

**NATION LANKA FINANCE PLC (Reg.No.PQ 33)**  
**BALANCE SHEET AS AT 30TH SEPTEMBER 2011**

	COMPANY			GROUP		
	UN AUDITED 30th September 2011 Rs'000'	30th September 2010 Rs'000'	AUDITED 31st March 2011 Rs'000'	UN AUDITED 30th September 2011 Rs'000'	30th September 2010 Rs'000'	AUDITED 31st March 2011 Rs'000'
<b>ASSETS</b>						
Cash In Hand & At Bank	8,205	27,051	62,380	61,068	53,899	80,127
Short Term Investments	2,470	2,630	2,699	151,223	53,863	57,546
Investment In Government Securities	-	-	-	28,465	-	-
Lending against Government Securities	164,822	70,012	572,230	164,822	70,012	572,230
Trade & Other Receivables	40,204	132,431	49,555	807,784	947,028	744,167
Inventories & WIP	73	103	61	292,728	497,565	328,313
Amount Due From Subsidiaries	125,644	115,611	102,926	-	-	-
Deposits, Advances and Prepayments	98,198	35,782	49,696	155,202	100,724	92,396
Finance Leases	118,410	145,794	85,488	118,410	211,511	85,488
Loans	455,469	434,988	320,290	475,440	1,142,201	374,638
Pawning	8,392	5,168	5,272	8,392	5,168	5,272
Hire Purchase	303,187	461,049	334,315	303,187	822,656	334,315
Investment In Real Estate	241,563	363,487	291,095	367,915	1,412,326	426,212
Deferred Tax Asset	-	-	-	2,929	-	2,929
Investment In Securities	72,583	79,776	73,231	72,583	134,579	123,805
Investment In Subsidiaries	301,219	121,995	120,245	-	-	-
Investment Property	243,712	159,919	163,000	240,041	156,248	159,329
Property, Plant & Equipment	164,260	177,233	169,968	194,487	236,085	196,420
<b>TOTAL ASSETS</b>	<b>2,348,411</b>	<b>2,333,029</b>	<b>2,402,451</b>	<b>3,444,676</b>	<b>5,843,865</b>	<b>3,583,187</b>
<b>LIABILITIES</b>						
Debentures	-	-	-	3,250	22,293	3,250
Borrowings - Medium & Long Term	641,151	649,343	932,341	752,551	843,064	984,647
Deferred Tax Liabilities	-	-	-	-	713	86
Amount Due To Subsidiaries	1,230	1,260	1,260	-	-	-
Public Deposits	-	-	-	-	2,135,745	-
Retirement Benefit Obligation	(20,975)	(28,405)	(17,700)	1,124	28,001	5,519
Borrowings Against Government Securities	-	-	-	-	-	-
Trade & Other Payables	113,349	107,960	208,935	645,959	950,843	710,881
Short Term Borrowings	1,266,855	1,798,010	1,253,638	1,594,458	2,266,473	1,676,611
Dividend Payable	4,911	4,914	4,914	4,956	4,958	4,958
Bank Overdraft	7,108	4,203	4,656	87,631	119,295	91,641
<b>TOTAL LIABILITIES</b>	<b>2,013,629</b>	<b>2,537,285</b>	<b>2,388,044</b>	<b>3,089,929</b>	<b>6,371,385</b>	<b>3,477,593</b>
<b>CAPITAL &amp; RESERVES</b>						
Stated Capital						
- Ordinary Shares (No.of Shares - 199,930,250)	1,318,127	518,336	1,018,336	1,318,127	518,336	1,018,336
Reserves	(983,345)	(722,592)	(1,003,929)	(1,156,393)	(1,198,081)	(1,089,583)
<b>SHARE HOLDERS' FUND</b>	<b>334,782</b>	<b>(204,256)</b>	<b>14,407</b>	<b>161,734</b>	<b>(679,745)</b>	<b>(71,247)</b>
Minority Interest	-	-	-	193,013	152,225	176,841
<b>TOTAL LIABILITIES &amp; SHARE HOLDER'S FUNDS</b>	<b>2,348,411</b>	<b>2,333,029</b>	<b>2,402,451</b>	<b>3,444,676</b>	<b>5,843,865</b>	<b>3,583,187</b>
<b>Net Assets Per Share (Rs.)</b>	<b>1.67</b>	<b>(5.11)</b>	<b>0.10</b>	<b>0.81</b>	<b>(17.01)</b>	<b>(0.51)</b>

