

Nation Lanka Finance PLC
Statement of Financial Position

	Company			Group		
	As at 30th June 2024	As at 31st March 2024	As at 31st March 2023 Audited	As at 30th June 2024	As at 31st March 2024	As at 31st March 2023 Audited
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
ASSETS						
Cash and Cash Equivalents	115,821	247,952	80,351	115,821	247,952	80,351
Deposits With Licensed Commercial Banks	472,049	458,387	384,640	472,049	458,387	384,640
Financial Assets Recognized Through Profit or Loss—Measured at fair value	69,876	70,116	66,507	69,876	70,116	66,507
Financial Assets Measured at Fair Value Through Other Comprehensive Income	43,244	43,244	43,240	43,244	43,244	43,240
Financial Assets Measured at Amortized Cost						
- Loans and Advances	3,349,778	4,367,338	3,280,515	3,349,778	4,367,338	3,280,515
- Debt and Other Instruments	1,297,052	1,189,998	566,392	1,297,052	1,189,998	566,392
Amounts Due From Related Parties	-	-	763,103	-	-	763,103
Real Estate Stock	271,021	288,359	118,908	271,021	288,359	118,908
Investment Property	1,496,829	1,496,829	1,285,901	1,496,829	1,496,829	1,285,901
Property, Plant & Equipment	180,008	190,909	43,214	180,008	190,909	43,214
Right-to-use Asset	230,497	241,056	105,198	230,497	241,056	105,198
Receivable from Kanrich Finance Ltd	-	-	1,121,884	-	-	1,121,884
Intangible Assets	12,489	13,478	567	12,489	13,478	567
Receivable from Sinha Capital Investment Ltd	137,772			137,772		
Trade & Other Receivables	315,778	383,266	211,301	315,778	383,266	211,301
Retirement Benefit Plan Assets	96,790	96,790	96,790	96,790	96,790	96,790
Deferred Tax Asset	877,555	877,555	769,483	877,555	877,555	769,483
TOTAL ASSETS	8,966,558	9,965,277	8,937,994	8,966,558	9,965,277	8,937,994
LIABILITIES						
Due to Banks and Financial Institutions	322,719	110,289	613,937	322,719	110,289	613,937
Financial Liabilities at amortized cost—due to depositors	5,514,090	6,482,709	6,267,356	5,514,090	6,482,709	6,267,356
Lease liability	244,201	244,201	104,155	244,201	244,201	104,155
Amounts Due To Related Parties	509	509	509	509	509	-
Other Borrowings	1,136,337	1,173,705	817,189	1,136,337	1,173,705	817,189
Retirement Benefit Obligations	71,404	77,451	36,631	71,404	77,451	36,630
Trade & Other Payables	924,951	818,913	178,298	924,951	818,913	178,235
TOTAL LIABILITIES	8,214,211	8,907,777	8,018,075	8,214,211	8,907,777	8,017,502
CAPITAL AND RESERVES						
Stated Capital	3,584,353	3,584,353	2,330,073	3,584,353	3,584,353	2,330,073
Reserve Fund	211,928	211,928	131,422	211,928	211,928	131,422
Fair value reserve	109,395	109,395	(88,955)	109,395	109,395	(88,955)
Other Reserves	9,290	9,290	9,000	9,290	9,290	9,000
Retained Earnings	(3,162,619)	(2,857,466)	(1,461,620)	(3,162,619)	(2,857,466)	(1,461,048)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	752,347	1,057,500	919,919	752,347	1,057,500	920,492
Non-Controlling Interest	-	-	-	-	-	-
TOTAL EQUITY	752,347	1,057,500	919,919	752,347	1,057,500	920,492
TOTAL LIABILITIES & EQUITY	8,966,558	9,965,277	8,937,994	8,966,558	9,965,277	8,937,994
Net Assets Per Share	0.11	0.15	0.13	0.11	0.15	0.13
Contingent liabilities and commitments	15,200	15,200	15,200	15,200	15,200	15,200

CERTIFICATION

We, the undersigned being 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:
Buddhika Koduruwakku
Chief Financial Officer
14th August 2024

