



# **ORIENT FINANCE PLC**

Unaudited Interim Financial Statements

For the 06 Months Ended 30 September 2018

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

	For the Three months Ended 30th September		For the six months Ended 30th September		Variance %
	2018 Rs. Unaudited	2017 Rs. Unaudited	2018 Rs. Unaudited	2017 Rs. Unaudited	
Income	868,276,956	850,405,493	1,695,880,701	1,733,209,783	-2.2%
Interest income	792,373,518	809,423,822	1,568,801,733	1,658,216,925	-5.4%
Interest expenses	(487,595,058)	(531,635,057)	(980,763,828)	(1,070,112,553)	-8.3%
<b>Net interest income</b>	<b>304,778,460</b>	<b>277,788,765</b>	<b>588,037,905</b>	<b>588,104,372</b>	<b>0.0%</b>
Fee and commission income	46,494,736	23,224,484	88,319,545	47,939,056	84.2%
Other operating income	29,408,702	17,757,187	38,759,423	27,053,802	43.3%
<b>Total operating income</b>	<b>380,681,898</b>	<b>318,770,436</b>	<b>715,116,873</b>	<b>663,097,230</b>	<b>7.8%</b>
Impairment (charges)/reversal for loans and receivables from customers	(86,926,819)	(126,818,506)	(228,388,271)	(230,985,328)	-1.1%
<b>Net operating income</b>	<b>293,755,079</b>	<b>191,951,930</b>	<b>486,728,602</b>	<b>432,111,902</b>	<b>12.6%</b>
<b>Operating expenses</b>					
Personnel expenses	(100,175,845)	(95,231,492)	(197,279,242)	(189,087,911)	4.3%
Depreciation and amortization	(6,642,722)	(5,773,675)	(12,713,278)	(11,277,465)	12.7%
Other operating expenses	(118,317,941)	(122,550,140)	(220,410,398)	(238,558,969)	-7.6%
<b>Operating profit before Value Added Tax and NBT</b>	<b>68,618,571</b>	<b>(31,603,377)</b>	<b>56,325,684</b>	<b>(6,812,443)</b>	<b>-331.9%</b>
Value Added Tax and NBT on financial services	(18,740,725)	(9,143,602)	(27,700,562)	(24,283,984)	14.1%
<b>Profit before income tax</b>	<b>49,877,846</b>	<b>(40,746,979)</b>	<b>28,625,122</b>	<b>(31,096,427)</b>	<b>-192.1%</b>
Income tax expense	-	(999,999)	-	(3,874,388)	-100.0%
<b>Profit for the Period</b>	<b>49,877,846</b>	<b>(41,746,978)</b>	<b>28,625,122</b>	<b>(34,970,815)</b>	<b>-181.9%</b>
<b>Other Comprehensive Income</b>					
Available for sale financial assets - Net change in fair value	(840,101)	2,373,041	16,613	3,476,375	-99.5%
Other comprehensive income for the period	(840,101)	2,373,041	16,613	3,476,375	-99.5%
<b>Total comprehensive income for the period</b>	<b>49,037,745</b>	<b>(39,373,937)</b>	<b>28,641,735</b>	<b>(31,494,440)</b>	<b>-190.9%</b>
Basic earnings per share (Rs.)	0.34	(0.28)	0.19	(0.24)	
Diluted earnings per share (Rs.)	0.34	(0.28)	0.19	(0.24)	

Figures in brackets indicate deductions.

