

**Orient Financial Services Corporation Limited****Introductory Document**

For obtaining the Listing of 115,625,000 Ordinary Voting Shares on the

Diri Savi Board

of the

Colombo Stock Exchange

**MANAGERS TO THE INTRODUCTION**Kenanga Investment Corporation Ltd.,  
Level 04, Landmark Building,  
No. 385, Galle Road,  
Colombo 03.Orient Financial Services Corporation Ltd.,  
46, 48, Dr. N. M. Perera Mawatha,  
Colombo 08.**DECLARATION**

This Introductory Document has been prepared by Kenanga Investment Corporation Limited from information supplied by Orient Financial Services Corporation Limited (The Company) or which is publicly available. The Directors of the Company, collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which, would make any statement herein misleading. While Kenanga Investment Corporation Limited has taken reasonable care to ensure full and fair disclosure it does not assume any responsibility for any investment decision made by investors based on information contained herein.

In making an investment decision, prospective investors must rely on their own examination and assessments of the Company including the risks involved. No person is authorized to give any information or to make any representations not contained in this Introductory Document and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

THE COLOMBO STOCK EXCHANGE (CSE) HAS TAKEN REASONABLE CARE TO ENSURE FULL & FAIR DISCLOSURE OF INFORMATION IN THE INTRODUCTORY DOCUMENT. HOWEVER, THE CSE ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF THE STATEMENTS MADE, OPINIONS EXPRESSED OR REPORTS INCLUDED IN THE INTRODUCTORY DOCUMENT.

You are advised to carefully read this Introductory Document prior to making any investment decision. If you are in any doubt as to the action you should take you should consult your stockbroker or other professional adviser immediately. Neither shall the delivery of this Introductory Document, under any circumstances, create an implication that there has not been any change in the facts set forth in the Introductory Document or in the affairs of the Company, since the date of this Introductory Document.

**MANAGERS TO THE INTRODUCTION**Kenanga Investment Corporation Limited,  
Level 04, Landmark Building,  
No. 385, Galle Road,  
Colombo 03.**Table of Contents**

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## 1.0 Glossary of Abbreviations

AGM	-	Annual General Meeting
BN	-	Billion
CBSL	-	Central Bank of Sri Lanka
CRIB	-	Credit Information Bureau of Sri Lanka
CSE	-	Colombo Stock Exchange
CDS	-	Central Depository Systems (Private) Limited
EGM	-	Extraordinary General Meeting
EPS	-	Earnings per Share
JI	-	Janashakthi Insurance PLC
LKR / Rs.	-	Sri Lankan Rupees
Market day	-	Any day on which the CSE is open for trading
Mn	-	Million
NBFI	-	Non Bank Financial Institutions
NIM	-	Net Interest Margin
NPL	-	Non Performing Loans

## Orient Financial / The Company

OFSC	-	Orient Financial Services Corporation Limited
OCL	-	Orient Capital Limited
ROA	-	Return on Assets
ROE	-	Return on Equity
RFC	-	Registered Finance Companies
SEC	-	Securities and Exchange Commission of Sri Lanka
SLC	-	Specialized Leasing Companies
SME	-	Small & Medium Enterprises
Shares	-	Ordinary Voting Shares
VAT	-	Value Added Tax

## 2.0 Corporate Information

Company Name	:	Orient Financial Services Corporation Limited
Legal Form	:	A public limited liability company Incorporated on the 28 <sup>th</sup> of April 2003 under the Companies Act No. 17 of 1982 and re-registered under Companies Act No. 07 of 2007 on the 27 <sup>th</sup> of November 2007.
		The Company obtained provisional license from the Monetary Board of the Central Bank of Sri Lanka to be registered as a Finance Company under the Finance Business Act No 42 of 2011 on the 12 <sup>th</sup> of January 2012. The Company is registered under the Finance Leasing Act No. 56 of 2000 as a Leasing Company.
Registration Number	:	PB 75
Place of Incorporation	:	Colombo
Registered Office	:	No. 75, Arnold Ratnayake Mawatha, Colombo 10.
	Tele	: +94 112639878
	Fax	: +94 112639868
Business Office	:	46, 48, Dr. N. M. Perera Mawatha, Colombo 08.
	Tele	: +94 11 7 577 577
	Fax	: +94 11 7 577 511
	E-mail	: orientleasing@sltnet.lk
Board of Directors of the Company	:	Dr. D. C. Jayasuriya PC - Chairman (Non-Executive Director) Mr. M. J. T. Waas - Executive Director/CEO Mr. P. A. Schaffter - Non-Executive Director Mr. R. Schaffter - Non-Executive Director Mr. A. W. Atukorala - Independent Non-Executive Director Mr. A. Tittawella PC - Independent Non-Executive Director Mr. S. Wikramanayake - Independent Non-Executive Director Mrs. L. K. Gunatilake - Independent Non-Executive Director

Company Secretary	:	KHL Corporate Services Limited No. 75, Arnold Ratnayake Mawatha, Colombo 10.
	Tele	: +94 112639878
	Fax	: +94 112639868
Company Auditors	:	M/s KPMG Ford, Rhodes, Thornton & Co. (Chartered Accountants) 32A, Sir Mohamad Macan Makar Mawatha, Colombo 03.
	Tele	: + 94 11 5426426
	Fax	: + 94 11 2445872
Bankers to the Company:		Commercial Bank of Ceylon PLC NDB Bank PLC Peoples Bank Sampath Bank PLC Bank of Ceylon Seylan Bank PLC Hatton National Bank PLC Union Bank PLC
Lawyers to the Company:		Gunawardene & Ranasinghe Associates Paul Ratnayake Associates

### 3.0 Information relevant to the Introduction

#### Introduction of Ordinary Voting Shares for Listing

This Introductory Document dated 27<sup>th</sup> of March 2012 is published for the purpose of obtaining a Listing on the Colombo Stock Exchange for the One Hundred and Fifteen Million and Six Hundred and Twenty Five Thousand (115,625,000) Ordinary Voting Shares of Orient Financial Services Corporation Limited.

The Shares will be listed on the Diri Savi Board of the Colombo Stock Exchange.

#### Collection Points

Copies of the Introductory Document may be obtained from the Managers to the Introduction or from any Member Firm or Trading Member of the Colombo Stock Exchange.

The collection points are set out in Annexure A.

#### MANAGERS TO THE INTRODUCTION



Kenanga Investment Corporation Limited,  
Level 04, Landmark Building,  
No. 385, Galle Road,  
Colombo 03.

### 4.0 Overview of the Industry

The financial system in Sri Lanka comprises of the major financial institutions, namely the Central Bank of Sri Lanka (CBSL), Licensed Commercial Banks (LCBs), Licensed Specialized Banks (LSBs), Licensed Finance Companies (LFCs) also known as Registered Finance Companies (RFCs), Specialized Leasing Companies (SLCs), Primary Dealers (PDs), Pension and Provident Funds, Insurance Companies, Rural Banks, Merchant Banks, Unit Trusts and thrift and credit co-operative societies; the major financial markets, such as the foreign exchange market, money market, capital market and the informal financial market; and the financial infrastructure which is the legal framework related to the financial system and the payment and settlement system.

The non-banking sector of the financial system in Sri Lanka comprises Licensed Finance Companies (LFCs) and Specialized Leasing Companies (SLCs). The non-banking sector plays an important role in the development of the country with its network of 605 branches countrywide. The non-banking sector caters more towards the rural community and SME's across the island. With 80% of the country's population living in rural territories, this makes it a significant market.

The financial sector showed continued growth in 2011. Financial Institutions expanded to facilitate the economic growth which the country started to experience after the end of the 30 year civil conflict. Credit growth continued to expand in 2011. The stability of the financial institutions in terms of capital, liquidity, profitability and asset quality was maintained throughout the year. The Finance Business Act and the Mandatory Deposit Insurance scheme are some of the steps taken by the CBSL in order to strengthen the regulatory and prudential framework of the financial sector. The incentive taken by CBSL such as the establishment of a secured transactions registry for movable property which will facilitate lending by using such properties as collateral, key payment and settlement system operated with a high degree of availability and safety. Introducing regulations for mobile payments will help to improve the performance of the Finance sector further.

#### 4.1 Performance of Non –Bank Financial Institutions

The branch network of the Non-Bank Financial Institutions (NBFI) sector expanded with the expansion of economic activities. The total number of NBFIs increased to 56, with the licensing of a new company during the first half of the year. The branch network increased to 605, with 58 new branches.

Credit provided by the NBFI sector increased by 19 per cent in the first six months of 2011 compared with 11 per cent in the corresponding period of 2010. Total loans outstanding amounted to Rs. 316 billion as at end June 2011. Loans provided for finance leasing grew by 44 per cent, while pawning increased by 22 per cent in the first half of 2011. Deposits of the NBFI sector grew, while borrowings declined marginally. Deposits increased by 13 per cent to Rs. 166 billion in the first half of 2011. Borrowings decreased by 0.1 per cent in the first six months of 2011, mainly due to a decline in bank borrowings by SLCs.

A declining trend in non-performing loans was recorded by the NBFI sector which indicated that the credit quality of the NBFI has increased. Both the gross and net Non-Performing Loan (NPL) ratio of the sector declined to 6.5 per cent and 2.5 per cent, respectively, as at June 2011. The liquid asset to total asset ratio declined from 8.6 per cent in June 2010 to 5.8 per cent in March 2011 and increased to 6.0 per cent as at June 2011.

However, profitability of the NBFI sector was at a high level. The profits after tax increased by 6 per cent in the first half of 2011 compared with the negative growth in the corresponding period of 2010, on account of the greater volume of business and increased net interest income in the lower interest rate environment. Consequently, the ROA and ROE increased to 5.1 per cent and 28.3 per cent as at June 2011. The capital adequacy of the NBFI sector strengthened. Capital funds increased by 26 per cent in the first half of 2011 and the Capital Adequacy Ratio (CAR) of the NBFI sector exceeded the regulatory minimum requirement. The Tier 1 (core) CAR and the total CAR ratio rose to 20.6 percent and 11 per cent as at June 2011. The gearing ratio was comfortable.

Capital adequacy and liquidity requirements were introduced for SLCs. SLCs are required to maintain a risk-weighted CAR similar to RFCs (Tier 1 CAR of 5 per cent and total CAR of 10 per cent) from July 2011. In addition, SLCs are required to maintain a liquid assets requirement of 5 per cent from January 2012 and 10 per cent from January 2013. The direction on structural changes of SLCs dated 30 March 2011 was amended to require the prior approval of the CBSL for the sale of businesses, establishment of subsidiary companies or any corporate changes.

Source: Website of Central Bank of Sri Lanka ([www.cbsl.gov.lk](http://www.cbsl.gov.lk)) -Recent Economic Developments: Highlights of 2011 & Prospects for 2012

#### Selected Data and Key Financial Soundness Indicators of NBFI

Rs. Bn	2009 June	2010 June	2011 June <sup>(a)</sup>
Total Assets	284	323	413
Advances	192	219	316
Deposits	105	131	166
Borrowings	97	102	139
Capital Funds	42	42	54
<b>Indicators (Per Cent)</b>			
Total Capital Adequacy Ratio	13.6	10.1	11.0
Tier 1 Capital Adequacy Ratio	25.9	24.1	20.6
Gross Non Performing Accommodations Ratio	8.9	9.7	6.5
Net Non Performing Accommodations Ratio	4.9	4.6	2.5
Return on Assets (Before Tax) (ROA)	0.02	3.7	5.1
Return on Equity (After Tax) (ROE)	(4.0)	17.4	28.3
Liquid Assets to Total Assets	9.0	8.6	6.0

(a) Provisional

Table 1: Data and Key Financial Soundness Indicators of NBFI

Data Source: Website of Central Bank of Sri Lanka ([www.cbsl.gov.lk](http://www.cbsl.gov.lk))

(Recent Economic Developments : Highlights of 2011 & Prospects for 2012)

## 5.0 Overview of the Company

### 5.1 Group Structure

Orient Financial Services Corporation Limited (OFSC) is a subsidiary of Orient Capital Ltd (OCL) (previously known as People's Venture Investment Company Ltd) which holds a majority stake in OFSC amounting to 64.99%(75,149,994) of the total shareholding as at 20th of March 2012. OCL is a fully owned subsidiary of Janashakthi Financial Services Ltd.

#### 5.1.1 Orient Capital Limited

People's Venture Investment Company (Pvt) Ltd (PVIC) was incorporated on 24th of March 1992 and was owned by People's Bank (62%) and National Insurance Corporation (38%). Janashakthi Insurance acquired 51% of the shares of the National Insurance Corporation on 20th of June 2001 and 39% of the Shares on 29th of August 2002. Janashakthi Insurance and National Insurance Corporation were amalgamated by a court order on 31st of December 2006. In 2003 People's Bank sold its entire shareholding in PVIC to National Insurance Corporation. PVIC became a member of the Janashakthi Group due to National Insurance Corporation being part of the Janashakthi Group. In January 2010 Janashakthi Insurance sold its shareholding in PVIC to Janashakthi Financial Services Limited and the Company name was changed to Orient Capital Limited in 2012.

Orient Capital Ltd (previously known as Peoples' Venture Investment Company (Pvt) Ltd) was initially set up as a venture capital entity by the People's Bank. The vision of the company is to become a fully-fledged Investment Banking institution catering to wholesale and retail financial markets.

As the first step towards this vision, the Company acquired Orient Financial Services Corporation Ltd from United Motors Lanka PLC which is a specialized finance leasing establishment registered with the Central Bank of Sri Lanka in 2011.

Orient Capital is the Holding Company of Orient Wealth Ltd and Orient Financial Services Corporation Ltd. and will continue to make strategic investments which will benefit the Group as a whole.

Shareholders of Orient Capital Limited

Janashakthi Financial Services Ltd holds 99.99% of the Shares of Orient Capital Limited.

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Directors of Orient Capital Limited

- Mr. C. T. A. Schaffter (Chairman)
- Mr. Rohan Senanayake (Managing Director)\*
- Mr. Prakash Schaffter
- Mr. Ramesh Schaffter

\*Mr. Rohan Senanayake is also the Managing Director of Kenanga Investment Corporation Ltd., the Managers to the Introduction.

Group Structure

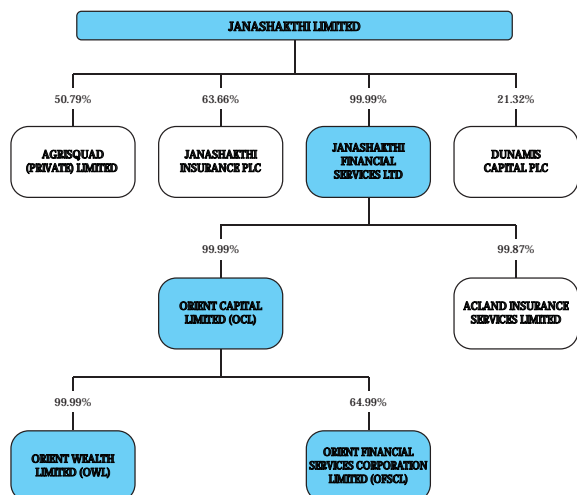


Figure 1: Group Structure

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### 5.2 Orient Financial Services Corporation Limited

Orient Financial Services Corporation Limited (OFSC) commenced commercial operations with an issued and paid up capital of Rs.125 Mn in July 2003 as a SLC with the approval of the CBSL. The promoters of the Company were Readywear Industries Ltd and United Motors Lanka PLC (UML). Readywear Industries Ltd. held 80% of the issued capital and for strategic reasons subsequently sold their stake to United Motors Lanka PLC, agent of Mitsubishi Vehicles in Sri Lanka and a listed entity in the Colombo Stock Exchange on 20<sup>th</sup> of November 2003. During the third year of operation the major shareholders infused more capital placing their confidence in the operation of the company. In February 2011, UML sold its stake to Orient Capital Ltd (which was earlier known as People's Venture Investment Company Ltd) which is a subsidiary of Janashakthi Financial Services Ltd. As a result the company is now under the Janashakthi Group umbrella.

Leasing and hire purchase are the main activities of the Company while micro finance and factoring also contribute to the overall profitability of the Company. The contribution of leasing activities to the total income of the company in 2011 was 52% and hire purchase contributed to 27% of the total income of the company in 2011. The contribution of factoring activities to the total income was 12%. Leasing activities generated an income of Rs.175 Mn in 2011. The company has an island wide client base of around 9000. The Company has recorded a net profit for 6 years out of the 8 years of operation. In 2011 the Company posted its best performance since inception, achieving Rs. 82.8 million profits after tax compared to the previous year's profit of Rs. 40.7 million. Return on Equity stood at 24.18% on par with the industry average and Return on Total Assets also recorded 6.2% as against the 2.71% in the previous year. Earnings per share (EPS) for the year were Rs. 3.45, which is a 102.9% increase over the previous year.

Branch Network

OFSC has five fully-fledged branches and six window offices at the district offices of Janashakthi Insurance PLC (JI). Branches are located in Ampara, Matara, Kurunegala, Kochchikade and Welisara. The window branches are located in Avissawella, Galle, Gampaha, Kalutara, Kandy, Kegalle and Vavuniya.

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### 5.3 Shareholders of the Company

The Top Twenty (20) Ordinary Shareholders of OFSC as at 27<sup>th</sup> March 2012 are as follows:

Name of Shareholder	Number of Shares	%
Orient Capital Limited	75,149,994	64.99
First Capital Holdings PLC	23,125,000	20.00
Vinitha (Pvt) Ltd	11,150,000	09.64
Next Ventures Limited	5,782,500	05.00
Mr. L.U.D Fernando	350,000	00.30
Mr. C. J Anic	30,000	00.03
Ms.K.C. Nirmala	5,100	00.00
Mr.M.J.T Waas	5,000	00.00
Mr.S. B. G. Giriagama	1,000	00.00
Mr.H. S.Caldera	1,000	00.00
Mr.G. R.Clark	1,000	00.00
Mr.P. S. T.Fernando	1,000	00.00
Mr.W. L. S.Fonseka	1,000	00.00
Mr.D. M. N. P.Karunapala	1,000	00.00
Mr.D. A. Katuwawala	1,000	00.00
Mr.J. K. D. N.Pushpakumara	1,000	00.00
Mr.D. T. S.Rajapakse	1,000	00.00
Mr.W. L. N.Rajeewa	1,000	00.00
Mr.J. A. D.Wijayabandara	1,000	00.00
Others	16,406	00.01
<b>Total</b>	<b>115,625,000</b>	<b>100.00</b>

Table 2: Shareholders of the Company

It should be noted that more than 10% of the shares of OFSC are held by over 100 'Public' shareholders holding a minimum of 100 shares each, as defined by the CSE Listing Rules.

Out of the 115,625,000 Ordinary Voting Shares to be listed on the Colombo Stock Exchange 59,999,995 shares (52% of the total Shares) will be available for trading from the first day of trading of the Company's Shares. The balance 55,625,005 shares will be available for trading from 20<sup>th</sup> of June 2012.

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## 5.4 Future Plans

OFSCCL obtained a provisional license to operate as a Registered Finance Company from the Monetary Board of the Central Bank of Sri Lanka on 12<sup>th</sup> of January 2012 under the Finance Business Act No 42 of 2011. Along with the envisaged change in status to that of a Registered Finance Company from a Specialized Leasing Company and the current economic development of the economy, the management is planning to expand business activities to the optimum potential while supporting the needy category of the country.

In the first phase the Company expects to expand customer reach points through window offices and to upgrade these window offices into fully fledged branches in order to provide convenient access for potential and existing customers. OFSCCL also intends to expand the lease and debt factoring portfolio of the Company to mid-size corporate enabling the company to further increase its market share in the low risk category thus maintaining the quality of its credit portfolio.

The company is in the process of minimizing the maturity mismatches and maintaining a higher liquidity ratio to build confidence among the depositors.

The Company also intends to source a part of its financing through foreign funds. OFSCCL will focus on enhancing its lending portfolio under prudential norms in the coming years, mainly through geographical penetration and the introduction of new financial instruments to cater to niche markets. CBSL has given the green light for the financial services sector to source foreign funds. In light of this OFSCCL is also looking at sourcing funds via this method. The Leasing Association of Sri Lanka and the Finance Houses Association of Sri Lanka are also exploring the avenue of arranging foreign funds through securitization of lease receivables. OFSCCL will also participate in this endeavor.

At present the company is backed by its Parent Company through an infusion of capital and strengthening of the balance sheet for long term finance needs. The Company will be able to obtain more equity capital after it is listed on the CSE which will enable OFSCCL to open up more branches, catering to a large number of geographically dispersed customers. Even though the short term profitability ratios may be unfavorable to the Company with the planned branch expansion, in the long term it will yield higher profitability, when the Company's revenue starts growing with a relatively slow growth in costs.

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The Company will open 15 branches within a period of two (02) years in strategic locations subject to CBSL approval. The funding for the new branches will be sourced through deposit mobilization, debt securitization, bank loans, foreign funding, debentures and equity based on market conditions.

Being a part of the Janashakthi Group, OFSCCL will be able to tap Group resources at competitive cost structures in order to attract clients, which will help OFSCCL to maintain sustainable growth in the branches. It is a vital process starting from branding, to positioning the company in the minds of target customers, creating new customers as well as retaining the existing client base of the Company.

### 5.4.1 Assumptions regarding future plans

OFSCCL expects the macroeconomic environment of the country to be conducive due to the cessation of the three decade long war and the expectations of accelerated economic development.

OFSCCL expects that economic development would result in increased demand for the financial products offered by the Company.

The Company expects current tax legislation applicable to its financial products either to remain unchanged or have no major adverse change.

OFSCCL expects no major adverse changes in the interest rate environment.

The Company also expects that it would have access to and the availability of funding to facilitate future lending at an optimum cost.

### 5.4.2 Risks associated with future plans

Financial institutions like OFSCCL are constantly exposed to numerous risks. These include credit risk, interest rate risk, liquidity risk, reputational risk, operational risks, regulatory risk etc.

#### Credit Risk

Credit risk occurs when a borrower is unable to repay their rentals according to the terms of the Lease or Hire Purchase Agreement. Even though the absolute ownership of the underlying asset is with OFSCCL, the amount realizable through the subsequent sale of the asset may be insufficient to recover the outstanding amount fully in the event of default.

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Therefore, OFSCCL may experience losses which could have a material adverse effect on its operating results and financial position. The Company adopts a comprehensive credit evaluation policy at the time of granting such facilities and also maintains a close relationship with its customers in order to ensure that the recovery process can be expedited if the lease / hire purchase commitments are not met.

#### Liquidity Risk

Liquidity risk for a financial institution is the risk of inability to meet its obligations as they become due. This risk could arise due to several factors including reliance on a particular source of funding, market-wide issues, changes in credit ratings, etc. Lack of liquidity may pose solvency issues for the Company and the Company may have to curtail its disbursements and increase the need for funding to meet the liquidity requirements.

#### Interest Rate Risk

As a company in the financial services industry, the Company's profitability is linked to the volatility of interest rates. The volatility of interest rates may affect the spread between lending and borrowing rates. A maturity mismatch could exist between the lending portfolio and corresponding funding that could affect the interest rate spread due to interest rate volatility. When the Company's lending is mainly on fixed rates and where the borrowing may be on floating rate this mismatch could expose the Company to interest rate risk particularly in a rising interest rate scenario.

#### Competition with Other Institutions

OFSCCL operates in a highly competitive industry facing competition from various institutions operating in the financial services industry such as LCBs, RFCs, LSBs and other SLCs. These institutions may offer similar products and services that are offered by OFSCCL. This may reduce or limit OFSCCL's lending and borrowing capacity and will also affect the interest spreads. Competition may affect the growth and the market share of the company which in turn could affect the bottom line of the Company adversely.

#### Adverse Economic Conditions

The Company will be able to implement its future plans only if favorable local economic conditions prevail. In the event there is a macroeconomic downturn it will affect the customer base of OFSCCL which is the SME sector and the Middle Income groups. This may in turn affect the growth of the lending portfolio of the Company and recoverability.

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However as the economy has been showing signs of improvements after the end of the 30 year old civil conflict the growth opportunities for OFSCCL remain high.

Also, since OFSCCL has taken sufficient measures to address credit risk and since the average exposure for a single client is low the impact of the risk is greatly reduced.

#### Regulatory Risk

The financial services industry which OFSCCL operates in is one of the most regulated sectors in Sri Lanka due to the general public interest and the impact it has on the economy. The CBSL governs the operations of SLCs and may from time to time impose regulations on provisioning for non-performing loans, interest rates, capital adequacy ratios, capital requirements, etc. Furthermore, any regulatory change, or increase in industry regulations may increase the costs of the Company and may have an adverse impact on their financial performance.

#### Operational Risk

Operational risks include fraud, errors by employees or third parties, failure to comply with applicable regulatory requirements and conduct of business rules, equipment failures, natural disasters or the inadequacy or failure of systems and controls, including those of OFSCCL and third parties. Many types of operational risk, such as the destruction of property, are covered by insurance. However, good management, as seen at OFSCCL is required to mitigate operational risk.

#### Changes in Tax Legislation

Any increase in tax rates or imposition of additional taxes may reduce its profitability.

#### Reputational Risk

Negative public opinion can result from the actual or perceived manner in which OFSCCL conducts its business activities or from actual or perceived practices in the financial industry. Negative public opinion, such as the ripple effect caused by the failure and instability of other financial institutions may adversely affect OFSCCL's ability to maintain and attract customers.

However OFSCCL enjoys a good reputation in the industry and in the eyes of the public. This is further strengthened by being a part of the Janashakthi Group which is one of the most respected brands in Sri Lanka.

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## Branch Expansion

Aggressive branch expansion plans of competitors may dampen the strategy of opening branches by OFSCL. However, due to the expertise and service orientation of OFSCL and with the backing of Janashakthi Group resources the competition can be minimized.

## 5.4.3 Provisional Approval to operate as a Registered Finance Company

The Monetary Board of the Central Bank of Sri Lanka has granted provisional approval for licencing OFSCL under the Finance Business Act No 42 of 2011 subject to the following conditions:

- Amending Articles of Association of the Company to include the required provisions of carrying on finance business
- Submitting an undertaking by the Board of Directors of OFSCL to:
  - List the Company in the Colombo Stock Exchange within one year from the date of issuance of license; and
  - Take necessary steps to reduce non-performing advances to at least the industry average within one year from the date of the provisional approval.

Accordingly licence in terms of section 5(3) (b) of the Finance Business Act. No. 42 of 2011 will be issued once the above steps are completed.

As per the provisional approval granted by CBSL, OFSCL cannot commence finance business before the licence is issued. The Company has not commenced accepting deposits from the public. OFSCL has satisfied the first condition set out in the provisional approval. The Company has obtained CBSL approval for the amended Articles of Association of the Company. OFSCL has submitted an Undertaking by the Board of Directors to CBSL stating that the Listing of OFSCL on the Colombo Stock Exchange is in progress and that the Company will take necessary steps to reduce non-performing advances to the industry average within one year from the date of the provisional approval (i.e from 12<sup>th</sup> of January 2012). Approximately within two (02) months from May 2012 OFSCL will be able to obtain the licence to operate as a Registered Finance Company (RFC) subject to CBSL approval. In the event that the licence to operate as a RFC is not granted the Company will continue its business as a Specialized Leasing Company. The Provisional approval is only valid for a period of 6 months from 12<sup>th</sup> of January 2012. (From 12<sup>th</sup> of January 2012 to 11<sup>th</sup> of July 2012)

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## 5.5 Dependence on Key Customers &amp; Suppliers

Even though the Company is catering to the SME sector and Middle Income Groups, the SME sector being vast and consisting of many sub-sectors, disbursements are carried out in all sub-sectors based on the clients' creditworthiness and are not limited to a few sub-sectors. Therefore risk is diversified across the sub-sectors. Further, since our lease ticket size is comparatively small the risk is spread over a large customer base.

Once the RFC license is obtained the dependency on any particular entity for funding too will further reduce.

## 5.6 Human Resources

As at 29<sup>th</sup> of February 2012 there are 144 employees of the Company.

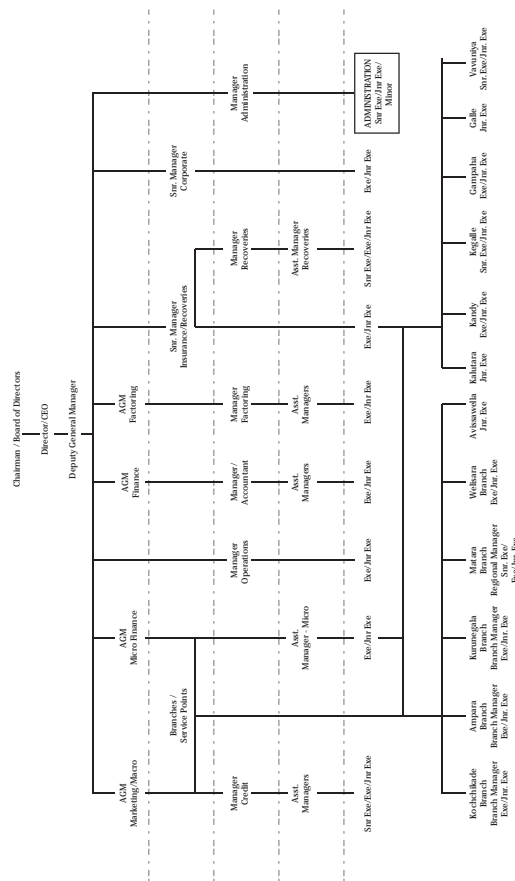
OFSCL has not entered into any collective agreements with the employees of the Company as the employees of the Company were not members of any trade union.

The Employee Composition is given below:

Category	No of Employees
CEO	01
Deputy General Manager	01
Assistant General Manager	04
Senior Manager	02
Manager	06
Assistant Manager	16
Senior Executive	07
Executive	104
Non Executive	03
Total	144

Table 3: Employee Composition

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Organization Structure (as at 29<sup>th</sup> February 2012)



## 6.0 Corporate Structure

### 6.1 Board of Directors

The Board of Directors of OFSCL is responsible for the governance of the Company and supervises and provides guidance and direction to the operations of the Company.

In conformity with standards of best practice the role of the Chairman and the Chief Executive Officer (CEO) are separated with the positions being held by two individuals who are independent of each other.

The Board comprises Eight (08) Directors, including Four (04) Independent Non-Executive Directors.

Name of Director	Age	Address	Designation
Dr. D. C. Jayasuriya PC	61	No. 40/12, Swarnadisi Place, off Koswatte, Nawala.	Chairman/ Non-Executive Director
Mr. M. J. Travis Waas	53	No. 20, Purana Vihara Mw, Colombo 06.	CEO/Executive Director
Mr. Prakash A Schaffter	44	No.15M, Ekanayake Avenue, Nugegoda.	Non-Executive Director
Mr. Ramesh Schaffter	42	No.15B, Ekanayake Avenue, Nugegoda.	Non-Executive Director
Mr. Ananda W Atukorala	62	No. 42/1, Horton Place, Colombo 07.	Independent Non-Executive Director
Mr. Anil Tittawella PC	49	No. 8, 2nd Lane, Galpotta Rd, Nawala.	Independent Non-Executive Director
Mr. Sarath Wikramanayake	57	No. 8, Swarna Place, Nawala.	Independent Non-Executive Director
Mrs. Lakshmi K Gunatilake	64	No. 56, Moronthuduwa Rd, Wadduwa.	Independent Non-Executive Director

Table 4: Composition of the Board of Directors

Mr. M. J. Travis Waas-Chief Executive Officer (Executive Director)  
(Resigned with effect from 30<sup>th</sup> June 2012)

He possesses a Bachelor's Degree in Science from University of Colombo and a MBA from NTSU (Univ. North Texas), USA.

