

**NATION LANKA FINANCE PLC (Reg. No. PQ 33)**  
**BALANCE SHEET AS AT 30TH JUNE 2012**

	<b>COMPANY</b>				<b>GROUP</b>	
	UN AUDITED 30 th June 2012 Rs'000'	UN AUDITED 30 th June 2011 Rs'000'	UN AUDITED 31 st March 2012 Rs'000'	UN AUDITED 30 th June 2012 Rs'000'	UN AUDITED 30 th June 2011 Rs'000'	UN AUDITED 31 st March 2012 Rs'000'
<b>ASSETS</b>						
Cash In Hand & At Bank	95,117	31,835	48,456	127,985	51,816	93,532
Short Term Investments	53,661	2,424	104,781	78,004	38,225	115,671
Investment in Government Securities	-	-	-	-	-	-
Lending against Government Securities	105,716	469,087	68,927	105,716	469,087	68,927
Trade & Other Receivables	38,540	23,120	-	545,620	827,605	688,976
Inventories & WIP	-	47	-	671,079	367,800	655,520
Amount Due From Subsidiaries	98,124	66,523	-	-	-	-
Deposits ,Advances and Prepayments	214,064	50,276	251,266	297,641	109,116	276,737
Finance Leases	195,258	120,700	178,514	195,258	120,700	178,514
Loans	907,994	561,305	891,037	920,295	589,243	905,048
Pawning	53,433	5,421	14,848	53,433	5,421	14,848
Hire Purchase	322,449	297,834	333,108	322,449	297,834	333,108
Investment In Real Estate & Property Development	226,736	307,902	231,425	226,736	434,253	231,425
Deferred Tax Asset	-	-	-	-	-	2,929
Investment In Securities	65,074	79,936	122,418	65,074	91,063	122,418
Investment In Subsidiaries	440,661	184,715	440,661	-	-	-
Investment in Associates	40,214	-	40,214	40,214	-	40,214
Investment Property	243,712	163,000	243,712	243,712	159,329	243,712
Property, Plant & Equipment	197,575	168,495	196,678	240,149	194,427	239,198
<b>TOTAL ASSETS</b>	<b>3,298,330</b>	<b>2,532,620</b>	<b>3,166,043</b>	<b>4,133,365</b>	<b>3,755,919</b>	<b>4,210,777</b>
<b>LIABILITIES</b>						
Debentures	-	-	-	3,250	3,250	3,250
Borrowings - Medium & Long Term	-	713,256	1,627,086	125,175	780,185	1,684,010
Deferred Tax Liabilities	-	-	-	1,134	713	-
Amount Due To Subsidiaries	87,805	1,260	-	-	-	-
Public Deposits	-	-	-	73,984	-	81,653
Retirement Benefit Obligation	(27,903)	(27,415)	(22,576)	(5,640)	(2,906)	1,782
Borrowings Against Government Securities	-	-	-	-	-	-
Trade & Other Payables	173,442	103,965	119,423	802,491	758,013	796,667
Short Term Borrowings	2,253,235	1,291,096	584,609	2,412,693	1,601,691	827,705
Dividend Payable	4,885	4,914	4,911	4,930	4,958	4,956
Bank Overdraft	108,441	29,712	92,561	115,843	103,843	108,872
<b>TOTAL LIABILITIES</b>	<b>2,599,905</b>	<b>2,116,788</b>	<b>2,406,014</b>	<b>3,533,860</b>	<b>3,249,747</b>	<b>3,508,894</b>
<b>CAPITAL &amp; RESERVES</b>						
Stated Capital	1,817,952	1,318,127	1,817,952	1,817,952	1,318,127	1,817,952
- Ordinary Shares (No.of Shares - 249,912,812)						
Reserves	(1,119,528)	(902,295)	(1,057,924)	(1,358,466)	(980,864)	(1,258,032)
<b>SHARE HOLDERS' FUND</b>	<b>698,424</b>	<b>415,832</b>	<b>760,029</b>	<b>459,486</b>	<b>337,263</b>	<b>559,920</b>
Minority Interest	-	-	-	140,018	168,909	141,963
<b>TOTAL LIABILITIES &amp; SHARE HOLDER'S FUNDS</b>	<b>3,298,330</b>	<b>2,532,620</b>	<b>3,166,043</b>	<b>4,133,365</b>	<b>3,755,919</b>	<b>4,210,777</b>
<b>Net Assets Per Share (Rs.)</b>	<b>2.79</b>	<b>2.08</b>	<b>3.04</b>	<b>1.84</b>	<b>1.69</b>	<b>2.24</b>

