


Nation Lanka Finance PLC
Statement of Financial Position

	Company			Group		
	As at 30th June 2019 Rs. '000'	As at 30th June 2018 Rs. '000'	As at 31st March 2019(Audited) Rs. '000'	As at 30th June 2019 Rs. '000'	As at 30th June 2018 Rs. '000'	As at 31st March 2019(Audited) Rs. '000'
ASSETS						
Cash and Cash Equivalents	147,011	185,479	121,920	147,011	185,667	121,920
Deposits with Commercial Banks	70,449	153,865	65,106	70,449	153,865	65,106
Financial Assets - Held for Trading	18,370	255,144	18,321	18,370	255,144	18,321
Financial Assets - Available for Sale	17,192	17,043	17,192	17,192	17,043	17,192
Loans and Receivables From Customers	6,248,495	6,260,527	6,505,791	6,248,495	6,260,527	6,505,791
Financial Assets - Held to Maturity	611,365	796,472	601,717	611,365	796,472	601,717
Investments in Subsidiaries	-	-	-	-	-	-
Investments in Associates	-	-	-	-	-	-
Real Estate Stock	258,576	125,832	119,213	258,576	125,832	119,213
Investment Property	738,830	771,689	875,030	738,830	771,689	875,030
Property, Plant & Equipment	62,088	92,431	70,291	62,088	92,431	70,291
Intangible Assets	11,121	17,660	11,450	11,121	17,660	11,450
Trade & Other Receivables	365,611	286,691	161,250	365,611	286,691	157,812
Retirement Benefit Plan Assets	76,899	70,713	76,899	76,899	70,713	76,899
Deferred Tax Asset	323,193	307,297	323,193	323,193	307,297	323,193
	<u>8,949,201</u>	<u>9,340,842</u>	<u>8,967,373</u>	<u>8,949,201</u>	<u>9,341,030</u>	<u>8,967,373</u>
Assets Classified as Held for sale	7,565	8,786	7,565	7,565	8,786	7,565
TOTAL ASSETS	8,956,766	9,349,628	8,974,938	8,956,766	9,349,817	8,974,938
LIABILITIES						
Due to Banks and Financial Institutions	232,298	109,788	166,052	232,298	109,788	166,052
Due to Customers	6,991,638	7,726,635	7,155,318	6,991,638	7,726,635	7,155,318
Amounts Due To Related Parties	790	790	790	-	-	-
Other Borrowings	186,346	111,274	147,446	186,346	195,763	147,446
Current Tax Liability	-	2,892	-	-	2,899	-
Retirement Benefit Obligations	35,261	41,732	32,983	35,261	41,732	32,983
Other Payables	250,246	778,799	246,215	250,333	781,075	246,302
Subordinated Debentures	150,000	250,000	150,000	150,000	250,000	150,000
TOTAL LIABILITIES	7,846,579	9,021,909	7,898,803	7,845,876	9,107,891	7,898,100
CAPITAL AND RESERVES						
Stated Capital	1,224,042	623,739	1,224,042	1,224,042	623,739	1,224,042
Reserve Fund	129,705	96,290	129,705	129,705	96,290	129,705
Fair value reserve	(104,908)	-	(104,908)	(104,908)	-	(104,908)
Other Reserves	9,000	9,000	9,000	9,000	9,000	9,000
Retained Earnings	(147,651)	(401,310)	(181,703)	(146,948)	(487,025)	(181,000)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	1,110,187	327,719	1,076,136	1,110,890	242,005	1,076,839
Non-Controlling Interest	-	-	-	-	(79)	-
TOTAL EQUITY	1,110,187	327,719	1,076,136	1,110,890	241,925	1,076,839
TOTAL LIABILITIES & EQUITY	8,956,766	9,349,628	8,974,938	8,956,766	9,349,817	8,974,938
Net Assets Per Share	0.82	0.43	0.79	0.82	0.32	0.80
Contingent liabilities and commitments	18,300	20,000	18,300	18,300	20,000	18,300

CERTIFICATION

We, the undersigned being Chief Executive Officer, Chief Financial Officer and Director of Nation Lanka Finance PLC certify jointly that:

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka and Companies Act no 07 of 2007.
(b) the information contained in these statements have been extracted from the unaudited financial statements of the Nation Lanka Finance PLC unless indicated as audited.



