

NATION LANKA FINANCE PLC (Reg. No. PQ 33)
PROVISIONAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2011

COMPANY INCOME STATEMENT

	Quarter ended 31st March			Twelve months ended 31st March		
	2011 Rs'000'	2010 Rs'000'	change %	2011 Rs'000'	2010 Rs'000'	change %
TURNOVER	95,518	243,768	(61)	519,053	815,812	(36)
Interest Income	64,400	113,197	(43)	255,124	415,424	(39)
Direct Interest Cost	(36,982)	(76,081)	(51)	(173,335)	(362,580)	(52)
Net Interest Income	27,418	37,116	(26)	81,789	52,844	55
Service Fees	1,464	1,022	43	2,856	5,470	(48)
Profit on Land & Property Development	2,222	166	1,239	22,894	29,986	(24)
Dividend Income	1,762	3,502	(50)	7,426	3,517	111
Gain/(Loss) on Sale of Investment Securities	2,575	(12,082)	(121)	49,189	(35,139)	(240)
Profit/(Loss) on Sale of Investment Properties	-	(54,365)	-	-	(54,365)	-
Other Operating Income	2,432	(5,775)	(142)	10,225	11,195	(9)
	37,873	(30,416)	(225)	174,379	13,508	1,191
Operating Expenses	(59,450)	(89,488)	(34)	(272,761)	(367,182)	(26)
Profit/(Loss) Before Provision & Taxation	(21,577)	(119,904)	(82)	(98,382)	(353,674)	(72)
(Provision)/Reversal For Diminution In Value of Shares	4,085	(50,292)	(108)	16,412	(40,300)	(141)
(Provision)/Reversal for Bad & Doubtfull Debts	1,311	(340,246)	(100)	(115,263)	(340,246)	(66)
Profit/(Loss) Before Taxation	(16,181)	(510,442)	(97)	(197,233)	(734,220)	(73)
Income Tax Expenses	-	(299)	(100)	(334)	(299)	12
Profit/(Loss) for the Period	(16,181)	(510,741)	(97)	(197,567)	(734,519)	(73)
Earnings Per Share (Rs.)	(0.26)	(12.78)	(98)	(4.35)	(29.74)	(85)

GROUP INCOME STATEMENT

	Quarter ended 31st March			Twelve months ended 31st March		
	2011 Rs'000'	2010 Rs'000'	change %	2011 Rs'000'	2010 Rs'000'	change %
TURNOVER	377,989	522,514	(28)	1,365,400	1,727,833	(21)
Interest Income	75,513	174,449	(57)	442,409	795,102	(44)
Direct Interest Cost	(53,090)	(116,410)	(54)	(301,718)	(694,435)	(57)
Net Interest Income	22,423	58,039	(61)	140,691	100,667	40
Service Fees	59,221	58,697	1	163,217	111,275	47
Profit on Land & Property Development	43,680	100,185	(56)	119,315	131,582	(9)
Dividend Income	326	800	(59)	326	815	(60)
Gain/(Loss) on Sale of Investment Securities	8,573	(16,158)	(153)	55,187	(35,749)	(254)
Profit/(Loss) on Sale of Investment Properties	-	(54,365)	-	-	(54,365)	-
Other Operating Income	5,213	6,802	(23)	61,856	61,993	(0)
	139,436	154,000	(9)	540,592	316,218	71
Operating Expenses	(133,027)	(209,677)	(37)	(644,307)	(868,888)	(26)
Profit/(Loss) Before Provision & Taxation	6,409	(55,677)	(112)	(103,715)	(552,670)	(81)
(Provision)/Reversal For Diminution In Value of Shares	5,685	(48,208)	(112)	21,814	(38,216)	(157)
(Provision)/Reversal for Bad & Doubtfull Debts	(1,397)	(396,142)	(100)	(102,523)	(464,294)	(78)
	-	-	-	-	-	-
Profit/(Loss) Before Taxation	10,697	(500,027)	(102)	(184,424)	(1,055,180)	(83)
Income Tax Expenses	(9,357)	(9,534)	(2)	(31,782)	(16,073)	98
Profit/(Loss) for the Period	1,340	(509,561)	(100)	(216,206)	(1,071,253)	(80)
Attributable to						
Equity Holders of the Parent	(3,160)	(511,444)	(99)	(236,772)	(1,059,229)	(78)
Minority Interest	4,500	1,883	139	20,566	(12,024)	(271)
Profit/(Loss) for the Period	1,340	(509,561)	(100)	(216,206)	(1,071,253)	(80)
	-	-	-	-	-	-
Earnings Per Share (Rs.)	(0.05)	(12.80)	(100)	(5.21)	(42.52)	(88)