Mr. Waas counts more than 20 years' experience in leasing, having commenced his career at Lanka Orix Leasing Company Ltd in 1987. After serving at Hattton National Bank PLC and Vanik Incorporation Ltd where he set up their respective leasing divisions, he joined DPMC Financial Services (Pvt) Ltd (DPMCFS), a company of the David Pieris Group as its Executive Director in 1999. Under the DPMCFS cluster, he also served as the Executive Director of DP Global Securities (Pvt) Ltd, a member Stock broking firm of the CSE and DP Capital Management (Pvt) Ltd, a fund management and margin trading facilitator registered with the SEC and was instrumental in setting up Assetline Leasing Company Ltd, in 2003 where he served as its Managing Director till 2009.

Mr. Waas also served as a Director of the Leasing Association of Sri Lanka over a two year period. He also served as the Chairman of DP Corporate Services (Pvt) Ltd, Managing Director of DP Insurance Brokers Ltd, Non-Executive Director of LB Finance Ltd and Non-Executive Director of People's Merchant Bank Ltd.

Mr. Prakash A Schaffter (Non-Executive Director)

Mr. Prakash Schaffter is the Managing Director of Janashakthi Insurance PLC. He is a Fellow of the Chartered Insurance Institute and counts industry experience of over two decades in the United Kingdom and Sri Lanka, complemented by a thorough knowledge of international insurance practice.

He possesses a Bachelor's Degree in Political Science from the University of London and a Masters in Business Administration from the University of Cambridge. He is also the Vice President of the Insurance Association of Sri Lanka (IASL) having served on the Committee for several years. He has also been a part of consultative committees on various industry related matters.

He was a part of the core team that founded Janashakthi Insurance and was initially Deputy General Manager Finance and Administration before being appointed General Manager. In 1998 he was appointed to the Board of Janashakthi Insurance as Director/General Manager and was instrumental in the acquisition and subsequent amalgamation of the business of National Insurance Corporation Limited.

#### 6.1.1 Profiles of the Board of Directors

Dr. D.C Jayasuriya President's Counsel - Chairman (Non -Executive Director)

Dr. Dayanath Jayasuriya (LLB (Ceylon); Ph.D. (Colombo); Fellow - International Compliance Association (U.K.); Hony Fellow - Society for the Advanced Study of Law (U.K.); Member -Singapore Institute of Directors). He spent almost ten years in the Attorney-General's Office in Sri Lanka where he appeared in many important financial services law cases and thereafter was out of the country for over 20 years working for the United Nations and its specialized agencies in Geneva, Vienna, Bangkok, New Delhi and Islamabad.

He returned to Sri Lanka in 2000 and was appointed the Director General and CEO of the Securities and Exchange Commission and the Insurance Board of Sri Lanka and held these posts until 2003. In 2004 he was appointed Chairman of both these regulatory bodies. Dr. Jayasuriya is the Founder Chairman of the South Asian Insurance Regulators' Forum. In 2005 he served as the Chairman of the International Organization of Securities Commission (IOSCO) President's Committee. Under his Chairmanship IOSCO adopted a series of major recommendations for the future direction of IOSCO and the regulation of capital markets.

Currently he is the Managing Partner of Corporate Governance Advisory Services Pte. Ltd., a consultancy firm registered in Singapore. He serves as a Director, Citystate Insurance Company Limited and Global Investment Prosperity (Pvt) Ltd. Since 2005 he has been a Director of the International Financing Facility for Immunization Co. Ltd. (U.K.) and a member of its audit committee. Dr. Jayasuriya has served as a Director of the Public Utilities Commission, the Public Enterprises Reform Commission, the Accounting and Auditing Standards Monitoring Board, the National Procurement Agency and as a Trustee of the Construction and Guarantee Fund.

Dr. Jayasuriya has been a Visiting Scholar at Harvard University and has lectured at many leading universities including Cambridge University, London University, Georgetown Law School, Delaware Law School, McGill University and the University of Sydney. He is a Visiting Professor of Mercantile Law at the University of the Free State, South Africa. He has written more than 20 books, 25 monographs and published over 200 articles.

He has played cricket at a high level, having represented both Cambridge University and London University. He was also the Secretary of the Interim Committee which governed Sri Lanka Cricket until recently. He is the President of the Tamil Union Cricket & Athletic Club, at which Club he has served as a Committee Member since 1992. He is also the current President of the Young Presidents' Organization (YPO) Sri Lanka Chapter.

Mr. Ramesh Schaffter (Non-Executive Director)

A versatile personality with over two decades experience in Finance & Marketing, he is a Fellow Member of the Chartered Institute of Management Accountants UK and a former Council Member of the Chartered Institute of Management Accountants Sri Lanka Division and an Associate member of the Chartered Institute of Marketing. Having served as Secretary to the Board of Janashakthi Insurance since the inception of Janashakthi Insurance in 1994 he was appointed to the Board of Janashakthi Insurance in 2004. He has also served on the Boards of several public listed and unlisted companies.

An accomplished public speaker he has won several awards at National and International level at Toastmasters' contests. He is a Vice President of the Tamil Union Cricket & Athletic Club and is the incumbent Treasurer of Habitat for Humanity Sri Lanka, an NGO engaged in providing housing for low-income families.

Mr. Ananda W Atukorala (Independent Non-Executive Director)

Mr. Atukorala possesses extensive experience in banking both in Sri Lanka & Overseas. He has served as Deputy General Manager, ANZ Grindlays Bank; Country Manager Sri Lanka, Mashreq Bank PSC and was a former advisor to the Ministry of Policy Development & Implementation.

Presently, he serves as an Independent Non-Executive Director of Union Bank of Colombo PLC, United Motors Lanka PLC, Mega Containers Ltd., Platinum Realty Investments (Pvt) Ltd, Pragnya Tech Parks Lanka (Pvt) Ltd, Saphron Solutions (Pvt) Ltd. and Arni Holdings and Investments (Pvt) Ltd. and as an Alternate Director of The Finance and Guarantee Company Limited - a subsidiary company of Union Bank of Colombo PLC.

Mr. Atukorala had also served as a Member of the Technology Initiative for the Private Sector - an USAID sponsored project with the Ministry of Industrial Development. He is also a Working Committee Member - Commercial Banking Sector - Presidential Commission on Finance and Banking, Committee Member - Banker's Club of Sri Lanka and a Former Director - Sri Lanka Banks Association (Guarantee) Ltd. and CRIB - Credit Information Bureau of Sri Lanka. He holds a B.Sc (Leeds, UK), MTT (North Carolina, USA) and a MBA.

Mr. Anil Tittawella President's Counsel (Independent Non-Executive Director)  
(Appointed with effect from 28<sup>th</sup> of March 2012)

Mr. Anil Tittawella is a President's Counsel and had a varied professional career with a wide range of subjects both in terms of litigation and under other dispute resolution mechanisms. His expertise is in civil and commercial law litigation, alternate dispute resolution mechanisms, legal documentation, drafting, negotiation, mergers and acquisitions, corporate legal matters and legal due diligence. Some of the countries that he has represented his clients in are Pakistan, South Korea, Hong Kong, Sweden, UAE, Thailand, Singapore, England, USA, India, Mauritius, New Zealand and Switzerland.

Mr. Tittawella has been a member of the Bar Association of Sri Lanka Committee on Company Law Reform (1995-1998), member of the Ceylon Chamber of Commerce Committee on Company Reforms (1993), Member of the Sri Lanka Swedish Joint Legal team to formulate the new Arbitration Act of Sri Lanka (1994-1997). He was also the Legal Consultant to the Airport and Civil Aviation Authority of Sri Lanka (1994-1997) and the founder member of the Institute of Commercial Law and Practice in Sri Lanka (1995). Mr. Tittawella also functioned as a commission member of the Securities and Exchange Commission of Sri Lanka from 2000 to 2002 and was also a Member of the Insurance Board of Sri Lanka from 2001 to 2002. He is a Member of the Bar Association of Sri Lanka and the Colombo Law Society.

Mr. Tittawella is an Attorney-at-Law of the Supreme Court of Sri Lanka and holds Solicitors (final) Examination of the Law Society of the United Kingdom and Masters in Law (Hons) University of Waikato, New Zealand.

Mr. Sarath Wikramanayake (Independent Non-Executive Director)  
(Appointed with effect from 23<sup>rd</sup> of April 2012)

Mr. Wikramanayake started his career at Ford Rhodes Thornton & Co and then moved to the Bank of Butterfield in Bermuda and during his 17 years at the bank he climbed up the corporate ladder from Internal Auditor to Executive Vice President and Chief Financial Officer. In 1999 he joined Union Assurance Limited and was appointed as the Chief Executive Officer in 2000. Currently he is a Director of NDB Bank PLC, NDB Investment Bank, CDIC PLC, Aviva NDB Insurance PLC, NDB Aviva Wealth Management Ltd, Aviva NDB Finance Lanka (Private) Ltd and PC House PLC. Mr. Wikramanayake is also a Director of Greenwich Lanka (Private) Ltd, Proclivity Ltd. and Infoserve Ltd.

He served as the President of the Insurance Association of Sri Lanka in 2001/2002 and has also served as a Council Member of the Chamber of Construction Industry, Chairman of the Insurance Sub-Committee of the Ceylon Chamber and Member of two sub-committees in a governmental Financial Sector Reforms initiative.

Mr. Wikramanayake was awarded the World Company Law and Taxation prize by the Institute of Chartered Management Accountants (UK) and was also awarded the Auditing prize at the final examination of the Institute of Chartered Accountants Sri Lanka. He is a Chartered Accountant and is a Chartered Management Accountant. He is a Passed Finalist of the Board of Certified Public Accountants of USA and a Passed Finalist of the Association of Certified Accountants UK. He was also a Certified Information Systems Auditor (CISA) and holds the General Diploma of the American Institute of Bankers.

Mrs. Lakshmi K. Gunatilake (Independent Non-Executive Director)  
(Appointed with effect from 28<sup>th</sup> of March 2012)

Mrs. Gunatilake possesses 28 years of executive experience at the Central Bank of Sri Lanka, which she began as an Economist in 1979. Since then, she served in the Economic Research Department and the Banking Department of the Central Bank. In 2001, she was appointed the Director of the Department of Supervision of Non-Bank Financial Institutions. She held this position up to her retirement in 2007. She was a Member of the Financial System Stability Consultative Committee of the Central Bank from January 2008 to June 2011.

Mrs. Gunatilake is a Fellow and an Associate Member of the Institute of Bankers of Sri Lanka and she holds a B.A (General) with Economics as a subject from University of Peradeniya, B.A (Hons) in Monetary Economics from University of Peradeniya, M.Sc in Agricultural Economics from University of Peradeniya and M.A in Economics from University of Manchester, UK.

Mr. K. R. D. Bandaranaike - Chief Executive Officer  
(With effect from 01<sup>st</sup> July 2012)

Mr. K.R.D. Bandaranaike has over 25 years' experience in the financial services sector of which 7 years has been in Leasing and Hire Purchase and 18 years in the Colombo Stock Exchange (CSE), 14 years of which have been in a Senior Management capacity. He has served as Senior Manager and Assistant General Manager in Trading, Marketing, Business Development, Branch Development, Human Resources and Clearing and Settlement at the CSE.

Mr. Bandaranaike is presently the Chief Executive Officer of People's Merchant PLC which is a listed company and is an associate of the People's Bank Group.

Mr. Bandaranaike holds a Masters in Business Administration (General) from the University of Southern Queensland Australia, a Bachelor of Laws (LLB) Degree from the Open University of Sri Lanka, a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing (CIM) UK, a Professional Stock Broking Certificate from the Securities and Exchange Commission of Sri Lanka and a Diploma in Credit Management from the Sri Lanka Institute of Credit Management.

Name of Director	Directorships in Other Boards
Dr. D. C. Jayasuriya PC	Corporate Governance Advisory Services Pte Ltd (a company incorporated in Singapore) - Managing Director Citystate Insurance Company Ltd Global Investment Prosperity (Pvt) Ltd Orient Wealth Ltd
Mr. Prakash A Schaffter	Janashakthi Insurance PLC - Managing Director Janashakthi Ltd Dyer Investments (Pvt) Ltd Patton Investments (Pvt) Ltd Montgomery Investments (Pvt) Ltd Rommel Investments Company (Pvt) Ltd Schaffters (Pvt) Ltd Janashakthi Financial Services Ltd Pan Nippon Development (Pvt) Ltd Acland Insurance Services Ltd Orient Capital Ltd K H L Corporate Services Ltd Rock Foundation (Pvt) Ltd Real Entertainment (Pvt) Ltd Orient Wealth Ltd
Mr. Ramesh Schaffter	Janashakthi Insurance PLC Janashakthi Ltd Acland Insurance Services Ltd Pan Nippon Development (Pvt) Ltd Second Janashakthi Investment Trust Ltd Orient Capital Ltd Janashakthi Investment Trust Ltd Janashakthi Financial Services Ltd Loland Holdings Ltd Agrisquad (Pvt) Ltd Kotmale Livestock & Agricultural Co. (Pvt) Ltd K H L Corporate Services Ltd Schaffters (Pvt) Ltd Rock Foundation (Pvt) Ltd Real Entertainment (Pvt) Ltd Orient Wealth Ltd Habitat for Humanity Sri Lanka First Alliance Money Brokers (Pvt) Ltd Tamil Union Cricket and Athletic Club

Name of Director	Directorships in Other Boards
Mr. Ananda W Atukorala	Union Bank of Colombo PLC United Motors Lanka PLC Mega Containers Ltd Platinum Reality Investments (Pvt) Ltd Pragnya Tech Parks Lanka (Pvt) Ltd Saphron Solutions (Pvt. Ltd Arni Holdings and Investments (Pvt.) Ltd The Finance and Guarantee Company Ltd (Alternate Director)
Mr. Anil Tittawella PC	Shipping & Cargo Logistics (Pvt) Ltd Pirais (Pvt) Ltd Hyundai Lanka (Pvt) Ltd Stallion Plantations Ltd
Mr. Sarath Wikramanayake	National Development Bank PLC Aviva NDB Insurance PLC PC House PLC Capital Development & Investment Co. PLC NDB Investment Bank Ltd NDB Aviva Wealth Management Ltd Aviva NDB Finance Lanka Ltd Rainbow Trust Ltd Greenwich Lanka (Pvt) Ltd Proclivity Ltd Infoserve (Pvt) Ltd Eco Lodgia (Pvt) Ltd Power World Holdings Ltd
Mrs. Lakshmi K Gunatilake	-
Mr. M. J. Travis Waas	-

Table 5: Other Directorships



## 6.1.3 Directors' Interest in Shares

Name of the Director	No. of Shares held	%
Dr. D. C. Jayasuriya PC	-	-
Mr. Prakash A Schaffter	-	-
Mr. Ramesh Schaffter	-	-
Mr. Ananda W Atukorala	-	-
Mr. Anil Tittawella PC	-	-
Mr. Sarath Wikramanayake	-	-
Mrs. Lakshmi K Gunatilake	-	-
Mr. M. J Travis Waas	5,000	0.004

Table 6 : Directors' Interest in Shares

Mr.MJ Travis Waas has purchased 5,000 shares on 20<sup>th</sup> of March 2012 from Orient Capital Ltd at a consideration of Rs.14/- per share.

## 6.1.4 Directors' Interest in any Assets Acquired, Disposed or Leased

None of the Directors have any interest in any assets acquired, disposed or leased by the company during the past two years from the date of this Introductory Document.

## 6.1.5 Directors' Interest in any material contracts

OFSCS has entered into Insurance agreements with Janashakthi Insurance PLC where Mr. Prakash Schaffter and Mr. Ramesh Schaffter are Directors.

## 6.1.6 Statement- Board of Directors

Neither the Chairman nor any director nor a person nominated to become a Director of the Company have been involved in:

- Any petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an Executive Officer.
- Any conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

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## 6.2 Corporate Governance

The Board of Directors of the Company is responsible for the governance of the Company. They provide the strategic direction, leadership and guidance as well as supervision over the management of the Company. A Board meeting is conducted once (01) a month. The Company understands, supports and has applied the core concepts that underlie enterprise governance and ensures that its standards remain in compliance with regulatory requirements of the CSE listing rules. In line with this, the Company has appointed Four (04) Independent Non-Executive directors to the Board of OFSCL facilitating independent judgment in Board discussions and decisions. Furthermore the Board also consists of Seven (07) Non-Executive directors.

## Audit Committee

The Audit Committee comprises Three (03) Independent Non-Executive directors and One (01) Non-Executive director. Mr.Sarath Wikramanayake has been appointed by the Board of OFSCL as the Chairman of the Audit Committee.

The composition of the Audit Committee is as follows:

- Mr. Sarath Wikramanayake -Chairman (Independent Non-Executive director)
- Mr. Ananda Atukorala (Independent Non-Executive director)
- Mr. Ramesh Schaffter (Non-Executive director)
- Mrs. L. K Gunathilake (Independent Non-Executive director)

Mr.Sarath Wikramanayake is a Member of the Institute of Chartered Accountants Sri Lanka, Member of the Chartered Institute of Management Accountants (UK), Passed Finalist of the Board of Certified Public Accountants of USA and a Passed Finalist of the Association of Certified Accountants UK.

The Committee is responsible for:

- Overseeing the preparation, presentation and adequacy of disclosures in the financial statements of the Entity, in accordance with the Sri Lanka Accounting Standards.
- Overseeing the Entity's compliance with financial reporting requirements, information requirements of the Companies Act No.7 of 2007 and other relevant financial reporting related to regulations and requirements.

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- Overseeing the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.
- Recommending to the Board the appointment, re-appointment and removal of internal and external auditors, approving the remuneration and terms of engagement of the external auditors and assessment of the independence and performance of the Entity's external auditors.

The Audit Committee is in compliance with CSE Listing Rule 7.10.6 (a) & 7.10.6 (c)

## Remuneration Committee

The Remuneration Committee consists of Three (03) Directors. Mr. Ananda Atukorala has been appointed as the Chairman of the Remuneration Committee.

The Remuneration Committee comprises the following Directors:

- Mr. Ananda Atukorala - Chairman (Independent Non-Executive director)
- Mr. Prakash Schaffter (Non-Executive director)
- Mr. Anil Tittawella PC (Independent Non-Executive director)

The Committee is responsible for:

- Remuneration framework
- The remuneration payable to the CEO and Senior Management
- Senior Management performance evaluation
- Performance based remuneration plans including performance incentives
- Remuneration policy amendments

The MD/CEO participates at meetings by invitation, except where the CEO's compensation package is discussed. The Committee meets at least once a year.

## Risk Management Committee

The Risk Management Committee consists of Three (03) Directors. Dr. D. C. Jayasuriya PC has been appointed as the Chairman of the Risk Management Committee.

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The Risk Management Committee comprises the following Directors:

- Dr. D. C. Jayasuriya PC - Chairman (Non-Executive director)
- Mr. Ananda Atukorala (Independent Non-Executive director)
- Mrs. L. K. Gunathilake (Independent Non-Executive director)

The Deputy General Manager - Operations submits the asset liability mismatch and the liquidity report to the Risk Management Committee once (01) a month with recommendations thereon. The Committee identifies the measures to be taken with regard to mitigating the mismatch of Assets and Liabilities and to address any liquidity issues. The Committee also reviews the identified risks and assesses the probability and impact of the identified risks, the action plan for mitigation based on the impact and ensures that the action plan is implemented.

## 6.3

## Senior Management

The Senior Management team of OFSCL is as follows:

Name	Designation
Mr. M. J. Travis Waas	Director/CEO
Mr. Susantha Caldera	Assistant General Manager - Micro Finance
Mr. Lohika Fonseka	Assistant General Manager - Factoring
Mr. Asela Wijayabandara	Assistant General Manager - Finance and IT
Mr. Nilantha Jayanetti	Assistant General Manager - Marketing

Table 7: Senior Management

Mr. M.J.Travis Waas Director/CEO

Please refer Section 6.1.1 of the Introductory Document for the profile.

Mr. Susantha Caldera -Assistant General Manager - Micro Finance

Mr. Caldera has over 17 years' experience in marketing, of which more than 12 years involved experience in marketing and credit related to leasing and other financial products. He started his career at Mercantile Investments Ltd where he gained experience in leasing, credit and recoveries & general operations in the capacity of Management Trainee.

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He served at Lanka Orix Factors Ltd (LOFAC), a subsidiary of Lanka Orix Leasing Ltd (LOLC), where he was responsible for marketing of debt factoring & recoveries. Thereafter he joined Mercantile Leasing Ltd where he specialized in leasing for more than seven years and left the company as Manager – Leasing.

In October 2005, Mr. Caldera joined Orient Financial Services in the capacity of Senior Manager – Special Projects and was entrusted with the responsibility of setting up the Bike Unit (Orient Ride), a division of the company purely to handle small ticket leases mainly catering to the motor cycle segment.

He has participated in many workshops & training seminars related to Marketing, Credit Appraisal Techniques, Lease Financing and is presently following CIM.

Mr. Lohika Fonseka - Assistant General Manager - Factoring

He possesses BA (Hons) in Business Accounting – UK , Diploma in Banking from the Bankers Institute of Sri Lanka and the Investment Advisor Certificate of Securities Exchange Commission of Sri Lanka. He has also completed CIMA stage II and is presently reading for a MBA.

Mr. Fonseka joined OFSCL in 2006 and counts over 15 years' experience in the Banking and Financial Services sector. He started his career at Hatton National Bank and gained experience in general banking, credit, and branch operations in the capacity of staff officer. He also served at Seylan Bank as a credit executive for a short period of time.

He then joined Mercantile Leasing Limited and specialized in factoring for more than six years in the capacity of Senior Manager - Marketing. He was instrumental in setting up the Factoring division at Orient Financial Services Corporation Ltd where he serves as AGM – Factoring.

Mr. Asela Wijayabandara - Assistant General Manager-Finance and IT

Mr. Wijayabandara is an Associate Member of the Institute of Chartered Accountants of Sri Lanka, Associate Member of Certified Management Accountants of Sri Lanka and a Member of the Association of Accounting Technicians of Sri Lanka. He holds a B.B.Mgt (Accountancy) Special Bachelor's Degree from the University of Kelaniya.

While he was an undergraduate, he joined the Auditor General's Department as an Audit Examiner where he gathered extensive experience about Value for Money Audits and gained comprehensive knowledge on Government sector operations.

From the Auditor General's Department Mr. Wijayabandara joined Central Industries PLC as Accountant, where he got in-depth knowledge on corporate taxation, financial accounting and stock valuation and management.

Mr. Wijayabandara's banking career started at the Merchant Bank of Sri Lanka (MBSL) in the capacity of Manager – Finance and Treasury, where he further expanded his knowledge on Taxation and Financial Accounting in the financial services sector while gaining experience in Treasury Management and Corporate Budgeting.

Mr. Nilantha Jayanetti - Assistant General Manager – Marketing

He earned his first degree in Business Management Accountancy (Special) from the University of Kelaniya in 1999 and, with a view of career advancement in Corporate Management, earned an MBA in Banking and Finance from the Postgraduate Institute of Management (PIM), University of Sri Jayawardanapura. Mr. Jayanetti is currently reading for a Chartered Marketer status after completing the Postgraduate Diploma in Marketing of the Chartered Institute of Marketing-UK.

Mr. Jayanetti possesses over 12 years of frontline experience and expertise in handling multifunctional areas such as Marketing, Sales, Supply Chain Operations and Finance. He has over the years handled Fixed Deposits, Leasing, Term Loans, Personal Loans, Corporate Finance and Merchant Banking.

He was instrumental in developing many financial products such as monthly deposit schemes, leasing and other lending products at Merchant Credit of Sri Lanka Ltd, a subsidiary of Bank of Ceylon and Merchant Bank of Sri Lanka Ltd prior to joining OFSCL.

### 6.3.1 Statement- Chief Executive Officer

Neither the Chief Executive Officer nor any person nominated to become Chief Executive Officer of the Company has been involved in:

- Any petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an Executive Officer.
- Any conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

### 6.3.2 Transactions with Key Management

The Company has not carried out any transaction with key Management personnel of the Company as at the date of the Introductory Document.

## 7.0 Capital Structure

### 7.1 Stated Capital

The Stated Capital of the Company comprises of 115,625,000 fully paid Ordinary Voting Shares, representing a value of Rs. 500,000,000 as at 31<sup>st</sup> March 2012.

The Ordinary Shares of the Company confer on a holder the right to one vote, the right to an equal Share of dividend paid by the Company to such holders and in the event of liquidation of the Company, the right to an equal share in any surplus assets of the Company available for distribution to Ordinary Shareholders after paying all the creditors of the Company and all other claims and debts in accordance with the provisions contained in the Companies Act No 7 of 2007 on liquidation.

The stated capital of the Company over the past three years is given below:

2010/2011		2009/2010		2008/2009	
Rs	Number of Shares	Rs	Number of Shares	Rs	Number of Shares
277,499,980	23,999,998	277,499,980	23,999,998	277,499,980	23,999,998

Table 8: Stated Capital

The Company has not issued any Ordinary Voting Shares during the last two years preceding the date of this Introductory Document other than the Rights Issue which is stated under Section 7.2.1 of this Introductory Document.

No other classes of shares have been issued by the Company, during the last two years preceding the date of this Introductory Document.

Further, it should be noted that no shares have been redeemed or repurchased by the Company and there have not been any reduction in the Stated Capital during the last two years preceding the date of this Introductory Document.

Takeover by Orient Capital Ltd

On the 21<sup>st</sup> of February 2011, United Motors PLC, the Major Shareholder of OFSCL who held 100% of the shares of the Company sold its entire shareholding to Orient Capital Ltd at a consideration of Rs. 9.58 per share.

The Shareholding structure as at 28<sup>th</sup> February 2011, after the takeover by Orient Capital Ltd is as follows:

Name of Shareholder	No. of Shares	%
Shantha Marie Chrysostom	01	0.00
Somapala Bope Hewage	01	0.00
Dilantha Anil Wijesighe	01	0.00
Orient Capital Limited	23,999,995	100.00
Total	23,999,998	100.00

Table 9 : Shareholding structure after the takeover by Orient Capital

## 7.2 Movement in the Capital Structure

### 7.2.1 Rights Issue

The Board of Directors of OFSCL on 02<sup>nd</sup> June 2011 resolved to issue new shares to the existing shareholders by way of a Rights Issue in the proportion of One (01) Ordinary Voting Share for every One Point Zero Seven Eight (1.078) Ordinary Voting Shares held by existing shareholders. The Company on 20<sup>th</sup> of June 2011 issued and allotted Twenty Two Million Two Hundred and Fifty Thousand and Two Ordinary Voting Shares (22,250,002) to Orient Capital Ltd at a consideration of Rs 10.00 per Share.

The Shareholding Structure after the Rights Issue is as follows:

Name of Shareholder	Shareholding as at 28 <sup>th</sup> February 2011		Rights Issue on 20 <sup>th</sup> June 2011		Shareholding as at 01 <sup>st</sup> of August 2011	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Orient Capital Limited	23,999,995	100.00	22,250,002	100.00	46,249,997	100.00
Shantha Marie Chrysostom	01	0.00	-	-	01	0.00
Somapala Bope Hewage	01	0.00	-	-	01	0.00
Dilantha Anil Wijesighe	01	0.00	-	-	01	0.00
Total	23,999,998	100.00			46,250,000	100.00

Table 10: Shareholding Structure after Rights Issue

The proceeds of the Rights Issue were used for the disbursement of new leases, hire purchases and debt factoring.

### 7.2.2 Subdivision of Shares

On 28<sup>th</sup> of December 2011, the Company subdivided its Ordinary Shares on the basis of Two decimal Five (2.5) Ordinary Shares for every One (01) Ordinary Share held. This increased the total number of Ordinary Shares of the Company from Forty Six Million Two Hundred and Fifty Thousand Shares (46,250,000) to One Hundred and Fifteen Million Six Hundred and Twenty Five Thousand (115,625,000) Ordinary Shares.

The Shareholding structure after the subdivision of Shares is as follows:

Name of Shareholder	No. of Shares	%
Orient Capital Limited	86,717,494	74.99
First Capital Holdings PLC	23,125,000	20.00
Next Ventures Limited	5,782,500	05.00
Shantha Marie Chrysostom	02	0.00
Somapala Bope Hewage	02	0.00
Dilantha Anil Wijesinghe	02	0.00
Total	115,625,000	100

Table 11: Shareholding Structure after the subdivision of Shares

### 7.2.3 Summary of the movements in the Share Capital Structure

Name of Shareholder	Shareholding as at 1 <sup>st</sup> June 2011		Rights Issue on 20 <sup>th</sup> June 2011		Subdivision of Shares 28 <sup>th</sup> December 2011	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Orient Capital Limited	23,999,995	100.00	22,250,002	100.00	86,717,494	74.99
First Capital Holdings PLC	-	-	-	-	23,125,000	20.00
Next Ventures Limited	-	-	-	-	5,782,500	05.00
Shantha Marie Chrysostom	01	0.00	-	-	02	0.00
Somapala Bope Hewage	01	0.00	-	-	02	0.00
Dilantha Anil Wijesinghe	01	0.00	-	-	02	0.00
Total	23,999,998	100.00	22,250,002	100.00	115,625,000	100.00

Table 12: Summary of the movements in Stated Capital

### 7.3 Convertible Debt Securities

The Company does not have any outstanding convertible debt securities as at the date of this Introductory Document.

### 7.4 Shares sold privately in conjunction with the Listing

Securities of the same class or another class have not been subscribed or sold privately in conjunction with the Listing of Shares on the Colombo Stock Exchange.

### 7.5 Transferability of Shares

Upon the Ordinary Voting Shares of the Company being listed on the CSE, such Shares shall be freely transferable. There are no statutory restrictions or limitations on the free transferability of the Shares of the Company.

### 7.6 Transfer of Shares by Orient Capital Limited

On 9<sup>th</sup> August 2011 Orient Capital transferred 20% and 5% from its shareholding in OFSCL to First Capital Holdings PLC and Next Ventures Limited respectively. This Share transfer reduced the shareholding of Orient Capital in OFSCL to 74.99% from 100%.

Transferor	Transferee	No. of Shares	%	Price (Rs.)
Orient Capital Ltd.	First Capital Holdings PLC	9,250,000	20.00	9.78
Orient Capital Ltd.	Next Ventures Limited	2,313,000	05.00	9.78

Table 13: Transfer of Shares by Orient Capital Limited

The Shareholding structure after the transfer of Shares is as follows:

Name of Shareholder	No. of Shares	%
Orient Capital Limited	34,686,997	74.99
First Capital Holdings PLC	9,250,000	20.00
Next Ventures Limited	2,313,000	05.00
Shantha Marie Chrysostom	01	0.00
Somapala Bope Hewage	01	0.00
Dilantha Anil Wijesinghe	01	0.00
Total	46,250,000	100.00

Table 14: Shareholding Structure after the transfer of Shares

The Shares amounting to 11,567,500 of OFSCL which were held by Orient Capital Ltd amounting to 10% of the total Shares of the Company were transferred on 20<sup>th</sup> of March 2012, in order to comply with the 10% public shareholding. Out of the 11,567,500 Shares 5,000 Shares were transferred to Mr. M.J. Travis Waas. Mr. M.J. Travis Waas's shareholding is not considered as Public Holding. Details of the Share transfer are attached as Annexure B. The Shares were transferred at a consideration of Rs.14/- per Share.