Signed by:
Prasanna Habaragamuwa
Chief Financial Officer
13th August 2019



Signed by:
Victor Ramanan
Non Executive Director / Chairman
13th August 2019



Signed by:
Lalith Karunaratne
Director
13th August 2019

Nation Lanka Finance PLC
Statement of Profit or Loss and Other Comprehensive Income

	Company			Group		
	Quarter ended 30th June 2019 Rs. '000'	Quarter ended 30th June 2018 Rs. '000'	Twelve months ended 31st March 2019 (Audited) Rs. '000'	Quarter ended 30th June 2019 Rs. '000'	Quarter ended 30th June 2018 Rs. '000'	Twelve months ended 31st March 2019 (Audited) Rs. '000'
	Interest income	506,350	564,623	2,308,867	506,350	564,623
Interest expense	266,023	273,080	1,057,680	266,023	273,080	1,057,680
Net interest income	240,327	291,542	1,251,187	240,327	291,542	1,251,187
Fee and commission income	2,485	944	8,766	2,485	944	8,766
Fee and commission expenses	-	-	-	-	-	-
Net fee and commission income	2,485	944	8,766	2,485	944	8,766
Net income on property development	(337)	2,185	15,792	(337)	2,185	15,792
Net gain / (loss) from financial assets held for trading	49	-	1,426	49	-	1,426
Change in fair value of investment property	-	15,919	32,341	-	15,919	32,341
Collection from contracts previously written off	5,416	481	35,271	5,416	481	35,271
Gain / (loss) on disposal of assets held for sale	-	(7)	1,337	-	(7)	1,337
Gain / (loss) on disposal of investment in subsidiary	-	-	100	-	-	86,559
Net gain / (loss) from financial investments	-	-	-	-	-	-
Other operating income (net)	3,930	16,904	34,546	3,930	16,904	34,546
Total operating income	251,872	327,968	1,380,767	251,872	327,968	1,467,227
Impairment for loans and other losses						
Individual impairment	-	-	(487,103)	-	-	(487,103)
Collective impairment	(53,588)	32,416	605,951	(53,588)	32,416	605,951
Others	-	-	-	-	-	-
Net operating Income	305,460	295,552	1,261,918	305,460	295,552	1,348,378
Personnel expenses	112,062	114,653	417,723	112,062	114,653	417,723
Depreciation and impairment of Property Plant & Equipme	13,998	14,087	54,414	13,998	14,087	54,414
Other expenses	133,678	119,945	555,866	133,678	119,945	555,907
Operating profit / (loss) before VAT	45,722	46,867	233,916	45,722	46,867	320,333
Vat on financial services	11,670	22,690	82,826	11,670	22,690	82,826
Operating profit / (loss) after VAT	34,052	24,177	151,090	34,052	24,177	237,508
Share of profit of associates and joint ventures	-	-	-	-	-	-
Profit / (loss) before tax	34,052	24,177	151,090	34,052	24,177	237,508
Tax expenses / (reversal)	-	5,000	(15,982)	-	5,000	(15,982)
Profit / (loss) for the period	34,052	19,177	167,072	34,052	19,177	253,489
Other comprehensive income	-	-	219	-	-	219
Total comprehensive income	34,052	19,177	167,291	34,052	19,177	253,708
Profit / (Loss) attributable to Equity holders of the company				34,052	19,177	253,605
Non controlling interest				-	-	(116)
				34,052	19,177	253,489
Total comprehensive income attributable to Equity holders of the company				34,052	19,177	253,824
Non controlling interest				-	-	(116)
				34,052	19,177	253,708
Basic / Diluted earnings per ordinary share	0.03	0.03	0.16	0.03	0.03	0.24