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007

.....  
**S.H.M Awad**  
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
Signed for and on behalf of the Board

.....  
**A.C Seneviratne**  
Director  
13 th August 2012  
Colombo

.....  
**Jayaprakash Rudra**  
Executive Director

**NATION LANKA FINANCE PLC (Reg. No. PQ 33)**  
**CASH FLOW STATEMENTS AS AT 30 TH JUNE 2012**

	COMPANY			GROUP		
	Un audited 30 th June 2012	Un audited 30 th June 2011	Un audited Year ended 31st March 2012	Un audited 30 th June 2012	Un audited 30 th June 2011	Un audited Year ended 31st March 2012
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net cash generated from/(used in) operating activities	(11,875)	97,125	(1,290,068)	11,016	2,222	(1,086,622)
Net cash generated from/(used in) Investing activities	(12,506)	(74,103)	(38,316)	(951)	(12,891)	(59,229)
Net cash generated from/(used in) financing activities	40,832	(182,039)	825,332	16,540	(190,504)	696,848
Net increase/(decrease) in cash & cash equivalents	16,450	(159,017)	(503,051)	26,605	(201,173)	(449,003)
Cash & cash equivalents at the beginning of the year	129,604	632,651	632,653	169,259	656,458	618,262
Cash & cash equivalents at the end of the year	<b>146,054</b>	<b>473,634</b>	<b>129,602</b>	<b>195,863</b>	<b>455,285</b>	<b>169,259</b>

**Analysis of Cash and Cash Equivalents**

Cash at Bank and in Hand	95,117	31,835	48,456	127,985	51,816	93,532
Short Term Investment	53,661	2,424	104,781	78,004	38,225	115,671
Bank Overdraft	(108,441)	(29,712)	(92,561)	(115,843)	(103,843)	(108,872)
Lending against Government Securities	105,716	469,087	68,927	105,716	469,087	68,927
	<b>146,054</b>	<b>473,634</b>	<b>129,602</b>	<b>195,863</b>	<b>455,285</b>	<b>169,259</b>

**STATEMENT OF CHANGES IN EQUITY AS AT 30TH JUNE 2012**

	Stated Capital Rs.'000	Capital Redemption Reserve Fund Rs.'000	Capital Reserve Rs.'000	Revaluation Reserve Rs.'000	Reserve Fund Rs.'000	General Reserve Rs.'000	Retained Profit Rs.'000	Total Rs.'000	Minority Interest Rs.'000	Total Equity Rs.'000
<b>Company</b>										
Balance as at 01.04.2011	1,018,336	30,000	-	50,546	7,550	9,000	(977,738)	137,694		137,694
Profit attributable to the share holders							(21,653)	(21,653)		(21,653)
Shares issued during the year	299,791							299,791		299,791
<b>Balance as at 30.06.2011</b>	<b>1,318,127</b>	<b>30,000</b>	<b>-</b>	<b>50,546</b>	<b>7,550</b>	<b>9,000</b>	<b>(999,391)</b>	<b>415,832</b>	<b>-</b>	<b>415,832</b>
Balance as at 01.04.2012	1,817,952	30,000	-	50,546	7,550	9,000	(1,155,524)	759,524		759,524
Profit attributable to the share holders							(61,100)	(61,100)		(61,100)
<b>Balance as at 30.06.2012</b>	<b>1,817,952</b>	<b>30,000</b>	<b>-</b>	<b>50,546</b>	<b>7,550</b>	<b>9,000</b>	<b>(1,216,624)</b>	<b>698,424</b>	<b>-</b>	<b>698,424</b>
<b>Group</b>										
Balance as at 01.04.2011	1,018,336	43,348	27,113	50,546	7,550	9,000	(1,093,232)	62,661	178,489	241,150
Profit attributable to the share holders							(32,254)	(32,254)	(2,515)	(34,769)
Shares issued during the year	299,791							299,791		299,791
Effects due to changes in holding							7,065	7,065	(7,065)	-
<b>Balance as at 30.06.2011</b>	<b>1,318,127</b>	<b>43,348</b>	<b>27,113</b>	<b>50,546</b>	<b>7,550</b>	<b>9,000</b>	<b>(1,118,421)</b>	<b>337,263</b>	<b>168,909</b>	<b>506,172</b>
Balance as at 01.04.2012	1,817,952	47,636	27,119	50,546	7,550	9,000	(1,399,882)	559,921	141,963	701,884
Profit attributable to the share holders							(100,434)	(100,434)	(1,945)	(102,379)
<b>Balance as at 30.06.2012</b>	<b>1,817,952</b>	<b>47,636</b>	<b>27,119</b>	<b>50,546</b>	<b>7,550</b>	<b>9,000</b>	<b>(1,500,316)</b>	<b>459,487</b>	<b>140,018</b>	<b>599,505</b>