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

As at	30th Sep 2018 Rs. Unaudited	31st March 2018 Rs. Audited	Variance %
<b>ASSETS</b>			
Cash and cash equivalents	146,851,447	195,581,111	-25%
Available for sale financial assets	962,611,016	945,559,444	2%
Loans and receivables from customers	14,134,116,750	14,504,333,754	-3%
Investments with banks and other financial institutions	349,905,864	754,474,257	-54%
Other assets	243,552,189	210,103,729	16%
Real estate stock	16,779,715	16,779,715	-
Deferred tax asset	270,475,120	270,475,120	-
Goodwill	564,545,746	564,545,746	-
Brand value	235,880,000	235,880,000	-
Intangible assets	1,975,920	1,975,920	-
Property, plant and equipment	421,256,482	415,618,078	1%
<b>Total assets</b>	<b>17,347,950,249</b>	<b>18,115,326,874</b>	<b>-4%</b>
<b>LIABILITIES</b>			
Bank overdrafts	251,873,577	138,490,215	82%
Deposits from customers	11,263,584,745	11,852,625,030	-5%
Interest bearing borrowings	1,404,681,538	1,806,789,942	-22%
Term debts	1,005,014,687	998,261,067	1%
Redeemable preference shares	484,290,177	456,209,985	6%
Current tax payable	-	-	-
Other liabilities	504,478,183	462,984,472	9%
Non-interest bearing security deposits	(108,217)	41,832	-359%
Retirement benefit obligations	57,443,377	51,873,885	11%
<b>Total liabilities</b>	<b>14,971,258,067</b>	<b>15,767,276,428</b>	<b>-5%</b>
<b>EQUITY</b>			
Stated capital	1,378,689,779	1,378,689,779	-
Statutory reserve fund	310,999,954	305,274,930	0
Available for sale reserve	230,577	213,964	8%
Revaluation reserve	112,291,899	112,291,899	-
Retained earnings	574,479,973	551,579,874	4%
<b>Total equity</b>	<b>2,376,692,182</b>	<b>2,348,050,446</b>	<b>1%</b>
<b>Total equity and liabilities</b>	<b>17,347,950,249</b>	<b>18,115,326,874</b>	<b>-4%</b>
<b>Net assets per share</b>	<b>16.06</b>	<b>15.86</b>	

Figures in brackets indicate deductions.

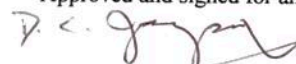
The financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.


  
**Sanjeeva Jayasinghe**  
Senior Manager - Finance

  
**Jude Anthony**  
Acting 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;

  
**Dr. Dayanath Jayasuriya**  
Chairman

  
**Prakash Schaffter**  
Director

26-Oct-18

ORIENT FINANCE PLC  
INTERIM ACCOUNTS

**ORIENT FINANCE PLC**  
**STATEMENT OF CHANGES IN EQUITY**

For the Quarter ended 30th Sep 2018,

	Stated Capital	Statutory reserve fund	Revaluation reserve	Available for sale value reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2017	1,378,689,779	305,274,930	116,471,908	(1,545,592)	700,836,034	2,499,727,059
Profit for the year	-	-	-	-	(34,970,815)	(34,970,815)
Other comprehensive income net of taxes	-	-	-	3,476,375	-	3,476,375
Dividend Paid	-	-	-	-	(37,004,593)	(37,004,593)
Transfer to statutory reserve	-	-	-	-	-	-
Balance as at 30 September 2017	1,378,689,779	305,274,930	116,471,908	1,930,783	628,860,626	2,431,228,026
<b>Balance as at 01 April 2018</b>	<b>1,378,689,779</b>	<b>305,274,930</b>	<b>112,291,899</b>	<b>213,964</b>	<b>551,579,875</b>	<b>2,348,050,447</b>
<b>Profit for the Period</b>	-	-	-	-	<b>28,625,122</b>	<b>28,625,122</b>
<b>Other comprehensive income net of taxes</b>	-	-	-	<b>16,613</b>	-	<b>16,613</b>
<b>Transfer to statutory reserve</b>	-	<b>5,725,024</b>	-	-	<b>(5,725,024)</b>	-
<b>Balance as at 30th September 2018</b>	<b>1,378,689,779</b>	<b>310,999,954</b>	<b>112,291,899</b>	<b>230,577</b>	<b>574,479,973</b>	<b>2,376,692,182</b>

Figures in brackets indicate deductions.

