


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

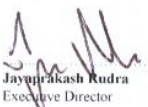
	COMPANY		AUDITED 31 st March 2012 Rs'000'	UN AUDITED 30 th September 2012 Rs'000'	GROUP	
	UN AUDITED 30 th September 2012 Rs'000'	UN AUDITED 30 th September 2011 Rs'000'			UN AUDITED 30 th September 2011 Rs'000'	AUDITED 31 st March 2012 Rs'000'
<b>ASSETS</b>						
Cash In Hand & At Bank	46,597	8,205	17,095	83,644	61,068	63,417
Short Term Investments	55,412	2,470	104,480	110,036	151,223	115,371
Investment in Government Securities	-	-	-	-	28,465	-
Lending against Government Securities	247,937	164,822	51,933	247,937	164,822	51,933
Trade & Other Receivables	47,106	40,204	43,368	529,098	807,784	664,608
Inventories & WIP	66	73	-	651,479	292,728	450,427
Amount Due From Subsidiaries	101,088	125,644	85,607	(0)	-	-
Deposits - Advances and Prepayments	114,963	98,198	149,601	272,031	155,202	158,719
Finance Leases	231,104	118,410	185,065	231,104	118,410	185,065
Loans	1,093,176	455,469	815,789	1,110,472	475,440	880,602
Pawning	100,377	8,392	15,076	100,376	8,392	15,076
Hire Purchase	375,556	303,187	324,628	375,556	303,187	324,628
Investment In Real Estate & Property Development	207,064	241,563	229,832	207,064	367,915	387,085
Deferred Tax Asset	-	-	-	9,891	2,929	4,168
Investment In Securities	165,703	72,583	39,101	165,703	72,583	39,101
Investment In Subsidiaries	440,661	301,219	440,661	-	-	-
Investment in Associates	-	-	40,214	-	-	41,352
Investment Property	246,922	243,712	286,660	246,922	240,041	286,660
Assets held for sale	-	-	-	56,000	-	56,000
Property, Plant & Equipment	188,669	164,260	225,900	223,841	194,487	268,356
<b>TOTAL ASSETS</b>	<b>3,662,400</b>	<b>2,348,411</b>	<b>3,055,008</b>	<b>4,621,155</b>	<b>3,444,676</b>	<b>3,992,567</b>
<b>LIABILITIES</b>						
Debentures	-	-	-	3,250	3,250	3,250
Borrowings - Medium & Long Term	884,867	641,151	1,185,038	884,867	752,551	1,198,788
Deferred Tax Liabilities	-	-	-	-	-	3,176
Amount Due To Subsidiaries	1,260	1,230	85,243	0	-	-
Public Deposits	1,684,058	-	106,769	1,765,702	-	188,413
Retirement Benefit Obligation	(29,246)	(20,975)	(31,917)	(6,355)	1,124	(11,048)
Borrowings Against Government Securities	-	-	-	-	-	-
Trade & Other Payables	247,695	113,349	115,403	807,820	645,959	740,774
Short Term Borrowings	77,544	1,266,855	779,736	449,968	1,594,458	1,070,977
Dividend Payable	4,885	4,911	4,911	4,930	4,956	4,956
Bank Overdraft	129,188	7,108	37,298	158,572	87,631	53,636
<b>TOTAL LIABILITIES</b>	<b>3,000,252</b>	<b>2,013,629</b>	<b>2,282,480</b>	<b>4,068,753</b>	<b>3,089,929</b>	<b>3,252,922</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	(1,155,804)	(983,345)	(1,045,424)	(1,383,793)	(1,156,393)	(1,202,308)
<b>SHARE HOLDERS' FUND</b>	<b>662,148</b>	<b>334,782</b>	<b>772,528</b>	<b>434,159</b>	<b>161,734</b>	<b>615,644</b>
Minority Interest	-	-	-	118,243	193,013	124,001
<b>TOTAL LIABILITIES &amp; SHARE HOLDER'S FUNDS</b>	<b>3,662,400</b>	<b>2,348,411</b>	<b>3,055,008</b>	<b>4,621,155</b>	<b>3,444,676</b>	<b>3,992,567</b>
<b>Net Assets Per Share</b>	<b>(Rs.) 2.65</b>	<b>1.67</b>	<b>3.09</b>	<b>1.74</b>	<b>0.81</b>	<b>2.46</b>

