NANDA INVESTMENTS AND FINANCE PLC

INTERIM FINANCIAL STATEMENT FOR THE THREE MONTHS ENDED 31ST MARCH 2013

RAM RATINGS

RAM RATINGS LANKA LIMITED:
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Nanda Investments And Finance PLC.

STATEMENT OF INCOME

	For the Quarter ended 31st March		Variance	For the year ended 31st March		Variance
	2013 Unaudited Rs.	2012 Restated Rs.		2013 Unaudited Rs.	2012 Audited Rs.	%
Interest income	17,506,972	12,967,018	35%	68,367,367	54,889,526	25%
Interest expense	(3,531,664)	(2,125,008)	66%	(12,230,991)	(5,991,070)	104%
Net interest income	**13,975,308**	**10,842,010**	**29%**	**56,136,376**	**48,898,456**	15%
Change in fair value of investment property	3,849,898	6,387,756	-40%	3,849,898	6,387,756	-
Rent Income	1,761,280	1,419,477	24%	7,301,238	4,691,124	56%
Other income	320,901	310,658	3%	2,721,780	754,660	261%
Net interest income	**19,907,387**	**18,959,901**	**5%**	**70,009,292**	**60,731,996**	15%
Less:						
Operating expenses						
Personnel cost	(3,918,038)	(2,729,013)	44%	(15,368,549)	(12,907,891)	19%
Premises, equipment and establishment expenses	(4,126,472)	(3,854,082)	7%	(6,632,072)	(5,856,126)	13%
Depreciation and amortisation			#DIV/0!	(5,341,682)	(4,712,887)	13%
Other operating expenses	(3,810,210)	(3,873,320)	-2%	(11,067,781)	(8,287,012)	34%
				-		
	(11,854,720)	**(10,456,415)**	**13%**	**(38,410,084)**	**(31,763,916)**	**21%**
Profit before provision for losses on loans and advances	**8,052,667**	**8,503,486**	**-5%**	**31,599,208**	**28,968,080**	9%
Provision for losses on loans and advances	(1,573,224)	(5,351,340)	-71%	(3,680,990)	(7,064,476)	-48%
Profit from operations before income tax	6,479,443	3,152,146	106%	27,918,218	21,903,604	27%
Income tax expense	2,260,871	922,716	145%	1,176,399	2,422,716	-51%
Profit after tax	**8,740,314**	**2,229,430**	**292%**	**29,094,617**	**19,480,888**	49%
Basic earnings per ordinary share (Rs)	**0.09**	**0.02**		**0.29**	**0.19**	

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

BALANCE SHEET

As at	31.03.2013 Unaudited Rs.	31.03.2012 Audited Rs.
ASSETS		
Cash and cash equivalents	**38,431,723**	12,922,800
Government securities	**5,136,977**	4,631,346
Investment securities	**211,000**	211,000
Advances and other loans	**276,877,210**	230,510,085
Rentals receivables on Lease	**1,464,570**	176,560
Rentals receivables on hire purchase	**11,506,691**	9,258,172
Rentals receivables on Secured Loan	**226,887**	1,947,510
Other receivables	**3,465,440**	8,585,523
Deposits and prepayments	**1,701,559**	1,376,641
Property, plant and equipment	**84,827,594**	88,320,840
Intangible assets	**1,145,338**	1,220,417
Investment property	**238,987,604**	235,137,706
Total Assets	**663,982,593**	594,298,600
EQUITY AND LIABILITIES		
Liabilities		
Bank Over Draft	-	454,324
Deposits from customers	**88,287,900**	47,884,400
Accrued interest on fixed deposits	**9,549,492**	4,162,682
Finance Creditors	-	-
Interest bearing loans and borrowings	**1,880,386**	3,897,724
Accrued charges and other payables	**18,352,576**	13,917,963
Income tax Payable	**(2,155,251)**	816,131
Retirement benefit obligations	**2,838,100**	2,550,532
Dividend payable	-	
Deferred tax liabilities	**12,025,097**	12,025,097
	130,778,300	85,708,853
Equity		
Stated capital	**125,857,930**	125,857,930
Capital Reserves	**76,966,498**	267,772,408
Revenue Reserves	**330,379,865**	114,959,409
Total Capital and Reserves	**533,204,293**	508,589,747
Total Equity and Liabilities	**663,982,593**	594,298,600
Net assets value per ordinary share	**5.29**	5.05

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Certification

I certify that the financial statements comply with the requirements of the Companies Act No. 07 of 2007.