**ORIENT FINANCE PLC**  
**STATEMENT OF CASH FLOWS**

**For the period ended 30th September**

	<b>2018</b>	2017
	<b>Rs.</b>	Rs.
	<b>Unaudited</b>	Unaudited
<b>Cash flows from operating activities</b>		
Profit before income tax expense	28,625,122	(31,096,427)
<b>Adjustment for;</b>		
Depreciation/Amortization	12,399,618	11,233,414
Profit on disposal of property, plant and equipment	(39,130)	244,190
Impairment charge/(reversal)	228,388,271	230,985,328
Finance expenses	980,763,828	1,070,112,553
Investment income	(88,847,022)	(64,710,597)
Provision for gratuity	7,000,001	5,491,230
<b>Operating profit before working capital changes</b>	<b>1,168,290,688</b>	1,222,259,691
Change in loans and receivables to customers	141,828,733	1,057,933,562
Change in other assets	(33,448,460)	10,084,575
Change in deposits from customers	(585,525,862)	1,678,007,834
Change in other liabilities	41,493,711	(204,474,823)
Change in non interest bearing security margins	(150,049)	(153,725)
	<b>732,488,761</b>	3,763,657,114
Interest paid	(911,956,151)	(963,533,278)
Income tax paid	-	(3,414,344)
Gratuity paid	(1,430,507)	(1,822,681)
<b>Net cash generated from /(used in) operating activities</b>	<b>(180,897,897)</b>	2,794,886,811
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(18,047,223)	(14,667,002)
Proceeds from sale of property, plant and equipment	48,331	140,209
Proceeds from sale of real estate	-	(93,306)
Net change in available for sale financial assets	(17,034,959)	1,817,092
Net change in investments with bank and other financial institutions	404,568,393	9,535,323
Investment income received	88,847,022	64,710,597
<b>Net cash generated from / (used in) investing activities</b>	<b>458,381,564</b>	61,442,913
<b>Cash flows from financing activities</b>		
Dividends paid	-	(37,004,593)
Interest bearing borrowings obtained	659,605,514	3,307,612,990
Repayment of interest bearing borrowings	(1,054,076,180)	(5,617,239,280)
Interest paid on debentures	(45,126,027)	(47,185,871)
<b>Net cash generated from /( used in) financing activities</b>	<b>(439,596,693)</b>	(2,393,816,754)
<b>Net change in cash and cash equivalents</b>	<b>(162,113,026)</b>	462,512,970
Cash and cash equivalents at the beginning of the year	57,090,896	(490,357,534)
<b>Cash and cash equivalents at the end of the year (Note A)</b>	<b>(105,022,130)</b>	(27,844,564)
<b>Note A</b>		
<b>Analysis of cash and cash equivalents at the end of the year</b>		
Cash in hand	133,293,858	121,641,998
Cash at bank	13,557,589	74,059,940
Bank overdrafts - secured	(251,873,577)	(223,546,502)
	<b>(105,022,130)</b>	(27,844,564)

Figures in brackets indicate deductions.

## NOTES TO THE FINANCIAL STATEMENTS

- 1 These Interim Financial Statements of the Company have been prepared based on the Sri Lanka Accounting Standards that came into effect from January 01, 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 31 March 2018. 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.

### **SLFRS 09**

Sri Lanka Accounting Standard SLFRS 09 (Financial Instruments) is effective for annual periods beginning on or after 01st January 2018. SLFRS 09 (Financial Instruments) replaces the existing "LKAS 39 - Financial Instruments Recognition and Measurement" which carried out at "incurred loss model" to forward looking "Expected Loss Model". SLFRS 09 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cashflow characteristics.

Based on the "Statement of Alternative Treatment (SoAT) on the figures in the Interim Financial Statements" issued by the Institute of Chartered Accountants of Sri Lanka, entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the statement of profit or loss and Other Comprehensive income for the period, if SLFRS 09 has been applied.