NATION LANKA FINANCE PLC (Reg. No. PQ 33)
BALANCE SHEET AS AT 31ST MARCH 2011

	COMPANY		GROUP	
	UN AUDITED 31st March 2011 Rs'000'	AUDITED 31st March 2010 Rs'000'	UN AUDITED 31st March 2011 Rs'000'	AUDITED 31st March 2010 Rs'000'
ASSETS				
Cash In Hand & At Bank	61,362	72,380	79,086	107,343
Short Term Investments	2,699	39,892	95,743	76,882
Investment In Government Securities	-	-	-	10,339
Lending against Government Securities	572,230	108,321	572,230	108,321
Trade & Other Receivables	36,517	44,882	765,859	939,348
Inventories & WIP	77	219	352,866	350,364
Amount Due From Subsidiaries	101,256	142,390	-	-
Deposits, Advances and Prepayments	48,597	33,824	102,239	86,676
Pawning	5,265	2,128	5,265	2,128
Finance Leases	119,886	159,371	119,886	249,817
Loans	400,396	576,118	428,557	1,032,924
Hire Purchase	334,781	478,785	334,781	1,027,689
Investment In Real Estate	317,755	436,726	446,182	1,575,444
Investment In Securities	73,454	140,636	84,580	196,115
Investment In Subsidiaries	121,995	121,995	-	-
Investment Property	159,919	159,919	156,248	156,248
Property, Plant & Equipment	171,712	188,562	199,137	255,781
	-	-	-	-
TOTAL ASSETS	2,527,901	2,706,148	3,742,659	6,175,419
LIABILITIES				
Debentures	-	-	3,250	131,108
Borrowings - Medium & Long Term	994,154	354,629	1,065,708	493,176
Deferred Tax Liabilities	-	-	713	901
Amount Due To Subsidiaries	1,260	1,289	-	-
Public Deposits	-	-	-	2,305,404
Retirement Benefit Obligation	(25,696)	(28,668)	(2,419)	26,749
Trade & Other Payables	219,698	112,160	832,026	567,659
Short Term Borrowings	1,192,237	2,392,938	1,506,672	3,016,450
Dividend Payable	4,914	4,914	4,958	6,156
Bank Overdraft	3,640	33,625	90,601	102,910
	-	-	-	-
TOTAL LIABILITIES	2,390,207	2,870,887	3,501,509	6,650,513
CAPITAL & RESERVES				
Stated Capital				
- Ordinary Shares (No. of Shares - 139,972,100)	1,018,336	518,336	1,018,336	518,336
Reserves	(880,642)	(683,075)	(955,675)	(1,130,039)
SHARE HOLDERS' FUND	137,694	(164,739)	62,661	(611,703)
Minority Interest	-	-	178,489	136,609
TOTAL LIABILITIES & SHARE HOLDER'S FUNDS	2,527,901	2,706,148	3,742,659	6,175,419
	-	-	-	-
Net Assets Per Share (Rs.)	0.98	(4.12)	0.45	(15.30)