Nation Lanka Finance PLC

Cash Flow Statement for Three Months ended 30th June 2019

	Company		Group	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Cash Flow from Operating Activities				
Profit before Income Tax Expense	34,052	24,177	34,052	24,177
Adjustments for				
Net gain/(loss) from Financial Investments classified as held for trading	(49)	-	(49)	-
Dividend Income	(8)	(1,378)	(8)	(1,378)
Depreciation and amortization	16,481	14,087	16,481	14,087
Impairment of Loans and receivables	(53,588)	32,416	(53,588)	32,416
Change in Fair Value of Investment Property	-	15,919	-	15,919
Loss on Disposal of Held for Sale Assets	-	7	-	7
Provision / (Reversal) for Retiring Benefit Obligations	2,748	10,993	2,748	10,993
Operating Profit Before Working Capital Changes	(364)	96,222	(364)	96,222
Working Capital Changes				
(Increase)/Decrease in Lease, Loans & Hire Purchase Receivables	310,884	(213,146)	310,884	(213,146)
(Increase)/Decrease in Trade & Other Receivables	(207,524)	(88,372)	(207,524)	(88,184)
Increase/(Decrease) Trade & Other Payables	4,032	(98,962)	4,032	(98,962)
Increase/(Decrease) in Public Deposits	(163,680)	22,756	(163,680)	22,756
Increase/(Decrease) in Current Tax Liability	-	2,892	-	2,892
Cash from Operations	(56,653)	(278,611)	(56,653)	(278,423)
Retiring Gratuity Paid	(470)	(1,781)	(470)	(1,781)
Net Cash generated from Operating Activities	(57,123)	(280,392)	(57,123)	(280,204)
Cash Flow from Investing Activities				
Purchase of Property, Plant & Equipment	(5,756)	(4,395)	(5,756)	(4,395)
Acquisition of Intangible Assets	(2,193)	(1,221)	(2,193)	(1,221)
Net Proceeds / (Acquisitions) of Financial Assets Held for Trading	-	292,021	-	292,021
Proceeds from Disposal of Financial Assets Held for Sale	-	1,208	-	1,208
Net Proceeds / (Acquisitions) of Government Securities	(9,647)	(127,882)	(9,647)	(127,882)
Dividend Income	8	1,378	8	1,378
Net Cash (used in)/from Investing Activities	(17,589)	161,109	(17,589)	161,109
Cash Flow from Financing Activities				
Proceeds from Borrowings	115,000	110,000	115,000	110,000
Repayment of Borrowing	(14,229)	-	(14,229)	-
Net Cash from/(used in) Financing Activities	100,771	110,000	100,771	110,000
Increase in Cash & Cash Equivalents	26,060	(9,283)	26,060	(9,095)
Cash & Cash Equivalents at the Beginning of the Year	48,775	238,839	48,775	238,839
Cash & Cash Equivalents at the End of the year	74,835	229,556	74,835	229,744
Reconciliation of Cash & Cash Equivalents				
Cash in Hand & at Bank	147,011	185,479	147,011	185,667
Short Term Investments	70,465	153,865	70,465	153,865
Bank Overdraft	(142,641)	(109,788)	(142,641)	(109,788)
	74,835	229,556	74,835	229,744

Nation Lanka Finance PLC

Selected Performance Indicators (as per regulatory reporting)

	As at 30th June 2019 '000'	As at 30th June 2018 '000'
Regulatory Capital Adequacy		
Core capital (Tier 1 capital)	865,634	685,765
Total capital base	955,634	935,765
	Minimum 6%	Minimum 5%
Core capital adequacy ratio , as % of risk weighted assets	8.56%	8.49%
	Minimum 10%	Minimum 10%
Total capital adequacy ratio , as % of risk weighted assets	10.61%	11.59%
Asset Quality (Quality of loan portfolio)		
Gross Non -Performing Accommodations	1,185,826	1,085,745
Gross Non -Performing Accommodations %	15.36%	13.97%
Net non performing advances to total advances	0.00%	1.49%
Regulatory Liquidity		
Required minimum amount of liquid assets	731,174	797,316
Available amount of liquid assets	754,175	962,401

Nation Lanka Finance PLC
Segment Information

	Lending		Real Estate		Other	
	Three months ended 30th June 2019	Three months ended 30th June 2018	Three months ended 30th June 2019	Three months ended 30th June 2018	Three months ended 30th June 2019	Three months ended 30th June 2018
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Interest income	506,350	564,623	-	-	-	-
Interest expense	266,023	273,080	-	-	-	-
Net interest income	240,327	291,542	-	-	-	-
Fee and commission income	2,485	944	-	-	-	-
Fee and commission expenses	-	-	-	-	-	-
Net fee and commission income	2,485	944	-	-	-	-
Net income on property development	-	-	(337)	2,185	-	-
Net gain / (loss) from financial assets held for trading	49	-	-	-	-	-
Change in fair value of investment property	-	15,919	-	-	-	-
Collection from contracts previously written off	5,416	481	-	-	-	-
Gain / (loss) on disposal of assets held for sale	-	(7)	-	-	-	-
Other operating income (net)	3,930	16,904	-	-	-	-
Total operating income	252,208	325,783	(337)	2,185	-	-
Impairment for loans and other losses						
Individual impairment	-	-	-	-	-	-
Collective impairment	(53,588)	32,416	-	-	-	-
Others	-	-	-	-	-	-
Net operating Income	305,796	293,367	(337)	2,185	-	-
Personnel expenses	112,062	114,653	-	-	-	-
Depreciation and amortization	13,998	14,087	-	-	-	-
Other expenses	133,678	119,945	-	-	-	-
Operating profit / (loss) before VAT	46,059	44,682	(337)	2,185	-	-
Vat on financial services	11,670	22,690	-	-	-	-
Operating profit / (loss) after VAT	34,388	21,992	(337)	2,185	-	-
Share of profit of associates and joint ventures	-	-	-	-	-	-
Profit / (loss) before tax	34,388	21,992	(337)	2,185	-	-
Tax expenses	-	5,000	-	-	-	-
Profit / (loss) for the period	34,388	16,992	(337)	2,185	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	34,388	16,992	(337)	2,185	-	-
Inter segment revenue	-	-	-	-	-	-
Revenue from external customers	252,208	325,783	(337)	2,185	-	-
Segment assets	8,697,400	9,214,384	258,576	135,150	790	282
Segment liabilities	7,842,974	8,991,681	2,815	2,730	87	113,480