Accordingly, as permitted by the SoAT, the company has prepared the Interim Financial Statements for the period ended 30th September 2018 based on LKAS 39.

The company is assessing the impact on transition based on gap analysis. Analysis for the quantification of the impact is in progressing, with the assistance of an external consultant.

- 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 2018.

### Listed Debenture Information

Debenture	30-Sep-18 Rs	30-Sep-17 Rs
Debentures Issued in 2014	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
<b>Debenture</b>	<b>30-Sep-18</b>	<b>30-Sep-17</b>
Market Prices - (Highest/ Lowest/ Closing)	N/T*	N/T*
Debt to Equity Ratio (Times)	6.28	6.34
Interest Coverage Ratio (Times)	0.94	0.99
Liquid Asset Ratio	8.11%	7.43%
Interest Rate of comparable Government Securities	9.63%	9.57%
Interest Yield as at Date of Last Trade	N/T*	N/T*
Yield to maturity as of Last Trade	N/T*	N/T*

\* 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>	30-Sep-18	30-Sep-17
Value of Ordinary Shares (Rs.)	1,378,689,780	1,378,689,780
No. of Ordinary Shares	148,018,370	148,018,370
<b>Share Price During the Period</b>	<b>For the Quarter Ended</b>	
	<b>30-Sep-18</b>	<b>30-Sep-17</b>
Highest (Rs)	15.00	13.30
Lowest (Rs)	10.50	9.70
Closing (Rs)	12.00	13.00

**ORIENT FINANCE PLC****NOTES TO THE FINANCIAL STATEMENTS****Shareholders as at 30th September 2018**

	<b>Name</b>	<b>No. of Shares</b>	<b>%</b>
1	Janashakthi PLC	132,940,720	89.81
2	First Capital Limited	2,517,745	1.70
3	Seylan Bank Plc/ S.R. Fernando	706,400	0.48
4	Mr. L.P.Mendis	566,495	0.38
5	Mr. K.S.S. Peris	516,159	0.35
6	Mr. R.A.B.K.Kumara	500,000	0.34
7	Mr. A.S.A. Fernando	406,270	0.27
8	Mr.N.L.S.Fernando	372,677	0.25
9	Commercial Credit & Finance PLC	330,000	0.22
10	Merchant Bank of Sri Lanka/ J. Hewa Wanithunga	270,000	0.18
11	Mr. R.E. Rambukwella	244,834	0.17
12	Dr. N.C.N, Amarasena	220,000	0.15
13	Dialog Finance PLC/ Mr. K.A.C. Duminda	214,755	0.15
14	Mrs. G.A.S. De Silva	211,000	0.14
15	Mr. H.K.S.Priyadarshani	200,000	0.14
16	Mr.S.D.S.Gunasekera	200,000	0.14
17	Mrs. M.N.S. Fernando	189,955	0.13
18	MBSL/ Mr. E. Jayawickrama	154,424	0.10
19	Mr. K.D.A. Weerasinghe	133,400	0.09
20	Merchant Bank & Finance PLC/ Mr. DLJ Priyadarshana	114,000	0.08
	Others	7,009,536	4.74
	<b>Total</b>	<b>148,018,370</b>	<b>100.00</b>

**Directors' Shareholding as at 30th September 2018**

	<b>Name of the Director</b>	<b>No. of Shares</b>	<b>%</b>
1	Dr. D.C. Jayasuriya PC - Chairman	-	-
2	Mr. Prakash Schaffter	10	-
3	Mr. Ananda W. Atukorala	-	-
4	Mr. K. M. A. T. B. Tittawella	-	-
5	Ms. Minette D. A. Perera	-	-
6	Ms. Indrani Goonesekara	-	-
7	Mr. Ramesh Schaffter	10	-
	<b>Total</b>	<b>20</b>	<b>-</b>

**Acting CEO's Shareholding as at 30th September 2018**

Mr.Jude Anthony	-	-
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**Public Holding as at 30th September 2018**

	12,487,133
Number of Public Shareholders	946
Public Shareholding Percentage	8.43
Float Adjusted market capitalization (Rs)	149,735,383.09

According to the option 2 of 7.13.1 (b) of the listing rules the company is non compliant with the minimum public holding requirement as at 30 September 2018. The company is in the process of taking corrective actions.