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

  
Prasanna Habaragamuwa  
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. Senesirame  
Director  
14 th November 2012  
Colombo

  
Jayaprakash Rudra  
Executive Director

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

	COMPANY			GROUP		
	Un audited 30 th Sept 2012	Un audited 30 th Sept 2011	Audited 31st March 2012	Un audited 30 th Sept 2012	Un audited 30 th Sept 2011	Audited 31st March 2012
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net cash generated from/(used in) operating activities	(510,511)	101,454	(674,181)	(558,055)	(54,975)	(792,861)
Net cash generated from/(used in) Investing activities	20,133	(287,742)	(504,337)	27,416	40,446	(319,449)
Net cash generated from/(used in) financing activities	574,926	(277,976)	682,074	636,600	(314,251)	671,131
Net increase/(decrease) in cash & cash equivalents	84,548	(464,264)	(496,444)	105,961	(328,780)	(441,178)
Cash & cash equivalents at the beginning of the year	136,209	632,653	632,653	177,085	618,262	618,262
Cash & cash equivalents at the end of the year	220,758	168,389	136,209	283,046	289,482	177,085
<b>Analysis of Cash and Cash Equivalents</b>						
Cash at Bank and in Hand	46,597	8,205	17,095	83,644	61,068	63,417
Short Term Investment	55,412	2,470	104,480	110,036	151,223	115,371
Bank Overdraft	(129,188)	(7,108)	(37,298)	(158,572)	(87,631)	(53,636)
Lending against Government Securities	247,937	164,822	51,933	247,937	164,822	51,933
	220,758	168,389	136,209	283,046	289,482	177,085

**STATEMENT OF CHANGES IN EQUITY AS AT 30TH SEPTEMBER 2012**  
**Attributable to Equity Holders of the Parent**

	Stated Capital Rs	Capital Redemption Reserve Fund Rs	Capital Reserve Rs	Revaluation Reserve Rs	Reserve Fund Rs	General Reserve Rs	Retained Earnings Rs	Total Rs	Minority Interest Rs	Total Equity Rs
<b>COMPANY</b>										
Balance as at 01.04.2011	1,018,336	30,000	-	50,546	7,550	9,000	(1,101,025)	14,407	-	14,407
Loss for the year	-	-	-	-	-	-	(38,521)	(38,521)	-	(38,521)
Direct cost on Right issue	-	-	-	-	-	-	(2,974)	(2,974)	-	(2,974)
Shares Issued during the year	799,616	-	-	-	-	-	-	799,616	-	799,616
Balance as at 31.03.2012	1,817,952	30,000	-	50,546	7,550	9,000	(1,142,520)	772,528	-	772,528
Loss for the year	-	-	-	-	-	-	(110,374)	(110,374)	-	(110,374)
Balance as at 30.09.2012	1,817,952	30,000	-	50,546	7,550	9,000	(1,252,895)	662,154	-	662,148
<b>GROUP</b>										
Balance as at 01.04.2011	1,018,336	47,636	27,119	50,546	7,550	9,000	(1,209,248)	(49,061)	176,672	127,611
Loss for the year	-	-	-	-	-	-	(69,040,93)	(69,041)	17,152	(51,889)
Shares Issued During the Year	799,616	-	-	-	-	-	-	799,616	32,283	831,899
Dividend paid to minority	-	-	-	-	-	-	-	-	(13,094)	(13,094)
Direct cost on Right issue	-	-	-	-	-	-	(4,358)	(4,358)	(413)	(4,772)
Effect of acquisitions, disposals & change in percentage holdings in subsidiaries	-	-	-	-	-	-	(61,512)	(61,512)	(88,599)	(150,111)
Balance as at 31.03.2012	1,817,952	47,636	27,119	50,546	7,550.00	9,000	(1,344,159)	615,644	124,001	739,646
Loss for the year	-	-	-	-	-	-	(181,485)	(181,485)	(5,759)	(187,244)
Balance as at 30.09.2012	1,817,952	47,636	27,119	50,546	7,550	9,000	(1,525,644)	434,159	118,243	552,402

