

# UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH SEP 2016



## **ORIENT FINANCE PLC**

**ORIENT FINANCE PLC**
**INCOME STATEMENT**

<i>For the</i>	Quarter ended 30th Sep		Six Months Ended 30 Sep		Change
	2016 Rs. (Unaudited)	2015 Rs. (Unaudited)	2016 Rs. (Unaudited)	2015 Rs. (Unaudited)	
Income	816,334,813	646,468,903	1,557,406,532	882,714,627	76.4%
Interest Income	735,859,238	575,007,777	1,412,848,305	791,527,916	78.5%
Interest Expense	(453,057,199)	(295,864,987)	(821,852,742)	(440,428,996)	-86.6%
<b>Net Interest Income</b>	<b>282,802,039</b>	<b>279,142,790</b>	<b>590,995,563</b>	<b>351,098,920</b>	<b>68.3%</b>
Fee and Commission Income	35,290,734	32,218,430	63,507,026	32,759,289	93.9%
Other Income	45,184,841	39,242,696	81,051,201	58,427,422	38.7%
<b>Operating Income</b>	<b>363,277,614</b>	<b>350,603,916</b>	<b>735,553,790</b>	<b>442,285,631</b>	<b>66.3%</b>
Provision for Impairment	(79,059,312)	(81,090,584)	(159,384,090)	(126,926,843)	25.6%
<b>Net Operating Income</b>	<b>284,218,302</b>	<b>269,513,332</b>	<b>576,169,700</b>	<b>315,358,788</b>	<b>82.7%</b>
<b>Operating Expenses</b>					
Personnel Expenses	(111,876,780)	(104,044,707)	(219,651,761)	(134,220,550)	-63.6%
Depreciation and Amortization	(8,489,101)	(9,363,938)	(16,658,434)	(13,964,744)	-19.3%
Other Overhead Expenses	(78,763,887)	(61,800,862)	(158,308,911)	(99,292,745)	-59.4%
<b>Operating Profit Before Value Added Tax &amp; NBT</b>	<b>85,088,534</b>	<b>94,303,825</b>	<b>181,550,594</b>	<b>67,880,749</b>	<b>167.5%</b>
Value Added Tax on Financial Services, NBT	(18,219,549)	-	(27,686,265)	-	-100.0%
<b>Profit Before Income Tax</b>	<b>66,868,985</b>	<b>94,303,825</b>	<b>153,864,329</b>	<b>67,880,749</b>	<b>126.7%</b>
Income Tax / Deferred Tax (Expense)/ Reversal	(9,628,408)	282,007,733	(23,443,458)	282,007,733	-108.3%
<b>Profit for the Period</b>	<b>57,240,577</b>	<b>376,311,558</b>	<b>130,420,871</b>	<b>349,888,482</b>	<b>-63%</b>
Basic Earnings Per Share (Rs.)			1.06	4.57	
Diluted Earnings Per Share (Rs.)			1.06	4.57	

Figures in brackets indicate deductions where applicable.

**ORIENT FINANCE PLC****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<i>For the</i>	<b>Quarter ended 30th Sep</b>		<b>Six Months Ended 30 Sep</b>		
	<b>2016</b>	2015	<b>2016</b>	2015	Change
	<b>Rs.</b>	Rs.	<b>Rs.</b>	Rs.	
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)	
Profit for the Period	<b>57,240,577</b>	376,311,558	<b>130,420,871</b>	349,888,482	-63%
<b>Other Comprehensive Income</b>					
Available for Sale Financial Assets - Net Change in Fair Value	<b>2,376,640</b>	(24,781)	<b>4,610,931</b>	(24,781)	18707%
			-	-	
Other Comprehensive Income for the year Net of Tax	<b>2,376,640</b>	(24,781)	<b>4,610,931</b>	(24,781.00)	18707%
<b>Total Comprehensive Income for the Period Net of Tax</b>	<b>59,617,217</b>	376,286,777	<b>135,031,802</b>	349,863,701	-61%