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

.....  
**Awad Hameed**  
Chief Finance Officer

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

.....  
**H.K.J.Dharmadasa**  
Chairman  
05th November 2011  
Colombo

.....  
**W.B.B.C.J. Fernando**  
Chief Executive Officer/Director

**NATION LANKA FINANCE PLC (Reg.No.PQ 33)**  
**PROVISIONAL FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER 2011**

**COMPANY INCOME STATEMENT**

	Quarter ended 30th September			Six months ended 30th September		
	2011 Rs'000	2010 Rs'000	change %	2011 Rs'000	2010 Rs'000	change %
<b>TURNOVER</b>	<b>148,242</b>	<b>181,869</b>	(18)	<b>237,095</b>	<b>300,609</b>	(21)
Interest Income	48,920	61,691	(21)	119,744	125,978	(5)
Direct Interest Cost	(37,402)	(45,067)	(17)	(74,116)	(97,012)	(24)
<b>Net Interest Income</b>	<b>11,518</b>	<b>16,624</b>	(31)	<b>45,628</b>	<b>28,966</b>	58
Service Fees	159	604	(74)	841	1,216	(31)
Profit on Land & Property Development	(4,330)	4,936	(188)	(2,993)	15,378	(119)
Dividend Income	33,764	108	-	33,872	5,772	487
Gain/(Loss) on Sale of Investment Securities	1,460	28,133	(95)	(577)	34,529	(102)
Other Operating Income	10,593	3,352	216	13,213	5,683	133
	<b>53,164</b>	<b>53,757</b>	(1)	<b>89,984</b>	<b>91,544</b>	(2)
Operating Expenses	(64,036)	(50,136)	28	(120,775)	(118,070)	2
<b>Profit/(Loss) Before Provision &amp; Taxation</b>	<b>(10,872)</b>	<b>3,621</b>	(400)	<b>(30,791)</b>	<b>(26,526)</b>	16
(Provision)/Reversal For Diminution In Value of Shares	(1,673)	(29)	5,669	(1,675)	15,092	(111)
(Provision)/Reversal For Obsolete Stocks	4,418	-	-	4,418	-	-
(Provision)/Reversal For Bad & Doubtfull Debts	55,131	(24,083)	(329)	55,381	(28,083)	(297)
<b>Profit/(Loss) Before Taxation</b>	<b>47,004</b>	<b>(20,491)</b>	(329)	<b>27,333</b>	<b>(39,517)</b>	(169)
Income Tax Expenses	(4,767)	-	-	(6,749)	-	-
<b>Profit/(Loss) for the Period</b>	<b>42,237</b>	<b>(20,491)</b>	(306)	<b>20,584</b>	<b>(39,517)</b>	(152)
<b>Basic Earnings Per Share (Rs.)</b>	<b>0.21</b>	<b>(0.51)</b>	(141)	<b>0.10</b>	<b>(0.99)</b>	(110)
<b>Basic Earnings Per Share Annualized (Rs.)</b>	<b>-</b>	<b>-</b>	-	<b>0.21</b>	<b>(1.98)</b>	(110)