**NOTES TO THE ACCOUNTS**

- The figures are provisional and subject to audit.
- These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards.
- The accounting policies and methods of computation are consistent with those followed during the previous financial year
- There have been no events subsequent to the Balance sheet date that required disclosure.
- Letter of Guarantees given by the Group as at the balance sheet date was Rs. 15.2 Million
- There were no material Capital Commitments as at the balance sheet date.
- Comparative figures and phrases have been re-arranged where ever necessary to conform to the current year's presentation.
- There was no liability for management fees or any other similar expenditure as at the balance sheet date.
- Investment in E Futures has been reclassified under Investment In Associates amounted to 40 Million.
- 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.
- The market price recorded during the period

	2012 Rs	2011 Rs
Highest price	13.80	25.30
Lowest price	13.30	17.30
Market price as at 30 th Sept	13.40	19.70

**NATION LANKA FINANCE PLC (Reg. No. PQ 33)**  
**PROVISIONAL FINANCIAL STATEMENTS**  
**FOR SIX MONTHS ENDED 30 TH SEPT 2012**

**COMPANY INCOME STATEMENT**

	Quarter ended 30 th September			Six months ended 30 th September		
	2012 Rs'000'	2011 Rs'000'	change %	2012 Rs'000'	2011 Rs'000'	change %
<b>TURNOVER</b>	<b>157,054</b>	<b>148,242</b>	6	<b>264,013</b>	<b>237,095</b>	11
Interest Income	115,793	48,920	137	202,816	119,744	69
Direct Interest Cost	(77,676)	(37,402)	108	(135,378)	(74,116)	83
<b>Net Interest Income</b>	<b>38,116</b>	<b>11,518</b>	231	<b>67,437</b>	<b>45,628</b>	48
Service Fees	1,539	159	868	2,038	841	142
Profit on Land & Property Development	4,611	(4,330)	(206)	4,938	(2,993)	(265)
Dividend Income	4,480	33,764	(87)	4,480	33,872	(87)
Gain/(Loss) on Sale of Investment Securities	(40)	1,460	(103)	(2,476)	(577)	329
Other Operating Income	5,167	10,593	(51)	9,477	13,213	(28)
	<b>53,873</b>	<b>53,164</b>	1	<b>85,894</b>	<b>89,984</b>	(5)
Operating Expenses	(99,370)	(64,036)	55	(186,766)	(120,775)	55
<b>Profit/(Loss) Before Provision &amp; Taxation</b>	<b>(45,496)</b>	<b>(10,872)</b>	318	<b>(100,871)</b>	<b>(30,791)</b>	228
(Provision)/Reversal For Diminution In Value of Shares	(600)	(1,673)	(64)	(1,557)	(1,675)	(7)
(Provision)/Reversal For Obsolete Stocks	-	4,418	-	-	4,418	-
(Provision)/Reversal for Bad & Doubtful Debts	-	55,131	(100)	-	55,381	(100)
<b>Profit/(Loss) Before Taxation</b>	<b>(46,096)</b>	<b>47,004</b>	(198)	<b>(102,428)</b>	<b>27,333</b>	(475)
Income Tax Expenses	(3,178)	(4,767)	(100)	(7,946)	(6,749)	(100)
<b>Profit/(Loss) for the Period</b>	<b>(49,274)</b>	<b>42,237</b>	(217)	<b>(110,374)</b>	<b>20,584</b>	(636)
<b>Basic Earnings Per Share (Rs.)</b>	<b>(0.20)</b>	<b>0.21</b>	(194)	<b>(0.44)</b>	<b>0.10</b>	(542)
<b>Basic Earnings Per Share Annualized (Rs.)</b>				<b>(0.88)</b>	<b>0.20</b>	(542)