**NOTES TO THE ACCOUNTS**

- 1 The figures are provisional and subject to audit.
- 2 These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards.
- 3 The accounting policies and methods of computation are consistent with those followed during the previous financial year
- 4 There have been no events subsequent to the Balance sheet date that required disclosure.
- 5 Letter of Guarantees given by the Group as at the balance sheet date was Rs. 15.2 Million
- 6 There were no material Capital Commitments as at the balance sheet date.
- 7 Comparative figures and phrases have been re-arranged where ever necessary to conform to the current year's presentation.
- 8 There was no liability for management fees or any other similar expenditure as at the balance sheet date.
- 9 Investment in E Futures has been reclassified under Investment In Associates amounted to 40 Million.
- 10 The company is in the process of evaluating the potential effect of SLFRS and LKAS on its financial statements.  
The impact on the adoption of these standards have not been quantified as at the balance sheet date.
- 11 The market price recorded during the period

	2012 Rs	2011 Rs
Highest price	10.00	32.70
Lowest price	7.00	10.80
Market price as at 30 th June	8.50	24.00

**NATION LANKA FINANCE PLC (Reg. No. PQ 33)**  
**PROVISIONAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 TH JUNE 2012**

**COMPANY INCOME STATEMENT**

	Un Audited three months ended 30 th June			UN AUDITED 31 st March 2012 Rs'000'
	2012 Rs'000'	2011 Rs'000'	change %	
<b>TURNOVER</b>	<b>106,959</b>	<b>88,853</b>	20	<b>414,002</b>
Interest Income	87,023	70,824	23	249,251
Direct Interest Cost	(57,702)	(36,714)	57	(159,639)
<b>Net Interest Income</b>	<b>29,321</b>	<b>34,110</b>	(14)	<b>89,612</b>
Service Fees	499	682	(27)	2,122
Profit on Land & Property Development	327	1,337	(76)	112
Dividend Income	-	108	(100)	44,285
Gain/(Loss) on Sale of Investment Securities	(2,436)	(2,037)	20	25
Other Operating Income	4,310	2,620	64	20,503
	<b>32,020</b>	<b>36,820</b>	(13)	<b>156,659</b>
Operating Expenses	(87,396)	(56,739)	54	(282,660)
<b>Profit/(Loss) Before Provision &amp; Taxation</b>	<b>(55,375)</b>	<b>(19,919)</b>	178	<b>(126,000)</b>
(Provision)/Reversal For Diminution In Value of Shares	(957)	(2)	47,750	(4,285)
(Provision)/Reversal For Obsolete Stocks	-	-	-	4,418
(Provision)/Reversal for Bad & Doubtful Debts	-	250	(100)	88,157
<b>Profit/(Loss) Before Taxation</b>	<b>(56,332)</b>	<b>(19,671)</b>	186	<b>(37,710)</b>
Income Tax Expenses	(4,768)	(1,982)	(100)	(16,285)
<b>Profit/(Loss) for the Period</b>	<b>(61,100)</b>	<b>(21,653)</b>	182	<b>(53,995)</b>
<b>Basic Earnings Per Share (Rs.)</b>	<b>(0.24)</b>	<b>(0.11)</b>	122	<b>(0.22)</b>

