

CORPORATE ARCADE LTD

Registration No. PB 3794

(SECRETARIES & REGISTRARS)

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

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

01st November 2022

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

Dear Sir,

NATION LANKA FINANCE PLC
EMPHASIS OF MATTER ON GOING CONCERN

In terms of Rule 7.5(d)(ii)(A)(6) of the Listing Rules ("Rules") of Colombo Stock Exchange ("CSE") Nation Lanka Finance PLC, wishes to announce that;

- (a) That the Securities of the Company were transferred to the Watch List as per the Enforcement Rules of the CSE on 29th September 2020, 7th September 2021 and 9th September 2022, due to the emphasis of matter on going concern contained in the Independent Auditor's Reports in the Financial Statements for the years ended 31st March 2020, 2021 and 2022. The emphasis of matter on going concern was expressed by the Auditors due to adverse impact on the profitability of the Company as a result of continuous restrictions imposed on the Company consequent to non-compliance with the minimum Core Capital requirements laid down by the regulatory authority
- (b) The Company requested to the, Securities and Exchange Commission of Sri Lanka ("SEC") to grant an extension to resolve the aforesaid matter (i.e. emphasis of matter on going concern) and accordingly SEC granted 05 extensions up to 31st December 2021, 31st March 2022, 30th June 2022, 30th September 2022 which has been further extended until 31st December 2022.
- (c) The Company just concluded the Rights Issue of shares and is currently exploring on alternate options to meet deficit of the Capital Adequacy requirement and pursuing approval from the Monetary Board of Sri Lanka for such actions under the Consolidation Master Plan of the Central Bank of Sri Lanka.

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Directors:

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

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In terms of Rule 7.5(d)(ii)(A)(5)(d) of the Listing Rules of the CSE, the Company further announces that,

- (i) In the event of any deviation from the proposed remedial action, the extent of the deviation shall be communicated to the investors by way of a subsequent announcement to the market via CSE within one (01) market day from the date of obtaining the approval of the Board of Directors of the Company for such deviation.
- (ii) In the event the matters giving rise to the emphasis of matter on going concern are not resolved within the extended period as granted by the SEC, the trading of Securities of the Company shall be suspended. In the event the trading suspension continues for a period in excess of twelve (12) months, the Securities of the Company shall be delisted by the Board of Directors of the CSE in terms of Rule 11.3 (a) of the Listing Rules.
- (iii) In the event the matters giving rise to the emphasis of matter on going concern are resolved and such fact is independently verified by the Audit Committee during the period the Securities of the Company are on the Watch List, it shall be announced to the Market via the CSE forthwith.

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))