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Finance Manager

The Board of Directors are responsible for the preparation and presentation of these Financial statements.

Approved and Signed for and on behalf of the Board.

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Director Director

05th June 2013

Colombo.

CASH FLOW STATEMENT

For the year ended	2013 Unaudited Rs.	2012 Audited Rs.
Cash flows from operating activities		
Interest receipts	70,584,304	57,801,921
Interest payments	(12,230,991)	(6,793,850)
Receipts from other operating activities	10,984,637	5,243,885
Cash payments to employees and suppliers	(37,543,999)	(23,558,757)
	31,793,951	32,693,199
Changes in operating assets		
Short term funds	(505,631)	(301,983)
Funds advanced to customers	(2,172,039)	(56,042,457)
Others	(30,534,043)	(25,137,231)
	(33,211,713)	(81,481,671)
Changes in operating liabilities		
Net Security deposits received/ (refunded) to customers	40,403,500	12,321,950
Finance Creditors	-	6,774,448
	40,403,500	19,096,398
Income tax paid	(6,408,652)	(8,086,960)
Net cash inflow/ (outflow) from operating activities	32,577,086	(37,779,034)
Cash flows from investing activities		
Sales Proceeds from disposal of property,plant & equipments	2,992,857	4,396,674
Dividend Received	-	-
Purchase of property, plant and equipment	(445,317)	(4,117,676)
Purchase of Intangible Assets	(93,872)	(51,573)
Net cash used in investing activities	2,453,668	227,425
Cash flows from financing activities		
Lease rental paid	-	(251,902)
Term loan received	-	2,430,000
Term Loan Rental Paid	(2,017,336)	(1,737,340)
Dividend paid	(7,050,171)	(7,050,171)
Net cash inflow/ (outflow) from financing activities	(9,067,507)	(6,609,413)
Net change in cash and cash equivalents	25,963,247	(44,161,022)
Cash and cash equivalents at the beginning of the period	12,468,476	56,629,498
Cash and cash equivalents at the end of the period (note. A)	38,431,723	12,468,476

Note

A. Reconciliation of Cash and cash equivalents

	2013	2012
Fixed deposit	13,320,238	2,770,238
Cash in hand and cash at bank	25,111,485	9,698,238
	38,431,723	12,468,476

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2013

	Stated Capital Rs.	Reserve Fund Rs.	Revaluation surplus Rs.	General Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st April 2011 - Re-stated	125,857,930	43,000,000	67,050,345	41,800,000	211,104,704	488,812,979
Dividend					(7,050,171)	(7,050,171)
Surplus on Re-valuation			10,572,351			10,572,351
Deferred tax effect on the Re-valuation surplus			(3,226,300)			(3,226,300)
Net profit for the period	-	-	-	-	19,480,888	19,480,888
Transferred to reserves	-	2,500,000	-	2,500,000	(5,000,000)	-
	-	-	-	-	-	-
Balance as at 31st March 2012	125,857,930	45,500,000	74,396,396	44,300,000	218,535,421	508,589,747
						-
Balance as at 01st April 2012	125,857,930	45,500,000	74,396,395	44,300,000	218,535,422	508,589,747
Proposed Dividend	-	-	-	-	(7,050,171)	(7,050,171)
Surplus on Re-valuation			2,570,102			2,570,102
Net profit for the period	-	-	-	-	29,094,616	29,094,616
Transferred to reserves	-	10,000,000	-	10,000,000	(20,000,000)	-
	-	-	-	-	-	-
Balance as at 31st March 2013	125,857,930	55,500,000	76,966,497	54,300,000	220,579,867	533,204,294