**GROUP INCOME STATEMENT**

	Quarter ended 30th September			Six months ended 30th September		
	2011 Rs'000	2010 Rs'000	change %	2011 Rs'000	2010 Rs'000	change %
<b>TURNOVER</b>	<b>392,216</b>	<b>370,650</b>	6	<b>543,085</b>	<b>654,735</b>	(17)
Interest Income	64,923	134,335	(52)	120,624	269,522	(55)
Direct Interest Cost	(39,903)	(86,734)	(54)	(80,818)	(186,483)	(57)
<b>Net Interest Income</b>	<b>25,020</b>	<b>47,601</b>	(47)	<b>39,806</b>	<b>83,039</b>	(52)
Service Fees	32,188	49,663	(35)	70,371	81,888	(14)
Profit on Land & Property Development	70,869	17,008	317	74,536	55,655	34
Dividend Income	337	(60)	(662)	445	176	153
Gain/(Loss) on Sale of Investment Securities	10,049	27,997	(64)	8,012	36,187	(78)
Other Operating Income	22,907	20,931	9	31,854	30,046	6
	<b>161,370</b>	<b>163,140</b>	(1)	<b>225,024</b>	<b>286,991</b>	(22)
Operating Expenses	(140,728)	(158,841)	(11)	(223,850)	(325,766)	(31)
<b>Profit/(Loss) Before Provision &amp; Taxation</b>	<b>20,642</b>	<b>4,299</b>	380	<b>1,174</b>	<b>(38,775)</b>	(103)
(Provision)/Reversal For Diminution In Value of Shares	(1,673)	(29)	5,669	(1,675)	15,092	(111)
(Provision)/Reversal For Obsolete Stocks	4,418	-	-	4,418	-	-
(Provision)/Reversal For Bad & Doubtfull Debts	9,865	(12,412)	(179)	2,876	(7,707)	(137)
<b>Profit/(Loss) Before Taxation</b>	<b>33,252</b>	<b>(8,142)</b>	(508)	<b>6,793</b>	<b>(31,390)</b>	(122)
Income Tax Expenses	(21,479)	(13,156)	63	(29,789)	(21,036)	42
<b>Profit/(Loss) for the Period</b>	<b>11,773</b>	<b>(21,298)</b>	(155)	<b>(22,996)</b>	<b>(52,426)</b>	(56)
<b>Attributable to</b>						
Equity Holders of the Parent	(8,776)	(29,987)	(71)	(41,030)	(68,042)	(40)
Minority Interest	20,549	8,689	136	18,034	15,616	15
<b>Profit/(Loss) for the Period</b>	<b>11,773</b>	<b>(21,298)</b>	(155)	<b>(22,996)</b>	<b>(52,426)</b>	(56)
<b>Basic Earnings Per Share (Rs.)</b>	<b>(0.04)</b>	<b>(0.75)</b>	(94)	<b>(0.21)</b>	<b>(1.70)</b>	(88)
<b>Basic Earnings Per Share Annualized (Rs.)</b>	<b>-</b>	<b>-</b>	-	<b>(0.41)</b>	<b>(3.40)</b>	(88)

**NATION LANKA FINANCE PLC (Reg.No. PQ 33)**  
**CASH FLOW STATEMENT AS AT 30TH SEPTEMBER 2011**

	COMPANY			GROUP		
	Un Audited 30th September 2011 Rs. '000	30th September 2010 Rs. '000	AUDITED 31st March 2011 Rs. '000	Un Audited 30th September 2011 Rs. '000	30th September 2010 Rs. '000	AUDITED 31st March 2011 Rs. '000
Net cash generated from/(used in) Operating activities	101,454	90,951	368,991	(54,975)	435,927	1,165,227
Net cash generated from/(used in) Investing activities	(287,742)	117,785	138,977	40,446	112,677	173,336
Net cash generated from/(used in) financing activities	(277,976)	(300,214)	(62,283)	(314,251)	(679,761)	(909,937)
Net increase/(decrease) in cash & cash equivalents	(464,264)	(91,478)	445,685	(328,780)	(131,157)	428,626
Cash & cash equivalents at the beginning of the year	632,653	186,968	186,968	618,262	189,636	189,636
Cash & cash equivalents at the end of the year	168,389	95,490	632,653	289,482	58,479	618,262

**Analysis of Cash and Cash Equivalents**

Cash at Bank & in Hand	8,205	27,051	62,380	61,068	53,899	80,127
Short Term Investment	2,470	2,630	2,699	151,223	53,863	57,546
Bank Overdraft	(7,108)	(4,203)	(4,656)	(87,631)	(119,295)	(91,641)
Lending against Government Securities	164,822	70,012	572,230	164,822	70,012	572,230
	168,389	95,490	632,653	289,482	58,479	618,262