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It also includes details relating to non-financial assets and liabilities.

Company

Rs. '000'

As at 30th June 2019	Carrying values		Fair value							
	Held for trading	Available for sale	Loans and other receivables	Held to maturity	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
<i>Financial assets measured at fair value:</i>										
Financial Assets - Held For Trading	18,370	-	-	-	-	18,370	18,370	-	-	18,370
Financial Assets - Available for Sale	-	17,192	-	-	-	17,192	-	-	17,192	17,192
Investment property	-	-	-	-	-	-	-	-	738,830	738,830
<i>Financial assets not measured at fair value:</i>										
Financial Assets - Held to Maturity	-	-	-	611,365	-	611,365	-	-	-	-
Loans and Receivables From Customers	-	-	6,248,495	-	-	6,248,495	-	-	-	-
Trade & Other Receivables	-	-	365,611	-	-	365,611	-	-	-	-
Deposits with Commercial Banks	-	-	70,449	-	-	70,449	-	-	-	-
Cash and Cash Equivalents	-	-	147,011	-	-	147,011	-	-	-	-
	18,370	17,192	6,831,567	611,365	-	7,478,493	18,370	-	756,022	774,392
<i>Financial liabilities, not measured at fair value:</i>										
Due to Banks and Financial Institutions	-	-	-	-	232,298	232,298	-	-	-	-
Due to Customers	-	-	-	-	6,991,638	6,991,638	-	-	-	-
Other Borrowings	-	-	-	-	186,346	186,346	-	-	-	-
Other Payables	-	-	-	-	250,246	250,246	-	-	-	-
Subordinated Debentures	-	-	-	-	150,000	150,000	-	-	-	-
	-	-	-	-	7,810,528	7,810,528	-	-	-	-

Carrying values

Fair value

Rs. '000'

Rs. '000'

Group

As at 30th June 2019	Carrying values		Fair value							
	Held for trading	Available for sale	Loans and other receivables	Held to maturity	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
<i>Financial assets measured at fair value:</i>										
Financial Assets - Held For Trading	18,370	-	-	-	-	18,370	18,370	-	-	18,370
Financial Assets - Available for Sale	-	17,192	-	-	-	17,192	-	-	17,192	17,192
Investment property	-	-	-	-	-	-	-	-	738,830	738,830
<i>Financial assets not measured at fair value:</i>										
Financial Assets - Held to Maturity	-	-	-	611,365	-	611,365	-	-	-	-
Loans and Receivables From Customers	-	-	6,248,495	-	-	6,248,495	-	-	-	-
Trade & Other Receivables	-	-	365,611	-	-	365,611	-	-	-	-
Deposits with Commercial Banks	-	-	70,449	-	-	70,449	-	-	-	-
Cash and Cash Equivalents	-	-	147,011	-	-	147,011	-	-	-	-
	18,370	17,192	6,831,567	611,365	-	8,217,323	18,370	-	756,022	774,392
<i>Financial liabilities, not measured at fair value:</i>										
Due to Banks and Financial Institutions	-	-	-	-	232,298	232,298	-	-	-	-
Due to Customers	-	-	-	-	6,991,638	6,991,638	-	-	-	-
Other Borrowings	-	-	-	-	186,346	186,346	-	-	-	-
Other Payables	-	-	-	-	250,333	250,333	-	-	-	-
Subordinated Debentures	-	-	-	-	150,000	150,000	-	-	-	-
	-	-	-	-	7,810,615	7,810,615	-	-	-	-

