

CORPORATE ARCADE LTD

Registration No. PB 3794

(SECRETARIES & REGISTRARS)

#9/4 (1-B), EDMONTON ROAD,
COLOMBO 06.

Tel : 2514420-1
Fax : 2514401
E-mail : cal@sltnet.lk

7th October 2020

Mr. Renuke Wijayawardhane
Chief Operations Officer
Colombo Stock Exchange
World Trade Center
Echelon Square
Colombo 01

Dear Sir,

CORPORATE DISCLOSURE – NATION LANKA FINANCE PLC

We wish to inform you that in terms of Sec.7.5 d. (ii) 7 of the Listing Rules of the Colombo Stock Exchange, the Shareholders who participated at the Annual General Meeting held on 30th September 2020, were given Notice of the matters set out in the said Section as follows;

EMPHASIS OF MATTERS ON GOING CONCERN IN THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

The Colombo Stock Exchange (CSE), subject to the enforcement rules of the CSE Listing Rules, Nation Lanka Finance PLC has been added to the Watch List with effect from 28th September 2020, based on the aforesaid matter, due to the deficit of required Core Capital and Capital Adequacy requirements of the Company.

In accordance with the Sec.7.5 d. (ii) 8 of the said ruling, the Company is enforced to inform the Shareholders by way of a Notice at the 1st AGM immediately after the above occurrence which falls on 29th September 2020.

Accordingly, the Shareholders are notified that;

- i. Independent Auditor's Report on the Audited Financial Statements for the Financial Year ended 31st March 2020, does not carry a Modified Audit Opinion but an Emphasis of the Matter on the going concern (Refer Page 92 and Note 44.5 and 52 of the Annual Report 2019/20).

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Directors:

Dr. Ranjit Fernando (Attorney-at-Law)
Mrs. Fazana Shareef (F C I S (UK))

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- ii. As a remedial action to resolve such matter, the Chairman and the Board of Directors of the Company has been in the process of negotiating with few Registered Finance Companies and Equity Investors since previous financial year and the process was hampered due to the impact of Easter attacks and COVID-19 impact. However, the Company has entered in to two MoUs with Registered Financial Institutions and is hopeful that the Capital augmentation process could be completed through a Merger by Amalgamation before the end of the current Financial Year.

Further, as per provisions available, the Company will obtain a deferment from Securities and Exchange Commission (SEC), in term of Rule 7.5-(d) (II) (11), if required to complete the proposed process.

- iii. Failure on the part of the Company to resolve the matter within 15 months (29.12.2021) from the day of the transfer of the Securities to the Watch List, as per the CSE Listing Rule 7.5 (d) (II) (10), shall result in the suspension of trading of Securities of the Company and the continued failure to resolve such matters before the expiry of 12 months (29.12.2022) shall result in delisting of the securities of the Company in terms of Rule 11.3(a) of the Listing Rules.

Thanking you.

Yours faithfully,



**CORPORATE ARCADE LTD
COMPANY SECRETARIES & REGISTRARS FOR
NATION LANKA FINANCE PLC**

Directors:

Dr. Ranjit Fernando (Attorney-at-Law)

Mrs. Fazana Shareef (F C I S (UK))