**STATEMENT OF CHANGES IN EQUITY**  
**For the period ended 30th September 2011**

Company	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 Earnings Rs.'000	Total Rs.'000	Minority Interest Rs.'000	Total Equity Rs.'000
<b>Balance as at 01.04.2011</b>	1,018,336	30,000	-	50,546	7,550	9,000	(1,101,025)	14,407	-	14,407
Profit attributable to Shareholders	-	-	-	-	-	-	20,584	20,584	-	20,584
Shares Issued during the year	299,791	-	-	-	-	-	-	299,791	-	299,791
<b>Balance as at 30.09.2011</b>	1,318,127	30,000	-	50,546	7,550	9,000	(1,080,441)	334,782	-	334,782
<b>Balance as at 01.04.2010</b>	518,336	30,000	-	50,546	7,550	9,000	(780,171)	(164,739)	-	(164,739)
Profit attributable to Shareholders	-	-	-	-	-	-	(39,517)	(39,517)	-	(39,517)
<b>Balance as at 30.09.2010</b>	518,336	30,000	-	50,546	7,550	9,000	(819,688)	(204,256)	-	(204,256)
<b>Group</b>										
<b>Balance as at 01.04.2011</b>	1,018,336	47,636	27,119	50,546	7,550	9,000	(1,231,434)	(71,247)	176,841	105,594
Profit attributable to Shareholders	-	-	-	-	-	-	(41,030)	(41,030)	18,034	(22,996)
Shares Issued during the year	299,791	-	-	-	-	-	-	299,791	-	299,791
Subsidiary Share Issue & Dividend	-	-	-	-	-	-	-	-	11,003	11,003
Effects due to changes in holding	-	-	-	-	-	-	(25,780)	(25,780)	(12,865)	(38,645)
<b>Balance as at 30.09.2011</b>	1,318,127	47,636	27,119	50,546	7,550	9,000	(1,298,244)	161,734	193,013	354,747
<b>Balance as at 01.04.2010</b>	518,336	43,348	90,488	50,546	7,550	11,674	(1,333,645)	(611,703)	136,609	(475,094)
Profit attributable to Shareholders	-	-	-	-	-	-	(68,042)	(68,042)	15,616	(52,426)
<b>Balance as at 30.09.2010</b>	518,336	43,348	90,488	50,546	7,550	11,674	(1,401,687)	(679,745)	152,225	(527,520)

**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 Gurentees given by the Group as at the balance sheet date was Rs. 20 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.
- The unutilised amount as at 30th September 2011 from the proceeds of the rights issue amounted to Rs. 131,678,621/35.
- The market price recorded during the period