**GROUP INCOME STATEMENT**

	Quarter ended 30 th September			Six months ended 30 th September		
	2012 Rs'000'	2011 Rs'000'	change %	2012 Rs'000'	2011 Rs'000'	change %
<b>TURNOVER</b>	<b>183,000</b>	<b>392,216</b>	(53)	<b>328,202</b>	<b>543,085</b>	(40)
Interest Income	125,118	64,923	93	218,365	120,624	81
Direct Interest Cost	(77,268)	(39,903)	94	(137,924)	(80,818)	71
<b>Net Interest Income</b>	<b>47,850</b>	<b>25,020</b>	91	<b>80,441</b>	<b>39,806</b>	102
Service Fees	6,494	32,188	(80)	6,470	70,371	(91)
Profit on Land & Property Development	17,098	70,869	(76)	43,554	74,536	(42)
Dividend Income	8,090	337	2,300	8,090	445	1,718
Gain/(Loss) on Sale of Investment Securities	(40)	10,049	(100)	(2,476)	8,012	(131)
Other Operating Income	8,313	22,907	(64)	17,621	31,854	(45)
	<b>87,805</b>	<b>161,370</b>	(46)	<b>153,700</b>	<b>225,024</b>	(32)
Operating Expenses	(171,911)	(140,728)	22	(327,058)	(223,850)	46
<b>Profit/(Loss) Before Provision &amp; Taxation</b>	<b>(84,106)</b>	<b>20,642</b>	(507)	<b>(173,358)</b>	<b>1,174</b>	(14,866)
(Provision)/Reversal For Diminution In Value of Shares	(350)	(1,673)	(79)	(1,307)	(1,675)	(22)
(Provision)/Reversal For Obsolete Stocks	-	4,418	-	-	4,418	-
(Provision)/Reversal for Bad & Doubtful Debts	6,020	9,865	(39)	(1,277)	2,876	(144)
<b>Profit/(Loss) Before Taxation</b>	<b>(78,436)</b>	<b>33,252</b>	(336)	<b>(175,942)</b>	<b>6,793</b>	(2,690)
Income Tax Expenses	(6,428)	(21,479)	(70)	(11,302)	(29,789)	(62)
<b>Profit/(Loss) for the Period</b>	<b>(84,864)</b>	<b>11,773</b>	(821)	<b>(187,244)</b>	<b>(22,996)</b>	714
<b>Attributable to</b>						
Equity Holders of the Parent	(81,051)	(8,776)	824	(181,485)	(41,030)	342
Minority Interest	(3,813)	20,549	(119)	(5,759)	18,034	(132)
<b>Profit/(Loss) for the Period</b>	<b>(84,864)</b>	<b>11,773</b>	(821)	<b>(187,244)</b>	<b>(22,996)</b>	714
<b>Basic Earnings Per Share (Rs.)</b>	<b>(0.32)</b>	<b>(0.04)</b>	711	<b>(0.73)</b>	<b>0.21</b>	(446)
<b>Basic Earnings Per Share Annualized (Rs.)</b>				<b>(1.45)</b>	<b>0.42</b>	(446)