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

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B.A.F.G.Suares
AGM Finance

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

.....
H.J.Dharmadasa
Chairman
30th May 2011
Colombo

.....
W.B.B.C.J. Fernando
Chief Executive Director

NATION LANKA FINANCE PLC (Reg. No. PQ 33)
CASH FLOW STATEMENT AS AT 31ST MARCH 2011

	COMPANY		GROUP	
	UN AUDITED	AUDITED	UN AUDITED	AUDITED
	31st March 2011	31st March 2010	31st March 2011	31st March 2010
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net cash generated from/(used in) Operating activities	376,355	612,678	475,771	1,229,393
Net cash generated from/(used in) Investing activities	130,133	210,922	213,180	238,667
Net cash generated from/(used in) financing activities	(60,805)	(604,206)	(222,129)	(1,229,330)
Net increase/(decrease) in cash & cash equivalents	445,683	219,394	466,822	238,730
Cash & cash equivalents at the beginning of the year	186,968	(32,426)	189,636	(49,094)
Cash & cash equivalents at the end of the year	632,651	186,968	656,458	189,636
Analysis of Cash and Cash Equivalents				
Cash at Bank and in Hand	61,362	72,380	79,086	107,343
Short Term Investment	2,699	39,892	95,743	76,882
Bank Overdraft	(3,640)	(33,625)	(90,601)	(102,910)
Lending against Government Securities	572,230	108,321	572,230	108,321
	632,651	186,968	656,458	189,636

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH 2011

Company	Stated Capital	Capital Redemption Reserve Fund	Capital Reserve	Revaluation Reserve	Reserve Fund	General Reserve	Retained Profit	Total	Minority Interest	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01.04.2009	278,503	30,000	-	50,546	7,550	9,000	(45,652)	329,947	-	329,947
Loss Attributable to Shareholders	-	-	-	-	-	-	(734,519)	(734,519)	-	(734,519)
Shares Issued during the year	239,833	-	-	-	-	-	-	239,833	-	239,833
Balance as at 31.03.2010	518,336	30,000	-	50,546	7,550	9,000	(780,171)	(164,739)	-	(164,739)
Private Placement of Shares	500,000	-	-	-	-	-	-	500,000	-	500,000
Loss Attributable to Shareholders	-	-	-	-	-	-	(197,567)	(197,567)	-	(197,567)
Balance as at 31.03.2011	1,018,336	30,000	-	50,546	7,550	9,000	(977,738)	137,694	-	137,694
Group										
Balance as at 01.04.2009	278,503	43,348	90,488	50,546	7,550	11,674	(293,380)	188,729	94,333	283,062
Loss Attributable to Shareholders	-	-	-	-	-	-	(1,059,229)	(1,059,229)	(12,024)	(1,071,253)
Effects due to reduction /(increase) in holding	-	-	-	-	-	-	18,964	18,964	54,300	73,264
Shares Issued during the year	239,833	-	-	-	-	-	-	239,833	-	239,833
Balance as at 31.03.2010	518,336	43,348	90,488	50,546	7,550	11,674	(1,333,645)	(611,703)	136,609	(475,094)
Private Placement of Shares	500,000	-	-	-	-	-	-	500,000	-	500,000
Profit/(Loss) Attributable to Shareholders	-	-	-	-	-	-	(236,772)	(236,772)	20,566	(216,206)
Effects due to reduction /(increase) in holding	-	-	(63,375)	-	-	(2,674)	477,185	411,136	21,314	432,450
Balance as at 31.03.2011	1,018,336	43,348	27,113	50,546	7,550	9,000	(1,093,232)	62,661	178,489	241,150

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. 20 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 to management fees or any other similar expenditure as at the balance sheet date.
- 9 The unutilised amount as at 31st March 2011 from the proceeds of the Private Placement amounted to Rs. 488,235,317/-
- 10 Ordinary Shares issued by the company by way of a 3:2 Rights issue was allotted on 08/04/2011.
- 11 The market price recorded during the period

	2011	2010
	Rs	Rs
Highest price	24.50	30.25
Lowest price	9.00	7.50
Market price as at 31st March	11.10	13.00