Signed by:
Nirosha Madawala
Acting Chief Executive Officer
14th August 2024

Signed by:
S A Wickramasinghe
Director
14th August 2024

Signed by:
K S Wimalasiri
Director
14th August 2024

Nation Lanka Finance PLC

Statement of Profit or Loss and Other Comprehensive Income

	Company		Group	
	Quarter ended 30th June 2024	Quarter ended 30th June 2023	Quarter ended 30th June 2024	Quarter ended 30th June 2023
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Interest income	328,690	341,191	328,690	341,191
Interest expense	(284,567)	(384,783)	(284,567)	(384,783)
Net interest income	44,123	(43,592)	44,123	(43,592)
Net income / (loss) on property development	-	-	-	-
Fee and commission income	2,733	5,772	2,733	5,772
Net fair value gains/(losses) from financial instruments at fair value through profit or loss	(240)	(8,874)	(240)	(8,874)
Change in fair value of investment property	-	(666)	-	(666)
Other operating income	(60,879)	95,533	(60,879)	95,533
Collection from contracts previously written off	4,379	2,489	4,379	2,489
Total operating income	(9,884)	50,663	(9,884)	50,663
Impairment for loans and other losses	-	110,779	-	110,779
Net operating income	(9,884)	161,442	(9,884)	161,442
Operating Expenses				
Personnel Costs	(150,653)	(95,553)	(150,653)	(95,553)
Premises Equipment & Establishment Expenses	(76,093)	(50,272)	(76,093)	(50,272)
Other Overhead Expenses	(68,531)	(59,853)	(68,531)	(59,853)
Other Finance Cost	(112)	(502)	(112)	(502)
Total Operating Expenses	(295,388)	(206,180)	(295,388)	(206,180)
Operating profit / (loss) before VAT	(305,272)	(44,738)	(305,272)	(44,738)
Vat on financial services	-	-	-	-
Operating profit / (loss) after VAT	(305,272)	(44,738)	(305,272)	(44,738)
Tax expenses	(1,957)	47,635	(1,957)	47,635
Profit / (loss) for the period	(307,229)	2,897	(307,229)	2,897
Other comprehensive income	-	-	-	-
Total comprehensive income	(307,229)	2,897	(307,229)	2,897
Profit / (Loss) attributable to				
Equity holders of the company			(307,229)	2,897
Non controlling interest			-	-
			(307,229)	2,897
Total comprehensive income attributable to				
Equity holders of the company			(307,229)	2,897
Non controlling interest			-	-
			(307,229)	2,897
Basic earnings per ordinary share	(0.04)	0.00	(0.04)	0.00

Nation Lanka Finance PLC

Statement of Changes in Equity as at 30th June 2024

Company	Stated Capital Rs.'000	Fair Value Reserve Rs.'000	Reserve Fund Rs.'000	General Reserve Rs.'000	Retained Profit Rs.'000	Minority Interest Rs.'000	Total Equity Rs.'000
Balance as at 01.04.2023	2,330,073	(91,340)	131,422	9,000	(1,129,059)	-	1,250,096
Profit / (loss) for the year	-	-	-	-	2,897	-	2,897
Balance as at 30.06.2023	2,330,073	(91,340)	131,422	9,000	(1,126,162)	-	1,252,993
Balance as at 01.04.2024	3,584,353	109,395	211,928	9,290	(2,855,389)	-	1,059,577
Profit / (loss) for the year	-	-	-	-	(307,229)	-	(307,229)
Balance as at 30.06.2024	3,584,353	109,395	211,928	9,290	(3,162,618)	-	752,347
Group							
Balance as at 01.04.2023	2,330,073	(91,340)	131,422	9,000	(1,128,599)	-	1,250,556
Profit / (loss) for the year	-	-	-	-	2,897	-	2,897
Balance as at 30.06.2023	2,330,073	(91,340)	131,422	9,000	(1,125,702)	-	1,253,453
Balance as at 01.04.2024	3,584,353	109,395	211,928	9,290	(2,855,390)	-	1,059,576
Profit / (loss) for the year	-	-	-	-	(307,229)	-	(307,229)
Balance as at 30.06.2024	3,584,353	109,395	211,928	9,290	(3,162,618)	-	752,347