**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 atleast a monthly basis. The following summary describes the operations in each of the company's reportable segments.

Hire purchase, finance leasing- Provision of hire purchase and leasing facilities to customers

Loans - Provision of Loan facilities to customers

Factoring - Debt factoring

	Finance Leases and Hire purchases		Loans		Factoring		Pawning		Total	
	2018 Rs	2017 Rs	2018 Rs	2017 Rs	2018 Rs	2017 Rs	2018 Rs	2017 Rs	2018 Rs	2017 Rs
<b>For the Period Ended 30th September</b>										
Interest income	1,191,611,465	1,236,332,739	251,933,399	273,699,881	71,288,106	140,132,688	53,968,763	8,051,617	1,568,801,733	1,658,216,925
Fee and commission income	79,141,533	20,035,241	2,380,425	5,432,554	6,797,587	21,845,470	0	625,791	88,319,545	47,939,056
Other income	29,080,477	19,398,527	6,092,163	4,993,721	1,935,612	2,450,728	1,651,171	210,826	38,759,423	27,053,802
Total segmental income	1,299,833,475	1,275,766,507	260,405,987	284,126,156	80,021,305	164,428,886	55,619,934	8,888,234	1,695,880,701	1,733,209,783
Less: Interest expense	(724,822,924)	(782,245,095)	(168,896,316)	(192,596,757)	(56,103,688)	(80,599,908)	(30,940,900)	(14,670,793)	(980,763,828)	(1,070,112,553)
<b>Segmental results</b>	<b>575,010,551</b>	<b>493,521,412</b>	<b>91,509,671</b>	<b>91,529,399</b>	<b>23,917,617</b>	<b>83,828,978</b>	<b>24,679,034</b>	<b>(5,782,559)</b>	<b>715,116,873</b>	<b>663,097,230</b>
Depreciation and amortization	(9,538,536)	(8,086,339)	(1,998,260)	(2,081,648)	(634,890)	(1,021,594)	(541,592)	(87,884)	(12,713,278)	(11,277,465)
Impairment (charge)/ reversal	(100,004,652)	(141,204,083)	(56,762,585)	(63,182,293)	(71,622,117)	(26,964,231)	1,083	365,279	(228,388,271)	(230,985,328)
Other Expenses	(329,160,822)	(330,358,429)	(76,700,183)	(81,337,630)	(25,478,135)	(34,039,023)	(14,051,062)	(6,195,782)	(445,390,202)	(451,930,864)
Income tax	-	(2,821,448)	-	(691,592)	-	(348,884)	-	(12,464)	-	(3,874,388)
<b>Profit after tax</b>	<b>136,306,541</b>	<b>11,051,113</b>	<b>(43,951,357)</b>	<b>(55,763,764)</b>	<b>(73,817,525)</b>	<b>21,455,246</b>	<b>10,087,463</b>	<b>(11,713,410)</b>	<b>28,625,122</b>	<b>(34,970,815)</b>
<b>Segmental assets</b>	<b>13,014,246,025</b>	<b>12,956,660,647</b>	<b>2,727,738,615</b>	<b>3,365,122,821</b>	<b>866,661,470</b>	<b>1,651,473,905</b>	<b>739,304,139</b>	<b>142,069,501</b>	<b>17,347,950,249</b>	<b>18,115,326,874</b>
<b>Segmental liabilities</b>	<b>11,232,657,296</b>	<b>11,296,562,243</b>	<b>2,353,166,059</b>	<b>2,916,355,055</b>	<b>747,651,679</b>	<b>1,431,235,806</b>	<b>637,783,033</b>	<b>123,123,324</b>	<b>14,971,258,067</b>	<b>15,767,276,428</b>