	2011 Rs	2010 Rs
Highest price	25.30	25.90
Lowest price	17.30	12.00
Market price as at 30th September	19.70	22.50

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

SEGMENT INFORMATION

FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER

	Lending		Property Development		Services		Others		Group Total	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
<b>Total Revenue</b>	<b>92,631</b>	294,231	<b>294,370</b>	220,141	<b>119,430</b>	135,555	<b>72,581</b>	12,495	<b>579,011</b>	662,422
<b>Inter Segment</b>	<b>(1,831)</b>	(955)		-	<b>(381)</b>	(1,068)	<b>(33,714)</b>	(5,664)	<b>(35,926)</b>	(7,687)
<b>Segment Revenue (Net)</b>	<b>90,800</b>	293,276	<b>294,370</b>	220,141	<b>119,049</b>	134,487	<b>38,867</b>	6,831	<b>543,085</b>	654,735
<b>Segment Income</b>	<b>120,624</b>	269,522	<b>74,536</b>	55,655	<b>70,371</b>	81,888	<b>40,311</b>	66,409	<b>305,842</b>	473,474
<b>Segment Expenses</b>										
Depreciation	(792)	(5,514)	(3,591)	(7,353)	(62)	(1,783)	(1,482)	(5,361)	(5,927)	(20,011)
Other Operating Expenses	(81,152)	(200,757)	(94,576)	(163,325)	(44,095)	(23,517)	(71,816)	(104,639)	(291,639)	(492,238)
Operating Profit	38,680	63,251	(23,631)	(115,023)	26,215	56,588	(32,987)	(43,591)	8,276	(38,775)
Provision For Diminution In Value of Shares	-	-	-	-	-	-	(1,675)	15,092	(1,675)	15,092
Provision for Obsolete Stocks			4,418						4,418	-
(Provision)/Reversal for Bad & Doubtful Debts	250	12,229	-	-	1,018	(914)	1,607	(19,022)	2,875	(7,707)
	38,930	75,480	(19,212)	(115,023)	27,233	55,674	(33,055)	(47,521)	13,894	(31,390)
VAT on Financial Services & Income Tax	-	-	(7,691)	3,320	(11,603)	(22,683)	(17,597)	(1,673)	(36,891)	(21,036)
Minority Interest	-	-	-	-	-	-	(18,034)	(15,616)	(18,034)	(15,616)
<b>Segment Result After Tax</b>	<b>38,930</b>	75,480	<b>(26,903)</b>	(111,703)	<b>15,630</b>	32,991	<b>(68,686)</b>	(64,810)	<b>(41,031)</b>	(68,042)
<b>Segment Assets</b>	<b>1,395,270</b>	2,144,488	<b>1,227,351</b>	2,216,652	<b>513,478</b>	555,534	<b>308,577</b>	927,191	<b>3,444,676</b>	5,843,865
<b>Segment Liabilities</b>	<b>1,021,659</b>	2,095,359	<b>898,407</b>	2,145,505	<b>299,085</b>	510,369	<b>870,778</b>	1,620,152	<b>3,089,929</b>	6,371,385

**TWENTY LARGEST SHAREHOLDERS  
AS AT 30<sup>TH</sup> SEPTEMBER 2011  
NATION LANKA FINANCE PLC**

<b>NO.</b>	<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
1.	INVESTOR ACCESS EQUITIES (PVT) LTD	70,000,000	35.01
2.	MR. J RUDRA	15,172,500	07.59
3.	NAWALOKA CONSTRUCTION COMPANY (PVT) LTD	14,000,000	07.00
4.	MR G DURAISAMY	6,300,000	03.15
5.	PAN ASIA BANKING CORPORATION PLC / MR.MOHOTTALLAGE	5,450,000	02.73
6	PAN ASIA BANKING CORPORATION PLC / MR.HIYARE	4,057,900	02.03
7.	AFL DEVELOPMENT LIMITED	3,468,300	01.73
8.	MR. W P A S PERERA	2,878,600	01.44
9.	PAN ASIA BANKING CORPORATION PLC / MR.RAVINDRA ERLE	2,510,000	1.26
10.	CEYLINCO SECURITIES SHARE OWNERSHIP TRUST (PVT)	2,475,600	1.24
11.	MR A P PERIYASAMPILLAI	2,024,300	1.01
12.	MR W G B M RANAWEERA	1,750,000	0.87
13.	MR H R S WIJERATNE	1,361,633	0.68
14.	MR T C H FERDINANDIS	1,236,179	0.62
15.	MR M M UDESHI	1,137,603	0.57
16.	MRS N MULIJIE	1,060,100	0.53
17.	SRI LANKA INSURANCE CORPORATION LTD / LIFE FUND	979,500	0.49
18.	MR H T WIJESIGNHE	900,200	0.45
19.	MR V R RAMANAN	900,000	0.45
20.	MR C G VAN TWEST	831,500	0.42

**Public Holding - 50.21%**

**DIRECTORS SHAREHOLDINGS  
AS AT 30<sup>TH</sup> SEPTEMBER 2011  
NATION LANKA FINANCE PLC**

<b>NO.</b>	<b>Name of Director</b>	<b>No. of Shares</b>	<b>%</b>
1.	Mr H K J Dharmadasa	-	-
2.	Mr W B B C J Fernando	357,816	0.18
3.	Mr A C Seneviratene	-	-
4.	Mr P M L K Karunaratne	-	-
5.	Mr U H Dharmadasa	-	-
6.	Mr U H Palihakkara	786	-
7.	Mr J Rudra Mr J Rudra & Mrs S L Arumugam	15,172,500 4,950	07.59
8.	Mr H C De Z Sahabandu	-	-