There has been no transfer of Shares other than the Share transfers stated above.

### 7.7 Ordinary Shareholding Structure

The Ordinary shareholding Structure as at 20<sup>th</sup> March 2012 is as follows:

Level of Shareholding	No. of Share Holders	No. of Shares	% of Shareholding
1 - 1,000	148	28,300	0.02
1,001 - 5,000	1	5,000	0.00
5,001 - 10,000	1	5,100	0.00
10,001 - 50,000	1	30,000	0.03
50,001 - 100,000	-	-	-
100,001 - 500,000	1	350,000	0.30
500,001 - 1,000,000	-	-	-
Over 1,000,000	4	115,206,600	99.65
Total	156	115,625,000	100.00

Table 15: Shareholder Analysis

Ten percent (10%) of the Public Shareholding is distributed among 149 public shareholders holding a minimum of 100 Shares each.

### 7.8

#### Details of the Lock-in Shares of OFSCL

Total Number of Shares Issued	Locked in Shares			Public Holding			
	Total Locked in Shares	Lock-in Period	% of the Total Issued Shares	Total number of Shares held by Public	% of the Total Issued Shares	Locked in Public Holding quantity	Unlocked Public Holding quantity
115,625,000	55,625,005	20 <sup>th</sup> of June 2011 to 20 <sup>th</sup> of June 2012	48.11	11,562,500	10	-	11,562,500

Table 16: Details of the Lock - in Shares of OFSCL

### 7.9

#### Dividend Policy

The Board of Directors subject to the provisions of the Articles of Association of the Company and Companies Act No.7 of 2007 may recommend and declare Dividends to the shareholders from and out of the profits of the Company. The Dividend rate will be determined based on a number of factors, including but not limited to the Company's earnings, capital requirements and overall financial condition. The Dividend paid by the Company for the financial years 2008/2009, 2009/2010 2010/2011 is given below:

	2010/2011	2009/2010	2008/2009
Dividend Per Share (Rs)	0.1	-	-

Table 17: Dividend paid by Company over the past three years

The Dividend per Share of Rs. 0.1 for the financial year 2010/2011 was paid in September 2011 and is stated in the Interim Financial Statements for the nine months period ended 31<sup>st</sup> December 2011. The Interim Financial Statements for the nine months period ended 31<sup>st</sup> December 2011 is given in Section 10 of this Introductory Document.

## 8.0 Management Discussion and Investment Analysis

The summary of the Audited Financial Statements from March 31<sup>st</sup> 2007 to March 31<sup>st</sup> 2011 are presented below. The Audited Financial Statements for the Year 2010/2011 are set out in Section 10.0

### Income Statement

For the Year Ended 31<sup>st</sup> March

Rs '000	2011	2010	2009	2008	2007
Income	305,500	460,102	603,560	560,884	458,620
Other Income	29,122	34,124	87,372	22,960	21,762
	334,622	494,226	690,932	583,844	480,382
Expenses	142,952	200,993	273,315	220,318	167,213
Profit From Operating Activities	191,670	293,233	417,617	363,526	313,169
Finance Income	-	5	85	63	19
Finance Cost	128,398	362,963	492,920	383,501	284,987
Net Finance Income/Cost	(128,398)	(362,958)	(492,835)	(383,438)	(284,968)
Profit/(Loss) Before Tax	63,272	(69,725)	(75,218)	(19,912)	28,201
Taxation	19,516	110,468	(8,498)	-	-
Net Profit/(Loss) For the Year	82,788	40,743	(83,716)	(19,912)	28,201

### Balance Sheet

As at 31<sup>st</sup> March

Rs'000	2011	2010	2009	2008	2007
<b>Assets</b>					
Non-Current Assets					
Property, Plant & Equipment	12,910	29,706	35,968	39,385	54,170
Intangible Assets	5,110	-	-	-	-
Investment in Credit Information Bureau of Sri Lanka	30	30	30	30	30
Contract Receivables on Leased & Hire	447,877	253,745	1,372,278	2,051,890	2,023,550
Purchased Assets					
Deferred Tax Assets	150,017	115,618	-	-	-
Total Non-Current Assets	615,944	399,099	1,408,276	2,091,305	2,077,750
Current Assets					
Contracts Receivables on Leased & Hire	488,926	832,617	784,426	548,529	848,524
Purchased Assets					
Related Party Receivables	-	0	-	254	414
Other Receivables	223,731	258,033	219,248	214,852	194,060
Inventories	-	-	-	3,685	58,884
Cash & Cash Equivalents	5,914	14,664	17,878	38,220	19,599
Total Current Assets	718,571	1,105,314	1,021,552	805,540	1,121,481
Total Assets	1,334,515	1,504,413	2,429,828	2,896,845	3,199,231
<b>Equity &amp; Liabilities</b>					
Capital & Reserves					
Stated Capital	277,500	277,500	277,500	277,500	277,500
Reserve Fund	6,742	2,603	2,603	2,603	2,603
Retained Earnings/(Accumulated Loss)	58,150	(20,500)	(61,242)	22,475	49,587
Total Equity	342,392	259,603	218,861	302,578	329,690
Non-Current Liabilities					
Retirement Benefit Obligations	7,301	5,174	4,026	2,965	2,323
Interest Bearing Borrowings	231,810	255,366	704,159	880,095	1,142,221
Non-Interest Bearing Security Margins	11,488	69,514	132,219	168,915	188,244
Total Non-Current Liabilities	250,599	330,054	840,404	1,051,975	1,332,788
Current Liabilities					
Interest Bearing Borrowings	339,379	594,763	1,050,512	1,185,228	1,039,328
Trade & Other Payables	154,659	139,092	103,984	153,756	123,746
Current Tax Payables	13,818	5,150	-	-	-
Related Party Payables	49	632	6,510	24,447	1,851
Bank Overdrafts	233,619	175,119	209,557	178,861	371,828
Total Current Liabilities	741,524	914,756	1,370,563	1,542,292	1,536,753
Total Liabilities	992,123	1,244,810	2,210,967	2,594,267	2,869,541
Total Equity & Liabilities	1,334,515	1,504,413	2,429,828	2,896,845	3,199,231

## 8.1 Income Mix

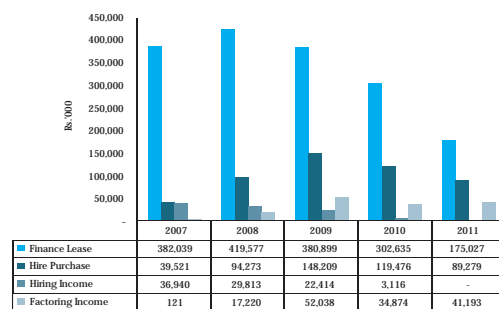


Figure 3: Income Mix Source: Audited Accounts of OFSCL

The Income from Finance Lease contributes to 52% of the Total Income for the financial Year 2010/2011, which is the main business of the Company. However the contribution by the Product Finance Lease to the overall revenue of the Company has decreased from 80% in 2006/ 2007 to 52% in 2011. Contribution to the Total Income from factoring has increased over the past four years from 3% in 2008 to 12% in 2010/2011. Income from Hire Purchase has increased over the past years but has declined in 2010/2011. However Hire Purchase income has been able to maintain its status as the second largest contributor to the total income of the Company.

## 8.2 Income &amp; Profitability

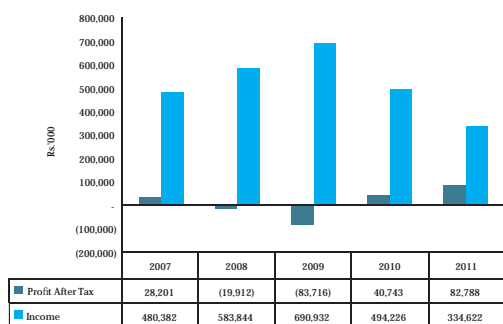


Figure 4: Income &amp; Profitability analysis Source: Audited Accounts of OFSCL

The Income has decreased by 32% in the financial year 2010/2011. The Company has been able to maintain a positive income growth in 2008 and 2009. Even though the income decreased in the financial years 2009/2010 and 2010/2011, the profitability of the Company increased in the financial years 2009/2010 and 2010/2011. The profitability of the Company grew by 103% in the financial year 2010/2011.

The decrease in the Interest Income in the financial year 2010/2011 was due to the fact that new disbursements during the said period were comparatively low in relation to the maturity of the existing portfolio. Therefore, the portfolio size condensed and resulted in a reduction in income. During the current financial year the Company changed its product mix in order to spread credit risk over a large number of customers and increased the product yield.

OFSCL in order to minimize the mis-maturity and interest rate risk and to maintain healthy margins increased the debt factoring portfolio. The Company negotiated the borrowing rates and reduced the cost of funds. The collection of overdue interest and the recovery of overdue loans and capital infusion helped OFSCL to improve the Interest Margin. OFSCL has been able to increase its profitability in the past two financial years despite the decrease in income due to expenses having reduced. The reason for the decrease in the Interest Expense is due to capital infusion and managing borrowing cost.

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	2007	2008	2009	2010	2011
Income Growth (%)	40.62%	21.54%	18.34%	-28.47%	-32.29%
EPS (Rs)	1.18	-0.83	-3.49	1.7	3.45
Cost to Income Ratio	34.81%	37.74%	39.56%	40.67%	42.72%
Return on Assets (%)	0.88%	-0.69%	-3.45%	2.71%	6.20%
Return on Equity (%)	8.55%	-6.58%	-38.25%	15.69%	24.18%

Table 18: Profitability Ratios  
Source : Audited Accounts of OFSCL

The Earnings Per Share of the Company have increased during the past two years. Due to the Increase in the Net profits in 2010/2011 the Earnings Per Share also increased by 103% from Year 2009/2010 to 2010/2011. The Return on Assets and Equity ratios have increased in the past two financial years. The Company has been able to utilize its assets to generate a higher income and has been able to provide a higher return for the equity holders.



Figure 5: Return on Assets &amp; Equity analysis Source: Audited Accounts of OFSCL

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## 8.3 Assets &amp; Liabilities

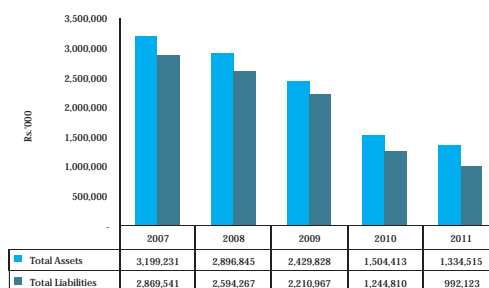
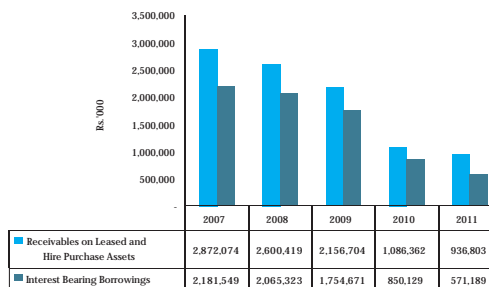


Figure 6: Total Assets Vs Liabilities Source: Audited Accounts of OFSCL

As depicted in Figure 6 above OFSCL's assets have been on a decreasing trend during the past five years. The liabilities of the Company have also decreased over the past five years.

A comparison of the Receivables on Leased and Hire Purchase Assets against the Interest Bearing Borrowings is depicted in Figure 7 below:

Figure 7: Receivables on Leased and Hire Purchase Vs Interest Bearing Borrowings  
Source: Audited Accounts of OFSCL

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OFSCL has been able to maintain the gap between the Receivables from Leased and Hire Purchase Assets and Interest Bearing Borrowings even though the receivables have dropped during the past five financial years. The company has not increased its borrowings when the disbursements have not increased in the past few years.

	2007	2008	2009	2010	2011	Sep 2011	Dec 2011
Gross NPL Ratio	5.57%	9.99%	27.15%	27.91%	30.12%	19.41%	8.05%
Net NPL Ratio	3.35%	4.18%	14.79%	5.51%	3.38%	1.31%	1.11%

Table 19: Loan Performance Ratios  
Source: Audited Accounts of OFSCL & Management Accounts of OFSCL

As depicted in the above table 19 OFSCL has been able to reduce its Gross NPL and Net NPL gradually over the years in order to be in line with Industry Standards. The High Gross NPL during the period from 2009 to 31<sup>st</sup> March 2011 is due to the reduction in Leasing from Rs. 2.6 Bn in 2008 to 936 Mn in 2011.

## 8.4 Statutory Requirements

As at 31<sup>st</sup> December 2011 the Capital Adequacy Ratio of the Company in terms of Tier 1 was 27.94% and the total capital ratio was 28.99%. As at 31<sup>st</sup> December 2011 OFSCL has complied with the Liquidity Requirement of the CBSL. The Capital Adequacy Requirement and the Liquidity Requirement were made mandatory for Leasing Companies by the CBSL from 01<sup>st</sup> January 2012.

## 8.5 Conclusion

The Company has proved its ability to remain steady during tough times and perform well given favorable macro conditions. Whilst past performance is by no means a guaranteed indication of future performance, taking into consideration the Company's future plans and diversification possibilities and being on par with the industry, it may be a good benchmark. Indeed, the situation that we find ourselves in today with a permanent end to the war and the global economy on a slow but steady recovery is a positive indicator for the future performance of the Company.

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## 8.6 Maturity Analysis of Assets and Liabilities

As at 31<sup>st</sup> December 2011

ASSETS	Up to 30 days	2 months	3 months	4 - 6 months	7-9 months	10-12 months	01-02 years	02-03 years	03-04 years	04-05 years	>05 years
Lease Receivables	31,654	29,946	30,703	80,793	90,829	92,487	367,237	263,233	93,278	38,978	-
HP Rental Receivable	12,420	12,395	12,537	32,133	31,321	30,513	104,764	88,430	50,888	15,775	-
Factoring Receivables	108,737	108,737	54,369	-	-	-	-	-	-	-	-
Loan Receivables	207	210	214	600	599	556	1,231	769	278	-	-
Other Receivables	135,904	5,531	8,864	21,790	21,893	97,324	23,622	80,038	75,884	(110,982)	-
Trading Stock of Vehicle	28,250	28,250	13,396	-	-	-	-	-	-	-	-
Long Term Investments	-	-	-	-	-	-	-	-	-	-	31
Fixed Assets	-	-	-	-	-	-	8,947	8,947	8,947	-	-
Total Assets	314,972	183,071	125,482	144,336	144,642	220,882	506,302	441,997	228,975	(56,240)	31
LIABILITIES											
Borrowings & Security Margins	324,735	40,948	411,09	207,228	131,852	194,517	255,502	101,195	48,800	-	-
Other Payables	179,009	28,337	18,696	19,729	1,608	1,700	3,600	1,356	1,356	1,356	3,616
Total Liabilities	508,744	69,485	59,865	227,557	133,460	196,217	259,102	102,551	50,156	1,356	3,616
FUNDS EMPLOYED	-	-	-	-	-	-	-	-	-	-	-
Share Capital	-	-	-	-	-	-	-	-	-	-	500,000
Share Premium	-	-	-	-	-	-	-	-	-	-	5,752
Retained earnings	-	-	-	-	-	-	13,590	13,590	13,590	13,590	81,589
Total Funds Employed	-	-	-	-	-	-	13,590	13,590	13,590	13,590	588,281

Table 20: Maturity Analysis of Assets &amp; Liabilities. Source: OFSCL

## Declaration by the Directors

We, the undersigned, who are named in the Introductory Document as Directors of Orient Financial Services Corporation Limited, hereby declare and confirm that we have read the provisions of the Companies Act No. 07 of 2007 and the Colombo Stock Exchange Listing Rules and any amendments to it relating to the issue of this Introductory Document and that those provisions have been complied with.

This Introductory Document has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the CSE Listing Rules and of the Companies Act No: 7 of 2007 and any amendments to it from time to time have been complied with after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading or inaccurate.

Dr. D. C Jayasuriya PC (Chairman/ Non-Executive Director) Sgd

Mr. P. A Schaffter (Non-Executive Director) Sgd

Mr. R. Schaffter (Non-Executive Director) Sgd

Mr. A.W Atukorala (Independent Non-Executive Director) Sgd

Mr. A. Tittawella PC (Independent Non-Executive Director) Sgd

Mr. S. Wikramanayake (Independent Non-Executive Director) Sgd

Mrs. L. K Gunatilake (Independent Non-Executive Director) Sgd

Mr. M. J. T Waas (Executive Director/CEO) Sgd

at Colombo

## 9.0 Statutory &amp; General Information

## 9.1 Inspection of Documents

The Introductory Document and the Articles of Association of the Company will be hosted in the [www.cse.lk](http://www.cse.lk) and [www.orientfinance.lk](http://www.orientfinance.lk) for a period of not less than fourteen (14) days.

## 9.2 Reference Price

The Reference Price of the Ordinary Voting Shares to be listed on the Diri Savi Board of the CSE is Rs. 14/- Per Share.

The Methodology that was used to calculate the Reference Price is the Price to Earnings Ratio (PE) as per the Financial Statements for the Nine Months Period Ended 31<sup>st</sup> December 2011. The Annualized Earnings Per Share (EPS) was arrived at after taking into consideration the subdivision of Shares. The average PE Ratio of the Listed Finance Companies which are of the same size as OFSCL was taken into consideration in arriving at the reference price.

Based on Nine Months Ended 31st December 2011	
Earnings Per Share (Rs) - Annualized	1.03
Price To Earnings Ratio*	13.50
Price (Rs)	13.94
Reference Price (Rs.)	14.00

Table 21: Reference Price Details

\*This represents the average PE ratio of the Listed Companies which are of the same size as OFSCL

Details as per Audited Financial Statements as at 31<sup>st</sup> March 2011:

The Market Capitalization is based on the Reference Price of Rs.14

As per Audited Financial Statements as at 31st March 2011	
Net Asset Value (Rs)	342,391,756
Market Capitalization (Rs)	1,618,750,000
Price To Book Value Ratio	4.73
Profit After Interest & Tax (Rs)	82,788,842
Market Capitalization (Rs)	1,618,750,000
Price To Earnings Ratio	19.55

Table 22: Reference Price-Based on Audited Accounts as at 31<sup>st</sup> March 2011

The Price to Earnings ratio is calculated as follows:

Market Capitalization at the Reference Price  
Profit after Interest and tax

## 10.0 Financial Statements

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009





KPMG Ford, Rhodes, Thornton & Co.  
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## INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ORIENT FINANCIAL SERVICES CORPORATION LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Orient Financial services corporation Limited, which comprise the balance sheet as at March 31, 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes exhibited on page No. 07 to 28.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

### Colours

In our opinion, so far appears from our examination, the company maintain proper accounting records for the year ended March 31, 2009 and the financial statements give a true and fair view of the Company's state of affairs as at March 31, 2009 and its loss and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

KPMG Ford, Rhodes, Thornton & Co. is a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss

A.N. Fernando FCA  
Ms. M. F. Pereira FCA  
T.J.S. Reiskenier FCA  
Ms. S.M.B. Juchaczka FCA

S. Srikaranathan FCA, M.B. Mithul FCA  
R.Y.S. Patra FCA C.R. Jayatilaka FCA  
W.N.J.C. Patra FCA M.S. Joseph ACA  
W.K.D.C. Alwarthan ACA S.D.L. Prasad FCA

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH,		2009	2008
	Note	Rs.	Rs.
Revenue	4	1,436,720,650	1,375,014,994
Income	4	603,560,520	560,883,827
Other Income	5	87,371,709	22,960,081
		690,932,229	583,843,908
Expenses			
Personnel Costs		(46,327,014)	(32,702,888)
Premises, Equipment & Establishment Expenses		(36,215,597)	(17,542,571)
Provision for Doubtful Debts		(138,044,627)	(81,665,239)
Other Overhead Expenses		(52,729,436)	(88,408,547)
Profit from Operations	6	417,615,555	363,524,664
Finance Expenses	7	(492,920,469)	(383,501,283)
Finance Income	7	85,291	63,958
Net Finance Expenses		(492,835,178)	(383,437,325)
Loss before Income Tax Expense		(75,219,623)	(19,912,662)
Income Tax Expense	8	(8,497,808)	-
Loss for the year		(83,717,431)	(19,912,662)
Deficit Per Share (Rs.)	9	(3.49)	(0.83)

Figures in brackets indicate deductions

Notes from page No. 07 to page No. 28 form an integral part of these financial statements.  
Independent Auditors' Report is provided on page no 1 to 2.

KPMG Ford, Rhodes, Thornton & Co. is a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss

A.N. Fernando FCA  
Ms. M. F. Pereira FCA  
T.J.S. Reiskenier FCA  
Ms. S.M.B. Juchaczka FCA

S. Srikaranathan FCA, M.B. Mithul FCA  
R.Y.S. Patra FCA C.R. Jayatilaka FCA  
W.N.J.C. Patra FCA M.S. Joseph ACA  
W.K.D.C. Alwarthan ACA S.D.L. Prasad FCA

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### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 23 to the financial statements where the board of directors of the Company have provided us with specific representation on migration to a new integrated accounting package system. In April 2008, The resulting financial statements of the Company had to be adjusted due to deficiencies and bugs in the system, and they have satisfied themselves that the said financial statements presently incorporate all relevant write offs/back amounts to Rs. 34,897,891/- as disclosed under Note 5 - other income. Further they have also provided with an assurance that they will commission a special post implementation IT review on the said application package during the ensuing year in order to reduce the reliability of the said application package, and address any issues that may arise there from. Since the outcome of the abovementioned post implementation review cannot presently be ascertained, we do not express any opinion on the financial statements of the Company that may result from such a review has been made in the financial statements.

### Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

Foral Rhodes The L & I  
CHARTERED ACCOUNTANTS  
Colombo  
23 September 2009

Ford Rhodes Plot 2

CHARTERED ACCOUNTANTS  
Colombo  
23 September 2009

23 September 2009

**Orient Financial Services Corporation Limited**  
**Introductory Document**

AS AT 31 MARCH,	Note	2009 Rs.	2008 Rs.
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	10	35,968,326	39,184,659
Investment in Credit Information Bureau of Sri Lanka		30,609	30,600
Contract Receivable on Leased Assets	11.1	1,372,377,638	2,051,810,548
<b>Total non current assets</b>		<b>1,408,376,564</b>	<b>2,091,104,787</b>
<b>Current Assets</b>			
Contract Receivables on Leased Assets	11.2	784,425,594	548,529,133
Inventory	12	-	3,684,288
Amounts Due from Related Parties	13	-	233,683
Other Receivables	14	219,248,070	214,852,400
Cash and Cash Equivalents	15	17,877,726	38,220,184
<b>Total current assets</b>		<b>1,021,551,390</b>	<b>805,339,783</b>
<b>Total Assets</b>		<b>2,429,927,744</b>	<b>2,896,444,540</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	16	277,499,980	277,499,980
Reserve Fund	17	2,602,639	2,602,639
Retained Profit		(61,841,329)	22,475,103
<b>Total equity</b>		<b>218,860,291</b>	<b>302,577,722</b>
<b>Non Current Liabilities</b>			
Refrinance Benefits Obligations	18	4,035,659	2,964,970
Interest Bearing Borrowings	19	704,159,078	880,094,889
Non Interest Bearing Secured Margin		132,319,417	168,014,674
<b>Total non current liabilities</b>		<b>840,494,154</b>	<b>1,051,074,533</b>
<b>Current Liabilities</b>			
Interest Bearing Borrowings	19	1,050,512,321	1,185,228,056
Trade and Other Payables	20	103,994,175	153,756,112
Amounts Due to Related Parties	21	6,510,315	24,646,953
Bank Overdrafts	15	295,556,588	178,861,194
<b>Total current liabilities</b>		<b>1,976,563,299</b>	<b>2,542,292,283</b>
<b>Total Liabilities</b>		<b>2,116,507,453</b>	<b>2,594,266,818</b>
<b>Total Equity and Liabilities</b>		<b>2,429,927,744</b>	<b>2,896,444,540</b>

Figures in brackets indicate deductions

Notes from page No. 07 to page No. 23 form an integral part of these financial statements.  
Independent Auditors' Report is provided on page no 1 to 2.

I hereby certify that these financial statements are in compliance with the requirements of Commission Act No 07 of 2007

*[Signature]*  
Natalia Indrath  
Accountant - Finance & Treasury

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

Name of the Director	Signature
R. M. S. Fernando	<i>R. M. S. Fernando</i>
A. W. Atukorala	<i>A. W. Atukorala</i>

23 September 2005

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**ORIENT FINANCIAL SERVICES CORPORATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2009**

	Stated Capital	Reserve Fund	Retained Earnings/ Accumulated Loss	Total
	Rs.	Rs.	Rs.	Rs.
As at 01 April 2007	277,499,980	2,602,639	49,587,127	329,689,746
Dividends Paid	-	-	(7,199,363)	(7,199,363)
Loss for the year	-	-	(19,912,662)	(19,912,662)
As at 31 March 2008	277,499,980	2,602,639	22,475,103	302,577,722
As at 01 April 2008	277,499,980	2,602,639	22,475,103	302,577,722
Loss for the year	-	-	(83,717,431)	(83,717,431)
As at 31 March 2009	277,499,980	2,602,639	(61,242,328)	218,860,291

Figures in brackets indicate deductions.

Notes from page No. 07 to page No. 28 form an integral part of these financial statements.  
Independent Auditors' Report is provided on page no 1 to 2.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**1. REPORTING ENTITY**

Orient Financial Services Corporation Limited (The "Company") is a public limited liability company incorporated and domiciled in Sri Lanka under the Companies Act No. 07 of 2007 and approved under Finance Lease Act No 56 of 2000.

The registered office of the Company is located at No. 100, Hyde Park Corner, Colombo-02 and the business is carried out at No. 525, Union Place, Colombo02.

The principal activities of the Company are leasing & hire purchase of Plant, Machinery, Motor Vehicles and Equipment, Factoring and Hiring.

There were no significant changes in the nature of principal activities of the Company during the financial year under review.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The Financial Statements of Orient Financial Services Corporation Limited has been prepared in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL), and the requirements of the Company's Act No. 07 of 2007 and Finance Lease Act No. 56 of 2000.

The financial statements were approved by the Board of Directors on 23 September 2009.

**2.2 Basis of measurement**

The financial statements have been prepared on historical cost basis except, when appropriate disclosure is made with regard to use of fair value under relevant notes. Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity.

**2.3 Functional & presentation currency**

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee.

**2.4 Use of estimates & judgment**

The preparation of financial statements in conformity with Sri Lanka Accounting Standards, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED**  
**CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 MARCH,	2009 Rs.	2008 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Income Tax Expense	(75,219,623)	(19,912,662)
Adjustment for:		
Depreciation	16,878,223	40,168,814
Profit on disposal of Property Plant & Equipment	(11,524,582)	-
Provision for Bad Debts	138,044,625	81,665,239
Finance Expense	492,920,469	383,501,283
Interest Income	(85,291)	(63,958)
Provision for Gratuity	1,398,627	641,585
Operating Profit before Working Capital Changes	562,412,448	486,000,301
Change in Inventories	3,684,380	55,198,873
Change in contract Receivable on lease assets	268,975,718	170,661,359
Change in Amounts Due from Related Parties	253,685	160,685
Change in Other Receivables	(4,395,671)	(20,799,756)
Change in Amounts Due to Related Parties	(4,619,209)	7,375,230
Change in Trade & other payables	(88,269,745)	50,864,944
Cash flows from Operations	768,041,606	749,468,636
Interest Paid	(488,134,986)	(403,741,226)
Gratuity paid	(337,938)	-
Net Cash from Operating Activities	279,568,682	345,727,410
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Property, Plant and Equipment	(4,543,492)	(9,160,801)
Sales Proceeds from disposal of Property Plant & Equipment	12,508,957	1,747,029
Interest Received	85,291	63,958
Net Cash used in Investing Activities	8,050,756	(7,349,814)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Loans Received	400,000,000	300,000,000
Lease Rentals paid	(8,991,363)	(1,584,504)
Dividends Paid	-	(7,199,363)
Net Short Term Loans and Promissory Notes	216,401,105	29,587,436
Term Loan Repayments	(946,067,032)	(447,593,098)
Net Cash from used in Financing Activities	(338,657,290)	(126,789,938)
Net change in Cash and Cash Equivalents	(51,027,853)	211,587,668
Cash and Cash Equivalents at Beginning of the Year	(140,641,009)	(352,228,678)
Cash and Cash Equivalents at End of the Year (Note A)	(191,668,862)	(140,641,009)
<b>Note - A</b>		
Analysis of Cash and cash equivalents		
Cash in Hand	9,890,411	103,500
Cash at Bank	7,987,315	38,116,685
Bank Overdrafts - Secured	(209,556,588)	(178,861,194)
	(191,668,862)	(140,641,009)

Figures in brackets indicate deductions.

Notes from page No. 07 to page No. 28 form an integral part of these financial statements.  
Independent Auditors' Report is provided on page no 1 to 2.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**2.4 Use of estimates & judgment (Contd.)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation and uncertainty that have the most significant effect on the amounts recognized in the financial statements are described in Notes as follows:

Note No 10	-	Property, Plant & Equipment
Note No 11	-	Contract receivables on leased assets and hire purchase assets
Note No 18	-	Retirement Benefit Obligations

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Previous year figures and phases have been rearranged & reclassified wherever necessary to conform to the current year's presentation.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Foreign Currency Transactions**

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate ruling as at the balance sheet date. Foreign exchange differences arising on the settlement or reporting of the Company's monetary items at rates different from those which were initially recorded are dealt with in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost at the balance sheet date are translated to Sri Lankan Rupees at the foreign exchange rate ruling at the date of initial transaction.

Non monetary assets & liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate ruling at the dates that the value were determined. Foreign exchange differences arising on translation are recognized in the income statement.



**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009**

**3.2 Assets and Bases of Their Valuation**

**3.2.1 Property, Plant and Equipment**

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

**a. Recognition**

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be reliably measured.

**b. Measurement**

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation (See Accounting Policy 3.2.1(e)) and impairment losses (See Accounting Policy 3.2.7).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, the initial estimate, when relevant of the cost of dismantling and removing the items and restoring the site on which they are located and appropriate proportion of overhead. The cost of acquisition includes purchase cost together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

**c. Subsequent expenditure**

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009**

**3.2.1 Property, Plant and Equipment (Contd.)**

When replaced costs are recognized in the carrying amount of an item of property, plant & equipment, the remaining carrying amount of the replaced part is derecognized.

**d. Leased Assets**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the asset under finance leases are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception less accumulated depreciation and the resulting lease obligations are included in the creditors less finance charges. Lease payments consist of capital and interest elements and the interest is charged to the Income Statement. Assets held under finance leases are amortized over the estimated useful lives unless ownership is not transferred at the end of the lease period. In such cases the assets are amortized over the shorter of lease terms and their useful lives. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

**e. Depreciation**

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease terms and other useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease period. The estimated useful lives for the current and comparative periods are as follows.