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

FOR SIX MONTHS PERIOD ENDED 30 TH SEPTEMBER 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>230,749</b>	92,631	<b>70,514</b>	294,370	<b>26,939</b>	119,430	-	72,581	<b>328,202</b>	579,012
<b>Inter Segment</b>	<b>(1,005)</b>	(1,831)				(381)		(33,714)	<b>(1,005)</b>	(35,926)
<b>Segment Revenue (Net)</b>	<b>229,744</b>	90,800	70,514	294,370	<b>26,939</b>	119,049	-	38,867	<b>327,197</b>	543,086
<b>Segment Income</b>	<b>78,918</b>	120,624	<b>58,100</b>	74,536	<b>16,876</b>	70,371	<b>(194)</b>	40,311	<b>153,700</b>	305,842
<b>Segment Expenses</b>										
Depreciation	(17,099)	(792)	(1,800)	(3,591)	(2,881)	(62)		(1,482)	(21,780)	(5,927)
Other Operating Expenses	(169,667)	(81,152)	(69,952)	(94,576)	(65,339)	(44,095)	(320)	(71,816)	(305,278)	(291,639)
Operating Profit	(107,848)	38,680	(13,652)	(23,631)	(51,344)	26,214	(514)	(32,987)	(173,358)	8,276
Provision For Fall In Value of Investments	(1,557)		250					(1,675)	(1,307)	(1,675)
Provision For Obsolete Stocks				4,418					-	4,418
(Provision)/Reversal for Bad & Doubtful Debts		250			(1,277)	1,018		1,607	(1,277)	2,875
	(109,404)	38,930	(13,402)	(19,213)	(52,621)	27,232	(514)	(33,055)	(175,942)	13,894
Income Tax	(7,946)		(3,212)		(144)	(11,603)		(17,597)	(11,302)	(29,200)
Minority Interest		-	(2,628)	(7,691)	3,130	-		(18,034)	(5,758)	(25,725)
<b>Segment Result After Tax</b>	<b>(117,350)</b>	38,930	<b>(19,243)</b>	(26,904)	<b>(55,895)</b>	15,629	<b>(514)</b>	(68,686)	<b>(193,002)</b>	(41,031)
<b>Segment Assets</b>	<b>2,917,240</b>	1,395,270	<b>1,391,557</b>	1,227,351	<b>290,521</b>	513,478	<b>21,836</b>	308,577	<b>4,621,155</b>	3,444,676
<b>Segment Liabilities</b>	<b>2,897,904</b>	1,021,659	<b>917,218</b>	898,407	<b>122,193</b>	299,085	<b>131,437</b>	870,778	<b>4,068,752</b>	3,089,929

## NATION LANKA FINANCE PLC

### TWENTY LARGEST SHAREHOLDERS AS AT 30<sup>TH</sup> SEPTEMBER 2012

NO	NAME OF SHAREHOLDER	NO OF SHARES	PERCENTAGE
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	7,414,829	02.97
5.	Pan Asia Banking Corporation PLC/ Mr M N Ranasinghe	6,865,000	02.75
6.	Mr D Ganeshamoorthy	5,285,500	02.11
7.	Pan Asia Banking Corporation PLC/ Mr H Hewage	4,525,000	01.81
8.	AFL Development Ltd	3,468,300	01.39
9.	Mr W P A S Perera	2,900,445	1.16
10.	Pan Asia Banking Corporation PLC/ Mr R Erle	2,500,000	01.00
11.	Ceylinco Securities Share Ownership Trust (Pvt) Ltd	2,475,600	00.99
12.	Mr P Anandarajah	2,024,295	00.81
13.	Mr V R Ramanan	1,796,786	00.72
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 H K J Dharmadasa	1,262,000	00.50
17.	Janashakthi Insurance PLC	1,198,758	00.48
18.	NWS Financial Services (Pvt) Ltd / Mr. H T Wijesinghe	1,184,750	00.47
19.	Mr. T.S.G. Jayathilaka	1,135,607	0.45
20.	Mrs. N. Muljie	1,060,100	0.42

**PUBLIC HOLDING – 57%**

## NATION LANKA FINANCE PLC

### DIRECTORS SHAREHOLDINGS AS AT 30<sup>TH</sup> SEPTEMBER 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	-