholding Tax Rate as published by the Central Bank of Sri Lanka immediately prior to the commencement of each interest period
3 Months TB rate (Net) three months Treasury Bill rate after 10% Withholding Tax Rate as published by the Central Bank of Sri Lanka immediately prior to the commencement of each interest period
12 Months TB rate (Gross) twelve months Treasury Bill rate before 10% Withholding Tax Rate as published by the Central Bank of Sri Lanka immediately prior to the commencement of each interest period

NAME OF COMPANY

Commercial Bank of Ceylon PLC

COMPANY REGISTRATION NUMBER

PQ116

LEGAL FORM

A public limited liability company incorporated in Sri Lanka on June 25, 1969 under the Companies Ordinance No. 51 of 1938 and quoted in the Colombo Stock Exchange in March 1970. A Licensed Commercial Bank under the Banking Act No. 30 of 1988.

TAX PAYER IDENTIFICATION NUMBER (TIN)

124006007

REGISTERED OFFICE

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No. 21, Bristol Street, P.O. Box 856,
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Telegraphic Address : COMBANK
Telex :21520 COMEX CE; 21274 COMBANK CE;
21898 COMFEX CE; 22384 COMFX CE;
23375 COMTLX CE.
Facsimile : 941-112449889
SWIFT Code-Sri Lanka : CCEYLK LX
SWIFT Code-Bangladesh : CCEYBDDH
E-mail : email@combank.net
Website : www.combank.net

AUDITORS

Ernst & Young
Chartered Accountants,
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Colombo 10.

LAWYERS

Julius & Creasy,
No. 41, Janadhipathi Mawatha,
Colombo 1.

COMPANY SECRETARY

Mrs. R.R. Dunuwille

Vision

To be the PREFERRED financial services organization in Sri Lanka, having an international presence by the year 2011

Mission

Redefining convenience in financial services

Review

The **Commercial Bank Group** made a **pre tax profit** of Rs. 3,656.9 Mn. for the first half 2008 as against Rs. 3,422.1Mn. for the corresponding period in 2007, recording a growth of Rs. 234.8 Mn. or 6.86 %. The **post-tax profit** of the **group** which amounted to Rs. 2,118.2 Mn for the first half 2008 compared to Rs. 2,007.3 Mn for the corresponding period in 2007, recorded a growth of Rs. 110.9 Mn or 5.52 % as explained in Note 2 on the face of the Income Statement of the Bank.

The net interest income of the group rose by Rs. 647.2 Mn or 11.94%. Other income of the group of Rs. 1,846.0 Mn recorded an increase of Rs. 566.0 Mn or 44.22 % as against Rs. 1,280.0 Mn recorded for the corresponding period last year. This increase was primarily due to the profit earned by the Bank on the sale of investment in shares of Commercial Leasing Company PLC in May 2008. Further, foreign exchange income too rose by Rs. 253.2 Mn or 30.75 % during first half 2008, as against the foreign exchange profit reported in the corresponding period in 2007 mainly due to higher gains realized from forward foreign exchange deals done in 2008.

Non-interest expenses of the group recorded an increase of Rs. 577.7 Mn or 19.94 %.

Net provisions on account of Bad and Doubtful Debts too rose by Rs. 349.6 Mn., to Rs. 795.7 Mn or 78.37 %, mainly due to a certain specific provisions made on vulnerable sectors in the first half of 2008. Further, general provision of Rs. 282.7 Mn made on performing and overdue loans & advances in the first half 2008, as stipulated by the provisioning requirements of the Central Bank of Sri Lanka as against Rs. 245.7 Mn provided for the corresponding period in 2007 also contributed to the increase in net provisions on account of Bad and Doubtful Debts.

The gross non-performing loans and advances ratio of the Bank too rose to 5.23% as at June 30, 2008 from 3.02% as at December 31, 2007, mainly due to the adherence to the recent Direction of the Central Bank of Sri Lanka on classification of loans and advances and also due to the prevailing macro economic environment prevailing in the country.

Total deposits of the group, which stood at Rs 183.1 Bn., as at December 31, 2007, rose to Rs 191.5 Bn. as at June 30, 2008, recording a growth of Rs 8.4 Bn., or 4.59 %. while the total gross advances of the group, which stood at Rs 181.1 billion as at December 31, 2007 rose to Rs 185.2 Bn., as at June 30, 2008, recording a marginal growth of Rs 4.1 Bn., or 2.30 %. The prevailing inflationary situation and high interest rate regime has restricted the high growth trend of the advances of the Bank.

Total assets of the group rose to Rs 276.2 Bn., as at June 30, 2008 recording a growth of Rs 7.8 Bn., or 2.91 %, from Rs. 268.4 Bn as at December 31, 2007.

Pre tax profit of the **Bank** for the first half 2008 amounted to Rs. 3,783.2 Mn. as against Rs. 3,383.1 Mn. for the corresponding period in 2007, reflecting a growth of Rs. 400.1 Mn. or 11.83 %. **Post tax profit** of the **Bank** for the first half 2008 amounted to Rs. 2,259.0 Mn., as against Rs. 1,981.9 Mn. reported for the corresponding period in 2007, which reflected a growth of Rs. 277.1 Mn. or 13.98 %. Once adjusted for the impact of profit on sale of Commercial Leasing Company PLC, the normalized profit after tax of the Bank was Rs 1,930.6 Mn.