Furniture and Fittings	4 years
Office Equipment	4 years
Computer Equipment	4 years
Motor Vehicles-Hire	4 years
Office Equipment-Hire	4 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized.

The appropriation of useful lives of the assets and the depreciation rule are assessed annually.

**f. Capital Work-in-Progress**

Capital expenses incurred during the year which are not completed as at the Balance Sheet date are shown as Capital Work-in-Progress, whilst the capital assets which have been completed during the year and commissioned have been transferred to Property, Plant & Equipment.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009**

**3.2.2 Long term Investments**

Investment in unquoted shares held on long term basis are measured at cost less impairment losses. Provision for impairment is made when in the opinion of Directors, there has been a decline other than temporary in the value of the investment.

**3.2.3 Net Contract Receivable on Assets**

Assets leased or hire purchase to customers which transfer substantially all the risks and rewards associated with ownership other than legal title have been accounted as finance leases or hire purchases.

Amount receivable under finance leases or hire purchases net of unearned interest income and provision for rentals doubtful or recoveries are classified as Net Contract Receivable on assets in the Financial Statements.

**3.2.4 Provisions for Lease and Hire Purchase Contract**

**(a) Specific Provision**

Provision for Bad and Doubtful debts are made according to the Direction issued by the Central Bank of Sri Lanka to Financial Leasing Establishments under section 34 of the Finance Leasing Act No 56 of 2000.

Specific provisioning for doubtful debts on capital outstanding is made in the Financial Statements on the following basis.

6-11 months (after the due date)	20% (capital at risk)
12-18 months (after the due date)	50% (capital at risk)
More than 18 months (after the due date)	100% (capital at risk)

Additionally, a judgmental provision will be made by the management based on the performance of the lease rental receivables.

**(b) General Provision**

In addition to the specific provision, a general provision is made based on approximately 1% of net lease receivables to absorb any losses arising from any unforeseen events.

**3.2.5 Other Receivables**

Other receivables are stated at their cost less impairment losses. (See Accounting Policy 3.2.7). Contract receivable on leased assets, rental receivable on leased assets are accounted for as Financial Lease and reflected on the Balance sheet at cost after eliminating unearned income, prepaid rentals, suspense income and provision for bad and doubtful debts.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009**

**3.2.6 Cash and Cash Equivalents**

Cash and cash equivalents are defined as cash in hand, short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in banks and net of outstanding bank overdrafts.

**3.2.7 Impairment**

**a. Recognition**

The carrying values of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognized whenever the carrying amount of asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

For the assets that have indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

**b. Calculation of recoverable amount**

The recoverable amount is the greater of their net selling and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects the current market assessment of their time value of money and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**c. Reversal of Impairment**

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009**

**3.3 Liabilities & Provisions**

**3.3.1 Provisions**

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

**3.3.2 Borrowing Cost**

Borrowing costs are recognized as an expense in the period in which they are incurred except to the extent that they are eligible for capitalization.

**3.3.3 Employee Benefits**

**a. Defined contribution plans**

A defined contribution plan is a post employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the Income Statement as and when they are due.

**Employees Provident Fund**

The company and employees contribute 12% & 8% respectively on the salary of each employee to the approved Provident Fund.

**Employees Trust Fund**

The company contributes 3% of the salary of each employee to the Employees' Trust Fund contributions to defined contribution plans are recognized as an expense in the income statement as incurred.

**b. Defined benefit plans**

**Retiring Gratuity**

A defined benefit plan is a post employment benefit plan other than a defined contribution plan.

Upto 31 March 2008, the provision has been made for retiring gratuities in the financial statements from the first year of service for all employees in conformity with Sri Lanka Accounting Standard (SLAS) 16 – "Retirement Benefit Cost" which was effective till 01 July 2007. However, under the payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service.

The liability was not externally funded nor was it actuarially valued.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009**

**3.3.3 Employee Benefits (Contd.)**

In accordance with revised Sri Lanka Accounting Standard 16 (SLAS 16)- "Employee Benefits" which became effective from the financial year commencing after 01 July 2007, the Company has adopted the Gratuity Formula Method for the financial years since 01 April 2008.

The principle assumptions used in determining the cost of employee benefits were:

Discount Rate	11%
Future Salary Increases	10%
Staff Turn Over	5%

**3.3.4 Trade & Other Payables**

Trade & Other Payables are stated at cost.

**3.3.5 Capital Commitments & Contingencies**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

**3.3.6 Events after the Balance Sheet Date**

The materiality of the events after the balance sheet date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

**3.3.7 Events occurring after the balance sheet date**

The materiality of the events occurring after the balance sheet date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009**

**3.4 Income Statements**

**3.4.1 Revenue recognition**

**(a) Income on Finance Leases**

The accounting for lease and hire purchase income is made on the basis of the financing method. The excess of aggregate contract receivable over the cost of assets constitutes the total unearned income at the commencement of a contract.

For finance leases the unearned income is recognized as income over the term of contract commencing from the month in which the lease or hire purchase is executed in proportion to the declining receivable balance so as to produce a constant periodic rate of return on the lessor's net investment outstanding in the contract.

However, no interest income is recognized when the customer is in arrears for more than 3 months and those are classified as non-performing and credited to the "income in suspense account". Thereafter such income is recognized on cash basis.

For operating leases that net rental is recognized as an income on accrual basis.

**(b) Income on Operating Leases**

The net rental is recognized as an income on accrual basis.

**(c) Interest on Overdue Rentals**

Overdue interest is charged on lease which are not paid on due date and accounted for on the cash received basis.

**(d) Profit on disposal of Property, Plant & Equipment**

Profits or losses resulting from disposal of Property, Plant & Equipment have been accounted on cash basis in the Income Statement.

**3.4.2 Expenditure**

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009**

**3.4.2 Expenditure (Contd.)**

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

The loss incurred by the company before taxation as shown in the Income Statement is after making provision for all known liabilities and for the depreciation of property, plant & equipment.

**3.4.3 Finance Expense/ Income**

Finance expense comprises interest payable on borrowings.

Finance income comprises interest received on funds invested.

The interest component of finance lease payment is recognized in the Financial Statements using effective rate method.

**3.4.4 Income Tax expense**

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the income Statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

**(a) Current Taxes**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.



ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009

## 3.4.4 Income Tax expense (Contd.)

## a. Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 3.5 Earnings Per Share

The financial statements present basic earnings per share (EPS) data for its ordinary shareholders.

The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted averaged number of ordinary shares outstanding during the period.

## 3.6 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price being charged.

## 3.7 Cash Flow Statement

The Cash Flows Statements has been prepared using the "indirect method".

Interest paid are classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of cash flow statement.

## 3.8 Comparative Information

The comparative information is re classified wherever necessary to conform with the current year's presentation in order to provide a better presentation.

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH,	2009	2008
	Rs.	Rs.
<b>8. INCOME TAX EXPENSE</b>		
Current Tax		
On current year profits (Note 8.1)	(8,497,808)	-
	(8,497,808)	-
<b>8.1 Tax Reconciliation Statement</b>		
Loss before Income Tax Expense	(75,219,623)	(19,912,662)
Aggregate Disallowed Items	969,797,815	1,296,684,287
Aggregate Allowed Items	(857,686,405)	(1,206,311,131)
Statutory Income(Loss)	36,800,986	(29,519,506)
Tax Losses Brought Forward	(532,977,973)	(493,438,467)
	510,897,628	-
Taxable Loss Carried Forward	23,910,641	(522,977,973)
Tax on current year profits at 35%	(8,372,224)	-
Social Responsibility Levy at 1.5% (In 2008, at 1%)	(125,583)	-
Current Tax Expense	(8,497,808)	-

## 8.2 Deferred Tax

The deferred tax asset of Rs. 177,954,318/- has not been recognized in the financial statements as the Company has a history of recent tax losses. Therefore, the tax asset arising from tax loss carried forward was limited only to the extent of existing temporary differences. Deferred tax asset / liability has been computed using tax rate of 35%.

AS AT 31 MARCH,	2009		2008	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.	Rs.	Rs.	Rs.
On temporary Differences of PPEA: Retiring gratuity	1,656,720	579,852	68,007,044	23,802,465
On tax loss carried forward	(510,897,628)	(178,534,170)	(522,977,973)	(183,042,291)
	(308,440,907)	(177,954,318)	(454,970,929)	(159,239,825)

## 9. BASIC DEFICIT PER SHARE

The Deficit Per Share is calculated by dividing the loss for the year attributable to the Ordinary Shareholders of the company by the weighted average number of Ordinary Shares deemed to be outstanding during the period.

FOR THE YEAR ENDED 31 MARCH,	2009	2008
	Rs.	Rs.
Loss for the year	(83,717,431)	(19,912,662)
Weighted Average Number of Ordinary Shares	23,999,998	23,999,998
Basic Deficit Per Share (Rs.)	(3.49)	(0.83)

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH,	2009	2008
	Rs.	Rs.
<b>4. REVENUE</b>	<b>1,436,728,650</b>	<b>1,375,014,994</b>
<b>4.1 INCOME</b>		
Finance Leases	380,899,067	419,577,164
Lease Purchase	148,209,160	94,273,068
Hiring Income	22,414,294	29,813,154
Factoring	32,038,000	17,220,441
	603,560,520	560,883,827
<b>5. OTHER INCOME</b>		
Loan Income	3,089,850	-
Insurance Commission	12,725,116	8,199,899
Profit on Disposal of Property, Plant and Equipment	11,524,582	-
Profit on Sale of Loans	-	5,314,006
Profit on Sale of Leased Assets	-	1,154,580
Documentation/Service Income	8,744,103	6,897,477
Adjustments on System changeover (Note 5.1)	34,897,491	-
Sundry Income	16,386,567	1,394,119
	87,371,709	22,960,081

## 5.1 Adjustments on system changeover

The company has migrated to a new integrated accounting application package since 1st April 2008 and certain deficiencies in the system have resulted in an amount of Rs. 34,897,491/- as net write back to the Income Statement.

## 6. RESULTS FROM OPERATIONS ACTIVITIES

## Results from operating activities

Is stated after charging all expenses including the following:

Directors' Emoluments	883,487	968,618
Auditor's Remuneration	928,152	520,000
Depreciation	16,878,223	40,168,814
Provision for Doubtful Debts	1,38,044,625	81,665,239
Profit on Disposal of Property, Plant and Equipment	11,524,582	-
Salary Cost (Note 6.1)	46,327,013	32,702,888
<b>6.1. Salary Cost</b>		
De Good Benefits Plan - Gratuity	1,398,636	641,583
Defined Contribution Plan - EPF	4,179,454	2,998,256
- ETP	1,044,863	749,164
Salaries and Wages	39,704,070	28,313,883
	46,327,013	32,702,888
Average Number of Staff	99	109

## 7. NET FINANCE EXPENSE

## 7.1. Finance Income

Interest Income	85,291	63,958
	85,291	63,958

## 7.2. Finance Expense

Interest on Promissory Note	(27,885,238)	(14,710,575)
Loan Interest	(429,740,186)	(308,886,684)
Lease Interest	(8,440,602)	(852,302)
Overhead Interest	(50,654,535)	(59,051,723)
	(492,720,461)	(383,501,283)

Net Finance Expense	(492,835,170)	(383,437,325)
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ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 MARCH 2009

## 10. PROPERTY, PLANT AND EQUIPMENT

	Freehold and Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Computer Equipment Leases	Motor Vehicles Leases	Total 2009	Total 2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost								
Balance As At 01 April	5,108,608	15,498,473	28,486,136	198,238,689	484,200	4,026,222	286,312,327	158,028,944
Additions	181,764	769,228	1,790,719	3,000,000	1,091,241	5,332,208	14,448,760	27,030,861
Disposals	-	-	(122,430)	(31,148,330)	-	-	(31,270,760)	(27,447,940)
Transfers	-	-	-	(17,120,000)	-	13,367,000	(3,753,000)	(3,753,000)
Balance As At 31 March	5,290,372	16,267,701	28,154,425	149,970,359	1,575,441	9,358,430	199,466,228	153,811,225
Depreciation								
Balance As At 01 April	1,999,740	1,129,349	21,386,389	80,796,495	242,210	2,075,177	104,625,451	102,440,293
Charge for the Year	325,707	368,281	2,164,708	4,787,949	159,210	4,034,204	16,789,222	40,168,814
On Disposals	-	-	(30,161,000)	-	-	-	(30,161,000)	(23,710,346)
On Transfers	-	-	-	(131,220)	-	937,700	(130,483)	(130,483)
Balance As At 31 March	2,325,447	1,497,630	24,000,197	80,432,224	391,420	6,006,981	109,594,244	118,667,481
Net book Value	2,964,925	1,469,071	4,154,228	69,538,135	1,184,021	3,351,449	89,871,984	35,143,744
Capital Work in Progress (Note 10.1)	-	-	-	-	-	-	-	5,500,000
Carrying Amount As At 31 March 2009	2,964,925	1,469,071	4,154,228	69,538,135	1,184,021	3,351,449	89,871,984	40,643,744
Carrying Amount As At 31 March 2008	1,209,036	1,363,884	8,279,221	22,224,384	245,720	4,894,248	35,143,744	35,143,744

## 10.1 Capital Work in Progress

Interest During the year	1,500,000	-
Balance as at 31 March 2009	1,500,000	-

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS					
AS AT 31 MARCH,					
11. CONTRACT RECEIVABLE ON LEASED & HIRE PURCHASED ASSETS					
11.1 Contract Receivables on Leased & Hire Purchased Assets (Non Current)					
Contracts Receivables Within 1-5 Years					
	2009		2008		
	Rs.		Rs.		
	1,372,277,828		2,051,888,589		
	1,372,277,828		2,051,888,589		
11.2 Contract Receivables on Leased & Hire Purchased Assets (Current)					
Total Contract Receivables (Current)					
Overdue Rental Receivables					
	2009		2008		
	Rs.		Rs.		
	336,902,663		340,399,307		
	448,422,031		508,129,856		
	784,425,694		848,529,163		
Finance Leases					
Current					
Non-Current					
Total					
Contracts Receivable on Leased Assets	681,444,588	1,389,861,682	1,332,365,978	697,518,124	2,140,791,303
Less: Unearned Lease Income	(948,496,277)	(175,493,149)	(617,896,478)	(960,278,492)	(201,921,206)
Provision for Doubtful Debts	(85,789,411)	(152,888,140)	(238,386,558)	(23,595,933)	(124,372,065)
Net Lease Receivables	328,145,158	955,865,755	1,276,018,945	313,633,698	1,613,135,044
1,396,268,742					
Hire Purchases					
Current					
Non-Current					
Total					
Contracts Receivable on Hire Purchase Assets	145,844,401	556,316,471	701,360,872	124,427,330	524,343,707
Less: Unearned Lease Income	(112,877,029)	(115,567,148)	(227,444,777)	(97,224,843)	(119,977,561)
Provision for Doubtful Debts	(17,113,859)	(24,540,399)	(41,654,848)	(437,070)	(5,511,671)
Net Hire Purchase Receivables	115,853,513	416,209,733	432,261,247	26,705,417	398,854,545
421,120,144					
Total Contract Receivables	336,902,663	1,372,277,828	1,708,280,192	340,399,307	2,051,888,589
AS AT 31 MARCH,					
Overdue					
Finance Lease Rentals					
Operating Lease Rentals					
Hire Purchase Rentals					
Less: Provision for Doubtful Debts	473,927,274	256,641,941			
Less: Interest Income Suspended	3,924,951	2,954,669			
Net Contracts Receivables	13,288,664	22,947,660			
	528,660,349	297,694,370			
	(18,798,602)	(10,838,567)			
	(12,878,486)	(13,751,777)			
Net Contracts Receivables	448,422,031	208,129,856			
11.3 Loss Loss Provision					
As at 01 April					
Change for the Year					
As at 31 March					
	170,745,624	89,098,383			
	128,054,626	11,653,233			
	208,800,250	170,745,624			

ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS			
AS AT 31 MARCH,			
	2009	2008	
	Rs.	Rs.	
16. STATED CAPITAL			
23,999,998 Ordinary Shares	277,499,980	277,499,980	
	277,499,980	277,499,980	
16.1 In accordance with section 58 of Companies Act No.07 of 2007, which became effective from 3rd May 2007, Share capital and Share premium have been reclassified as stated capital.			
16.2 The holders of the ordinary shares are entitled to receive dividends as declared from time to time by the directors and are entitled to one vote for shares at the meetings of the Company. No dividend has been declared for the year ended 31 March 2009.			
17. RESERVE FUND			
The Reserve Fund has been created to comply with Direction No 6 of 2006 issued by the Central Bank under section 24 of Finance (Leasing) Act No 56 of 2006. During the year the Company has made no profits and therefore no transfer is made. This requirement to transfer 5% of the profit is to be complied every year, at same rate, until the balance in the Reserve Fund is equal to 50% of the issued and paid up ordinary share capital, and thereafter a transfer a further sum equivalent to not less than 2% of such profit, until the balance in the Reserve Fund is equal to the Issued and paid up ordinary share capital.			
AS AT 31 MARCH,	2009	2008	
	Rs.	Rs.	
18. RETIREMENT BENEFIT OBLIGATIONS			
Retiring Gratuity			
As at 01 April,	2,964,970	2,322,385	
Amount recognized in the income statement	1,398,637	641,583	
Payments during the year	(337,938)	-	
As at 31 March,	4,025,659	2,964,970	
18.1 As stated in Accounting Policy 3.3.3 (b) as at 31 March 2009, the retirement benefit liability is calculated based on the Gratuity Formula Method.			
The amounts recognized in the income statement are as follows:			
AS AT 31 MARCH,	2009	2008	
	Rs.	Rs.	
Current service cost	1,140,973	641,583	
Interest cost	202,550	-	
Actuarial loss	65,104	-	
	1,398,637	641,583	
The principal assumptions used were as follows:	2009	2008	
Discount rate (long - term)	11.0%	-	
Future salary increases	10%	-	
Staff Turnover Factor	5%	-	

ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS			
AS AT 31 MARCH,			
	2009	2008	
	Rs.	Rs.	
12. INVENTORIES			
Cost of Imported Vehicles	-	2,684,380	
	-	2,684,380	
13. RELATED PARTY RECEIVABLES			
TVS Auto Parts (Pvt) Ltd	-	30,928	
Readywax Industries Ltd	-	222,757	
	-	253,685	
14. OTHER RECEIVABLES			
Debtors-Sale of Lorries	2,521,949	13,941,489	
Debtors-Finishing	124,943,578	93,925,282	
VAT Receivable	-	5,236,909	
WHT Receivables	3,485,141	2,229,203	
Advances Paid	3,235,715	6,063,069	
Insurance Commissions Receivable	6,189,161	10,068,423	
Prepaid Insurance by Customers	40,597,359	23,387,608	
Economic Service Charge Claimable	-	8,143,937	
Office Relocation Advances	2,983,913	8,613,485	
Loans Receivables	19,600,792	-	
Sundry Receivables (Note 14.1)	15,860,471	41,311,138	
	219,348,070	214,852,400	
14.1 Sundry Receivables			
Deposits & Prepayments (Note 14.2)	8,551,515	33,405,304	
Staff Loans	808,956	875,674	
VAT Claimable	-	6,539,201	
Loans Against Promissory Notes	6,500,000	490,959	
	15,860,471	41,311,138	
14.2 Deposits & Prepayments			
Rent Deposit	350,000	540,875	
Insurance Premium Prepaid (Staff & Office)	1,336,419	1,491,015	
Stationery Stock	1,370,147	1,096,720	
Subscription Paid	-	125,911	
Refundable Deposits	-	285,625	
Lease Insurance Paid	-	10,502,526	
Stamp Deposits/Working Machine	(52,481)	99,948	
Insurance Paid-Hire	-	24,823	
Outstanding Balance Reconciling A/C	5,553,630	19,235,841	
	8,551,515	33,405,304	
15. CASH AND CASH EQUIVALENTS			
Favorable Balances			
Cash in Hand	9,890,414	101,500	
Cash at Bank	7,987,315	38,116,685	
	17,877,726	38,220,183	
Unfavorable Balances			
Bank Overdrafts - Securitised with UGL Corporate Guarantees	(289,556,588)	(178,861,194)	
Cash and Cash Equivalents for the purpose of Cash Flow Statement	(191,678,862)	(140,641,008)	
15.1 The company has obtained overdraft facilities from NDB Bank, Sampath Bank and Hutton National Bank amounting to Rs.25 Mts from each of the said banks for which a Corporate Guarantee was given by United Motors Lanka PLC.			
15.2 Further the company has obtained Overdraft facilities from Peoples Bank, Standard Chartered Bank (Pakistan) and Commercial Bank of Ceylon amounting to Rs. 30 Mts each of said banks for which a Corporate Guarantee was given by United Motors Lanka PLC.			

ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS			
AS AT 31 MARCH,			
	2009	2008	
	Rs.	Rs.	
19. INTEREST BEARING BORROWINGS			
As at 01 April	2,067,417,870	2,183,641,889	
Obtained During the year	949,955,856	653,278,474	
Transfers from FPE (Note 10)	13,317,500	-	
Payments Made	(1,264,583,916)	(769,504,493)	
	1,766,196,510	2,067,417,870	
Less: Interest in Suspense	(11,485,111)	(2,694,925)	
As at 31 March	1,754,671,399	2,065,322,945	
19.1 Sources of Finance			
Seylan bank	2,116,365	2,603,628	
Commercial Bank	329,232,288	531,246,863	
Hutton National Bank	122,558,371	195,179,530	
Sampath Bank	-	4,665,000	
Peoples bank	414,567,661	363,880,161	
Bank of Ceylon	93,750,000	150,000,000	
Lankaputhra Development Bank	20,833,000	33,333,400	
Union Bank	35,800,000	47,000,000	
OFSCIL Trusts	188,984,744	461,586,418	
NDB Bank Ltd	255,000,000	200,000,000	
Promissory Notes	292,229,050	75,827,945	
	1,754,671,399	2,065,322,945	
19.2 Sources of Finance - Current			
Seylan bank	609,467	780,769	
Commercial Bank	218,293,189	340,353,915	
Hutton National Bank	73,471,064	75,939,356	
Sampath Bank	-	4,665,000	
Peoples bank	164,749,992	125,000,000	
Bank of Ceylon	75,000,000	75,000,000	
Lankaputhra Development Bank	12,500,000	12,500,000	
Union Bank	12,000,000	12,500,000	
OFSCIL Trusts	111,650,129	262,640,871	
NDB Bank Ltd	90,000,000	200,000,000	
Promissory Notes	292,229,050	75,827,945	
	1,050,512,321	1,185,228,056	
19.3 Sources of Finance - Non Current			
Seylan bank	1,506,898	1,822,859	
Commercial Bank	118,939,019	190,872,948	
Hutton National Bank	49,487,307	119,219,574	
Peoples bank	24,817,669	238,880,161	
Bank of Ceylon	18,750,000	75,000,000	
Lankaputhra Development Bank	8,332,600	20,833,400	
Union Bank	23,000,000	34,500,000	
OFSCIL Trusts	77,325,585	198,943,547	
NDB Bank Ltd	165,800,000	165,800,000	
	704,159,078	880,094,889	
19.4 Non current portion is scheduled to be repaid as follows:			
1 year to 2 years	509,092,404	840,033,315	
2 year to 3 years	128,399,996	40,041,574	
3 year to 4 years	39,999,996	-	
4 year to 5 years	26,666,682	-	
	704,159,078	880,094,889	



ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2009						
19. INTEREST BEARING BORROWINGS (CONT'D)						
19.6 Term Loans						
Bank Name	Loan Amount - Rs.	Interest Rate	No of Installments	Installment Rs.	Security Portfolio Assigned	UML Guaranteed
Commercial Bank PLC - Loan I	200,000,000	20.42%	92	2,172,000	147,478,940	200,000,000
Commercial Bank PLC - Loan II	500,000,000	20.42%	79	6,294,000	172,396,240	-
Commercial Bank PLC - Loan III	400,000,000	20.42%	70	5,243,000	160,333,318	-
Commercial Bank PLC - Loan IV	300,000,000	13.00%	64	4,656,000	-	-
Hatton National Bank PLC - Loan I	125,000,000	20.17%	62	2,093,374	24,000,000	-
Hatton National Bank PLC - Loan II	100,000,000	19.89%	48	2,084,000	78,512,300	-
Hatton National Bank PLC - Loan III	100,000,000	21.39%	36	2,730,000	-	125,000,000
People's Bank - Loan II	500,000,000	16.10%	48	10,395,833	436,654,194	-
People's Bank - Loan III	200,000,000	26.84%	36	5,333,333	-	-
NDB	100,000,000	22.00%	36	2,500,000	-	-
Bank of Ceylon	150,000,000	22.00%	36	18,750,000	-	150,000,000
Linkages Development Bank	50,000,000	11.00%	48	1,041,700	41,666,750	-
Union Bank	50,000,000	24.00%	50	1,000,000	-	50,000,000
OPSCS Trust 2	100,000,000	18.60%	48	1,700,000	21,775,000	-
OPSCS Trust 4	100,000,000	21.54%	21	2,100,000	94,390,200	-
OPSCS Trust 5	149,200,000	20.31%	36	3,200,000	144,719,874	-
OPSCS Trust 6	200,048,012	21.30%	9	4,235,413	218,941,322	-
OPSCS Trust 7	127,000,000	23.20%	15	2,095,285	95,114,723	-
OPSCS Trust 8	160,000,000	23.30%	25	2,601,312	-	-

ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2009						
19. INTEREST BEARING BORROWINGS (CONT'D)						
19.6 Short Term Loans						
Bank Name	Loan Amount - Rs.	Interest Rate	No of Installments	Installment Rs.	Security Portfolio Assigned	UML Guaranteed
Loan I	100,000,000	21.17%	12	8,333,333	-	100,000,000
Loan II	100,000,000	21.25%	12	8,333,333	-	100,000,000
19.7 Finance Lease Obligations						
Bank Name	Loan Amount - Rs.	Interest Rate	No of Installments	Installment Rs.	Security Portfolio Assigned	UML Guaranteed
I	1,522,000	14%	60 Months	25,366.67	WP KA-6566	-
II	484,500	14%	48 Months	10,093.75	WP KC-2143	-
III	2,253,125	14.50%	60 Months	37,552.08	WP KB-7434	-
IV	2,700,000	17.80%	48 Months	56,250.00	WP KB-7838	-
V	9,500,000	15.94%	60 Months	158,333.33	03 Kollas	-
VI	3,995,250	21.00%	60 Months	66,587.50	07 Kollas	-
VII	9,332,251	20.97%	60 Months	155,537.52	07 Kollas	-
VIII	1,590,261	24.00%	48 Months	33,109.60	UP8	-

ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS			
AS AT 31 MARCH,		2009	2008
		Rs.	Rs.
20. TRADE AND OTHER PAYABLES			
Lease Suppliers		25,073,255	106,311,763
Prepaid Insurance by Customers		16,449,116	-
Accrued Expenses and Other Payables		1,742,758	4,354,004
Finance Cost Payable		-	429,446
VAT payable		38,686,636	38,828,493
ESC payable		13,534,602	3,832,406
Income Tax Payables		8,497,808	-
		<u>103,984,175</u>	<u>153,736,112</u>
21. AMOUNTS DUE TO RELATED PARTIES			
United Motors Lanka Ltd.		4,842,553	7,683,898
Orient Motor Company Ltd.		1,491,554	1,082,025
TVS Lanka (Pvt) Ltd.		-	254,274
Umlino Enterprises Ltd.		151,700	15,413,698
UML Property Development Ltd.		12,734	13,078
TVS Auto Parts (Pvt) Ltd.		11,674	-
		<u>6,510,215</u>	<u>24,446,923</u>
22. RELATED PARTIES			
22.1 Parent and ultimate controlling party			
The ultimate controlling party of the company is United Motors Lanka plc.			
22.2 Transactions with Key management personnel			
Key management personnel compensation			
Key management personnel comprise of Directors and CEO. The emoluments made by the Company on behalf of them are;			
AS AT 31 MARCH,		2009	2008
		Rs.	Rs.
Short term employee benefits		-	-
Cash Benefits		2,651,238	3,455,555
Non Cash Benefits		143,847	133,294
		<u>2,795,085</u>	<u>3,588,849</u>
22.3 Other transactions with key management personnel			
Directors of the company do not hold voting shares of the company. The terms and conditions of the transactions of the key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available on similar transactions with non key management personnel related entities on an arm's length basis.			

ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2009						
22. RELATED PARTIES						
22.4 Other Transactions with key management personnel						
Company	Name of the Director	Position	Nature of Transactions	Amount Rs.	Balance as at 31 March 2009	Rs.
United Motors Lanka PLC	Mr. C. Yamas	Director / CEO	Lease rental received	70,100,634	-	Nil
	Mr. R.M.S Fernando	Director	Lease income recognized	306,046,061	-	Nil
	Mr. S.M. Chrysostom	Director	Insurance Commission paid	1,556,907	-	1,556,907
	Mr. I.W.D. Abeyaratne	Director	Short Term Loan Paid	30,773,934	-	3,258,846
Orient Motor Company Limited	Mr. C. Yamas	Chairman	Electricity Bill & Water Bill	27,599	-	27,599
	Mr. A.W. Abulhasan	Director	Lease rental received	14,715,332	-	Nil
	Mr. L.W.D. Abeyaratne	Director	Lease income recognized	986,334	-	Nil
	Mr. R.M.S Fernando	Director	Hire Rental Paid	3,515,998	-	Nil
TVS Lanka Limited	Mr. C. Yamas	Director	Insurance Commission	1,691,554	-	1,691,554
	Mr. L.W.D. Abeyaratne	Director	Lease income recognized	1,419,213	-	Nil
	Mr. R.M.S Fernando	Director	Insurance Commission paid	240	-	Nil
	Mr. C. Yamas	Director	Lease rental received	10,790,916	-	Nil
Umlino Enterprises Limited	Mr. C. Yamas	Director	Insurance Commission paid	158,500	-	134,499
	Mr. L.W.D. Abeyaratne	Director	Lease rental received	105,923	-	Nil
	Mr. R.M.S Fernando	Director	10 Hia Of Motor Vehicle	15,200,000	-	Nil
	Mr. R. Dineth	Chairman	Lease rental received	1,031,764	-	Nil
TVS Auto parts (Pvt) Limited	Mr. M.A. Premal	Director	Lease income recognized	224,984	-	Nil
	Mr. A.D. Madu	Director	Insurance Commission paid	11,674	-	11,674
	Mr. C. Yamas	Director	Insurance Commission	12,734	-	12,734
	Mr. R.M.S Fernando	Director	Insurance Commission	12,734	-	12,734
23. SYSTEM CHANGEOVER						
The company has migrated to a new integrated accounting application package since 01 April 2008. The resulting financial statements of the company had to be adjusted due to deficiencies and bugs in the system, and these financial statements presented incorporate all relevant write offs/backlogs amounting to Rs. 14,897,691/- as disclosed under Note No. 05 - other income to the financial statements.						
Accordingly, the Company will commission a special post implementation IT review on the said application package during the ensuing year in order to increase the reliability of the said application package, and address any issue that may arise there from. Since the outcome of the above mentioned post implementation review cannot presently be ascertained, no adjustment for any effects on the Company that may result from such a review has been made in the financial statements.						
24. CAPITAL COMMITMENTS						
The Company has no material capital commitments outstanding as at the Balance Sheet date.						
25. CONTINGENT LIABILITIES						
25.1 Contingent Liabilities						
The Company had no material Contingent Liabilities outstanding as at the Balance Sheet date						
25.2 Litigation						
In the normal course of business, the Company is a party to various types of litigation including litigation with lessees who are in default in terms of their lease agreements. In the opinion of the lawyers the litigation, which is currently pending, will not have a material impact on the reported financial results or the future operations of the Company.						
26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE						
No circumstances have arisen since the Balance Sheet date, which would require adjustments or disclosures in the Financial Statements.						
27. DIRECTORS RESPONSIBILITY						
Directors are responsible for the preparation and presentation of these financial statements.						
28. COMPARATIVE INFORMATION						
Comparative information has been arranged and reclassified wherever necessary to conform to the current year's presentation.						

## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010



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## INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF ORIENT FINANCIAL SERVICES CORPORATION LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of Orient Financial services corporation Limited (the "Company"), which comprise the balance sheet as at March 31, 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes exhibited on page 02 to 27.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

## Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2010 and the financial statements give a true and fair view of the Company's state of affairs as at March 31, 2010 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

*Ford Rhodes Thornton & Co.*  
CHARTERED ACCOUNTANTS  
08 June 2010  
Colombo

KPMG Ford, Rhodes, Thornton & Co. a Sri Lanka Partnership  
and a member firm of the KPMG network of independent  
member firms affiliated with KPMG International Cooperative  
("KPMG International"), a Swiss entity.

A. B. Fernando  
Mr. M. R. Perera FCA  
T. S. Rajaratne FCA  
Mr. S. M. B. Jayasinghe ACA

S. Subasinghe FCA  
P. S. Perera FCA  
T. S. Rajaratne FCA  
Mr. R. P. R. Abeyaratne ACA

M. B. Mularu FCA  
C. P. Jayatilaka FCA  
Mr. S. Joseph ACA  
S. D. S. Perera FCA

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
BALANCE SHEET

AS AT 31 MARCH,	Note	2010 Rs.	2009 Rs.
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	10	29,706,509	35,968,226
Investment in Credit Information Bureau of Sri Lanka		30,600	30,600
Contract Receivables on Leased Assets	11	253,744,672	1,372,277,528
Deferred Tax Asset	12	115,617,686	-
<b>Total non current assets</b>		<b>399,069,467</b>	<b>1,408,276,354</b>
<b>Current Assets</b>			
Contract Receivables on Leased Assets	11	832,617,170	784,423,594
Related Party Receivables	13	152	-
Other Receivables	14	258,032,626	219,248,070
Cash and Cash Equivalents	15	14,664,480	17,877,726
<b>Total current assets</b>		<b>1,095,314,428</b>	<b>1,021,551,390</b>
<b>Total Assets</b>		<b>1,504,413,895</b>	<b>2,429,827,744</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	16	277,499,980	277,499,980
Reserve Fund	17	2,602,639	2,602,639
Retained Earnings		(20,499,705)	(61,242,328)
<b>Total equity</b>		<b>259,602,914</b>	<b>218,860,291</b>
<b>Non Current Liabilities</b>			
Retirement Benefits Obligations	18	5,174,469	4,025,659
Interest Bearing Borrowings	19	258,366,373	704,159,076
Non Interest Bearing Security Margins		49,513,776	132,219,417
<b>Total non current liabilities</b>		<b>330,054,568</b>	<b>840,404,154</b>
<b>Current Liabilities</b>			
Interest Bearing Borrowings	19	594,763,511	1,050,513,321
Trade and Other Payables	20	144,242,232	103,984,175
Related Party Payables	21	631,566	6,510,215
Bank Overdrafts	15	175,119,112	209,556,588
<b>Total current liabilities</b>		<b>914,766,421</b>	<b>1,370,563,299</b>
<b>Total liabilities</b>		<b>1,244,819,989</b>	<b>2,210,967,453</b>
<b>Total Equity and Liabilities</b>		<b>1,504,413,895</b>	<b>2,429,827,744</b>

Figures in brackets indicate deductions.  
Notes from page No. 06 to page No. 27 form an integral part of these financial statements.  
Independent Auditors' Report is provided on page no 01.

I certify that these financial statements are comply with the requirements of Companies Act No 07 of 2007.

*Ford Rhodes Thornton & Co.*  
CHARTERED ACCOUNTANTS

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

*Carroll*

08 June 2010

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH,	Note	2010 Rs.	2009 Rs.
<b>Revenue</b>	4	<b>1,236,547,609</b>	<b>1,436,720,650</b>
<b>Income</b>	4	<b>460,101,750</b>	<b>603,560,520</b>
<b>Other Income</b>	5	<b>34,123,905</b>	<b>87,371,709</b>
		<b>494,225,655</b>	<b>690,932,229</b>
<b>Expenses</b>			
Personnel Expenses		(48,050,091)	(46,327,014)
Premises, Equipment & Establishment Expenses		(32,645,613)	(36,215,597)
Provision for Doubtful Receivable		(62,153,153)	(138,044,627)
Other Overhead Expenses		(58,143,997)	(52,729,436)
<b>Profit from Operations</b>	6	<b>293,232,801</b>	<b>417,615,555</b>
<b>Finance Income</b>	7	<b>5,000</b>	<b>85,291</b>
<b>Finance Expense</b>	7	<b>(362,963,166)</b>	<b>(492,920,469)</b>
<b>Net Finance Expense</b>		<b>(362,958,166)</b>	<b>(492,835,178)</b>
<b>Loss before Income Tax Expense</b>		<b>(69,725,365)</b>	<b>(75,219,623)</b>
<b>Income Tax (Expense)/ Recoverable</b>	8	<b>110,467,988</b>	<b>(8,497,808)</b>
<b>Profit / (Loss) for the year</b>		<b>40,742,623</b>	<b>(83,717,431)</b>
<b>Basic Earnings / (Deficit) Per Share (Rs.)</b>	9	<b>1.70</b>	<b>(3.49)</b>

Figures in brackets indicate deductions.

Notes from page No. 06 to page No. 27 form an integral part of these financial statements.  
Independent Auditors' Report is provided on page no 01.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2010

	Stated Capital	Reserve Fund	Retained Earnings/ Accumulated Loss	Total
	Rs.	Rs.	Rs.	Rs.
As at 01 April 2008	277,499,980	2,602,639	22,475,103	302,577,722
Loss for the year	-	-	(83,717,431)	(83,717,431)
As at 31 March 2009	277,499,980	2,602,639	(61,242,328)	218,860,291
As at 01 April 2009	277,499,980	2,602,639	(61,242,328)	218,860,291
Profit for the year	-	-	40,742,623	40,742,623
As at 31 March 2010	277,499,980	2,602,639	(20,499,705)	259,602,914

Figures in brackets indicate deductions.

Notes from page No. 06 to page No. 27 form an integral part of these financial statements.  
Independent Auditors' Report is provided on page no 01.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH,	2010 Rs.	2009 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Income Tax Expense	(69,725,365)	(75,219,623)
<b>Adjustment for:</b>		
Depreciation	11,715,345	16,878,223
Profit on disposal of Property Plant & Equipment	(19,391,025)	(11,524,582)
Provision for doubtful Debts	62,153,153	138,044,625
Finance Expense	362,963,166	492,920,469
Interest Income	(5,000)	(85,291)
Provision for Gratuity	1,824,050	1,398,627
<b>Operating Profit before Working Capital Changes</b>	<b>345,534,324</b>	<b>562,412,448</b>
Change in Inventories	-	3,684,380
Change in contract Receivable on lease assets	945,482,488	268,975,718
Change in Related Party Receivables	(152)	253,685
Change in Other Receivables	(38,784,556)	(4,395,671)
Change in Related Party Payables	(5,878,649)	(4,619,209)
Change in Trade & other payables	19,172,727	(55,269,745)
<b>Cash flows from Operations</b>	<b>1,269,526,182</b>	<b>768,041,606</b>
Interest Paid	(333,788,929)	(488,134,986)
Income tax paid	(8,497,808)	-
Gratuity paid	(675,300)	(327,538)
<b>Net Cash from Operating Activities</b>	<b>926,564,145</b>	<b>279,568,682</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Property, Plant and Equipment	(5,422,547)	(4,543,492)
Sales Proceeds from disposal of Property Plant & Equipment	19,359,945	12,508,957
Interest Received	5,000	85,291
<b>Net Cash used in Investing Activities</b>	<b>13,942,398</b>	<b>8,050,756</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Loans Received	-	400,000,000
Lease Rentals paid	(15,859,895)	(8,991,383)
Net Short Term Loans and Promissory Notes	-	216,401,105
Term Loan Repayments	(893,422,418)	(946,067,032)
<b>Net Cash from used in Financing Activities</b>	<b>(909,282,313)</b>	<b>(338,657,290)</b>
<b>Net change in Cash and Cash Equivalents</b>	<b>31,224,229</b>	<b>(51,037,853)</b>
Cash and Cash Equivalents at Beginning of the Year	(191,678,861)	(140,641,009)
<b>Cash and Cash Equivalents at End of the Year (Note A)</b>	<b>(160,454,632)</b>	<b>(191,678,862)</b>
<b>Note - A</b>		
<b>Analysis of Cash and cash equivalents</b>		
Cash in Hand	9,908,755	9,890,411
Cash at Bank	4,755,725	7,987,315
Bank Overdrafts - Secured	(175,119,112)	(209,556,588)
	<b>(160,454,632)</b>	<b>(191,678,862)</b>

Figures in brackets indicate deductions.

Notes from page No. 06 to page No. 27 form an integral part of these financial statements.

Independent Auditor's Report is provided on page no 01.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010

## 1. REPORTING ENTITY

Orient Financial Services Corporation Limited (The "Company") is a public limited liability company incorporated and domiciled in Sri Lanka under the Companies Act No. 07 of 2007 and approved under Finance Lease Act No 56 of 2000.

The registered office of the Company is located at No. 100, Hyde Park Corner, Colombo-02 and the business is carried out at No. 525, Union Place, Colombo02.

The principal activities of the Company are leasing & hire purchase of Plant, Machinery, Motor Vehicles and Equipment, Factoring and Hiring.

There were no significant changes in the nature of principal activities of the Company during the financial year under review.

## 2. BASIS OF PREPARATION

## 2.1 Statement of compliance

The Financial Statements of Orient Financial Services Corporation Limited has been prepared in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL), and the requirements of the Company's Act No. 07 of 2007 and Finance Lease Act No. 56 of 2000.

The financial statements were approved by the Board of Directors on 08 June 2010.

## 2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except, when appropriate disclosure is made with regard to use of fair value under relevant notes. Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity.

## 2.3 Functional &amp; presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee.

## 2.4 Use of estimates &amp; judgment

The preparation of financial statements in conformity with Sri Lanka Accounting Standards, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010

## 2.4 Use of estimates &amp; judgment (Contd.)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation and uncertainty that have the most significant effect on the amounts recognized in the financial statements are described in Notes as follows:

Note No 10	-	Property, Plant & Equipment
Note No 11	-	Contract receivables on leased assets and hire purchase assets
Note No 12	-	Deferred Tax Asset
Note No 18	-	Retirement Benefit Obligations

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Previous year figures and phases have been rearranged & reclassified wherever necessary to conform to the current year's presentation.

## 3. SIGNIFICANT ACCOUNTING POLICIES

## 3.1 Assets and Bases of Their Valuation

## 3.1.1 Property, Plant and Equipment

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

## a. Recognition

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be reliably measured.

## b. Measurement

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation (See Accounting Policy 3.2.1(e)) and impairment losses (See Accounting Policy 3.2.7).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, the initial estimate, when relevant of the cost of dismantling and removing the items and restoring the site on which they are located and appropriate proportion of overhead. The

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010

## 3.1.1 Property, Plant and Equipment (Contd.)

cost of acquisition includes purchase cost together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

## c. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

When replaced costs are recognized in the carrying amount of an item of property, plant & equipment, the remaining carrying amount of the replaced part is derecognized.

## d. Leased Assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the asset under finance leases are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception less accumulated depreciation and the resulting lease obligations are included in the creditors less finance charges. Lease payments consist of capital and interest elements and the interest is charged to the Income Statement. Assets held under finance leases are amortized over the estimated useful lives unless ownership is not transferred at the end of the lease period. In such cases the assets are amortized over the shorter of lease terms and their useful lives. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.



ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010

## 3.1.1 Property, Plant and Equipment (Contd.)

## e. Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease terms and other useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease period. The estimated useful lives for the current and comparative periods are as follows.

Furniture and Fittings	4 years
Office Equipment	4 years
Computer Equipment	4 years
Motor Vehicles	4 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized.

The appropriation of useful lives of the assets and the depreciation rule are assessed annually.

## f. Capital Work-in-Progress

Capital expenses incurred during the year which are not completed as at the Balance Sheet date are shown as Capital Work-in-Progress, whilst the capital assets which have been completed during the year and commissioned have been transferred to Property, Plant & Equipment.

## 3.1.2 Long term Investments

Investment in unquoted shares held on long term basis are measured at cost less impairment losses. Provision for impairment is made when in the opinion of Directors, there has been a decline other than temporary in the value of the investment.

## 3.1.3 Net Contract Receivable on Assets

Assets leased or hire purchase to customers which transfer substantially all the risks and rewards associated with ownership other than legal title have been accounted as finance leases or hire purchases.

Amount receivable under finance leases or hire purchases net of unearned interest income and provision for rentals doubtful or recoveries are classified as Net Contract Receivable on assets in the Financial Statements.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010

## 3.1.4 Provisions for Lease and Hire Purchase Contract

## Specific Provision

Provision for Bad and Doubtful debts are made according to the Direction issued by the Central Bank of Sri Lanka to Financial Leasing Establishments under section 34 of the Finance Leasing Act No 56 of 2000.

Specific provisioning for doubtful debts on capital outstanding is made in the Financial Statements on the following basis.

6-11 months (after the due date)	20% (capital at risk)
12-18 months (after the due date)	50% (capital at risk)
More than 18 months (after the due date)	100% (Recoverable at risk)

Additionally, a judgmental provision will be made by the management based on the performance of the lease rental receivables.

## 3.1.5 Other Receivables

Other receivables are stated at their cost less impairment losses. (See Accounting Policy 3.2.7). Contract receivable on leased assets, rental receivable on leased assets are accounted for as Financial Lease and reflected on the Balance sheet at cost after eliminating unearned income, prepaid rentals, suspense income and provision for bad and doubtful debts.

## 3.1.6 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in banks and net of outstanding bank overdrafts.

## 3.1.7 Impairment

## a. Recognition

The carrying values of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognized whenever the carrying amount of asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

For the assets that have indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010

## 3.1.7 Impairment (Contd.)

## b. Calculation of recoverable amount

The recoverable amount is the greater of their net selling and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects the current market assessment of their time value of money and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## c. Reversal of Impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 3.2 Liabilities &amp; Provisions

## 3.2.1 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

## 3.2.2 Borrowing Cost

Borrowing costs are recognized as an expense in the period in which they are incurred except to the extent that they are eligible for capitalization.

## 3.2.3 Employee Benefits

## a. Defined contribution plans

A defined contribution plan is a post employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the Income Statement as and when they are due.

## Employees Provident Fund

The company and employees contribute 12% & 8% respectively on the salary of each employee to the approved Provident Fund.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010

## 3.2.3 Employee Benefits (Contd.)

## Employees Trust Fund

The company contributes 3% of the salary of each employee to the Employees' Trust Fund contributions to defined contribution plans are recognized as an expense in the income statement as incurred.

## b. Defined benefit plans

## Retiring Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan.

In accordance with revised Sri Lanka Accounting Standard 16 (SLAS 16)- "Employee Benefits" which became effective from the financial year commencing after 01 July 2007, the Company has adopted the Gratuity Formula Method for the financial years since 01 April 2008.

The principle assumptions used in determining the cost of employee benefits were:

Discount Rate	11%
Future Salary Increases	10%
Staff Turn Over	5%

However, under the payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service.

The liability was not externally funded nor was it actuarially valued.

## 3.2.4 Trade &amp; Other Payables

Trade & Other Payables are stated at cost.

## 3.2.5 Capital Commitments &amp; Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**3.2.6 Events occurring after the Balance Sheet Date**

The materiality of the events after the balance sheet date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

**3.3 Income Statements**

**3.3.1 Revenue recognition**

**(a) Income on Finance Leases**

The accounting for lease and hire purchase income is made on the basis of the financing method. The excess of aggregate contract receivable over the cost of assets constitutes the total unearned income at the commencement of a contract.

For finance leases the unearned income is recognized as income over the term of contract commencing from the month in which the lease or hire purchase is executed in proportion to the declining receivable balance so as to produce a constant periodic rate of return on the lessor's net investment outstanding in the contract.

However, no interest income is recognized when the customer is in arrears for more than 3 months and those are classified as non-performing and credited to the "income in suspense account". Thereafter such income is recognized on cash basis.

For operating leases that net rental is recognized as an income on accrual basis.

**(b) Income on Operating Leases**

The net rental is recognized as an income on accrual basis.

**(c) Interest on Overdue Rentals**

Overdue interest is charged on lease which are not paid on due date and accounted for on the cash received basis.

**(d) Profit on disposal of Property, Plant & Equipment**

Profits or losses resulting from disposal of Property, Plant & Equipment have been accounted on cash basis in the Income Statement.

**3.3.2 Expenditure**

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**3.3.2 Expenditure (Contd.)**

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

The profit earned by the company before taxation as shown in the Income Statement is after making provision for all known liabilities and for the depreciation of property, plant & equipment.

**3.3.3 Finance Expense/ Income**

Finance expense comprises interest payable on borrowings.

Finance income comprises interest received on funds invested.

The interest component of finance lease payment is recognized in the Financial Statements using effective rate method.

**3.3.4 Income Tax expense**

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the Income Statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

**(a) Current Taxes**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**a. Deferred tax**

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**3.3.4 Income Tax expense (Contd.)**

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3.4 Earnings Per Share**

The financial statements present basic earnings per share (EPS) data for its ordinary shareholders. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted averaged number of ordinary shares outstanding during the period.

**3.5 Related Party Transactions**

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price being charged.

**3.6 New Accounting Standard issued, but not effective as at the balance sheet date**

**SLAS 44 – Financial Instruments – Presentation**  
**SLAS 45 – Financial Instruments – Recognition & Measurement**

SLAS 44 & 45 was issued in 2008 and will be effective for financial years beginning on or after January 01, 2011. Accordingly, the financial statements for the year ending March 31, 2012 will be required to adopt SLAS 44 & 45.

The above standards together provide comprehensive guidance on identification, classification, measurement & presentation of financial instruments (including derivatives) into financial assets, financial liability and equity instruments. Accordingly, when a financial asset or liability is recognized initially, the company will measure such financial asset or liability at its fair value plus, transaction cost that are directly attributable to the acquisition or issue of the financial asset, financial liability & subsequently measured either at fair value or amortized cost depending on the categorization of financial assets and liabilities.

In order to comply with the requirements of these standards, the company is in the process of setting up an implementation plan and assessing the impact of adoption of the aforesaid two standards. Due to the complex nature of the effects of these standards, the impact of adoption cannot be estimated as at the date of publication of these financial statements.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**3.7 Cash Flow Statement**

The Cash Flows Statements has been prepared using the "indirect method". Interest paid are classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of cash flow statement.

**3.8 Comparative Information**

The comparative information is re classified wherever necessary to conform with the current year's presentation in order to provide a better presentation.



ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS		
FOR THE YEAR ENDED 31 MARCH	2010 Rs.	2009 Rs.
<b>4. REVENUE</b>	<b>1,236,547,609</b>	<b>1,436,720,650</b>
<b>4.1 INCOME</b>		
Finance Leases	302,634,740	380,899,067
Lease Purchase	119,475,990	148,209,160
Hiring Income	3,116,417	22,414,293
Factoring	34,874,603	52,038,000
	<b>460,101,750</b>	<b>603,560,520</b>
<b>5. OTHER INCOME</b>		
Loan Income	4,571,574	3,089,850
Insurance Commission	7,618,512	12,729,116
Profit on Disposal of Property, Plant and Equipment	19,391,025	11,524,582
Documentation/Service Income	2,542,794	8,744,103
Adjustments on System changeover (Note 5.1)	-	34,897,491
Sundry Income	-	16,386,567
	<b>34,123,905</b>	<b>87,371,709</b>
<b>5.1 Adjustments on system changeover</b>		
The company has migrated to a new integrated accounting application package since 1st April 2008 and certain deficiencies in the system have resulted an amount of Rs. 34,897,491/- as net write back to the Income Statement.		
<b>6. RESULTS FROM OPERATING ACTIVITIES</b>		
Results from operating activities		
is stated after charging all expenses including the following:		
Directors' Emoluments	6,783,977	2,795,085
Audit Fee	790,000	490,000
Depreciation	11,715,345	16,878,223
Provision for Doubtful Receivables	62,153,153	138,044,625
Staff Related Cost (Note 6.1)	48,050,091	46,327,013
<b>6.1. Staff Related Cost</b>		
Defined Benefit Plan - Gratuity	1,824,725	1,398,626
Defined Contribution Plan - EPF	4,228,857	4,179,454
Defined Contribution Plan - ETF	1,057,214	1,044,863
Salaries and Wages	40,939,295	39,704,070
	<b>48,050,091</b>	<b>46,327,013</b>
Average Number of Staff	89	99
<b>7. NET FINANCE EXPENSE</b>		
<b>7.1. Finance Income</b>		
Interest Income	5,000	85,291
	<b>5,000</b>	<b>85,291</b>
<b>7.2. Finance Expense</b>		
Interest on Promissory Note	(33,626,382)	(27,085,228)
Loan Interest	(287,247,945)	(429,740,106)
Lease Interest	(4,740,799)	(5,440,602)
Overdraft Interest	(37,348,040)	(30,654,533)
	<b>(362,963,166)</b>	<b>(492,920,469)</b>
<b>Net Finance Expense</b>	<b>(362,958,166)</b>	<b>(492,835,178)</b>

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2010									
10. PROPERTY, PLANT AND EQUIPMENT	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.	2010 Rs.
Cost									
Balance as at 01 April	2,486,414	1,221,703	18,431,431	47,075,000	2,076,794	26,141,201	1,074,049	1,074,049	1,074,049
Additions	180,277	40,580	1,042,428	3,330,000	-	-	4,380,307	14,888,753	14,888,753
Disposals	-	-	-	(47,075,000)	-	-	(47,075,000)	(31,811,751)	(31,811,751)
Correction of error	-	-	(3,780,000)	-	-	-	-	(3,780,000)	-
Transfer	-	-	-	-	-	-	-	-	-
Balance as at 31 March	2,666,691	1,262,283	17,693,859	33,330,000	2,076,794	26,141,201	1,074,049	1,074,049	1,074,049
Depreciation									
Balance as at 01 April	2,558,781	1,792,233	14,980,170	12,074,000	286,514	9,078,024	1,074,049	1,074,049	1,074,049
Charge for the Year	470,303	608,233	2,082,351	3,084,000	(18,480)	7,138,332	13,770,408	16,479,233	16,479,233
On Disposals	-	-	-	(47,075,000)	-	-	(47,075,000)	(31,811,751)	(31,811,751)
Correction of error	-	-	(7,354,000)	-	-	-	-	(7,354,000)	-
Balance as at 31 March	3,028,684	2,400,466	17,058,521	32,081,000	268,034	16,216,356	13,770,408	16,479,233	16,479,233
Net Book Value - 2010	470,303	1,061,817	6,635,338	1,249,000	1,076,760	9,924,845	13,770,408	16,479,233	16,479,233
Net Book Value - 2009	800,233	1,061,817	6,635,338	1,249,000	1,076,760	9,924,845	13,770,408	16,479,233	16,479,233
Capital Work in Progress (Note No. 10.1)	-	-	-	-	-	-	-	-	-
Carrying Amount	-	-	-	-	-	-	-	-	-
<b>10.1 Capital Work in Progress</b>									
Balance as at 01 April	-	-	-	-	-	-	-	-	-
Incurred during the year	-	-	-	-	-	-	-	-	-
Correction of error (Note 10.1)	-	-	-	-	-	-	-	-	-
Balance as at 31 March	-	-	-	-	-	-	-	-	-
<b>10.2 Correction of error</b>									
Computer equipment acquired by the company in 2007, 2008 and 2009 in respect of the new information system has been incorrectly recorded under the Cost and has been corrected. The depreciation thereon was also not been created during the year.									
<b>10.3 Written down value of the leased assets as at the balance sheet date is Rs. 17,538,625/-</b>									

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS		
FOR THE YEAR ENDED 31 MARCH	2010 Rs.	2009 Rs.
<b>8. INCOME TAX EXPENSE</b>		
Current Tax		
On current year profits (Note 8.1)	(7,282,450)	(8,497,808)
Over Provision in respect of previous years	2,132,752	-
Origination & Reversal of Temporary Differences	55,148,945	-
Deferred Tax Asset on Tax Losses	60,468,841	-
	<b>110,467,988</b>	<b>(8,497,808)</b>
<b>8.1 Tax Reconciliation Statement</b>		
Loss before Income Tax Expense	(69,725,365)	(75,219,623)
Aggregate Disallowed Items	775,596,669	969,707,015
Aggregate Allowed Items	(673,697,202)	(857,696,405)
Statutory income (Loss)	32,173,902	36,800,986
Tax Losses Brought Forward	(510,097,628)	(322,977,973)
Tax Losses carried Forward	501,656,298	510,097,628
Correction of last year over provision	(3,232,667)	-
Taxable Loss Carried Forward	<b>20,499,505</b>	<b>23,920,641</b>
Tax on current year profits at 33%	(7,174,828)	(8,372,224)
Social Responsibility Levy at 1.5%	(107,622)	(123,583)
Current Tax Expense	<b>(7,282,450)</b>	<b>(8,497,808)</b>
<b>9. BASIC EARNINGS/(DEFICIT) PER SHARE</b>		
The Basic Earnings/(Deficit) Per Share is calculated by dividing the profit/(loss) for the year, attributable to the Ordinary Shareholders of the company by the weighted average number of Ordinary Shares as at the balance sheet date.		
<b>FOR THE YEAR ENDED 31 MARCH</b>	<b>2010 Rs.</b>	<b>2009 Rs.</b>
Profit/(loss) for the year	40,742,623	(83,717,431)
Weighted Average Number of Ordinary Shares	23,999,998	23,999,998
Basic Earnings/(Deficit) Per Share (Rs.)	<b>1.70</b>	<b>(3.49)</b>

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED									
NOTES TO THE FINANCIAL STATEMENTS									
AS AT 31 MARCH,							2010	2009	
							Rs.	Rs.	
<b>11. CONTRACT RECEIVABLE ON LEASED &amp; HIRE PURCHASED ASSETS</b>									
<b>11.1 Contract Receivables on Leased &amp; Hire Purchased Assets (Non Current)</b>									
Contract Receivables Within 1-3 Years							253,744,672	1,372,277,528	
							253,744,672	1,372,277,528	
<b>11.2 Contract Receivables on Leased &amp; Hire Purchased Assets (Current)</b>									
Total Contract Receivables (Current)							448,581,482	334,002,663	
Overdue Rental Receivables							384,115,688	448,522,031	
							448,581,482	334,002,663	
							2010	2009	
							Rs.	Rs.	
<b>Finance Leases</b>									
Contract Receivable on Leased Assets	Current	Non-Current	Total	Current	Non-Current	Total			
Less: Unearned Lease Income	572,882,516	359,609,204	972,712,892	501,444,218	1,239,316,682	1,932,200,970			
Provision for Doubtful Debt	(193,127,300)	(55,716,820)	(273,840,855)	(245,496,777)	(172,483,748)	(441,960,475)			
Net Lease Receivables	379,755,216	303,892,384	683,647,600	255,947,441	1,066,832,934	1,492,161,445			
	379,755,216	303,892,384	683,647,600	255,947,441	1,066,832,934	1,492,161,445			
<b>Hire Purchases</b>									
Contract Receivable on Hire Purchase Assets	186,407,043	188,138,286	374,524,279	143,066,401	534,116,471	791,340,872			
Less: Unearned Lease Income	(62,435,960)	(19,376,877)	(102,882,845)	(112,077,020)	(111,362,748)	(227,444,777)			
Provision for Doubtful Debt	(15,288,139)	(18,377,790)	(33,427,935)	(17,113,830)	(24,540,990)	(41,654,848)			
Net Hire Purchase Receivables	108,682,944	149,383,619	258,066,563	113,875,551	418,212,733	532,088,284			
	108,682,944	149,383,619	258,066,563	113,875,551	418,212,733	532,088,284			
<b>Total Contract Receivables</b>	<b>488,438,160</b>	<b>453,276,003</b>	<b>941,714,163</b>	<b>369,822,992</b>	<b>1,515,071,558</b>	<b>2,024,249,729</b>			
AS AT 31 MARCH,							2010	2009	
							Rs.	Rs.	
<b>Overdue</b>									
Finance Lease Assets							6,628,354	472,927,234	
Operating Lease Assets							41,834,650	3,052,091	
Hire Purchase Assets							439,666,650	53,200,064	
							488,129,654	528,179,385	
Less: Provision for Doubtful Debt							(48,517,377)	(28,159,882)	
Less: Interest Income Suspended							(11,499,832)	(12,578,888)	
Net Contract Receivables							288,112,497	447,420,720	
							288,112,497	447,420,720	
<b>3.1.3 Loan Loss Provision</b>							2010	2009	
							Rs.	Rs.	
As at 31st April							308,800,280	170,763,624	
Charge for the Year							223,354,349	327,241,444	
Reversals during the year							(181,696,098)	(119,184,832)	
							350,458,531	378,819,236	



ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH,

12. DEFERRED TAX ASSET
Origination & Reversal of Temporary Differences (Note 12.1)
Deferred Tax Asset on Tax Losses (Note 12.1)
55,148,845
60,468,841
115,617,686
12.1 Deferred tax assets
The amount recognized as deferred tax asset is as follows:
Amount
Deferred tax
Tax 31-Mar-10
Deferred Tax
asset recognized
in the F/S
Deferred Tax
asset Not
recognized in
the F/S
Rs.
Rs.
Rs.
Rs.
Property, plant & equipment & gratuity
127,568,128
55,148,845
55,148,845
Tax loss
501,656,298
175,479,254
60,468,840
115,110,864
Total
230,728,549
115,617,685
115,110,864
12.2 For this purpose total value of deferred tax asset on temporary differences arising from property, plant & equipment has been
recognized in the financial statements. In the case of deferred tax asset on tax loss amounting to Rs. 60,468,841/- has been
recognized in the financial statements as management considers it is probable that future taxable profits will be available. In
order to arrive at deferred tax on tax loss, the management has carried out financial projections on following basis:
2011
2012
2013
2014
2015
Total
Rs.
Rs.
Rs.
Rs.
Rs.
Rs.
Projected statutory income
44,810,324
30,759,898
139,624,321
139,624,321
139,624,321
493,623,185
Utilization of tax losses
(35% of Statutory income)
15,403,613
10,758,964
48,868,512
48,868,512
48,868,512
172,768,115
Deferred tax on tax loss utilized
5,391,265
3,765,838
17,103,979
17,103,979
17,103,979
60,468,840

Consequently, assumptions and estimates made in arriving at financial projections for the above mentioned period of year 2010/11 was reasonable considering industry average and past performance of the company and are aligned to future strategies of the Company. The key assumptions made for these financial projections are as follows:

- 12.3** The margins of Leasing, Hire Purchase and Factoring products are within the range of 6% to 17%.
- 12.4 Other assumptions**
- All overheads other than specific overheads are expected to increase by 15% on a year on year basis.
  - Existing staff strength is adequate to handle the increased volume of operation and where necessary gaps are filled through the first year HR budget.
  - Company could generate adequate funding and be able to maintain the borrowing within the guidelines of Central Bank of Sri Lanka.
  - Due to high level of legal provisioning already made in the past, the company expects a net reversal position over period of incoming 5 years.
  - Collection of revenue interest could be able to maintain on routine basis.
  - The estimates have been made for 3 years commencing financial year 2010/11 and third year projected profit level is expected to maintain for the financial year 2013/14 and 2014/15.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH,

	2010 Rs.	2009 Rs.
<b>13. RELATED PARTY RECEIVABLES</b>		
TVS Auto Parts (Pvt) Ltd	152	-
	<u>152</u>	<u>-</u>
<b>14. OTHER RECEIVABLES</b>		
Debtors-Sale of Lories	1,727,699	2,521,949
Debtors-Factoring	115,154,025	124,943,578
VAT Receivable	39,071,595	-
WHT Receivables	4,099,531	3,405,141
Advances Paid	1,004,943	3,235,715
Insurance Commissions Receivable	2,235,667	6,189,161
Economic Service Charge Claimable	41,070,962	40,507,350
Office Relocation Advances	-	2,983,913
Loan Receivables	29,261,527	19,650,792
Sundry Receivables (Note 14.1)	24,406,677	15,860,471
	<u>258,032,626</u>	<u>219,248,070</u>
<b>14.1 Sundry Receivables</b>		
Deposits & Prepayments (Note 14.2)	23,236,647	8,551,515
Staff Loans	720,030	808,956
Loans Against Promissory Notes	450,000	6,500,000
	<u>24,406,677</u>	<u>15,860,471</u>
<b>14.2 Deposits &amp; Prepayments</b>		
Rent Deposit	1,960,000	350,000
Insurance Premiums Prepaid (Staff & Office)	1,671,773	1,330,819
Stationery Stock	1,345,887	1,370,147
Subscription Paid	55,859	-
Stamp Deposit/Printing Machine	81,807	(52,483)
Insurance Paid-Hire	19,470,107	-
Opening Balance Reconciling A/C	(1,348,780)	5,553,030
	<u>23,236,647</u>	<u>8,551,515</u>
<b>15. CASH AND CASH EQUIVALENTS</b>		
Cash in Hand	9,908,758	9,899,411
Cash at Bank	4,255,725	7,987,315
	<u>14,664,480</u>	<u>17,877,726</u>
Bank Overdrafts - Securitised with UML Corporate Guarantee	(175,119,112)	(209,556,583)
Cash and Cash Equivalents for the purpose of Cash Flow Statement	<u>(160,454,632)</u>	<u>(191,678,857)</u>

**15.1** The company has obtained Overdraft facilities from NDB Bank, Sampath Bank and Hutton National Bank amounting to Rs.25 Mn from each of the said banks for which a Corporate Guarantee was given by United Motors Lanka PLC.