Explanatory Notes

Interim Financial Statements

1. There are no significant changes in the accounting policies and methods of computation since the publication of financial statements in the annual report for the year 2018/2019.
2. The interim financial statements for the three months ended 30th June 2019 are drawn up from unaudited accounts of the company, its subsidiary company Nation Lanka Micro Finance Ltd.
3. The interim Financial Statements are in compliance with the Sri Lanka Accounting Standard - LKAS 34: Interim Financial Reporting and the provisions of the Companies Act No 07 of 2007 and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
4. There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements.
5. There have been no significant change in the nature of the contingent liabilities for three months ended 30th June 2019 which were disclosed in the Annual Report for the year ended 31st March 2019.
6. Comparative figures and phrases have been re-arranged where ever necessary to conform to the current year's presentation.
7. There was no liability for management fees or any other similar expenditure as at the balance sheet date.
8. The company has been assigned the rating of '(SL) B Stable' by ICRA Lanka Ltd with effect from 27th September 2018.
9. There are no other related party transactions within the interim period other than the repayment of credit facilities mentioned in the Annual Report of 2018/2019.
10. The float adjusted market capitalization of the company falls under option V of rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the company has not complied with the minimum public holding requirement applicable under the said option. Total number of shareholders - 13,614
Public holding percentage - 16.42%
Total number of public shareholders - 13,609
Float adjusted market capitalization - 111,146,373
Number of shares representing entity's stated capital - 1,353,792,606

11. Information on ordinary shares of the company

Share prices for the period from 1st of January to 31 st March	2019	2018
Highest	0.70	1.00
Lowest	0.40	0.70
30 th June	0.50	0.80

12. The company has not met the minimum core capital requirement of Rs.1.5 Bn as of 30th June 2019 recording a core capital of Rs. 865.6 Mn.

NATION LANKA FINANCE PLC

TOP TWENTY SHAREHOLDERS AS AT 28TH JUNE 2019

NO	NAME OF SHAREHOLDER	NO OF SHARES	PERCENTAGE
1.	Mr. V R Ramanan	751,556,976	55.52
2.	Pan Asia Banking Corporation PLC / Mr.U H Dharmadasa	141,587,275	10.46
	Mr. U H Dharmadasa	94,274,100	6.96
3.	Mr. H.K.J. Dharmadasa	87,536,211	6.47
4.	Mr. K.C.C. Perera	44,405,000	3.28
5.	Mr. J. Rudra	38,899,235	2.87
	Mr. J. Rudra & Mrs. Rudra (Joint)	6,187	-
6.	Richard Pieris Financial Services (Pvt) Ltd/ Mr. H J C Perera	14,875,000	1.10
	Mr. H.J.C. Perera	2,725,000	0.20
7.	Seylan Bank PLC /Mr. H T Wijesinghe	13,566,023	1.00
8.	Mr. W.A.S.P. De Saram	6,027,298	0.45
9.	Ms. R.H. Mallika	4,603,421	0.34
10.	Mr. A.P.L. Fernando	4,400,000	0.33
11.	Mr. F.N. Herft	4,316,291	0.32
12.	Seylan Bank Limited /Mr.R P Sugathadasa	3,983,305	0.29
13.	Mr. S.P.R. Karunaratne	3,954,376	0.29
14.	Mr. P.P. Maddumage	3,586,999	0.26
15.	Dr. I.M.D.Z. Gunasekera	3,561,568	0.26
16.	Acuity Partners (Private) Limited/Mr. S.N.M. Semasinghe	3,214,144	0.24
17.	Mr. T.M.D.Z. Gunasekera	3,000,000	0.22
18.	Mrs. P.S.D.Z. Gunasekera	3,000,000	0.22
19.	Mr. V. Sivasudhan	2,888,888	0.21
20.	Mr. R.E. Rambukwella	2,514,400	0.19
TOTAL		1,238,481,697	91.48

Total Number of Shareholders – 13,614

NATION LANKA FINANCE PLC

DIRECTORS SHAREHOLDINGS AS AT 28TH JUNE 2019

NO.	NAME	NO OF SHARES	PERCENTAGE
01.	Mr. V R RAMANAN	751,556,976	55.08
02.	PAN ASIA BANKING CORPORATION PLC / Mr. U H DHARMADASA	141,587,275	10.46
	Mr. U H DHARMADASA	94,274,100	6.96
03.	RICHARD PIERIS FINANCIAL SERVICES (PRIVATE) LIMITED /Mr. H J C PERERA	14,875,000	1.10
	Mr. H J C PERERA	2,725,000	0.20
04.	Mr. J. RUDRA	38,905,422	2.87
05.	Mr. P M L K KARUNARATNE	-	-
06.	Mr. K M S KANDEGEDARA	-	-