Nation Lanka Finance PLC
Statement of Cash Flows

	Company Rs. '000'		Group Rs. '000'	
For the three months ended 30th June 2024	2024	2023	2024	2023
<i>Cash Flow from Operating Activities</i>				
Profit/(Loss) before Income Tax Expense	(305,272)	(44,738)	(305,272)	(44,738)
Adjustments for				
Net fair value gains/(losses) from financial instruments Measured at FVTPL	240	8,874	240	8,874
Dividend Income	(1,815)	(5,807)	(1,815)	(5,807)
Depreciation and amortization	8,081	4,806	8,081	4,806
Amortization of ROU assets	10,559	-	10,559	-
Interest Expenses	284,567	384,783	284,567	384,783
Interest income on Government Securities	(33,568)	(27,000)	(33,568)	(27,000)
Impairment of Loans and Receivables	-	(110,779)	-	(110,779)
Change in Fair Value of Investment Property	-	(29,112)	-	(29,112)
Loss of pawning auction	89,750	-	-	-
Provision / (Reversal) for Retiring Benefit Obligations	(6,046)	2,967	(6,046)	2,967
Profit on disposal of Property , Plant & Equipment	(687)	-	(687)	-
Impairment of other investments	(273)	-	(273)	-
Operating Profit Before Working Capital Changes	45,536	183,994	(44,214)	183,994
Working Capital Changes				
Increase in Other Assets	-	-	-	-
Decrease/(Increase) in Financial Assets at Amortized cost	910,506	(298,919)	910,506	(298,919)
Decrease/(Increase) in Investment in Real Estate	17,338	6,565	17,338	6,565
Decrease/(Increase) in Related Party Receivables	(137,772)	4,600	(137,772)	4,600
Decrease/(Increase) in Trade and Other Receivables	67,488	(46,497)	67,488	(46,497)
Increase/(Decrease) Trade & Other Payables	106,038	77,206	106,038	77,206
Increase/(Decrease) Financial Liabilities at amortized cost -due to depositors	(968,619)	166,271	(968,619)	166,271
Cash from Operations	40,515	93,219	40,515	93,219
Interest expenses paid	(260,264)	(384,783)	(260,264)	(384,783)
Retiring Gratuity Paid	(4,129)	(518)	(4,129)	(518)
Net Cash generated from Operating Activities	(223,879)	(292,082)	(223,879)	(292,082)
<i>Cash Flow from Investing Activities</i>				
Proceeds from Sale of Property, Plant & Equipment	687	-	687	-
Acquisition of Property, Plant & Equipment	10,901	(16,243)	10,901	(16,243)
Acquisition of Intangible Assets	989	(420)	989	(420)
Net proceed from government securities	(73,485)	622	(73,485)	622
Dividend Income received from other investments	1,815	5,807	1,815	5,807
Investment in Deposits with Licensed Commercial Banks	(13,662)	132,329	(13,662)	132,329
Net Cash used in Investing Activities	(72,756)	122,095	(72,756)	122,095
<i>Cash Flow from Financing Activities</i>				
Proceeds from Borrowings	(37,369)	-	(37,369)	-
Lease rental payments	(10,559)	-	(10,559)	-
Net Cash generated from Financing Activities	(47,927)	-	(47,927)	-
Increase/(Decrease) in Cash & Cash Equivalents	(344,562)	(169,987)	(344,562)	(169,987)
Cash & Cash Equivalents at the Beginning of the Year	137,663	(702,240)	137,663	(702,240)
Cash & Cash Equivalents at the End of the year	(206,899)	(872,227)	(206,899)	(872,227)
Reconciliation of Cash & Cash Equivalents				
Cash in Hand & at Bank	115,821	109,375	115,821	109,375
Bank Overdraft	(322,719)	(981,602)	(322,719)	(981,602)
	(206,898)	(872,227)	(206,898)	(872,227)

Nation Lanka Finance PLC
Selected Performance Indicators (as per regulatory reporting)

	As at 30th June 2024 '000'	As at 30th June 2023 '000'
Regulatory Capital Adequacy		
Core capital (Tier 1 capital)	203,255	787,862
Total capital base	614,575	1,181,840
	Minimum 8.5%	Minimum 8.5%
Core capital adequacy ratio , as % of risk weighted assets	-9.92%	1.71%
	Minimum 12.5%	Minimum 12.5%
Total capital adequacy ratio , as % of risk weighted assets	-8.71%	2.79%
Asset Quality (Quality of loan portfolio)		
Gross Non -Performing Accommodations	5,530,470	3,437,666
Gross Non -Performing Accommodations %	83%	57.04%
Regulatory Liquidity		
Required minimum amount of liquid assets	557,059	654,629
Available amount of liquid assets	1,292,202	652,487