**15.2** Further the company has obtained Overdraft facilities from Peoples Bank, Standard Chartered Bank (Pakistan) and Commercial Bank of Ceylon amounting to Rs. 50 Mn each of said banks for which a Corporate Guarantee was given by United Motors Lanka PLC.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH,

	2010 Rs.	2009 Rs.
<b>16. STATED CAPITAL</b>		
23,999,998 Ordinary Shares	277,499,980	277,499,980
	<u>277,499,980</u>	<u>277,499,980</u>
<b>16.1</b>		
In accordance with section 58 of Companies Act No.07 of 2007, which became effective from 3rd May 2007, Share capital and Share premium have been reclassified as stated capital.		
<b>16.2</b>		
The holders of the ordinary shares are entitled to receive dividends as declared from time to time by the directors and are entitled to one vote for shares at the meetings of the Company. No dividend has been declared for the year ended 31 March 2010.		
<b>17. RESERVE FUND</b>		
The Reserve Fund has been created to comply with Direction No 6 of 2006 issued by the Central Bank under section 34 of Finance leading Act No 56 of 2006. During the year the Company has made no profits and therefore no transfer is made. This requirement to transfer 5% of the profits is to be complied every year, at same rate, until the balance in the Reserve Fund is equal to 50% of the issued and paid up ordinary share capital, and thereafter a transfer a further sum equivalent to not less than 2% of such profit, until the balance in the Reserve Fund is equal to the issued and paid up ordinary share capital.		
<b>AS AT 31 MARCH,</b>	<b>2010 Rs.</b>	<b>2009 Rs.</b>
<b>18. RETIREMENT BENEFIT OBLIGATIONS</b>		
<b>Retiring Gratuity</b>		
As at 01 April,	4,025,659	2,964,979
Amount recognized in the income statement	1,824,050	1,398,627
Payments during the year	(675,300)	(337,938)
As at 31 March,	<u>5,174,409</u>	<u>4,025,659</u>

**18.1** As stated in Accounting Policy 3.3.3 (b) as at 31 March 2010, the retirement benefit liability is calculated based on the Gratuity Formula Method.

The amounts recognized in the income statement are as follows:

	2010 Rs.	2009 Rs.
<b>AS AT 31 MARCH,</b>		
Current service cost	1,054,253	1,140,973
Interest cost	384,163	202,550
Actuarial loss	385,634	55,104
	<u>1,824,050</u>	<u>1,398,627</u>

The principal assumptions used were as follows:

	2010	2009
Discount rate [long - term]	11%	11%
Future salary increases	10%	10%
Staff Turnover Factor	5%	5%

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH,

	2010 Rs.	2009 Rs.
<b>19. INTEREST BEARING BORROWINGS</b>		
As at 01 April	1,766,106,510	2,067,417,870
Obtained During the year	120,241,774	949,955,056
Transfers from PPE (Note 10)	-	13,317,500
Payments Made	(1,028,674,557)	(1,264,583,918)
	857,673,727	1,766,106,510
Less: Interest in Suspense	(7,543,843)	(11,435,111)
As at 31 March	<u>850,129,884</u>	<u>1,754,671,399</u>
<b>19.1 Sources of Finance</b>		
Seylan bank	1,506,893	2,116,365
Commercial Bank	120,953,692	329,232,208
Hutton National Bank	49,487,306	122,958,371
Peoples bank	250,625,000	414,567,661
Bank of Ceylon	18,161,105	93,759,000
Lankaputhra Development Bank	8,332,000	20,833,000
Union Bank	23,000,000	35,000,000
OFSL Trusts	68,625,585	188,984,744
NDB Bank Ltd	165,000,000	255,000,000
Promissory Notes	144,438,303	292,229,050
	<u>850,129,884</u>	<u>1,754,671,399</u>
<b>19.2 Sources of Finance - Current</b>		
Seylan bank	780,640	609,467
Commercial Bank	88,726,977	218,293,189
Hutton National Bank	42,140,567	73,471,064
Sampath Bank	-	-
Peoples bank	143,958,334	164,749,992
Bank of Ceylon	18,161,105	75,000,000
Lankaputhra Development Bank	8,332,000	12,500,000
Union Bank	12,000,000	12,000,000
OFSL Trusts	46,225,585	111,659,159
NDB Bank Ltd	90,000,000	90,000,000
Promissory Notes	144,438,303	292,229,050
	<u>594,763,511</u>	<u>1,050,512,321</u>
<b>19.3 Sources of Finance - Non Current</b>		
Seylan bank	726,253	1,506,898
Commercial Bank	32,226,715	110,939,019
Hutton National Bank	7,346,738	49,487,307
Peoples bank	106,666,667	249,817,669
Bank of Ceylon	-	18,750,000
Lankaputhra Development Bank	-	8,332,000
Union Bank	11,000,000	23,000,000
OFSL Trusts	22,400,000	77,325,585
NDB Bank Ltd	75,000,000	165,000,000
	<u>255,366,373</u>	<u>704,159,078</u>
<b>19.4 Non current portion is scheduled to be repaid as follows:</b>		
1 year to 2 years	188,699,706	509,093,404
2 year to 3 years	40,000,000	128,399,996
3 year to 4 years	26,666,667	39,999,996
4 year to 5 years	-	26,666,682
	<u>255,366,373</u>	<u>704,159,078</u>

ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2010							
<b>19. INTEREST BEARING BORROWINGS (CONT'D)</b>							
<b>19.5 Term Loans</b>							
Bank Name	Loan Amount - Rs.	Interest Rate	No of Installments	Installment Rs.	Portion Assigned	Security	Date of Facility Obtained
Commercial Bank PLC - Loan I	200,000,000	11.77%	82	2,062,200	200,000,000	15/02/2003	15/02/2003
Commercial Bank PLC - Loan II	200,000,000	11.77%	79	2,087,113	147,474,500	11/02/2004	11/02/2004
Commercial Bank PLC - Loan III	400,000,000	11.77%	79	4,081,583	175,394,300	6/27/2006	6/27/2006
Commercial Bank PLC - Loan IV	300,000,000	11.77%	64	4,680,968	290,331,518	9/20/2009	9/20/2009
Hatun National Bank PLC - Loan II	100,000,000	11.67%	48	2,084,000	78,321,500	8/12/2006	8/12/2006
Hatun National Bank PLC - Loan III	100,000,000	13.37%	34	2,750,000	125,000,000	1/13/2009	1/13/2009
People's Bank - Loan II	500,000,000	16.30%	48	10,261,333	436,639,194	1/24/2007	1/24/2007
People's Bank - Loan III	200,000,000	20.00%	36	5,555,556	117,010,000	11/01/2008	11/01/2008
ICOB	200,000,000	11.71%	36	7,300,200	-	1/01/2009	1/01/2009
Bank of Ceylon	150,000,000	14.00%	8 - Quarterly	18,750,000	150,000,000	3/28/2009	3/28/2009
Lankadevika Development Bank	50,000,000	15.00%	48	1,041,700	41,666,750	11/28/2006	11/28/2006
Union Bank	50,000,000	17.00%	30	1,800,000	30,000,000	1/12/2008	1/12/2008
OPSCIL Trust 4	100,000,000	12.53%	21	4,800,000	86,390,000	1/19/2007	1/19/2007
OPSCIL Trust 5	149,200,000	18.50%	26	5,700,000	144,719,874	8/8/2007	8/8/2007
OPSCIL Trust 6	100,000,000	23.39%	23	4,347,826	-	4/23/2009	4/23/2009
<b>19.6 Finance Lease Obligations</b>							
Bank Name	Loan Amount - Rs.	Interest Rate	No of Installments	Installment Rs.	Portion Assigned	Security	Date of Facility Obtained
a. IHB PLC	1,515,000	16%	60 Months	25,250	1,515,000	WP KA-6554	10/10/2005
b. Commercial Bank PLC	454,500	16%	48 Months	9,489	454,500	Comptel	11/02/2005
c. IHB PLC	2,233,131	14.50%	60 Months	37,219	2,233,131	WP KO-2143	7/9/2006
d. Sechin Bank PLC	2,750,000	27.80%	48 Months	57,292	2,750,000	WP EL-1431	12/24/2007
e. Commercial Bank PLC	9,540,000	15.54%	60 Months	158,667	9,540,000	WP EL-1013	3/4/2008
f. IHB PLC	3,951,250	21.00%	60 Months	65,854	3,951,250	4/1/2008	4/1/2008
g. IHB PLC	9,332,251	20.95%	60 Months	155,371	9,332,251	07 Kelle	4/1/2008
h. Commercial Bank PLC	1,590,261	24.00%	48 Months	33,129	1,590,261	UPS	12/02/2008

ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2010						
<b>22. RELATED PARTIES</b>						
<b>22.4 Other Transactions with key management personnel</b>						
Company	Name of the Director	Position	Nature of Transactions	Amount Rs.	Balance as at 31 March 2010 Rs.	
United Motors Lanka PLC	Mr. R.M.S. Fernando	Chairman	Short Term Loan Obtained	50,000,000	-	
	Mr. C. Yatawara	CEO/Director	Insurance Commission paid	(50,000,000)	-	
	Mr. T.M.R.B. Tennakoon	Director	Electricity Bill & Water Bill	1,064,127	314,028	
	Mr. A.C.M.L. Jay	Director	Charged non-payment	19,921	8,519	
	Mr. A.W. Anandadasa	Director	Professional Fee	27,916	23,602	
	Mr. Yoko	Director	Office rent (Per month)	964,795	66,667	
	Mr. R.H. Yanes	Director	Office rent (Per month)	133,333	-	
	Mr. S. Nagesh	Director	Office rent (Per month)	133,333	-	
Orient Motor Company Limited	Mr. C. Yatawara	Director	Lease rental received	197,354	-	
	Mr. R.M.S. Fernando	Director	Lease Income Recognized	25,776	-	
			purchase of vehicle	3,100,000	-	
			Lease Income Recognized	1,755,000	-	
			How Rental received	3,021,238	-	
			Insurance Commission Paid	(1,807,788)	3,315	
TVS Lanka Limited	Dr. Venno Siriwardena	Chairman	Lease Income Recognized	679,434	-	
	Mr. R. Dinesh	Director	Insurance Commission paid	10,811	-	
	Mr. R.M.S. Fernando	Director	Lease rental received	5,466,555	-	
	Mr. C. Yatawara	Director	Office rent (Per month)	121,000	-	
	Mr. R. Hareesh	Director	Office rent (Per month)	121,000	-	
Unimo Enterprises Limited	Mr. R.M.S. Fernando	Chairman	Insurance Commission paid	63,708	33,683	
	Mr. C. Yatawara	CEO/Director	Lease rental received	179,725	179,722	
	Mr. R.H. Yanes	Director	10 Nos Of Motor Vehicle	-	-	
TVS Auto parts (Pvt) Limited	Mr. R. Dinesh	Director	Lease rental received	705,434	-	
	Mr. M.A. Perera	Director	Lease Income Recognized	124,291	-	
	Mr. A.D. Madala	Director	Insurance Commission Paid	10,600	(152)	
	Mr. C. Yatawara	Director	Office rent (Per month)	121,000	-	
UML Property Development Ltd	Mr. R. Dinesh	Director	Insurance Commission Paid	12,754	-	
	Mr. M.A. Perera	Director	Insurance Commission Paid	12,754	-	
	Mr. A.D. Madala	Director	Insurance Commission Paid	12,754	-	
	Mr. C. Yatawara	Director	Insurance Commission Paid	12,754	-	

## 23. CAPITAL COMMITMENTS

The Company has no material capital commitments outstanding as at the Balance Sheet date.

## 24. CONTINGENT LIABILITIES

**24.1 Contingent Liabilities**  
The Company has no material Contingent Liabilities outstanding as at the Balance Sheet date.

## 24.2 Litigation

In the normal course of business, the Company is a party to various types of litigation including litigation with lessors who are in default in terms of their lease agreements. In the opinion of the lawyers the litigation, which is currently pending, will not have a material impact on the reported financial results or the future operations of the Company.

## 25. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet date, which would require adjustments or disclosures in the Financial Statements.

## 26. COMPARATIVE INFORMATION

Comparative information has been encouraged and reclassified wherever necessary to conform to the current year's presentation.

## 27. DIRECTORS RESPONSIBILITY

Directors are responsible for the preparation and presentation of these financial statements.

## AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011

ORIENT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS			
AS AT 31 MARCH,		2010	2009
		Rs.	Rs.
<b>20. TRADE AND OTHER PAYABLES</b>			
Lease Suppliers		1,438,160	25,073,255
Prepaid Insurance by Customers		15,482,500	16,449,116
Accrued Expenses and Other Payables		10,014,706	1,742,758
Finance Cost Payable		24,433,438	-
VAT payable		87,723,730	38,686,636
ESC payable		-	13,534,602
Income Tax Payables		5,149,698	8,497,808
		<u>144,242,232</u>	<u>103,984,175</u>
<b>21. RELATED PARTY PAYABLES</b>			
United Motors Lanka PLC		412,846	4,842,553
Orient Motor Company Ltd.		3,315	1,491,554
Unimo Enterprises Ltd.		215,405	151,700
UML Property Development Ltd		-	12,734
TVS Auto Parts (Pvt) Ltd		-	11,674
		<u>631,566</u>	<u>6,510,215</u>
<b>22. RELATED PARTIES</b>			
<b>22.1 Parent and ultimate controlling party</b>			
The ultimate controlling party of the company is United Motors Lanka plc.			
<b>22.2 Transactions with Key management personnel</b>			
<b>Key management personnel compensation</b>			
Key management personnel comprise of Directors and CEO. The emoluments made by the Company on behalf of them are;			
<b>FOR THE YEAR ENDED 31 MARCH,</b>			
		2010	2009
		Rs.	Rs.
<b>Short term employee benefits</b>			
Cash Benefits		5,943,977	2,651,238
Non Cash Benefits		840,000	143,847
		<u>6,783,977</u>	<u>2,795,085</u>
<b>22.3 Other transactions with key management personnel</b>			
Directors of the company do not hold voting shares of the company. The terms and conditions of the transactions of the key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available on similar transactions with non key management personnel related entities on an arm's length basis.			



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## INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF ORIENT FINANCIAL SERVICES CORPORATION LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of Orient Financial Services Corporation Limited (the "Company"), which comprise the balance sheet as at March 31, 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes exhibited on page 02 to 26.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

## Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2011 and the financial statements give a true and fair view of the Company's state of affairs as at March 31, 2011 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

*Ford Rhodes Thornton & Co.*  
**CHARTERED ACCOUNTANTS**

Colombo  
27 June 2011

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH,	Note	2011 Rs.	2010 Rs.
<b>Revenue</b>	<b>4</b>	<b>755,895,390</b>	<b>1,236,547,609</b>
<b>Income</b>	<b>4</b>	<b>305,499,826</b>	<b>460,101,750</b>
Other Income	5	29,122,489	34,123,905
		<b>334,622,314</b>	<b>494,225,655</b>
<b>Expenses</b>			
Personnel Expenses		(63,337,127)	(48,050,091)
Premises, Equipment & Establishment Expenses		(35,509,709)	(32,645,613)
(Provision)/Reversal of for Doubtful Receivable		11,217,499	(62,153,153)
Other Overhead Expenses		(55,322,361)	(58,143,997)
		<b>191,670,617</b>	<b>293,232,801</b>
<b>Profit from Operating Activities</b>	<b>6</b>	<b>191,670,617</b>	<b>293,232,801</b>
Finance Income	7	-	5,000
Finance Expense	7	(128,398,098)	(362,963,166)
Net Finance Expense		<b>(128,398,098)</b>	<b>(362,958,166)</b>
<b>Profit before Income Tax Expense</b>		<b>63,272,519</b>	<b>(69,725,365)</b>
Income Tax Expense	8	19,516,323	110,467,988
<b>Profit for the year</b>		<b>82,788,842</b>	<b>40,742,623</b>
Basic Earnings Per Share (Rs.)	9	3.45	1.70

Figures in brackets indicate deductions.

Notes from pages 06 to 26 form an integral part of these financial statements.  
Independent Auditors' Report is provided on page no 01.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
BALANCE SHEET

AS AT 31 MARCH,	Note	2011 Rs.	2010 Rs.
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	10	12,910,300	29,304,509
Intangible Assets	11	5,109,720	-
Investment in Credit Information Bureau of Sri Lanka		30,600	30,600
Contract Receivables on Lease & Hire Purchased Assets	12	447,876,515	233,744,672
Deferred Tax Asset	13	150,016,661	115,817,686
<b>Total non current assets</b>		<b>615,943,876</b>	<b>399,099,467</b>
<b>Current Assets</b>			
Contract Receivables on Lease & Hire Purchased Assets	12	488,925,666	332,617,170
Related Party Receivables	14	-	152
Other Receivables	15	223,730,912	238,032,636
Cash and Cash Equivalents	16	5,914,126	18,665,480
<b>Total current assets</b>		<b>718,570,704</b>	<b>1,105,314,428</b>
<b>Total Assets</b>		<b>1,334,514,580</b>	<b>1,504,413,895</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	17	277,499,980	277,499,980
Reserve Fund	18	6,742,081	2,602,639
Retained Earnings/(Accumulated Loss)		58,149,695	(20,499,705)
<b>Total equity</b>		<b>342,391,756</b>	<b>259,602,914</b>
<b>Non Current Liabilities</b>			
Retirement Benefit Obligations	19	7,300,796	5,174,409
Interest Bearing Borrowings	20	231,809,988	255,366,373
Non-Interest Bearing Security Margin		11,887,883	69,513,278
<b>Total non current liabilities</b>		<b>250,098,667</b>	<b>320,054,060</b>
<b>Current Liabilities</b>			
Interest Bearing Borrowings	20	339,378,913	594,763,511
Trade and Other Payables	21	154,658,604	139,092,534
Current Tax Payables	22	13,817,699	5,149,698
Related Party Payables	23	49,732	631,768
Bank Overdrafts	16	233,619,207	175,119,412
<b>Total current liabilities</b>		<b>747,524,157</b>	<b>915,256,421</b>
<b>Total liabilities</b>		<b>992,122,824</b>	<b>1,245,310,581</b>
<b>Total Equity and Liabilities</b>		<b>1,334,514,580</b>	<b>1,504,413,895</b>

Notes from pages 06 to 26 form an integral part of these financial statements.  
Independent Auditors' Report is provided on page no 01.

I certify that these financial statements are comply with the requirements of Companies Act No 07 of 2007

*Nalaka Indrajith*  
Nalaka Indrajith  
Accountant-in-Charge

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

Approved and signed for and on behalf of the Board:

Name of the Director

*T. WAG*  
*P A Schaffter*

Signature

*[Signature]*

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2011

	Stated Capital	Reserve Fund	Retained Earnings/ (Accumulated Loss)	Total
	Rs.	Rs.	Rs.	Rs.
As at 01 April 2009	277,499,980	2,602,639	(61,242,328)	218,860,291
Profit for the year	-	-	40,742,623	40,742,623
As at 31 March 2010	277,499,980	2,602,639	(20,499,705)	259,602,914
As at 01 April 2010	277,499,980	2,602,639	(20,499,705)	259,602,914
Profit for the year	-	-	82,788,842	82,788,842
Transfer to Reserve Fund (Note 18)	-	4,139,442	(4,139,442)	-
As at 31 March 2011	277,499,980	6,742,081	58,149,695	342,391,756

Figures in brackets indicate deductions.

Notes from pages 06 to 26 form an integral part of these financial statements.  
Independent Auditors' Report is provided on page no 01.



ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH,	2011 Rs.	2010 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Income Tax Expense	63,272,519	(60,725,365)
Adjustment for:		
Depreciation/Amortisation	13,304,734	11,715,345
Profit on disposal of Property Plant & Equipment	(4,265,673)	(19,391,023)
Provision for doubtful Debts	(16,879,837)	62,153,153
Finance Expense	128,398,098	262,963,166
Interest Income	-	(5,000)
Provision for Gratuity	2,175,287	1,824,059
<b>Operating Profit before Working Capital Changes</b>	<b>186,005,229</b>	<b>349,534,324</b>
Change in contract Receivable on lease assets	166,439,494	945,482,488
Change in Related Party Receivables	152	(152)
Change in Other Receivables	34,301,714	(38,784,556)
Change in Related Party Payables	(581,834)	(5,878,649)
Change in Trade & other payables	(42,459,817)	19,172,727
<b>Cash flows from Operations</b>	<b>343,704,938</b>	<b>1,269,526,182</b>
Interest Paid	(128,398,098)	(333,788,929)
Income tax paid	(6,214,652)	(8,497,808)
Gratuity paid	(49,000)	(675,300)
<b>Net Cash from Operating Activities</b>	<b>309,043,188</b>	<b>926,564,145</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Property, Plant and Equipment/Intangible Assets	(2,315,569)	(5,422,547)
Sales Proceeds from disposal of Property Plant & Equipment	4,962,915	19,359,945
Interest received	-	5,000
<b>Net Cash used in Investing Activities</b>	<b>2,647,346</b>	<b>13,942,398</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans & leases obtained	338,000,000	-
Loans and leases paid	(616,940,983)	(909,282,313)
<b>Net Cash from (used in) Financing Activities</b>	<b>(278,940,983)</b>	<b>(909,282,313)</b>
<b>Net change in Cash and Cash Equivalents</b>	<b>(67,250,449)</b>	<b>31,224,229</b>
Cash and Cash Equivalents at Beginning of the Year	(160,454,632)	(191,678,861)
<b>Cash and Cash Equivalents at End of the Year (Note A)</b>	<b>(227,705,081)</b>	<b>(160,454,632)</b>
<b>Note - A</b>		
<b>Analysis of Cash and cash equivalents</b>		
Cash in Hand	5,135,461	9,908,755
Cash at Bank	778,665	4,755,725
Bank Overdrafts - Secured	(233,619,207)	(175,119,112)
	(227,705,081)	(160,454,632)

Figures in brackets indicate deductions.

Notes from pages 06 to 26 form an integral part of these financial statements.  
Independent Auditors' Report is provided on page no 01.ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011

## 1. REPORTING ENTITY

Orient Financial Services Corporation Limited (The "Company") is a limited liability company incorporated and domiciled in Sri Lanka under the Companies Act No. 07 of 2007 and approved under Finance Lease Act No 56 of 2000.

The registered office of the Company is located at No. 100, Hyde Park Corner, Colombo-02 and the business is carried out at No. 525, Union Place, Colombo 02.

The principal activities of the Company are leasing & hire purchase of Plant, Machinery, Motor Vehicles and Equipment, Factoring and Hiring.

There were no significant changes in the nature of principal activities of the Company during the financial year under review.

## 2. BASIS OF PREPARATION

## 2.1 Statement of compliance

The Financial Statements of Orient Financial Services Corporation Limited has been prepared in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL), and the requirements of the Company's Act No. 07 of 2007 and Finance Lease Act No. 56 of 2000.

## 2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except, when appropriate disclosure is made with regard to use of fair value under relevant notes. Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity.

## 2.3 Functional &amp; presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee.

## 2.4 Use of estimates &amp; judgment

The preparation of financial statements in conformity with Sri Lanka Accounting Standards, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011

## 2.4 Use of estimates &amp; judgment (Contd.)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation and uncertainty that have the most significant effect on the amounts recognized in the financial statements are described in Notes as follows:

Note No 10	-	Property, Plant & Equipment
Note No 12	-	Contract receivables on leased assets and hire purchase assets
Note No 13	-	Deferred Tax Asset
Note No 19	-	Retirement Benefit Obligations

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Previous year figures and phases have been rearranged & reclassified wherever necessary to conform to the current year's presentation.

## 3.1 Foreign currency transactions

Transactions in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupees at the foreign exchange rate ruling as at the balance sheet date.

Non-monetary assets and liabilities which are stated at historical cost denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate ruling at the dates of the transactions. Non monetary assets & liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate ruling at the dates that the value were determined. Foreign exchange differences arising on translation are recognized in the income statement.

## 3.2 Assets and bases of their valuation

## 3.2.1 Property, Plant and Equipment

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011

## 3.2.1 Property, Plant and Equipment (Contd.)

## a. Recognition

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be reliably measured.

## b. Measurement

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation (See Accounting Policy 3.2.1(e)) and impairment losses (See Accounting Policy 3.2.8).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labor, when relevant the initial estimate cost of dismantling and removing the items and restoring the site on which they are located and appropriate proportion of overhead. The Cost of acquisition includes purchase cost together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.

Purchased software that is integrated to the functionality of the related equipment is capitalized as Intangible assets (Note 11).

When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

## c. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

When replaced costs are recognized in the carrying amount of an item of property, plant & equipment, the remaining carrying amount of the replaced part is derecognized.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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## 3.2.1 Property, Plant and Equipment (Contd.)

## d. Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the asset under finance leases are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception less accumulated depreciation and the resulting lease obligations are included in the creditors less finance charges. Lease payments consist of capital and interest elements and the interest is charged to the Income Statement. Assets held under finance leases are amortized over the estimated useful lives unless ownership is not transferred at the end of the lease period. In such cases the assets are amortized over the shorter of lease terms and their useful lives. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

## e. Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease terms and other useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease period. The estimated useful lives for the current and comparative periods are as follows.

Furniture and Fittings	4 years
Office Equipment	4 years
Computer Equipment	4 years
Motor Vehicles	4 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized.

The appropriation of useful lives of the assets and the depreciation rule are assessed annually.

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NOTES TO THE FINANCIAL STATEMENTS  
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## 3.2.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following the initial recognition of the intangible assets, the cost model is applied requiring the assets to be carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Income Statement in the expense category consistent with the function/nature of the intangible asset. Amortization is commenced when the assets are available for use.

Amortization period – Computer Software 4 Years

## 3.2.3 Long term investments

Investment in unquoted shares held on long term basis are measured at cost less impairment losses. Provision for impairment is made when in the opinion of Directors, there has been a decline other than temporary in the value of the investment.

## 3.2.4 Net contract receivable on assets

Assets leased or hire purchase to customers which transfer substantially all the risks and rewards associated with ownership other than legal title have been accounted as finance leases or hire purchases.

Amount receivable under finance leases or hire purchases net of unearned interest income and provision for bad and doubtful debts are classified as Net Contract Receivable on assets in the Financial Statements.

3.2.5 Provisions for lease and hire purchase contract  
specific provision

Provision for Bad and Doubtful debts are made according to the Direction issued by the Central Bank of Sri Lanka to Financial Leasing Establishments under section 34 of the Financial Leasing Act No 56 of 2000.

Specific provisioning for doubtful debts on capital outstanding is made in the Financial Statements on the following basis.

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011

## 3.2.5 Provisions for lease and hire purchase contract (Contd.)

6-11 months (after the due date)	20% (capital at risk)
12-18 months (after the due date)	50% (capital at risk)
More than 18 months (after the due date)	100% (Recoverable at risk)

Additionally, a judgmental provision will be made by the management based on the performance of the lease rental receivables.

## 3.2.6 Other receivables

Other receivables are stated at their cost less impairment losses. (See Accounting Policy 3.2.8). Contract receivable on leased assets are accounted for as Financial Lease and reflected on the Balance sheet at cost after eliminating unearned income, prepaid rentals, suspense income and provision for bad and doubtful debts.

## 3.2.7 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in banks and net of outstanding bank overdrafts.

## 3.2.8 Impairment

## a. Recognition

The carrying values of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognized whenever the carrying amount of asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

For the assets that have indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011

## 3.2.8 Impairment (Contd.)

## b. Calculation of recoverable amount

The recoverable amount is the greater of their net selling and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects the current market assessment of their time value of money and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## c. Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 3.3 Liabilities &amp; provisions

## 3.3.1 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

## 3.3.2 Borrowing cost

Borrowing costs are recognized as an expense in the period in which they are incurred except to the extent that they are eligible for capitalization.

## 3.3.3 Employee benefits

## a. Defined contribution plans

A defined contribution plan is a post employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the Income Statement as and when they are due.

## Employees Provident Fund

The company and employees contribute 12% & 8% respectively on the salary of each employee to the approved Provident Fund.