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Segment Information

For the year ended 31st March 2013

	Finance Lease	Hire Purchase	Term Loan	Short Term Investment	Investment Property	Unallocated	Total
Revenue							-
Interest Income	8,751,112	36,904,714	17,630,130	746,321	-	9,170,566	73,202,843
Rent	-	-	-	-	7,301,238	-	7,301,238
Other Income	-	-	-			6,571,678	6,571,678
	8,751,112	36,904,714	17,630,130	746,321	7,301,238	15,742,244	87,075,759
Percentage	10%	42%	20%	1%	8%	18%	**100%**
Expenditure							
Other Operating & Interest Expenses	5,474,761	23,087,866	11,029,542	466,904	4,567,709	9,848,466	**54,475,249**
Profit before taxation	3,276,351	13,816,848	6,600,588	279,417	2,733,529	5,893,778	**32,600,510**
VAT on Financial Institution							**4,682,293**
Profit on ordinary activities before tax							**27,918,217**
Income tax on profit on ordinary activities							**(1,176,399)**
							29,094,616
Assets	49,224,276	157,049,120	83,801,962	18,457,215	238,987,604	116,462,416	**663,982,593**
Percentage	7%	24%	13%	3%	36%	18%	**100%**
Liabilities	9,695,235	30,932,463	16,505,671	3,635,341	47,071,102	22,938,488	**130,778,300**
Percentage	7%	24%	13%	3%	36%	18%	**100%**

For the year ended 31st March 2012	Finance Lease	Hire Purchase	Term Loan	Short Term Investment	Investment Property	Unallocated	Total
Revenue							
Interest Income	3,499,574	31,242,595	13,945,161	1,980,257	-	7,185,181	**57,852,768**
Rent	-	-	-	-	4,691,124	-	**4,691,124**
Other Income	-	-	-	-	-	7,142,416	**7,142,416**
	3,499,574	31,242,595	13,945,161	1,980,257	4,691,124	14,327,597	**69,686,308**
Percentage	5%	45%	20%	3%	7%	21%	**100%**
Expenditure							
Other Operating & Interest Expenses	2,255,471	20,135,816	8,987,640	1,276,273	3,023,424	9,234,120	**44,912,745**
Profit before taxation	1,244,103	11,106,779	4,957,521	703,984	1,667,700	5,093,477	**24,773,563**
VAT on Financial Institution							**2,869,959**
Profit on ordinary activities before tax							**21,903,604**
Income tax on profit on ordinary activities							**2,422,716**
							19,480,888
Assets	35,080,267	125,327,120	81,484,940	17,496,282	235,137,706	99,772,285	**594,298,600**
Percentage	6%	21%	14%	3%	40%	17%	**100%**
Liabilities	5,059,224	18,074,489	11,751,636	2,523,288	33,911,207	14,389,009	**85,708,853**
Percentage	6%	21%	14%	3%	40%	17%	**100%**

NOTES TO THE FINANCIAL STATEMENTS

1 Application of Sri Lanka Accounting Standards (LKAS/SLFRS)

The interim financial statements of the Company have been presented on the basis of the same accounting policies and methods applied for the year ended 31st March 2013 and are in compliance with Sri Lanka Accounting Stranded 35 - Interim Financial Reporting. The Company is required to prepare interim financial statements in accordance with LKAS 34 Interim Financial Reporting. However the Institute of Chartered Accountants of Sri Lanka has decided to allow Companies to prepare interim financial statements during the first financial year commencing on or after 1st January 2012 in accordance with Sri Lanka Accounting Standards that existed immediately prior to that date with disclosures on impact to the statements of comprehensive income for the period and net assets based on Sri Lanka Financial Reporting Standards (SLFRS). If determination of that impact is impracticable, the companies are required to disclose that fact.

The Company is in the process of adhering to the Sri Lanka Financial Reporting Standards (SLFRS/LKAS)

2 There are no material contingencies existing as at 31st March 2013.

3 No circumstances have arisen since the Balancesheet date, which would require adjustments to or disclosure in the Financial Statements.