*Figures in brackets indicate deductions where applicable.*

**ORIENT FINANCE PLC**  
**STATEMENT OF FINANCIAL POSITION**


<i>As At</i>	<b>30-Sep-16</b> Rs. <b>Unaudited</b>	<b>31-Mar-16</b> Rs. <b>Audited</b>
<b>ASSETS</b>		
Cash and Cash Equivalent	104,911,257	231,677,698
Available for Sale Financial Assets	780,145,648	756,124,104
Loans and Receivables from Customers	15,498,653,570	13,839,304,166
Investment Securities	338,913,498	432,329,213
Trade and Other Receivable	226,529,028	247,641,495
Real Estate Stock	46,691,207	46,407,850
Deferred Tax Asset	296,074,621	319,518,080
Brand Value	235,880,000	235,880,000
Goodwill	564,545,745	564,545,746
Intangible Assets	293,620	517,658
Property, Plant and Equipment	428,558,361	438,736,121
<b>Total Assets</b>	<b>18,521,196,555</b>	<b>17,112,682,131</b>
<b>LIABILITIES</b>		
Bank Overdrafts	653,177,680	433,373,124
Deposits from Customers	9,233,404,184	9,249,312,393
Interest Bearing Borrowings	4,461,949,760	3,262,737,550
Term Debt	978,604,776	1,176,912,865
Current Tax Payable	2,136,341	2,136,340
Trade and Other Payable	769,423,294	704,484,745
Non Interest Bearing Security Deposits	1,627,402	1,891,105
Retirement Benefit Obligations	42,860,343	38,853,036
<b>Total Liabilities</b>	<b>16,143,183,780</b>	<b>14,869,701,158</b>
<b>EQUITY</b>		
Stated Capital	1,378,689,779	1,378,689,779
Reserve Fund	318,475,293	292,391,119
Available for sale Fair Value Reserve	4,233,387	(377,544)
Revaluation Reserve	116,471,908	116,471,908
Retained Earnings	560,142,408	455,805,711
<b>Total Equity</b>	<b>2,378,012,775</b>	<b>2,242,980,973</b>
<b>Total Equity and Liabilities</b>	<b>18,521,196,555</b>	<b>17,112,682,131</b>
<b>Net Assets Per Share</b>	<b>16.07</b>	<b>15.15</b>


The Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007

  
Asela Wijayabandara  
Asst. General Manager - Finance

  
Mayura Fernando  
Chief Executive Officer

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;

  
Minette Perera  
Director

  
Prakash Saha  
Director

4-Nov-16

## ORIENT FINANCE PLC

## STATEMENT OF CHANGES IN EQUITY

For The Period Ended 30 Sep 2016,

	Stated Capital Rs.	Reserve Fund Rs.	Revaluation Reserve Rs.	Available for Sale Fair Value Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2015	306,024,990	171,016,612	116,471,908	(3,374,004)	(20,140,382)	569,999,124
Issue of Ordinary Shares	1,072,664,789					1,072,664,789
Profit for the year	-	-	-	-	606,872,535	606,872,535
Equity transaction cost relating to IPO					(4,838,069)	(4,838,069)
Written off of available for sale financial assets				3,374,004	(3,374,004)	-
Other Comprehensive Income net of taxes				(377,544)	(1,339,862)	(1,717,406)
Transfer to Statutory Reserve		121,374,507			(121,374,507)	-
Balance as at 31 March 2016	<u>1,378,689,779</u>	<u>292,391,119</u>	<u>116,471,908</u>	<u>(377,544)</u>	<u>455,805,711</u>	<u>2,242,980,973</u>
<b>Profit for the Period</b>	-	-	-	-	<b>130,420,871</b>	<b>130,420,871</b>
<b>Other Comprehensive Income Net of Taxes</b>	-	-	-	<b>4,610,931</b>	-	<b>4,610,931</b>
<b>Transfer to Statutory Reserve</b>	-	<b>26,084,174</b>	-	-	<b>(26,084,174)</b>	-
<b>Balance as at 30 September 2016</b>	<u><b>1,378,689,779</b></u>	<u><b>318,475,293</b></u>	<u><b>116,471,908</b></u>	<u><b>4,233,387</b></u>	<u><b>560,142,408</b></u>	<u><b>2,378,012,775</b></u>

Figures in brackets indicate deductions where applicable.