**GROUP INCOME STATEMENT**

	Un Audited three months ended 30 th June			UN AUDITED 31 st March 2012 Rs'000'
	2012 Rs'000'	2011 Rs'000'	change %	
<b>TURNOVER</b>	<b>145,202</b>	<b>150,869</b>	(4)	<b>1,088,791</b>
Interest Income	93,247	112,761	(17)	264,338
Direct Interest Cost	(60,656)	(60,226)	1	(177,817)
<b>Net Interest Income</b>	<b>32,591</b>	<b>52,535</b>	(38)	<b>86,521</b>
Service Fees	(24)	434	(106)	89,212
Profit on Land & Property Development	26,456	3,667	621	199,822
Dividend Income	-	108	(100)	536
Gain/(Loss) on Sale of Investment Securities	(2,436)	(2,037)	20	8,615
Other Operating Income	9,308	8,947	4	55,788
	<b>65,895</b>	<b>63,654</b>	4	<b>440,494</b>
Operating Expenses	(155,147)	(83,122)	87	(549,847)
<b>Profit/(Loss) Before Provision &amp; Taxation</b>	<b>(89,252)</b>	<b>(19,468)</b>	358	<b>(109,353)</b>
(Provision)/Reversal For Diminution In Value of Shares	(957)	(2)	47,750	(4,285)
(Provision)/Reversal For Obsolete Stocks	-	-	-	4,418
(Provision)/Reversal for Bad & Doubtful Debts	(7,297)	(6,989)	4	19,698
<b>Profit/(Loss) Before Taxation</b>	<b>(97,506)</b>	<b>(26,459)</b>	269	<b>(89,522)</b>
Income Tax Expenses	(4,874)	(8,310)	(41)	(42,164)
<b>Profit/(Loss) for the Period</b>	<b>(102,379)</b>	<b>(34,769)</b>	194	<b>(131,687)</b>
<b>Attributable to</b>				
Equity Holders of the Parent	(100,434)	(32,254)	211	(149,374)
Minority Interest	(1,945)	(2,515)	(23)	17,686
<b>Profit/(Loss) for the Period</b>	<b>(102,379)</b>	<b>(34,769)</b>	194	<b>(131,687)</b>
<b>Basic Earnings Per Share (Rs.)</b>	<b>(0.40)</b>	<b>(0.17)</b>	136	<b>(0.60)</b>