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

SEGMENT INFORMATION

FOR THE YEAR ENDED 31ST MARCH

	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.
Total Revenue	478,508	866,687	604,262	706,069	269,309	120,208	25,050	45,984	1,377,129	1,738,948
Inter Segment	(1,719)	(1,679)	-	-	(2,706)	(5,027)	(7,304)	(4,409)	(11,729)	(11,115)
Segment Revenue (Net)	476,789	865,008	604,262	706,069	266,603	115,181	17,746	41,575	1,365,400	1,727,833
Segment Income	433,775	795,102	124,634	131,582	187,943	111,275	95,958	(27,305)	842,310	1,010,654
Segment Expenses										
Depreciation	(2,546)	(13,020)	(7,513)	(15,329)	(3,643)	(3,854)	(10,860)	(17,413)	(24,562)	(49,616)
Other Operating Expenses	(308,921)	(584,024)	(283,075)	(471,315)	(90,718)	(83,025)	(238,749)	(374,403)	(921,463)	(1,512,767)
Operating Profit	122,308	198,058	(165,954)	(355,062)	93,582	24,396	(153,651)	(419,121)	(103,715)	(551,729)
Provision For Diminution In Value of Shares	-	-	1,000	-	-	-	20,814	(38,216)	21,814	(38,216)
Provision for Obsolete Stocks	-	-	-	(940)	-	-	-	-	-	(940)
(Provision)/Reversal for Bad & Doubtful Debts	8,827	(209,406)	316	(13,474)	(7,921)	(2,869)	(103,745)	(238,546)	(102,523)	(464,295)
	131,135	(11,348)	(164,638)	(369,476)	85,661	21,527	(236,582)	(695,883)	(184,424)	(1,055,180)
VAT on Financial Services & Income Tax	-	41	2,986	(527)	(34,435)	(9,674)	(333)	(5,913)	(31,782)	(16,073)
Minority Interest	-	-	-	-	-	-	(20,566)	12,024	(20,566)	12,024
Segment Result After Tax	131,135	(11,307)	(161,652)	(370,003)	51,226	11,853	(257,481)	(689,772)	(236,772)	(1,059,229)
Segment Assets	1,394,748	2,474,659	1,656,193	2,316,531	516,202	192,393	175,516	1,191,836	3,742,659	6,175,419
Segment Liabilities	1,179,535	1,133,303	1,318,853	1,044,704	421,114	187,941	582,007	4,284,566	3,501,509	6,650,514

**TWENTY LARGEST SHAREHOLDERS
AS AT 31ST MARCH 2011
NATION LANKA FINANCE PLC**

NO.	Name of Shareholder	No. of Shares	%
1.	INVESTOR ACCESS EQUITIES (PVT) LTD	70,000,000	50.01
2.	MR. J RUDRA	16,003,300	11.43
3.	NAWALOKA CONSTRUCTION COMPANY (PVT) LTD	14,000,000	10.00
4.	AFL DEVELOPMENT LIMITED	3,468,300	2.48
5.	CEYLINCO SECURITIES SHARE OWNERSHIP TRUST (PVT)	2,475,600	1.77
6.	MR W G B M RANAWEERA	1,750,000	0.88
7.	MR. W P A S PERERA	1,638,000	1.17
8.	PAN ASIA BANKING CORPORATION PLC / MR.MOHOTTALLAGE	1,626,700	1.16
9.	PAN ASIA BANKING CORPORATION PLC / MR.HIYARE	1,250,000	0.89
10.	PAN ASIA BANKING CORPORATION PLC / MR.RAVINDRA	550,000	0.39
11.	MR H R S WIJERATNE	527,500	0.38
12.	THE FINANCE COMPANY PLC	516,000	0.26
13.	MR. M DE SARAM	505,200	0.36
14.	S & L INVESTMENTS (PRIVATE) LTD	500,000	0.36
15.	DEVI HOLDING (PRIVATE) LTD	500,000	0.36
16.	MR D N MADAWALA	425,000	0.30
17.	MR M T T AL-NAKIB	350,000	0.25
18.	MR. L M S H AL-NAQIB	300,000	0.21
19.	PAN ASIA BANKING CORPORATION PLC / B R FERNANDO	270,000	0.19
20.	PAN ASIA BANKING CORPORATION PLC / KANAKKA HEWAG	254,154	0.18

Public Holding - 28.48%

**DIRECTORS SHAREHOLDINGS
AS AT 31st MARCH 2011
NATION LANKA FINANCE PLC**

NO.	Name of Director	No. of Shares	%
1.	Mr H K J Dharmadasa	-	-
2.	Mr W B B C J Fernando	100,208	0.05
3.	Mr A C Seneviratene	-	-
4.	Mr P M L K Karunaratne	-	-
5.	Mr U H Dharmadasa	-	-
6.	Mr U H Palihakkara	100	-
7.	Mr J Rudra	3,300	0.001
8.	Mr H C De Z Sahabandu	-	-