**ORIENT FINANCE PLC**  
**CASH FLOW STATEMENT**

<i>For the Period ended 30 Sep</i>	2016 Rs. (Unaudited)	2015 Rs. (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Income Tax Expense	153,864,329	67,880,749
<b>Adjustment for;</b>		
Depreciation / Amortization	16,658,434	13,964,744
Profit on disposal of Property Plant & Equipment	(12,844,111)	(20,428,936)
Impairment Charge/(Write Back)	159,384,090	126,926,843
Finance Expenses	821,852,742	440,428,996
Investment Income	(53,179,583)	(33,256,528)
Provision for Gratuity	4,988,122	3,198,358
<b>Operating Profit before Working Capital Changes</b>	<b>1,090,724,023</b>	<b>598,714,226</b>
Change in Loans and Receivables from Customers	(1,818,733,494)	(213,157,460)
Change in Trade & Other Receivables	27,046,603	(119,315,795)
Change in Related Party Receivable	-	265,825,725
Change in Deposits from Customers	10,448,162	(461,390,647)
Change in Trade & Other Payables	64,938,549	(159,374,915)
Change in Non Interest Bearing Security Margins	(263,703)	-
Change in Real Estate Receivable	(283,357)	1,003,830
	<b>(626,123,217)</b>	<b>(87,695,036)</b>
Interest Paid	(820,782,768)	(440,428,996)
Income Tax / Economic Service Charges Paid	-	-
Gratuity Paid	(980,813)	(8,930,673)
<b>Net Cash Used in Operating Activities</b>	<b>(1,447,886,798)</b>	<b>(537,054,705)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Property, Plant and Equipment	(11,035,768)	(2,684,546)
Proceeds from Sale of Property Plant & Equipment	17,622,997	34,525,887
Net Change in Available for Sale Financial Assets	(19,410,613)	-
Net change in Investment Securities	93,415,715	28,832,317
Investment Income Received	53,179,583	33,252,925
Payments made to former Orient Shareholders	-	(1,730,741,430)
<b>Net Cash Generated from Investing Activities</b>	<b>133,771,914</b>	<b>(1,636,814,847)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Bearing Borrowings Obtained	3,802,350,991	3,615,055,147
Interest Bearing Borrowings Repayments	(2,630,807,105)	(1,848,209,845)
Settlement of Debentures	(204,000,000)	-
<b>Net Cash Generated from Financing Activities</b>	<b>967,543,886</b>	<b>1,766,845,302</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(346,570,997)</b>	<b>(407,024,250)</b>
Cash and Cash Equivalents at Beginning of the Period	(201,695,426)	107,415,559
<b>Cash and Cash Equivalents at End of the Year (Note A)</b>	<b>(548,266,423)</b>	<b>(299,608,691)</b>
<b>Note - A</b>		
<b>Analysis of Cash and Cash Equivalents</b>		
Cash in Hand	74,000,415	26,379,609
Cash at Bank	30,910,842	367,928,110
Bank Overdrafts - Secured	(653,177,680)	(693,916,410)
	<b>(548,266,423)</b>	<b>(299,608,691)</b>

*Figures in brackets indicate deductions where applicable.*

### Explanatory Notes

1. These Interim Financial Statements of the Company have been prepared based on the Sri Lanka Accounting Standards that came into effect from 01st January 2012 (SLFRS/LKAS). There were no changes to the Accounting Policies and methods of computation since the publication of the Audited Financial Statements for the Year Ended 31st March 2016. Further, these Interim Financial Statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard 34 (LKAS 34) on Interim Financial Reporting. Previous year figures and phrases have been re-arranged wherever necessary to conform to the current presentation.
2. There are no material events that took place after the reporting date that require adjustments to or disclosure in the Financial Statements.
3. All known expenses have been provided for in these Financial Statements.
4. There are no significant changes in the nature of the Contingent Assets or Contingent Liabilities which were disclosed in the Audited Financial Statements for the year ended 31st March 2016.
5. Comparative figures in the Income Statement, Cash Flow Statement and Notes upto 30 June 2016 reflect only the former Bartle Finance PLC performance since the merger of two entities took place only on 16 July 2016.