NATION LANKA FINANCE PLC (Reg. No. PQ 33)  
SEGMENT INFORMATION

FOR THREE MONTHS PERIOD ENDED 30 TH JUNE 2012

	Lending		Property Development		Services		Others		Group Total	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>Total Revenue</b>	<b>106,959</b>	44,410	<b>27,861</b>	30,984	<b>8,855</b>	63,931	<b>1,526</b>	31,756	<b>145,201</b>	171,081
<b>Inter Segment</b>		(19,964)		-		(248)		-		(20,212)
<b>Segment Revenue (Net)</b>	<b>106,959</b>	24,446		30,984	<b>8,855</b>	63,683	<b>1,526</b>	31,756	<b>145,201</b>	150,869
<b>Segment Income</b>	<b>97,588</b>	16,647	<b>25,035</b>	13,884	<b>4,043</b>	57,060	<b>1,429</b>	36,289	<b>128,095</b>	123,880
<b>Segment Expenses</b>										
Depreciation	(2,375)	(352)	(49)	(1,842)	(1,442)	(31)		(902)	(3,866)	(3,127)
Other Operating Expenses	(153,140)	(39,266)	(28,871)	(48,012)	(30,317)	(35,490)	(1,153)	(17,453)	(213,481)	(140,221)
Operating Profit	(57,927)	(22,971)	(3,885)	(35,970)	(27,716)	21,539	276	17,934	(89,252)	(19,468)
Provision For Fall In Value of Investments	(956)	-	-	-	-	-	-	(2)	(956)	(2)
Provision For Obsolete Stocks										
(Provision)/Reversal for Bad & Doubtful Debts		250	-	-	(7,297)	(7,239)			(7,297)	(6,989)
	(58,883)	(22,721)	(3,885)	(35,970)	(35,013)	14,300	276	17,932	(97,505)	(26,459)
Income Tax	(4,767)					(6,328)	(107)	(1,982)	(4,874)	(8,310)
Minority Interest	1,945	-		-		-		2,515	1,945	2,515
<b>Segment Result After Tax</b>	<b>(61,705)</b>	(22,721)	<b>(3,885)</b>	(35,970)	<b>(35,013)</b>	7,972	<b>169</b>	18,465	<b>(100,434)</b>	(32,254)
<b>Segment Assets</b>	<b>1,397,207</b>	1,384,351	<b>1,690,270</b>	1,049,593	<b>526,052</b>	522,227	<b>519,836</b>	799,748	<b>4,133,365</b>	3,755,919
<b>Segment Liabilities</b>	<b>1,345,737</b>	1,079,658	<b>1,076,579</b>	888,492	<b>438,598</b>	408,061	<b>672,946</b>	873,536	<b>3,533,860</b>	3,249,747

**NATION LANKA FINANCE PLC**  
**TWENTY LARGEST SHAREHOLDERS AS AT 30<sup>TH</sup> JUNE 2012**

<b>NO</b>	<b>NAME OF SHAREHOLDER</b>	<b>NO OF SHARES</b>	<b>PERCENTAGE</b>
1.	Hatton National Bank /Investor Access Equities (Pvt) Ltd	86,700,000	34.69
2.	Mr J Rudra	18,965,625	07.59
3.	Pan Asia Banking Corporation PLC / Nawaloka Construction Company (Pvt) Ltd	17,862,425	07.15
4.	National Wealth Corporation Limited	7,345,219	02.94
5.	Pan Asia Banking Corporation PLC/ Mr M N Ranasinghe	6,870,000	02.75
6.	Mr D Ganeshamoorthy	5,315,500	02.13
7.	Pan Asia Banking Corporation PLC/ Mr H Hewage	5,217,150	02.09
8.	Janashakthi Insurance PLC	5,198,741	02.08
9.	AFL Development Ltd	3,468,300	01.39
10.	Pan Asia Banking Corporation PLC/ Mr R Erle	2,627,500	01.05
11.	Ceylinco Securities Share Ownership Trust (Pvt) Ltd	2,475,600	00.99
12.	Mr W P A S Perera	2,066,700	00.83
13.	Mr P Anandarajah	2,024,295	00.81
14.	Mr W G B M Ranaweera	1,750,500	00.70
15.	Mr H R S Wijeratne	1,702,041	00.68
16.	Mr V R Ramanan	1,604,870	00.64
17.	Mr T C H Ferdinandis	1,582,098	00.63
18.	Mr C G Van Twest	1,498,857	00.60
19.	Mr H K J Dharmadasa	1,262,000	00.50
20.	NWS Financial Services (Pvt) Ltd / Mr. Harindu Thisara	1,184,750	00.47

**PUBLIC HOLDING – 57%**

## NATION LANKA FINANCE PLC

### DIRECTORS SHAREHOLDINGS AS AT 30<sup>TH</sup> JUNE 2012

NO.	NAME	NO OF SHARES
01.	Mr. H K J DHARMADASA	1,262,000
02.	Mr. A C SENA VIRATNE	-
03.	Mr. W B B C J FERNANDO	497,270
04.	Mr. J RUDRA	18,965,625
	Mr. J. RUDRA & Mrs. S L ARUMUGAM	6,187
05.	Mr. U H DHARMADASA	-
06.	Mr. U H PALIHAKKARA	13,112
	Mr. U H PALIHAKKARA & Mrs. D S PALIHAKKARA	786
07.	Mr. P M L K KARUNARATNE	-
08.	Mr. H C DE Z SAHABANDU	-
09.	Mr. K M S KANDEGEDARA	-