4 All known expenses have been provided for in these financial statements.

5 **Information on Ordinary Shares**

(a) Share price during the quarter	**For the Quarter ended**	
	31.03.2013	31.03.2012
	(Rs.)	(Rs.)
Highest	7.50	10.50
Lowest	5.30	4.90
Closing	5.80	8.50

6 **Director's shareholding.**

The number of shares held by the board of directors is as follows.

Dr. S.P. Jayawardana	Nil
Mr. L.A. Mallawarachchi	17,006,500
Mrs. P. Mallawarachchi	5,102,500
Mrs. C. Mallawarachchi	Nil
Mr. K.L. Jagath Perera	Nil
Mr. J.O.M. Gamage	Nil

7 **Stated Capital**

Stated capital is represented by the number of shares in issue as set out below:

As at	**31.03.2013**	**31.03.2012**
Ordinary Shares	100,716,730	100,716,730

NOTES TO THE FINANCIAL STATEMENTS

8 The 20 largest shareholders of the Company as at 31st March 2013 are as follows

Shareholder		No of Shares	%
1	Mr. D. Wijemanne	28,399,425	28.20%
2	Mr. L.A. Mallawarachchi	17,006,500	16.89%
3	M/s. Nanda Motors Limited	14,750,000	14.65%
4	Mr. U.C.D. Pinidiyarachchi	7,500,000	7.45%
5	Mrs. P. Mallawarachchi	5,102,500	5.07%
6	Mr. M. Mallawarachchi	5,000,000	4.96%
7	Mr. L. Hapangama	5,000,000	4.96%
8	Mr. K.A.A. Weerasiri	2,550,602	2.53%
9	Mr. H.R. Mayadunne	1,444,730	1.43%
10	Mr. J.W. Gamage	1,216,360	1.21%
11	Miss. H. Mannanayake	1,010,000	1.00%
12	Mr. H.R. Mannanayake	1,000,000	0.99%
13	Mr. N. Mannanayake	1,000,000	0.99%
14	Mrs. D.D. Jayawardena	650,000	0.65%
15	Mrs. T.H. Mallawarachchi	455,100	0.45%
16	Miss. S.N. Mayadunne	450,000	0.45%
17	Mr. De Seram	368,210	0.37%
18	Mr. S.R. Mannanayake	350,000	0.35%
19	Miss. C.H. Hapangama	264,400	0.26%
20	Miss. S.P. Hapangama	264,400	0.26%
	Others	6,934,503	6.88%
		100,716,730	**100.00%**

9 The percentages of shares held by the public on 31st March 2013 is 34.56%

10 There have been no other events subsequent to the Balance sheet date, which require disclosure in the Interim Financial Statement.

NOTES TO THE FINANCIAL STATEMENTS

Corporate Information

Name Of Company
Nanda Investments and Finance PLC

Registered Address
25, C.W.W. Kannangara Mawatha,
Colombo 07
Sri Lanka
Telephone : +94 11 2 686523
Website : www.nifl.lk

Established in
13th January 1961

Trade Association
Member of Ceylon Chamber of Commerce

Statuary Status
Central Bank approved Finance Company Under the Finance Act No 78 of 1988.
Registered Leasing Company under the Finance Leasing Act No. 56 of 2000.

Board of Directors
Dr. S.P. Jayawardena - Non Executive Chairman
Mr. L.A. Mallawarachchi - Managing Director
Mrs. G.P. Mallawarachchi - Executive Director
Mrs. C. Mallawarachchi - Executive Director
Mr. J.O.M. Gamage - Non Executive Director
Mr. J.N. Perera - Non Executive Independent Director

Auditor
KPMG Ford, Rhodes, Thornton & Co.
Chartered Accountants
32A, Sir Mohamed Macan Marker Mawatha
Colombo 03
Sri Lanka

Secretary
Nanayakkara Management Services (Private) Limited
1017, Biyagama Road,
Sinharamulla,
Kelaniya
Sri Lanka.

Bankers
Bank of Ceylon
Commercial Bank
Seylan Bank
Public Bank

Lawyer
MR. Tharaka Sachindra Jayathilaka
14, Ramport Road
Ethul Kotte
Sri Lanka