### Listed Debenture Information

Debenture	30-Sep-16 Rs	30-Sep-15 Rs
Debentures Issued in 2011 (Deb. 01) *	-	204,000,000
Debentures Issued in 2014 (Deb. 02)	1,000,000,000	1,000,000,000
	1,000,000,000	1,204,000,000

\* Debenture 01 has been redeemed on 15th June 2016 upon maturity

#### Debenture 02

Market Prices - Debenture

	Not Traded as at 30 Sep 2016	Not Traded as at 30 Sep 2015
Highest price		
Lowest price		
Last traded price		
Debt to Equity Ratio (Times)	2.56	15.40
Interest Coverage Ratio (Times)	1.22	1.15
Liquid Asset Ratio	6.53%	20.44%
Interest Rate of Comparable Government Securities	11.48%	7.33%
Interest Yield as at Date of Last Trade	N/T*	13.86%
Yield to maturity as of Last Trade	N/T*	21.92%

\* N/T - Not Traded

### Ordinary Share Information

The Company's Ordinary Shares are listed on the Diri Savi Board of the Colombo Stock Exchange (CSE).

<b>Stated Capital</b>	<b>30-Sep-16</b>	<b>30-Sep-15</b>
Value of Ordinary Shares (Rs.)	1,378,689,780	306,189,810
No. of Ordinary Shares	148,018,370	76,518,370

#### Share Price During the Period

		For the Quarter Ended	
		30-Sep-16	30-Sep-15
Highest	(Rs)	21.00	
Lowest	(Rs)	14.30	N/A
Closing	(Rs)	16.40	

#### Shareholders as at 30 Sep 2016

Name		No. of Shares	%
1	Janashakthi PLC	132,940,720	89.81
2	B G Investments (Pvt) Ltd	4,657,594	3.15
3	Dunamis Capital PLC	2,393,862	1.62
4	First Capital PLC	1,568,818	1.06
5	Pan Asia Banking Corporation / S.R. Fernando	610,503	0.41
6	Rosewood (Pvt) Ltd	600,000	0.41
7	Code-Gen International (Pvt) Ltd	484,400	0.33
8	Asset Trust Management (Pvt) Ltd	333,300	0.23
9	Commercial Credit And Finance PLC	330,000	0.22
10	Mr. K.D.Y. Pathiraja	300,000	0.20
11	T.K.S.Finance Ltd / R.P.Wijedasa	200,788	0.14
12	T.K.S.Finance Ltd / K. Jayakody	176,185	0.12
13	T.K.S.Finance Ltd / T.A.H.R.G. Jayathilake	133,748	0.09
14	Mr. Kosgallana Durage Ananda Weerasighe	133,400	0.09
15	Seylan Bank PLC/ L.C.R. Pathirana	105,286	0.07
16	Mr. K.M.D.N.Kulasekara	100,000	0.07
17	Mr. Nilan Asela Saipath Wickramasinghe	100,000	0.07
18	T.K.S.Finance PLC / H.M.S.A. Bandara	90,000	0.06
19	Mr. Harindra Janaka Herath	75,000	0.05
20	Capital Trust Holding Ltd	67,000	0.05
	Others	2,617,766	1.77
	Total	148,018,370	100.00