Nation Lanka Finance PLC

Segment Information

	Lending		Real Estate	
	Three months ended 30th June 2024	Three months ended 30th June 2023	Three months ended 30th June 2024	Three months ended 30th June 2023
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Interest income	328,690	341,191	-	-
Interest expense	(284,567)	(384,783)	-	-
Net interest income	44,123	(43,592)	-	-
Net income / (loss) on property development	-	-	-	-
Fee and commission income	2,733	5,772	-	-
Net fair value gains/(losses) from financial instruments at fair value through profit or loss	(240)	(8,874)	-	-
Change in fair value of investment property	-	(666)	-	-
Other operating income	(60,879)	95,533	-	-
Collection from contracts previously written off	4,379	2,489	-	-
Total operating income	(9,884)	50,662	-	-
Impairment for loans and other losses	-	110,779	-	-
Net operating income	(9,884)	161,441	-	-
Operating Expenses				
Personnel Costs	(150,653)	(95,553)	-	-
Premises Equipment & Establishment Expenses	(76,093)	(50,272)	-	-
Other Overhead Expenses	(68,531)	(59,853)	-	-
Other Finance Cost	(112)	(502)	-	-
Total Operating Expenses	(295,388)	(206,180)	-	-
Operating profit / (loss) before VAT	(305,272)	(44,739)	-	-
Vat on financial services	-	-	-	-
Operating profit / (loss) after VAT	(305,272)	(44,739)	-	-
Tax expenses	(1,957)	47,635	-	-
Profit / (loss) for the period	(307,229)	2,896	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	(307,229)	2,896	-	-
Inter segment revenue	-	-	-	-
Revenue from external customers	(9,884)	50,662	-	-
Segment assets	8,695,537	8,909,976	271,021	113,668
Segment liabilities	8,206,417	7,764,170	7,794	6,021

Nation Lanka Finance PLC
Analysis of Financial Instruments by measurement basis

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	Carrying values Rs. '000'				Fair value Rs. '000'				
	Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Other Comprehensive Income	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
As at 30th June 2024									
Financial assets measured at fair value									
Financial Assets Recognized Through Profit or									
Loss-Measured at fair value	69,876	-	-	-	69,876	69,876	-	-	69,876
Financial Assets Measured at FVTOCI	-	-	43,244	-	43,244	-	-	43,244	43,244
Investment property	-	-	-	-	-	-	-	1,496,829	1,496,829
Financial assets not measured at fair value									
Financial Assets Measured at Amortized Cost									
- Loans and Advances	-	3,349,778	-	-	3,349,778	-	-	-	-
- Debt and Other Instruments	-	1,297,052	-	-	1,297,052	-	-	-	-
Trade & Other Receivables	-	315,778	-	-	315,778	-	-	-	-
Amounts Due From Related Parties	-	-	-	-	-	-	-	-	-
Deposits With Licensed Commercial Banks	-	472,049	-	-	472,049	-	-	-	-
Cash and Cash Equivalents	-	115,821	-	-	115,821	-	-	-	-
	69,876	5,550,478	43,244	-	5,663,598	69,876	-	1,540,073	1,609,949
Financial liabilities not measured at fair value									
Due to Banks and Financial Institutions	-	-	-	322,719	322,719	-	-	-	-
Financial Liabilities at amortized cost-due to depositors	-	-	-	5,514,090	5,514,090	-	-	-	-
Amounts Due To Related Parties	-	-	-	509	509	-	-	-	-
Other Borrowings	-	-	-	1,136,337	1,136,337	-	-	-	-
Trade & Other Payables	-	-	-	924,951	924,951	-	-	-	-
	-	-	-	7,898,606	7,898,606	-	-	-	-
Group									
Group	Carrying values Rs. '000'				Fair value Rs. '000'				
	Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Other Comprehensive Income	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
As at 30th June 2024									
Financial assets measured at fair value									
Financial Assets Recognized Through Profit or									
Loss-Measured at fair value	69,876	-	-	-	69,876	69,876	-	-	69,876
Financial Assets Measured at FVTOCI	-	-	43,244	-	43,244	-	-	43,244	43,244
Investment property	-	-	-	-	-	-	-	1,496,829	1,496,829
Financial assets not measured at fair value									
Financial Assets Measured at Amortized Cost									
- Loans and Advances	-	3,349,778	-	-	3,349,778	-	-	-	-
- Debt and Other Instruments	-	1,297,052	-	-	1,297,052	-	-	-	-
Trade & Other Receivables	-	315,778	-	-	315,778	-	-	-	-
Amounts Due From Related Parties	-	-	-	-	-	-	-	-	-
Deposits With Licensed Commercial Banks	-	472,049	-	-	472,049	-	-	-	-
Cash and Cash Equivalents	-	115,821	-	-	115,821	-	-	-	-
	69,876	5,550,478	43,244	-	5,663,598	69,876	-	1,540,073	1,609,949
Financial liabilities not measured at fair value									
Due to Banks and Financial Institutions	-	-	-	322,719	322,719	-	-	-	-
Financial Liabilities at amortized cost-due to depositors	-	-	-	5,514,090	5,514,090	-	-	-	-
Amounts Due To Related Parties	-	-	-	509	509	-	-	-	-
Other Borrowings	-	-	-	1,136,337	1,136,337	-	-	-	-
Trade & Other Payables	-	-	-	924,951	924,951	-	-	-	-
	-	-	-	7,898,606	7,898,606	-	-	-	-