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**FOR THE YEAR ENDED 31 MARCH 2011**

**3.3.3 Employee benefits (Contd.)**

**Employees Trust Fund**

The company contributes 3% of the salary of each employee to the Employees' Trust Fund contributions to defined contribution plans are recognized as an expense in the income statement as incurred.

**b. Defined benefit plans**

**Retiring gratuity**

A defined benefit plan is a post employment benefit plan other than a defined contribution plan.

In accordance with revised Sri Lanka Accounting Standard 16 (SLAS 16)- "Employee Benefits" which became effective from the financial year commencing after 01 July 2007, the Company has adopted the Gratuity Formula Method for the financial years since 01 April 2008.

The principle assumptions used in determining the cost of employee benefits were:

Discount rate	11%
Future salary increases	10%
Staff turn over	5%

However, under the payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service.

The liability was not externally funded nor was it actuarially valued.

**3.3.4 Trade & other payables**

Trade & other payables are stated at cost.

**3.3.5 Capital commitments & contingencies**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED**  
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**3.3.6 Events occurring after the balance sheet date**

The materiality of the events after the balance sheet date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

**3.4 Income statements**

**3.4.1 Revenue recognition**

**a. Income on finance leases**

The accounting for lease and hire purchase income is made on the basis of the financing method. The excess of aggregate contract receivable over the cost of assets constitutes the total unearned income at the commencement of a contract.

For finance leases the unearned income is recognized as income over the term of contract commencing from the month in which the lease or hire purchase is executed in proportion to the declining receivable balance so as to produce a constant periodic rate of return on the lessor's net investment outstanding in the contract.

However, no interest income is recognized when the customer is in arrears for more than 3 months and those are classified as non-performing and credited to the "income in suspense account". Thereafter such income is recognized on cash basis.

For operating leases net rental is recognized as an income on accrual basis.

**b. Income on operating leases**

The net rental is recognized as an income on accrual basis.

**c. Interest on overdue rentals**

Overdue interest is charged on lease which are not paid on due date and accounted for on the cash received basis.

**d. Profit on disposal of Property, Plant & Equipment**

Profits or losses resulting from disposal of Property, Plant & Equipment have been accounted on cash basis in the Income Statement.

**3.4.2 Expenditure**

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED**  
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**3.4.2 Expenditure (Contd.)**

Expenditure incurred for the purpose acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

The profit earned by the company before taxation as shown in the Income Statement is after making provision for all known liabilities and for the depreciation of property, plant & equipment.

**3.4.3 Finance expense/ income**

Finance expense comprises interest payable on borrowings.

Finance income comprises interest received on funds invested.

The interest component of finance lease payment is recognized in the Financial Statements using effective rate method.

**3.4.4 Income Tax expense**

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the income Statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

**a. Current Taxes**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**b. Deferred tax**

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED**  
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**3.4.5 Income Tax expense (Contd.)**

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3.5 Earnings Per Share**

The financial statements present basic earnings per share (EPS) for its ordinary shareholders. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted averaged number of ordinary shares outstanding during the period.

**3.6 New Accounting Standard issued, but not effective as at the balance sheet date**

The Institute of Chartered Accountants of Sri Lanka (ICASL) has issued a new volume of Sri Lanka Accounting Standards - 2011, applicable for financial periods beginning on or after 1 January 2012. Accordingly, these standards have not been applied in preparing these financial statements as they were not effective for the year ended 31 March 2011.

These Sri Lanka Accounting Standards comprise Accounting Standards prefixed both SLFR (corresponding to IFRS) and LKAS (corresponding to IAS). Application of Sri Lanka Accounting Standards prefixed SLFRS and LKAS for the first time shall be deemed to be an adoption of SLFRS.

The Company is currently in the process of evaluating the potential effect of these standards on its financial statements and the impacts on the adoption of these standards have not been quantified as at the balance sheet date.

**3.7 Cash Flow Statement**

The Cash Flow Statement has been prepared using the "Indirect Method". Interest paid are classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of cash flow statement.



ORIENT FINANCIAL SERVICES CORPORATION LIMITED			
NOTES TO THE FINANCIAL STATEMENTS			
FOR THE YEAR ENDED 31 MARCH,		2011	2010
		Rs.	Rs.
4.	REVENUE	755,895,390	1,236,547,609
4.1	INCOME		
	Finance Lease	175,027,402	302,634,740
	Hire Purchase	89,279,253	119,475,990
	Hiring Income	-	3,116,417
	Factoring Income	41,193,171	34,874,603
		305,499,826	460,101,750
5.	OTHER INCOME		
	Loan Income	1,884,876	4,571,572
	Insurance Commission	6,222,366	7,618,512
	Profit on Disposal of Property, Plant and Equipment	4,265,673	19,391,025
	Documentation/Service Income	12,119,012	2,542,794
	Dividend Income	18,500	-
	Sundry Income	4,612,062	-
		29,122,489	34,123,905
6.	RESULTS FROM OPERATING ACTIVITIES		
	Results from operating activities		
	<i>is stated after charging all expenses including the following.</i>		
	Directors' Emoluments	11,357,216	6,783,977
	Audit Fee	850,000	750,000
	Depreciation/Amortization	13,304,734	11,715,345
	Bad and doubtful debts	11,217,499	62,153,153
	Staff Related Cost (Note 6.1)	63,337,127	48,050,091
6.1.	Staff Related Cost		
	Defined Benefit Plan - Gratuity	2,175,436	1,824,725
	Defined Contribution Plan - EPF	5,152,228	4,228,857
	- ETF	1,288,107	1,057,214
	Salaries and Wages	54,721,356	20,939,295
		63,337,127	48,050,091
	Average Number of Staff	104	89
7.	NET FINANCE EXPENSE		
7.1.	Finance Income		
	Interest Income	-	5,000
		-	5,000
7.2.	Finance Expense		
	Interest on Promissory Note	(8,648,982)	(33,626,382)
	Loan Interest	(92,526,477)	(287,247,943)
	Lease Interest	(3,620,718)	(4,740,799)
	Overdraft Interest	(23,601,921)	(37,348,040)
		(128,398,098)	(362,963,166)

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2011**

**15. PROPERTY, PLANT AND EQUIPMENT**

	Finance and Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Carriage Equipment Less Dep	Motor Vehicle Less Loss	Total 2011	Total 2010
	Rx	Rx	Rx	Rx	Rx	Rx	Rx	Rx
Cost								
Balance at 31 April	1,477,781	5,781,381	77,394,963	23,883,736	5,794,794	78,338,173	90,877,777	137,494,476
Additions	274,289	297,703	3,101,489	-	-	3,673,481	4,349,481	4,349,481
Disposals	-	-	-	(1,461,330)	-	(1,461,330)	(1,461,330)	(1,471,584,261)
Carriage on cost	-	-	-	-	-	-	-	(17,980,865)
Balance at 31 April 2010	4,402,175	5,466,018	16,497,543	18,021,728	1,974,764	29,362,128	82,215,436	95,377,177
	-	-	-	-	-	-	-	-
Depreciation								
Balance at 31 April	1,002,496	6,620,717	24,408,081	18,814,418	616,200	47,179,912	47,179,912	102,879,220
Charge for the Year	182,841	897,074	6,940,014	3,741,742	197,560	12,069,231	12,069,231	12,076,438
On Disposals	-	-	-	(1,461,261)	-	(1,461,261)	(1,461,261)	-
Carriage on cost	-	-	-	-	-	-	-	(17,980,865)
Balance at 31 April 2011	1,185,337	7,517,791	31,348,095	21,094,899	813,760	53,060,882	74,616,649	117,974,728
Net Book Value - 2011	641,789	708,086	2,615,484	2,181,244	761,032	4,096,336	12,149,360	-
Net Book Value - 2010	670,008	695,671	3,187,453	5,148,758	1,158,564	12,759,964	-	23,162,249
Capital Warrant in Progress (Note 16.1)	-	-	-	-	-	-	-	8,157,886
Earning Assets	-	-	-	-	-	-	18,614,688	-

**16.1 Capital Warrant in Progress**

	2011	2010
	Rx	Rx
Balance at 31 April	-	1,000,000
Issued during the year	6,216,240	1,000,000
Carried as Intangible Asset (Note 1)	-	1,980,000
Balance at 31 March	6,216,240	2,980,000

**ORIENT FINANCIAL SERVICES CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**17. INTANGIBLE ASSETS**

	2011	2010
	Rx	Rx
Cost		
Balance at 31 April	-	-
Transfer from capital WIP (Note 16.1)	500,000	-
Addition during the year	6,312,240	-
Balance at 31 March	6,812,240	-
Amortisation		
Amortised during the year	(1,763,240)	-
Balance at 31 March	(1,763,240)	-
Written down value	5,049,000	-

**18. CONTRACT RECEIVABLE ON LEASED & HIRE PURCHASED ASSETS**

	2011	2010
	Rx	Rx
<b>18.1 Contract Receivables on Leased &amp; Hire Purchased Assets (Non Current)</b>		
Contract Receivable Within 1-5 Years	447,876,616	361,744,679
	447,876,616	361,744,679
<b>18.2 Contract Receivables on Leased &amp; Hire Purchased Assets (Current)</b>		
Total Current Receivables (Current)	293,732,265	448,501,682
Overdue Rental Receivables	39,193,461	384,110,688
	432,909,081	806,256,361

	2011	2010
	Rx	Rx
<b>19. FINANCE INCOME</b>		
Current		
Contract Receivable on Leased Assets	396,419,288	362,373,438
Less: Unearned Lease Income	(13,598,651)	(82,334,470)
Provision for Doubtful Debt	(14,630,680)	(19,643,663)
Net Lease Receivable	368,189,957	260,395,295
Non Current Receivable	289,733,436	108,837,833
Total Contract Receivable	657,923,393	369,233,128
Current		
Contract Receivable on Hire Purchase Assets	189,691,548	211,893,345
Less: Unearned Lease Income	(30,908,543)	(57,908,452)
Provision for Doubtful Debt	(5,386,296)	(6,814,149)
Net Hire Purchase Receivable	153,396,709	147,170,744
Total Contract Receivable	361,330,102	316,403,872

<b>ORIENT FINANCIAL SERVICES CORPORATION LIMITED</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b>		
<b>FOR THE YEAR ENDED 31 MARCH,</b>		
	<b>2011</b>	<b>2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>K. INCOME TAX EXPENSE</b>		
<b>Current Tax</b>		
Overcurrent year profits (Note K.1)	(13,891,029)	(7,282,450)
Over Provision/(under Provision) in respect of previous years	(991,624)	2,132,757
	<u>(14,882,653)</u>	<u>(5,149,693)</u>
<b>Deferred Tax</b>		
Origination & Reversal of Temporary Differences	(29,719,141)	55,148,845
Deferred Tax Asset on Tax Losses	<u>64,118,117</u>	<u>60,468,811</u>
	<u>34,398,976</u>	<u>15,817,686</u>
<b>Tax expense for the year</b>	<u><b>19,516,323</b></u>	<u><b>10,467,908</b></u>
<b>K.1 Tax Reconciliation Statement</b>		
Profit/(Loss) before Income Tax Expense	63,272,519	(69,725,365)
Aggregate Disallowed Items	463,675,280	775,599,069
Aggregate Allowed Items	(466,798,695)	(873,697,202)
Statutory Income/(Loss)	60,151,114	33,173,502
Tax Losses Brought Forward	(501,656,298)	(510,097,628)
Tax Losses carried Forward	444,953,423	501,656,298
Correction of last year over under/(provision)	35,647,885	(3,232,667)
Taxable profit for the year	<u>39,107,124</u>	<u>20,499,505</u>
Tax on current year profits at 35%	(13,685,743)	(7,174,838)
Social Responsibility Levy at 1.3%	(205,286)	(107,622)
Current Tax Expense	<u>(13,891,029)</u>	<u>(7,282,450)</u>
<b>L. BASIC EARNINGS PER SHARE</b>		
The Basic Earnings Per Share is calculated by dividing the profit for the year, attributable to the Ordinary Shareholders of the company by the weighted average number of Ordinary Shares as at the balance sheet date.		
<b>FOR THE YEAR ENDED 31 MARCH,</b>		
	<b>2010</b>	<b>2010</b>
	<b>Rs.</b>	<b>Rs.</b>
Profit for the year	82,788,842	40,742,623
Weighted Average Number of Ordinary Shares	23,999,998	23,999,998
Basic Earnings Per Share (Rs.)	<u>3.45</u>	<u>1.70</u>

DIRECT FINANCIAL SERVICES CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENTS		
AS AT 31 MARCH		
12.	<b>CONTRACTS RECEIVABLE ON LEASED &amp; OTHER PURCHASED ASSETS (CONT'D)</b>	
	<b>Overdue:</b>	
	Contract Terms Rentals	2001 Rs.
	Operating Lease Rentals	2001 Rs.
	Direct Purchase Rentals	
	Lease Termination	
	Less: Provision for Doubtful Debts	
	Less: Deferred Income Suspended	
	Net Contract Receivables	
23.	<b>Loan Loss Provision</b>	
	As at 31st April	
	Change for the Year	
	Receivables during the year	
	As at 31st March	
13.	<b>DEFERRED TAX ASSET</b>	
	As at 01 April	
	Recognised during the year (Net)	
13.1	<b>Deferred tax assets</b>	
	The amount recognised as deferred tax asset is as follows:	
	Properties, plant & equipment and Company	
	Tax loss carried forward	
	Total	
13.2	<b>Result of Reorganisation</b>	
	The company plan to increase the 'Net' capital by Rs. 225 Mm which minimises the cost of funds with a minimum amount saving of Rs. 28.80s. This will facilitate the company to increase the leverage to raise a maximum of Rs. 1.1 the company has also obtained the approval from the Central Bank of Sri Lanka to issue a further Rs. 1.1 Bn through the issuance of debt instruments from the Public.	
	The funds thus raised would be utilised to increase the business activities by expanding the branch network.	

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH,	2011 Rs.	2010 Rs.
<b>14. RELATED PARTY RECEIVABLES</b>		
TVS Auto Parts (Pvt) Ltd	-	152
	-	152
<b>15. OTHER RECEIVABLES</b>		
Debtors-Sale of Lanes	13,571,333	1,737,699
Debtors-Factoring	153,711,486	115,154,805
VAT Receivable	-	39,871,599
WHT Receivable	2,112,560	4,999,531
Advances Paid	207,892	1,804,943
Insurance Commissions Receivable	1,534,703	2,235,667
Economic Service Charge Recoverable	24,289,325	41,070,962
Loan Receivables	9,227,112	29,261,521
Stundry Receivables (Note 15.1)	19,156,502	24,406,677
	<b>223,730,913</b>	<b>218,032,626</b>
<b>15.1. Sundry Receivables</b>		
Deposits & Prepayments (Note 15.2)	18,171,887	23,236,647
Staff Loans	811,790	720,030
Loans Against Promissory Notes	-	450,000
Credit Note Suspense	172,835	-
	<b>19,156,502</b>	<b>24,406,677</b>
<b>15.2. Deposits &amp; Prepayments</b>		
Rent Deposit	7,740,000	1,960,000
Insurance Premium Prepaid (Staff & Office)	2,928,114	1,871,773
Stationery Stock	813,577	1,145,837
Subscriptions Paid	-	55,839
Refundable Deposits	6,650,000	-
Stamp Deposits/Printing Machine	39,596	81,407
Insurance Paid-Here	-	19,470,107
Opening Balance Reconciling A/C	-	(1,248,786)
	<b>18,171,887</b>	<b>23,236,647</b>
<b>16. CASH AND CASH EQUIVALENTS</b>		
Cash in Hand	5,135,461	9,908,755
Cash at Bank	778,665	4,755,725
	<b>5,914,126</b>	<b>14,664,480</b>
Bank Overdrafts - Securitised with UML Corporate Guarantees	(233,619,207)	(175,119,112)
Cash and Cash Equivalents for the purpose of Cash Flow Statement	<b>(227,705,081)</b>	<b>(160,454,632)</b>

16.1 The company has obtained Overdraft facilities from NDB Bank PLC, Sampath Bank PLC and Hutton National Bank PLC amounting to Rs.25 Mn from each of the said banks for which a Corporate Guarantee was given by United Motors Lanka PLC.

16.2 Further the company has obtained Overdraft facilities from Peoples Bank, Standard Chartered Bank (Pakistan) and Commercial Bank of Ceylon PLC amounting to Rs. 50 Mn and Rs.100Mn from said banks respectively, for which a Corporate Guarantee was given by United Motors Lanka PLC.

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH,	2011 Rs.	2010 Rs.
<b>17. STATED CAPITAL</b>		
23,999,998 Ordinary Shares	277,499,989	277,499,989
	<b>277,499,989</b>	<b>277,499,989</b>
<b>17.1</b> In accordance with section 38 of Companies Act No.07 of 2007, which became effective from 3rd May 2007, Share capital and Share premium have been reclassified as stated capital.		
<b>AS AT 31 MARCH,</b>	<b>2011</b>	<b>2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>18. RESERVE FUND</b>		
As at 01 April	2,602,639	2,602,639
Transfer from current year profits	4,139,442	-
	<b>6,742,081</b>	<b>2,602,639</b>
<b>18.1</b> The Reserve Fund has been created to comply with Direction No 06 of 2006 issued by the Central Bank of Sri Lanka under section 34 of Finance Lending Act No 56 of 2006. This requirement to transfer 5% of the profits is to be completed every year, at same rate, until the balance in the Reserve Fund is equal to 50% of the issued and paid up ordinary share capital, and thereafter a transfer a further sum equivalent to not less than 2% of such profit, until the balance in the Reserve Fund is equal to the issued and paid up ordinary share capital.		
<b>AS AT 31 MARCH,</b>	<b>2011</b>	<b>2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>19. RETIREMENT BENEFIT OBLIGATIONS</b>		
<b>Retiring Gratuity</b>		
As at 01 April,	5,174,499	4,025,659
Amount recognized in the income statement	2,175,387	1,824,050
Payments during the year	(49,000)	(675,300)
As at 31 March,	<b>7,300,796</b>	<b>5,174,409</b>
<b>19.1</b> As stated in Accounting Policies 3.2.3 (b) to the financial statements, the retirement benefit obligations is calculated based on the Gratuity Formula Method.		
The amounts recognized in the income statement are as follows:		
<b>AS AT 31 MARCH,</b>	<b>2011</b>	<b>2010</b>
	<b>Rs.</b>	<b>Rs.</b>
Charge for the year	1,837,819	1,054,253
Interest cost	440,450	384,163
Actuarial loss	(102,883)	385,634
	<b>2,175,387</b>	<b>1,824,050</b>
The principal assumptions used were as follows:		
	<b>2011</b>	<b>2010</b>
Discount rate (long - term)	11%	11%
Future salary increases	10%	10%
Staff Turnover Factor	5%	5%

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH,	2011 Rs.	2010 Rs.
<b>20. INTEREST BEARING BORROWINGS</b>		
As at 01 April	857,673,727	1,706,106,510
Obtained During the year	338,800,000	129,241,771
Payments Made	(621,269,297)	(1,028,674,557)
	<b>574,204,430</b>	<b>807,673,727</b>
Less : Interest in Suspense	(3,215,529)	(7,543,847)
As at 31 March	<b>571,188,901</b>	<b>800,129,880</b>
<b>20.1 Sources of Finance</b>		
Seylan Bank PLC	726,248	1,508,893
Commercial Bank PLC	159,577,912	120,933,692
Hutton National Bank PLC	93,204,828	49,487,306
Peoples Bank	106,666,667	250,625,000
Bank of Ceylon	-	18,161,105
Standard Chartered Bank	50,000,000	-
Lankapudra Development Bank	-	8,332,060
Union Bank	-	23,000,000
OFSCI Trusts	68,400,000	68,623,583
NDB Bank Ltd	75,000,000	165,000,000
Promissory Notes	17,613,246	144,438,303
	<b>571,188,901</b>	<b>800,129,880</b>
<b>20.2 Sources of Finance - Current</b>		
Seylan Bank PLC	726,248	780,640
Commercial Bank PLC	64,435,138	88,726,977
Hutton National Bank PLC	36,804,281	42,143,567
Peoples Bank	40,000,000	143,938,334
Bank of Ceylon	-	18,161,105
Standard Chartered Bank	50,000,000	-
Lankapudra Development Bank	-	8,332,060
Union Bank	-	12,000,000
OFSCI Trusts	54,800,000	46,223,583
NDB Bank Ltd	75,000,000	90,000,000
Promissory Notes	17,613,246	144,438,303
	<b>339,378,913</b>	<b>594,763,311</b>
<b>20.3 Sources of Finance - Non Current</b>		
Seylan Bank PLC	-	726,253
Commercial Bank PLC	95,142,574	32,236,715
Hutton National Bank PLC	56,406,747	7,346,738
Peoples Bank	66,666,667	106,666,667
Union Bank	-	11,000,000
OFSCI Trusts	13,600,000	22,400,000
NDB Bank Ltd	75,000,000	-
	<b>231,809,988</b>	<b>255,366,373</b>
<b>20.4 Non current portion is scheduled to be repay as follows:</b>		
1 year to 2 years	231,809,988	188,699,706
2 year to 3 years	-	40,000,000
3 year to 4 years	-	28,666,667
	<b>231,809,988</b>	<b>255,366,373</b>

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH,	2011 Rs.	2010 Rs.
<b>21. TRADE AND OTHER PAYABLES</b>		
Lease Suppliers	94,276,979	1,418,160
Prepaid Insurance by Customers	14,752,744	15,487,500
Accrued Expenses and Other Payables	14,395,940	10,014,706
Finance Cost Payable	26,618,547	24,413,438
VAT payable	2,330,076	87,723,730
FSC payable	2,284,320	-
	<b>154,658,606</b>	<b>159,692,534</b>
<b>22. CURRENT TAX PAYABLES</b>		
As at 01 April	5,149,698	8,497,808
On current year profits (Note 8)	13,891,029	7,282,450
Adjustments in respect of Previous years (Note 8)	991,624	(2,132,752)
Payments made	(6,214,652)	(8,497,808)
As at 31 March	<b>13,817,699</b>	<b>5,149,698</b>
<b>23. RELATED PARTY PAYABLES</b>		
United Motors Lanka PLC	49,732	412,846
Orient Motor Company Ltd.	-	3,315
Unimo Enterprises Ltd.	-	215,405
	<b>49,732</b>	<b>631,566</b>
<b>24. RELATED PARTIES</b>		
<b>24.1 Parent and ultimate controlling party</b>		
The ultimate parent of the company is Peoples Venture Investment (Pvt) Ltd.		
<b>24.2 Transactions with Key management personnel</b>		
<b>Key management personnel compensation</b>		
Key management personnel comprise of Directors and CEO. The emoluments made by the Company on behalf of them are:		
<b>FOR THE YEAR ENDED 31 MARCH,</b>	<b>2011</b>	<b>2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Short term employee benefits</b>		
Cash Benefits	10,466,216	5,943,977
Non Cash Benefits	-	840,000
	<b>10,466,216</b>	<b>6,783,977</b>
<b>24.3 Other transaction with key management personnel</b>		
Directors of the company do not hold voting shares of the company. The terms and conditions of the transactions of the key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available on similar transactions with non key management personnel related entities on an arm's length basis.		

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ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 MARCH 2011

24. RELATED PARTIES

24.4 Other Transactions with key management personnel

Company	Name of the Director	Position	Nature of Transactions	Amount Rs.	Balance as at 31-Mar-11 Rs.
United Motors Lanka PLC	Mr. R.M.S. Fernando	Chairman	Lease rental received	87,151	87,151
	Mr. C. Yatawara	CEO/Director	Short Term Loan int. paid	184,187	-
	Mr. T.M.R.D. Thirukodan	Director	Insurance Commission	(50,000,000)	-
	Mr. A.C.M. Lallu	Director	Electricity & Water Bill	136,263	7,301
	Mr. A.W. Athukorala	Director	Charge reimbursement	50,000	-
	Mr. Y. Y. Y.	Director	Professional Fee	185,403	-
	Mr. S. Nagendra	Director	Office rent	409,066	33,333
Orient Motor Company Limited	Mr. C. Yatawara	Director	Interest on C/A	9,727	-
	Mr. R.M.S. Fernando	Director	Short Term Loan Received	50,000,000	8,818
TYS Lanka Limited	Mr. C. Yatawara	Director	Security & Cleaning	110,539	-
	Mr. R.M.S. Fernando	Director	Lease rental received	-	941,290
	Mr. R.M.S. Fernando	Director	Lease Income Recognised	-	-
	Mr. R.M.S. Fernando	Director	Insurance Commission	-	-
	Mr. R.M.S. Fernando	Director	Hire Rental received	-	-
TYS Enterprise Limited	Mr. R.M.S. Fernando	Chairman	Lease Income Recognised	78,352	-
	Mr. R. Dineth	Director	Lease Income Recognised	7,487	-
	Mr. R.M.S. Fernando	Director	Insurance Commission paid	2,364,508	-
	Mr. C. Yatawara	Director	Lease rental received	-	-
TYS Auto parts (Pvt) Limited	Mr. R. Dineth	Director	Lease Income Recognised	473,400	117,081
	Mr. M.A. Perera	Director	Lease Income Recognised	32,809	-
	Mr. A.D. Muthu	Director	Insurance Commission paid	398	-
	Mr. C. Yatawara	Director	Lease rental received	-	-

25. CAPITAL COMMITMENTS

The Company has no material capital commitments outstanding as at the Balance Sheet date.

26. CONTINGENT LIABILITIES

26.1 Contingent Liabilities

The Company has no material Contingent Liabilities outstanding as at the Balance Sheet date.

26.2 Litigation

In the normal course of business, the Company is a party to various types of litigation including litigation with lessors who are in default in terms of their lease agreements. In the opinion of the lawyers the litigation, which is currently pending, will not have a material impact on the reported financial results or the future operations of the Company.

27. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Company has made a right issue of 22,250,000 shares at the par value of Rs. 10/- to the Payable Venture Investors (PVI) Limited on 21 June, 2011. No circumstances have arisen since the Balance Sheet date, other than those detailed above, which would require disclosure in or adjustment to the Financial Statements other than the above.

28. COMPARATIVE INFORMATION

Comparative information has been restated and reclassified wherever necessary to conform to the current year's presentation.

29. DIRECTORS' RESPONSIBILITY

Board of Directors are responsible for the preparation and presentation of these financial statements.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
INCOME STATEMENT

	Quarter ended 31st December 2011			Nine Months ended 31st December 2011		
	(Unaudited) Rs. 000	(Unaudited) Rs. 000	Variance %	(Unaudited) Rs. 000	(Unaudited) Rs. 000	Variance %
<b>INCOME</b>	<b>130,590</b>	<b>77,274</b>	<b>40%</b>	<b>352,686</b>	<b>247,113</b>	<b>30%</b>
Interest Income	111,269	67,279	40%	311,529	228,673	27%
Less: Interest expense	(36,167)	(28,585)	-21%	(90,142)	(104,196)	16%
Net interest income	75,102	38,694	48%	221,387	124,477	44%
Other income	19,321	10,495	46%	40,557	18,440	55%
<b>Operating Income</b>	<b>94,423</b>	<b>49,189</b>	<b>48%</b>	<b>261,944</b>	<b>142,917</b>	<b>45%</b>
<b>OPERATING EXPENSES</b>						
Personnel Expenses	(20,600)	(16,736)	-19%	(61,276)	(45,003)	-27%
Premises, Equipment & Establishment Expenses	(9,822)	(12,577)	28%	(34,187)	(26,951)	-21%
(Provision)/Reversal for Doubtful Receivable	(194)	(5,851)	2910%	5,295	10,773	103%
Other Overhead Expenses	(13,447)	2,127	-116%	(35,911)	(32,455)	-10%
<b>Profit from Operating Activities</b>	<b>(44,063)</b>	<b>(23,037)</b>	<b>-25%</b>	<b>(126,079)</b>	<b>(93,636)</b>	<b>-26%</b>
Less - Value Added Tax on Financial Services	50,369	16,152	68%	125,862	47,281	64%
<b>Profit before Income Tax Expense</b>	<b>47,814</b>	<b>12,580</b>	<b>74%</b>	<b>129,523</b>	<b>40,839</b>	<b>68%</b>
Income Tax Expense	(14,672)	(859)	-94%	(47,150)	(10,416)	-78%
<b>Profit for the year</b>	<b>33,142</b>	<b>11,721</b>	<b>65%</b>	<b>82,373</b>	<b>30,423</b>	<b>63%</b>
Basic Earnings Per Share (Rs.)	0.29	0.49		0.71	1.27	

Figures in brackets indicate deductions.

INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 31<sup>ST</sup> DECEMBER 2011

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
BALANCE SHEET

	31 st December 2011	31 st December 2010	31 st March 2011
	(Unaudited) Rs. 000	(Unaudited) Rs. 000	(Audited) Rs. 000
<b>ASSETS</b>			
Cash and Cash Equivalents	130,207	23,109	5,914
Trading Stock of Vehicle	71,896	-	13,571
Trade and Other Receivables	67,728	55,151	56,449
Factoring Receivables	258,185	157,047	153,711
Contract Receivables on Leased & Hire Purchased Assets	1,554,022	869,282	936,802
Deferred Tax Asset	145,111	112,408	150,017
Investment in Credit Information Bureau of Sri Lanka	31	31	31
Intangible Assets	5,110	-	5,110
Property, Plant and Equipment	21,732	20,507	12,910
<b>Total Assets</b>	<b>2,254,022</b>	<b>1,237,535</b>	<b>1,334,515</b>
<b>LIABILITIES</b>			
Bank Overdrafts	143,939	198,802	233,619
Interest Bearing Borrowings	1,214,531	600,170	571,189
Current Tax Payables	45,740	12,357	13,818
Related Party Payables	-	418	50
Trade and Other Payables	196,258	113,296	154,658
Non Interest Bearing Security Margins	1,873	15,279	11,488
Retirement Benefit Obligations	9,041	6,887	7,301
<b>Total liabilities</b>	<b>1,611,382</b>	<b>947,509</b>	<b>992,123</b>
<b>EQUITY</b>			
Stated Capital	500,000	277,500	277,500
Reserve Fund	10,861	2,603	6,742
Investment Fund Account	8,525	-	-
Retained Earnings(Accumulated Loss)	123,254	9,923	58,150
<b>Total equity</b>	<b>642,640</b>	<b>290,026</b>	<b>342,392</b>
<b>Total Equity and Liabilities</b>	<b>2,254,022</b>	<b>1,237,535</b>	<b>1,334,515</b>
Net Asset Value Per Share	5.56	12.08	14.27

I certify that these financial statements comply with the requirements of Companies Act No. 07 of 2007

  
Aletia Wijayabandara  
AGM - Finance & IT

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

 Wasan  
Director/CEO  
 P.A. S. S. S.  
Director

30th January 2012



ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Reserve Fund	Investment Fund	Retained Earnings/ (Accumulated Loss)	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
As at 01 April 2010	277,500	2,603	-	(20,500)	259,603
Profit for the period	-	-	-	30,423	30,423
As at 31 December 2010	277,500	2,603	-	9,923	290,026
As at 01 April 2011	277,500	6,742	-	58,150	342,392
Profit for the period	-	-	-	82,373	82,373
Rights Issue	222,500	-	-	-	222,500
Transfer to Investment Fund	-	-	8,525	(8,525)	-
Dividend Paid	-	-	-	(4,625)	(4,625)
Transfer to Reserve Fund	-	4,119	-	(4,119)	-
As at 31 December 2011	500,000	10,861	8,525	123,254	642,640

Figures in brackets indicate deductions.