#### Directors' Shareholding as at 30 Sep 2016

Name of the Director		No. of Shares	%
1.	Dr. D.C. Jayasuriya PC - Chairman	-	-
2.	Mr. Prakash Schaffter	10	-
3.	Mr. Ramesh Schaffter (Resigned W.E.F. 07th Oct 2016)	10	-
4.	Mrs. Lakshmi K. Gunatilake	-	-
5.	Mr. Ananda W. Atukorala	-	-
6.	Mr. K. M. A. T. B. Tittawella	-	-
7.	Mr. A. I. Fernando (Resigned W.E.F. 07th Oct 2016)	-	-
8.	Ms. Minette D. A. Perera	-	-
9.	Ms. I. Gunasekara	-	-
	Total	20	-

#### CEO's Shareholding as at 30 Sep 2016

Mr. Mayura Fernando	-	-
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<b>Public Holding as at 30 Sep 2016</b>	15,076,360	10.19%
Number of Public Shareholders	532	



**ORIENT FINANCE PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**FINANCIAL REPORTING BY SEGMENTS**

**Business Segments**

The Company has two reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Company's management reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Company's reportable segments.

Hire Purchase & Leasing - Provision of Hire Purchase and Leasing Facilities to customers  
Factoring - Debt Factoring

	Lease & Hire purchase		Factoring		Unallocated		Total	
	30-Sep-16 Rs.	30-Sep-15 Rs.	30-Sep-16 Rs.	30-Sep-15 Rs.	30-Sep-16 Rs.	30-Sep-15 Rs.	30-Sep-16 Rs.	30-Sep-15 Rs.
Interest Income	1,307,010,082	758,549,182	104,635,487	32,477,304	1,202,736	501,430	1,412,848,305	791,527,916
Fee and Commission Income	40,897,782	24,332,406	22,609,244	8,426,883	-	-	63,507,026	32,759,289
Other Income	13,375,237	3,114,083	-	-	67,675,964	55,313,339	81,051,201	58,427,422
Total Segmental Income	1,361,283,101	785,995,671	127,244,731	40,904,187	68,878,700	55,814,769	1,557,406,532	882,714,627
Less: Interest expense	(746,875,780)	(419,543,526)	(73,862,454)	(20,558,714)	(1,114,508)	(326,756)	(821,852,742)	(440,428,996)
<b>Segmental Results</b>	<b>614,407,321</b>	<b>366,452,145</b>	<b>53,382,277</b>	<b>20,345,473</b>	<b>67,764,192</b>	<b>55,488,013</b>	<b>735,553,790</b>	<b>442,285,631</b>
Depreciation and Amortization	(11,660,904)	(10,473,558)	(499,753)	(1,117,179.52)	(4,497,777)	(2,374,006)	(16,658,434)	(13,964,744)
Impairment Charge / (Reversal)	(152,303,610)	(118,182,746)	(6,230,507)	(8,828,473)	(849,973)	84,376	(159,384,090)	(126,926,843)
Unallocated Company expenses	(200,358,126)	(154,991,528)	(17,676,000)	(7,625,456.48)	(187,612,811)	(70,896,311)	(405,646,937)	(233,513,295)
Income Tax	-	-	-	-	(23,443,458)	282,007,733	(23,443,458)	282,007,733
<b>Profit After Tax</b>	<b>250,084,681</b>	<b>82,804,313</b>	<b>28,976,017</b>	<b>2,774,364.00</b>	<b>(148,639,827)</b>	<b>264,309,805</b>	<b>130,420,871</b>	<b>349,888,482</b>
<b>Segmental Assets</b>	<b>14,084,723,912</b>	<b>11,675,949,254</b>	<b>1,392,912,063</b>	<b>752,900,357</b>	<b>3,043,560,580</b>	<b>3,575,279,647</b>	<b>18,521,196,555</b>	<b>16,004,129,258</b>
<b>Segmental Liabilities</b>	<b>608,705,621</b>	<b>399,977,948</b>	<b>-</b>	<b>-</b>	<b>15,534,478,159</b>	<b>14,684,123,664</b>	<b>16,143,183,780</b>	<b>15,084,101,612</b>