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 2022/2023.
2. The interim financial statements for Three months ended 30th June 2024 are drawn up from unaudited accounts of the company, its subsidiary company Nation Micro Investment 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. Comparative figures and phrases have been re-arranged where ever necessary to conform to the current year's presentation.
6. There was no liability for management fees or any other similar expenditure as at the balance sheet date.
7. The company has already engaged with the Lanka Rating Agency and it is inline in the process of obtaining rating for the merger entity with Kanrich Finance Ltd.
8. There are no other related party transactions within the interim period other than the repayment of credit facilities mentioned in the Annual Report of 2022/2023.
9. 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 complied with the minimum public holding requirement applicable under the said option.

Total number of shareholders	14,150
Public holding percentage	23.21%
Total number of public shareholders	14,147
Float adjusted market capitalization	487,204,893
Number of shares representing entity's stated capital	2,099,116,299

10. Information on ordinary shares of the company

Share prices for the period from 1st of April to 30th June	2024	2023
Highest	0.4	0.6
Lowest	0.3	0.5
30th June	0.3	0.6

11. Monetary board of Central Bank of Sri Lanka has imposed a cap on deposits and lending with effect from 30th September 2019.

Nation Lanka Finance PLC

Top Twenty Shareholders as at 30th June 2024

No	Name of shareholder	No of shares	Percentage
1	Singhe Capital Investment Limited	2,673,696,955	38.22
2	Mutual Holdings Limited	1,733,308,467	24.77
3	Mr. V R Ramanan	965,842,690	13.8
4	Dunamis Capital PLC	228,466,987	3.27
5	First Capital Limited	192,444,940	2.75
6	Mr. A J C Senathipathy	154,835,302	2.21
7	DFCC Bank PLC/ Mr. U H Dharmadasa	129,904,407	1.86
8	Ceyoka (Pvt) Ltd	107,892,355	1.54
9	Mr. H K J Dharmadasa	87,536,211	1.25
10	Mr. D M Siriwardhana	46,369,979	0.66
11	Mr. D S I Weerasinghe	46,369,947	0.66
12	Mrs. T D Sellahewa	40,850,213	0.58
13	Mr. J Rudra	40,352,922	0.58
14	Mr. K H Soorasena	32,257,355	0.46
15	Mrs. N D P Jayatunga	28,370,408	0.41
16	Central Investments & Finance PLC	26,881,118	0.38
17	Mrs. Y Tetsuro	22,580,148	0.32
18	Mr. S K Liyanage	19,488,732	0.28
19	Hatton National Bank PLC/Mr. R E Rambukwella	12,500,000	0.18
	Mr. R E Rambukwella	447,001	0.01
20	D M Meegaswatte	11,324,622	0.16
		6,601,720,759	94.35

Total Number of Shareholders

14,150

Nation Lanka Finance PLC

Directors Shareholding as at 30th June 2024

No.	Name	No of shares	Percentage
1	Mr. V R RAMANAN	965,842,690	13.8
2	Mr. A G M PRIYANTHA	-	-
3	Mrs. S A WICKRAMASINGHE	-	-
4	Mrs. K G D W K BANDARA	-	-
5	Mr. N W M GUNAWANSHA		
6	Mr. U R SENEVIRATHNE		
7	Mrs. L M M JAYAWICKREMA		