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
FINANCIAL REPORTING BY SEGMENT

	LEASING Rs. 000	FACTORING Rs. 000	OTHER Rs. 000	TOTAL Rs. 000
FOR THE NINE MONTHS ENDED 31ST DECEMBER 2010				
<b>INCOME</b>				
Interest Income	206,499	22,174	-	228,673
Less: Interest expense	(92,164)	(12,032)	-	(104,196)
Other Income	-	-	18,440	18,440
<b>Operating Income</b>	<b>114,335</b>	<b>10,142</b>	<b>18,440</b>	<b>142,917</b>
Unallocated Company expenses	-	-	(102,078)	(102,078)
Income Tax	-	-	(10,416)	(10,416)
<b>Net Profit</b>	<b>114,335</b>	<b>10,142</b>	<b>(94,055)</b>	<b>30,423</b>
<b>OTHER INFORMATION</b>				
Segmental Assets	1,243,628	157,047	-	1,400,675
Unallocated Company Assets	-	-	(163,140)	(163,140)
<b>Total Assets</b>	<b>1,243,628</b>	<b>157,047</b>	<b>(163,140)</b>	<b>1,237,535</b>
Segmental Liability	-	-	-	-
Equity	-	-	290,026	290,026
Unallocated Company Liability	-	-	947,509	947,509
<b>Total Liability</b>	<b>-</b>	<b>-</b>	<b>1,237,535</b>	<b>1,237,535</b>
FOR THE NINE MONTHS ENDED 31ST DECEMBER 2011				
<b>INCOME</b>				
Interest Income	273,387	38,142	-	311,529
Less: Interest expense	(73,174)	(9,880)	(7,088)	(90,142)
Other Income	-	-	40,557	40,557
<b>Operating Income</b>	<b>200,213</b>	<b>28,262</b>	<b>33,469</b>	<b>261,944</b>
Provision For Doubtful Debt	5,129	166	-	5,295
Unallocated Company expenses	-	-	(137,716)	(137,716)
Income Tax	-	-	(47,150)	(47,150)
<b>Net Profit</b>	<b>205,342</b>	<b>28,428</b>	<b>(151,397)</b>	<b>82,373</b>
<b>OTHER INFORMATION</b>				
Segmental Assets	1,703,025	258,185	-	1,961,210
Unallocated Company Assets	-	-	-	292,812
<b>Total Assets</b>	<b>1,703,025</b>	<b>258,185</b>	<b>-</b>	<b>2,254,022</b>
Segmental Liability	-	-	-	-
Equity	-	-	642,640	642,640
Unallocated Company Liability	-	-	1,611,382	1,611,382
<b>Total Liability</b>	<b>-</b>	<b>-</b>	<b>2,254,022</b>	<b>2,254,022</b>

ORIENT FINANCIAL SERVICES CORPORATION LIMITED  
CASH FLOW STATEMENT

	31st December 2011 (Unaudited) Rs. 000	31st December 2010 (Unaudited) Rs. 000	31st March 2011 (Audited) Rs. 000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before Income Tax Expense	129,522	40,840	63,273
Adjustment for:			
Depreciation/Amortizations	9,787	10,189	13,305
Profit on disposal of Property Plant & Equipment	(2,814)	(933)	(4,266)
Provision for doubtful Debts	(5,295)	(11,782)	(16,880)
Finance Expense	90,142	101,363	128,398
Interest Income	(1,801)	-	-
Provision for Gratuity	3,044	1,713	2,175
<b>Operating Profit before Working Capital Changes</b>	<b>222,584</b>	<b>141,391</b>	<b>186,005</b>
Change in contract Receivable on lease assets	(611,925)	238,739	166,439
Change in Other Receivables	(174,079)	(2,775)	34,302
Change in Related Party Payables	(50)	(213)	(582)
Change in Trade & other payables	31,985	(40,999)	(42,460)
<b>Cash flows from Operations</b>	<b>(531,483)</b>	<b>336,143</b>	<b>343,705</b>
Interest Paid	(90,142)	(101,363)	(128,398)
Income tax paid	(10,322)	-	(6,215)
Gratuity paid	(1,304)	-	(459)
<b>Net Cash from Operating Activities</b>	<b>(633,251)</b>	<b>234,779</b>	<b>209,043</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Property, Plant and Equipment/Intangible Assets	(19,394)	(1,654)	(2,316)
Sales Proceeds from disposal of Property Plant & Equipment	3,599	1,598	4,963
Dividend Paid	(4,625)	-	-
Interest received	1,801	-	-
<b>Net Cash used in Investing Activities</b>	<b>(18,619)</b>	<b>(57)</b>	<b>2,647</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Rights issue	222,500	-	-
Loans & leases obtained	1,346,582	338,400	338,000
Loans and leases paid	(703,259)	(588,360)	(616,941)
<b>Net Cash from (used in) Financing Activities</b>	<b>865,843</b>	<b>(249,960)</b>	<b>(278,941)</b>
<b>Net change in Cash and Cash Equivalents</b>	<b>213,973</b>	<b>(15,238)</b>	<b>(67,250)</b>
Cash and Cash Equivalents at Beginning of the Year	(227,705)	(160,455)	(160,455)
<b>Cash and Cash Equivalents at End of the Year (Note A)</b>	<b>(13,732)</b>	<b>(175,693)</b>	<b>(227,705)</b>
<b>Note - A</b>			
<b>Analysis of Cash and cash equivalents</b>			
Cash in Hand	6,661	15,990	5,135
Cash at Bank	123,546	7,119	779
Bank Overdrafts - Secured	(143,939)	(198,802)	(233,619)
	<b>(13,732)</b>	<b>(175,693)</b>	<b>(227,705)</b>

Figures in brackets indicate deductions.

## Additional Notes

## 11 Basis of Preparation

The Balance Sheet as at 31st December 2011, the Income Statements, Cash Flow Statements and Statements of Changes in Equity of the Company for the quarter ended 31 December 2011 are drawn up from unaudited financial statements of the Company, and provide information as required by SLAS 35 - Interim Financial Reporting. Further, provisions of the comp Act no.07 of 2007 has been considered in preparing the interim financial statements of the company.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements as at 31st December 2010.

## 12 Accounting Policies

There were no changes in the accounting policies and methods of computation since publication of financial statements for year ended 31 March 2011.

During the quarter there were no material changes in the composition of assets and liabilities.

## 13 Events after the Balance Sheet date

There were no material events that took place since 31st December 2011, that require disclosure in these financial statements other than the following.

The Monetary Board has granted provisional approval for licensing of Orient Financial Services Corporation Limited under Finance Business Act No. 42 of 2011 subject to certain conditions of which the company is in a position to comply with.

## 14 Commitments and Contingencies

There has not been a significant change in the nature of the contingent liabilities, which were disclosed in the Audited Financial Statements for the year ended 31st March 2011.

## 15 Share Information

	As at 31.12.2011	As at 31.12.2010
Net Asset per share (LKR)	5.56	12.08
Number of share issued	115,625,000	23,999,998
Stated Capital (LKR)	500,000,000	277,500,000

## 16 Share holders as at 31st December 2011

	Name	No. of Shares	%
1	Orient Capital Limited	86,717,494	75.0
2	First Capital Holdings PLC	23,125,000	20.0
3	Next ventures Limited	5,782,500	5.0
4	Shantha Marie Chrysostom	2	0.0
5	Somapala Bope Hewage	2	0.0
6	Dilantha Anil Wijesinghe	2	0.0
		<b>115,625,000</b>	<b>100.0</b>

## 17 Directors and chief Executive Officer's holding in shares as at 31st December 2011

	Name	No. of Shares	%
1	Dr.D.C.Jayasuriya	nil	0
2	Mr. M. T. Waas	nil	0
3	Mr. A. W. Athukorala	nil	0
4	Mr. Prakash Schaffer	nil	0
5	Mr. Ramesh Schaffer	nil	0

<b>Date of Incorporation</b>	2003										
<b>Name of the Company &amp; Registration Number</b>	Orient Financial services Corporation Limited PB 75										
<b>Registered Office</b>	No. 75, Arnold Ratnayake Mawatha, Colombo 10										
<b>Head Office</b>	46/48, Dr. N M Perera Mawatha, Borella , Colombo-8										
<b>Branches:</b>	Matara, Kurunegala, Koच्चhikade, Ampara and Walisara										
<b>Directors</b>	<table border="0"> <tr> <td>Dr. D.C. Jayasuriya</td><td>Chairman</td></tr> <tr> <td>Mr. Madayara Travis Waas -</td><td>CEO/Executive Director</td></tr> <tr> <td>Mr. Ananada Wijetilleke Athukorala -</td><td>Director</td></tr> <tr> <td>Mr.Prakash Schaffler -</td><td>Director</td></tr> <tr> <td>Mr. Ramesh Schaffler -</td><td>Director</td></tr> </table>	Dr. D.C. Jayasuriya	Chairman	Mr. Madayara Travis Waas -	CEO/Executive Director	Mr. Ananada Wijetilleke Athukorala -	Director	Mr.Prakash Schaffler -	Director	Mr. Ramesh Schaffler -	Director
Dr. D.C. Jayasuriya	Chairman										
Mr. Madayara Travis Waas -	CEO/Executive Director										
Mr. Ananada Wijetilleke Athukorala -	Director										
Mr.Prakash Schaffler -	Director										
Mr. Ramesh Schaffler -	Director										
<b>Secretaries</b>	KHL Corporate Services Limited										
<b>Auditors</b>	M/s KPMG Ford, Rhodes, Thornton & Co.( Chartered Accountants) 32A, Sir MohamadMacanMakarMawatha, Colombo- 00300										
<b>Bankers</b>	Commercial Bank of Ceylon PLC NDB Bank PLC Peoples Bank Sampath Bank PLC Bank of Ceylon Seylan Bank PLC Hatton National Bank PLC										
<b>Lawyers</b>	Gurawardene & Ranasinghe Associates, Paul Ranthnayaka Associates										

**NDB STOCKBROKERS (PRIVATE) LIMITED**  
5th Floor, NDB Building  
40, Navam Mawatha  
Colombo 02  
Tel: 011 2314170-8  
Fax: 011 2314180  
E-mail: [mail@ndbs.lk](mailto:mail@ndbs.lk)

**CT SMITH STOCKBROKERS (PVT) LTD.**  
4-14, Majestic City, 10, Station Road,  
Colombo 4.  
Tel: 011 2552290  
Fax: 011 2552289  
E-mail: [ctssales@sltnet.lk](mailto:ctssales@sltnet.lk)

**ACUITY STOCKBROKERS (PRIVATE) LIMITED**  
Level 6, Acuity House  
53, Dharmapala Mawatha  
Colombo 03  
Tel: 011 2206206  
Fax: 011 2206298-9  
E-mail: [sales@acuitystockbrokers.com](mailto:sales@acuitystockbrokers.com)

**CAPITAL ALLIANCE SECURITIES (PRIVATE) LTD.**  
Level 5, "Millennium House"  
46/58, Navam Mawatha  
Colombo 02  
Tel: 011 2317777  
Fax: 011 2317788  
E-mail: [general@capitalalliance.lk](mailto:general@capitalalliance.lk)

**SMB SECURITIES (PRIVATE) LIMITED**  
47, Dharmapala Mawatha  
Colombo 03  
Tel: 011 5232091  
Fax: 011 2339292  
E-mail: [admin@smbsecurities.lk](mailto:admin@smbsecurities.lk)

### Members of the Colombo Stock Exchange

**ASIA SECURITIES (PRIVATE) LIMITED**  
Level 21, West Tower  
World Trade Centre  
Echelon Square  
Colombo 01  
Tel: 011 2423905, 011 5320000  
Fax: 011 2336018  
E-mail: [enquiry@asiacapital.lk](mailto:enquiry@asiacapital.lk)

**ASSETLINE SECURITIES (PRIVATE) LIMITED**  
282, Kaduwela Road  
Battaramulla  
Tel: 011 4700111, 011 2307366  
Fax: 011 4700112, 011 2307365  
E-mail: [docs1@sltnet.lk](mailto:docs1@sltnet.lk)

**BARTLEET RELIGARE SECURITIES (PVT) LTD**  
Level "G",  
"Bartleet House"  
65, Braybrooke Place  
Colombo 02  
Tel: 011 5220200  
Fax: 011 2434985  
E-mail: [info@bartleetstock.com](mailto:info@bartleetstock.com)

**NATION LANKA EQUITIES (PVT) LTD**  
44, Guilford Crescent,  
Colombo 07  
Tel: 011 4714300, 011 4714388-9, 0773421821  
Fax: 011 2387228  
E-mail: [info@nlequities.com](mailto:info@nlequities.com)

**JOHN KEELIS STOCKBROKERS (PRIVATE) LIMITED**  
130, Glennie Street  
Colombo 02  
Tel: 011 2306250, 011 2338066-7, 011 2342066-7,  
011 2446694-5, 011 2439047-8, 011 4710721-4  
Fax: 011 2342068, 011 2326863  
E-mail: [ikstock@keells.com](mailto:ikstock@keells.com)

**LANKA SECURITIES (PRIVATE) LIMITED**  
228/2, Galle Road  
Colombo 04  
Tel: 011 4706757, 011 2554942  
Fax: 011 4706767  
E-mail: [lankasec@sltnet.lk](mailto:lankasec@sltnet.lk)

**SC SECURITIES (PRIVATE) LIMITED**  
2nd Floor,  
55, D.R. Wijewardena Mawatha  
Colombo 10  
Tel: 011 4711000  
Fax: 011 2394405  
E-mail: [cscres@sltnet.lk](mailto:cscres@sltnet.lk)

**J B SECURITIES (PRIVATE) LIMITED**  
150, St. Joseph's Street  
Colombo 14  
Tel: 011 2490900, 077 2490900, 077 2490901  
Fax: 011 2430070, 011 2446085, 011 2447875  
E-mail: [ibs@jb.lk](mailto:ibs@jb.lk)

**ASHA PHILLIP SECURITIES LIMITED**  
No.10,Prince Alfred Towers,2nd Floor, Alfred  
House Gardens,  
Colombo 03.  
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Fax: 011 2429199  
E-mail: [apsl@ashaphillip.net](mailto:apsl@ashaphillip.net)

FIRST GUARDIAN EQUITIES (PRIVATE) LIMITED  
32nd Floor, East Tower  
World Trade Centre  
Colombo 01  
Tel: 011 5884400  
Fax: 011 5884401  
E-mail: [info@firstguardianequities.com](mailto:info@firstguardianequities.com)

**TAPROBANE SECURITIES (PRIVATE) LIMITED**  
2nd Floor, 10, Gothami Road  
Colombo 08  
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**HERAYMILA SECURITIES LIMITED**  
Level 8, South Wing, Millennium House, 46/58  
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Tel: 011 2359100  
Fax: 011 2305522  
E-mail: info-hasl@heraymila.com

**SKM LANKA HOLDINGS (PRIVATE) LIMITED**  
No.35/1,Alwis Place,  
Colombo 03  
Tel: 011 2344444  
Fax: 011 2434198  
E-mail: [info@skmlankaholdings.com](mailto:info@skmlankaholdings.com)

**IIFL SECURITIES CEYLON (PVT) LTD**  
27th Floor, East Tower, World Trade Centre  
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Tel: 011 2333000  
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Email: [info.ceylon@iiflcap.com](mailto:info.ceylon@iiflcap.com)

**TKS SECURITIES (PVT) LTD**  
19-01, East Tower  
World Trade Centre, Colombo 1.  
Tel: 011 7 857 799  
Fax: 011 7 857 857  
E-mail: info@tks.lk

**CLARIDGE STOCKBROKERS (PVT) LTD.**  
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Tel ; 011 2697974  
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Email : [fonseka@mackwoods.com](mailto:fonseka@mackwoods.com)

**RICHARD PIERIS SECURITIES (PVT) LTD**  
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Tel : 011 7448900  
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Email : javantha@rpsecurities.com

**ARRENGA CAPITAL (PVT) LTD,**  
Level 23, East Tower  
World Trade Centre  
Colombo 1  
Tel: 011 7277000 to 98  
Fax: 011 7277099  
Email: [dihand@arrencapital.com](mailto:dihand@arrencapital.com)

**NEW WORLD SECURITIES (PVT) LTD.**  
2nd Floor, 45/2, Braybrooke Street,  
Colombo 2.  
Tel: 011 2358700/20  
Fax: 011 2358701  
Email: [viraj@nws.lk](mailto:viraj@nws.lk)

**LOLC Securities Ltd**  
Level 18, West Tower  
World Trade Centre  
Colombo 1  
Tel: 011 7880880  
Fax: 011 2434771

## ANNEXURE B

Transfer of Shares				
No	Transferor	Addres	Transferee	Share
1	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr. M.J.T Wasa	5,000
2	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms W.V.S.M Abeysekera	100
3	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr N.J.M Alfarth	100
4	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr P.Amarasekera	100
5	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr I.Amarasekera	100
6	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr R.A.R. Anurada	100
7	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr. C.J. Azie	30,000
8	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr S.Ambeeban	100
9	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms. M.H.A.S. Appalamy	100
10	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr M.P.Ayrtan	100
11	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr B.A.A.P.J. Balasuriya	100
12	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr H.G.D.S.T. Bandula	100
13	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms S.B.G. Githigama	1,000
14	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr. M.W.A. Bandanayake	100
15	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr I.M.Bandiranyake	100

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16	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr U.I.A. Bagala	46/7, Tibhatugoda Garamulla	100
17	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr H.D.M. Caldera	382, Thalagangama North Koswata Baranmulla	100
18	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr H.S. Caldera	341/321, 1st Lane Sanarapura Mahayagawatte, Siddhamulla, Piliyandala	1,000
19	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr A.G.J. Chandra	417, Galle Road, Wellawatta Colombo 06	100
20	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr T.R.S. Chandimal	14/19, Dorani Ilama Matrigoda Poligowatta	200
21	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr H.S. Chandranath	44, Dalugallagala Rambukkana	100
22	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms. D.A.M.C. Chandrapala	Gallebema We-Oya Yatiyantota	100
23	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms. P.R.K.S. Chandrasekara	79/8, Ebert Lane, Lefemulla, Moratuwa	100
24	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr G.R. Chak	46, 48, Dr. N.M Perera Mawatha Colombo	1,000
25	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr J.K. Dadlagge	387a, Morawinna Panadula	100
26	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms G.M.N. Dammika	1034/7 Potanawara Road Mahabe	100
27	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr T.C.S. Dasanayake	10/1, 1st Lane Adhewisa Road, Wellara Ragama	100
28	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr M.R. Dasanayaka	9/3, Hamer's Avenue Colombo 06	100
29	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms V.Dassanayaka	9/3, Hamer's Avenue Colombo 6	100

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30	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr M.C. Dasanayaka	9/3, Hamer's Avenue Colombo 06	100
31	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms M.R.P. Dassanayake	9/3, Hamer's Avenue Colombo 06	100
32	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr M.W. Dayananda	118/4, Sanarapura Mawatha Wattagedan Road Mahangama	100
33	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr K.S.J. De Silva	19/2 Gregory Road Kahitana	100
34	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr. M.G. De Silva	63/25, Kotlegawatta Road Battaramulla	100
35	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr T.D.G.L.C. De Silva	19/1 Charles Dr. Sanyasa Place Ilama Moratuwa	100
36	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr K.R.V.De Silva	32/16 Ambalgahattawa Ragama	100
37	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr B.V.H.J. De Silva	126/8, Welikada Rajagiriye	200
38	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr M.N. Deripitiya	68/11 Ebert Place Police Quarters, Boralla Colombo 08	100
39	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms M.D.N. Dhananjai	311/8, Bandulawatta, Wellampitiya	100
40	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr P.D.N. Das	133/2c, Punnamunda Mawatha Dibbeldila Panadara	100
41	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr C.A.S. Das	109/112, Duglas Fernando Mawatha, Colombo Road Chlaw	300
42	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr D.H.N. Das	56, Ella	100
43	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms D.W.A.D. Damskewela	16/2b 2nd Lane, Somathalgala, Mawatha, Gangodawila Nugegoda	100

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44	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms J.M. Edisingahe	11/1, Ambalgahawatte Road Hangodawila Nugegoda	100
45	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr A.L.M. Fairoos	232/293 Ferguson Road Colombo 15	200
46	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms M.V. Ferozek	50, Galle Road, Wellawatta Colombo 06	100
47	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr P.S.T. Fernando	103 Madagawatta Place Colombo 10	1,000
48	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr M.E.N. Fernando	38/11, George Augustus Place Denial Road, Lakshapattaya Moratuwa	100
49	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms T.A.S. Fernando	387a Morawinna Panadula	100
50	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms P.D.S.S. Fernando	9/3 1st Lane Uyanu, Moratuwa	100
51	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr W.W.S. Fonseka	218, 4/3 Dippigoda Kela-nya	200
52	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr W.L.S. Fonseka	294/5b, Newala Road, Rajagiriya.	1,000
53	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr H.F.L.T. Fonseka	60/5 Near The Church Kalalya-lla, Ella	100
54	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr H.F.J.S. Fonseka	C/9/5 Sri James Piers Mawatha Colombo 2	100
55	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr. L.U. Fernando	407/231-04B Ratnawara Road, Nugegoda	350,000
56	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr. P.M.P. Gnanawarna	30, Albert Watta, Madangama Ratnawara	100
57	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr W.L.D. Gunaseena	Station Road Pothupitiya South Waldekwa	100
58	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Ms. S.S.M.Gunatilleke	5/A/1 1st Lane, Greyher Park Ja-Elia	100
59	Orient Capital Limited	46/48, Dr. N.M Perera Mawatha, Colombo 08	Mr. A.A. Gunawardhana	41, Chapud Road Nugegoda	100

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60	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. B. S. Hedenbuge	722/02 Ketupala Gang goda	100
61	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. E. K. Hemanall	37 Main Street, Battaramulla	100
62	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. S. C. Herdawalnarana	15/C Sampath Chetupa Mawatha Laragana, Katunayya	100
63	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. H. M. C. U. C. Herath	133, Dumbasara, Opalgoda, Matale	100
64	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. R. Herigamuge	40/14, London Place Colombo 07	100
65	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. P. N. Hewage	288/M2, Adalya Uyana, Thalangahugoda.	100
66	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. T. M. N. Indrajith	65/B, 13th Lane "Samboru" H/S Kotagedana, Piliyandala	100
67	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. G. H. Kangani	"Maure" Digala Gangadala	100
68	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. K. H. Jagath	152 Puttalam Road Jayalima Chlanaw	500
69	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. R. M. A. Jayakody	141/40/2 Molawarta Koralana	100
70	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. J. A. R. C. Jayakody	7, Kaligala Mawatha Poththegoda Road, Colombo 6	100
71	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. W. D. Jayantha	21, Madikole Estate Kandawala Katana	100
72	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. W. D. N. C. Jayasinghe	8/30 Sarvodaya Mawatha Kesbewa Piliyandala	100
73	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. S. H. Jayasuriya	175/17, Nawala Road Colombo 5	100
74	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. B. A. D. P. I. Jayatilaka	130/1a, Old Police Station Road Kalathuthiwa Polgasovila	200

75	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. U. L. Jayatilake	263, Jayanthi Mawatha Kotte	100
76	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. N. N. Jayatilake	1043/7, Pothuanawa Road Malabe	100
77	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Miss R. S. P. Jayasingha	767/4a Millagahawatte Road Malabe	100
78	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. N. D. S. Jayasingha	767/4a Millagahawatte Road, Malabe	100
79	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. M. A. M. Jayawan	148, Temple Road Kalatawala Pottuwetenna	100
80	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. G. A. John	809/g, Uthara Mawatha, Tewanta Ragama	100
81	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. M. D. M. Kahatage	14, President College Lane Rajagiriya	100
82	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. R. M. E. Kalam	Ranjitha Houses, Vralapparthana, Heikadungama, Wolpatalawa	100
83	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. N. D. Kandamulla	49/2 Hospital Road/Galawawatte Homagama	500
84	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. D. D. N. Kannangara	906, Henkenda Ragama	100
85	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. U. V. K. Sanjeeva	22, Vilpupura Ampara	500
86	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. D. M. N. P. Kannapala	310/5 C, 2nd Lane, Kelapahawana, Rajagiriya.	1,000
87	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. D. A. Ratnayawala	121/02, "Sornabasa" 4th Lane Nagoda, Kaltana - South	1,000

88	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. D. A. R. Rathilaja	01, Theraluena Diyadawa, Deriyaya	100
89	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. A. J. Kodithuwakku	96a/5b Igoda Uyana Athu Ambalama Kosgana	100
90	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. I. K. Kumar	312a, Beach Road, Pippuna, Hendala Watala	100
91	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. D. M. L. U. Kumara	554/9/A/4, 401 Lane, Madanipigahawatte Alenya Kadawatha	200
92	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. H. B. M. Kumara	100a, E.D Dalara Mawatha Narahenpitiya, Colombo 05	100
93	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. H. A. N. S. Kumara	408/4, Kosmana Ganemulla	100
94	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. H. A. U. L. Kumara	31/5 New Kelani Road Orugawatta Wollanpitiya	100
95	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. W. M. T. Kumudumala	6, Garunaguma Husing, Seerom, Nawagampura Ampara	100
96	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. M. M. Dyanage	70/3 Melford 018, Gummupana Kandiawala	100
97	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. D. S. Madawela	767/4a Millagahawatte Road Malabe	100
98	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. H. G. L. Mahindasena	194, Hekandara North Malabe	100
99	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. H. G. M. Mahindasena	40/14, London Place Colombo 07	100
100	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. W. R. C. A. W. Mendis	375 Borlagumalla Ragama	200
101	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. K. C. Nirmala	375/1 Donmadawala Buttipaliya Gampaha	5,100

102	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. H. Pablislingho	1052/2 Malabe Road Kotarawa South Panipitiya	100
103	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. D. M. K. R. Panathala	145/D Pagoda Road Pita - Kotte	100
104	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. M. P. J. Pattenott	30/8, Sawchi Aracheli Gardens Colombo 12	200
105	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. G. D. E. H. Perera	161/1 Hewagamage, Kadiwela	100
106	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. W. M. V. N. S. Perera	683/Walgampitiya Ja Ela	100
107	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. U. L. R. J. Perera	204/C/1 Nwawidema Ja Ela	100
108	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. P. A. S. Perera	6 Asoka Mawatha Stimal Uyana	100
109	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. A. D. Perera	6 Asoka Mawatha Stimal Uyana Ratmalana	100
110	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. W. D. L. Perera	574 W. Ahinda, Kadiwela	100
111	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. C. J. R. Perera	6/1 Perera Mawatha Panaden Battaramulla	100
112	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. W. D. P. Perera	15, Centre Road, Jayanthipura, Battaramulla	100
113	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. T. N. C. Perera	48/A Lowette, Circular Road Mountuwa	100
114	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. A. T. Perera	31, 1st Lane, Old Road, Nawala	100
115	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. S. P. S. Prabhath	38/8a De Melwatta Road Nawala Kewatta	100
116	Orient Capital Limited	46.48. Dr. N. M Perera Mawatha, Colombo 08	Mr. R. A. I. Pradeep	63/32, Baseline Mawatha, Demunagoda	100



117	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. S. R. Prasangi	284, Hasanigiti Road Gampaha	100
118	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. C. N. Priyankara	202/11 Isurupura, Bandulasama Road Kesbewa	100
119	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. W. P. J. Priyadarshi	5p-23a, Genuwupura, Anipara	100
120	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. J. K. D. N. Pushpakuman	11/3a Hahalgoda Road, Mt. Lavinia	1,000
121	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. D. T. S. Rajapakse	640/8 A Easath Mawatha Hahalgodeniya, Aggona Angoda	1,000
122	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. W. L. N. Rajeswa	185/Cl03, Delibewick Road, Thalangama, Koswatte Battaramulla	1,000
123	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. C. H. Rananyake	115a, Satham Mawatha, Walpola Angoda	100
124	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. W. H. M. W. D. Rambukwella	430, 2/A Salmadyaya Angoda	100
125	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. D. S. R. Ranasinghe	313/2 Bopapillatha Gohattawa Madeniya New Town	100
126	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. R. K. D. M. Ranasinghe	46/2 Wijaya Mangalarama Road, Koluwela	100
127	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. R. K. D. N. D. Ranaaveera	3, Hemaralgoda Muthugoda Gampaha	100
128	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. S. Balmyake	10B 11/2/2 N.H.S Mattegoda	100
129	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. M. A. Saldin	178/E Ertigilaha Mawatha Rathmaleniya Road	100

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130	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. S. Samarasinghe	6 Ashoka Mawatha Simala Uyana Ratmalani	100
131	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. S. P. F. Samarasinghe	6 Ashoka Mawatha Simala Uyana Ratmalani	100
132	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. P. H. N. Samarasinghe	6 Ashoka Mawatha Simala Uyana Ratmalani	100
133	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. K. N. Samirena	82/2 Koswatte Road, Ririvattutudiya	100
134	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. D. K. N. Santhika	286/A School Lane, Hanwella	100
135	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. J. L. M. Sanjula	17/1 Mawathigama Homagama	100
136	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. R. C. Senevirasagam	293, Sri Damarama Mawatha Katukarunda Kaluwa	100
137	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. P. L. C. Segura	92, St. Benedict's Mawatha, Katalena	100
138	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. R. A. D. N. W. Senaka Bandula	128, Neduganuwu Katugoda	500
139	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. S. W. S. D. Silva	92/1st Lane, Daham Mawatha Mahangama	100
140	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. A. P. P. K. Silva	137 Wijaya Mawatha Pethlawatha Avulambalama	100
141	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. P. D. Sumanaga	100 Buddhet Colony Dugganapaya Anupara	100
142	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. H. R. Susanthra	Wekwungama, Vipulakam Mawatha Magala North	100

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143	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. G. L. K. B. Thilakarathna	155/2c, Pamunuwala Gonwella, Kalaniya	200
144	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. D. M. Vanhoof	38/3 Weerakody Mawatha, Deliwela Road, Maharagama	100
145	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. M. S. Vaseharan	16, 3/1, Ramakrishna Place Colombo 06	100
146	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. M. S. Vaseer	46, Sugama Mawatha, Pinaduma	100
147	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Vinutha (Pvt) Limited	39/4 Flower Road Colombo 07	11,150,000
148	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. S. T. C. Weerasinghe	Akshara 18, Mithawatta Kaladugoda	100
149	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. T. S. Wickramne	638/1 High Level Road, Wijerama Junction Nugegoda	100
150	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. J. A. D. Wijayabandana	382/B, 9 Lane, Mussema Mawatha, Mahara, Kadawatha	1,000
151	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. W. A. Wijesuriya	67 Homana Road Mahawela	100
152	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Mr. H. M. Wijiltha	Dandulawa (N.W.P)	100
153	Orient Capital Limited	46/48, Dr. N. M. Perera Mawatha, Colombo 08	Ms. H. L. S. Zoya	26/1a, Indrathathi Road, Ratmalana	100
			<b>Total</b>		<b>11,597,500</b>

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