

N.S.B. FUND MANAGEMENT COMPANY LIMITED*Accredited Primary Dealer Appointed By The Central Bank***AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2011***A Wholly owned subsidiary of National Savings Bank*

| <u>INCOME STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2011</u> | | | <u>BALANCE SHEET AS AT 31st DECEMBER 2011</u> | | |
|---|------------------|------------------|--|-------------------|-------------------|
| | 31.12.2011 | 31.12.2010 | | 31.12.2011 | 31.12.2010 |
| | Rs.'000 | Rs.'000 | | Rs.'000 | Rs.'000 |
| Income | 1,074,687 | 1,550,164 | Assets | | |
| Interest Income | 953,785 | 1,018,149 | Cash and Short Term Funds | 1,601 | 2,032 |
| Interest Expenses | (683,895) | (712,724) | Government Securities eligible for rediscounting | 8,342,208 | 7,662,350 |
| Net Interest Income | 269,890 | 305,425 | Investment Securities | 2,706,365 | 1,754,700 |
| Other Income | 120,902 | 532,015 | Government Securities held for dealing purposes | 2,594,272 | 1,025,755 |
| Increase (Decrease) for fall in value of Trading Securities | (217,635) | (263,434) | Investment in Shares | 1,000 | 1,000 |
| | 173,157 | 574,006 | Interest & Other Receivable | 394,372 | 345,308 |
| Less: Operating Expenses | | | Festival Advance | 16 | 10 |
| Personnel Costs | 14,255 | 14,658 | Deferred Taxation | 221 | 172 |
| Premises, Equipment & Establishment Expenses | 3,994 | 4,074 | Fixed Assets | 1,227 | 1,379 |
| Other Overhead Expenses | 8,455 | 7,407 | Total Assets | 14,041,282 | 10,792,706 |
| Operating Profit | 146,453 | 547,867 | Equity & Liabilities | | |
| Less:- Value Added Tax | 19,281 | 112,508 | Liabilities | | |
| Profit on Ordinary Activities before Tax | 127,172 | 435,359 | Borrowings under Repurchase Agreements | 12,465,637 | 9,120,732 |
| Income Tax on Profit | (84,397) | (262,866) | Other Liabilities | 156,956 | 120,078 |
| Profit after Taxation | 42,775 | 172,493 | Deferred Taxation | - | - |
| | | | Current Taxation | 18,513 | 194,495 |
| | | | Total Liabilities | 12,641,106 | 9,435,305 |
| | | | Shareholders' Funds | | |
| | | | Ordinary Share Capital | 150,000 | 150,000 |
| | | | Special Risk Reserve | 294,545 | 283,851 |
| | | | Revenue Reserve | 955,631 | 923,550 |
| | | | | 1,400,176 | 1,357,401 |
| | | | Total Liabilities & Shareholders' Funds | 14,041,282 | 10,792,706 |

(Sgd.) P.G.S.Kariyawasam
Chairman/ Director(Sgd.) H.M.Hennayake Bandara
Director(Sgd.) N.K. Dahanayake
Chief Executive Officer

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