



ORIENT FINANCE PLC

Unaudited Interim Financial Statements

For the 09 Months Ended 31 December 2018

ORIENT FINANCE PLC
INCOME STATEMENT

	For the three months Ended 31		For the nine months Ended 31		Variance %
	December		December		
	2018 Rs. Unaudited	2017 Rs. Unaudited	2018 Rs. Unaudited	2017 Rs. Unaudited	
Income	868,836,476	850,821,119	2,645,625,151	2,584,030,902	2.4%
Interest income	800,377,357	801,275,677	2,450,087,064	2,459,492,602	-0.4%
Interest expenses	(485,174,681)	(533,946,363)	(1,465,938,509)	(1,604,058,916)	-8.6%
Net interest income	315,202,676	267,329,314	984,148,555	855,433,686	
Fee and commission income	48,489,232	34,053,386	136,808,777	81,992,442	66.9%
Other operating income	19,969,887	15,492,056	58,729,310	42,545,858	38.0%
Total operating income	383,661,795	316,874,756	1,179,686,642	979,971,986	20.4%
Impairment (charges)/reversal for loans and receivables from customers	(161,031,006)	(159,033,121)	(470,327,251)	(390,018,449)	20.6%
Net operating income	222,630,789	157,841,635	709,359,391	589,953,537	20.2%
Operating expenses					
Personnel expenses	(101,624,331)	(101,862,396)	(298,903,573)	(290,950,307)	2.7%
Depreciation and amortization	(7,236,032)	(6,025,475)	(19,949,310)	(17,302,940)	15.3%
Other operating expenses	(119,744,880)	(121,723,725)	(340,155,278)	(360,282,694)	-5.6%
Operating profit before Value Added Tax and NBT	(5,974,454)	(71,769,961)	50,351,230	(78,582,404)	164%
Value Added Tax, DRL and NBT on financial services	(14,629,353)	(6,381,349)	(42,329,915)	(30,665,333)	38.0%
Profit before income tax	(20,603,807)	(78,151,310)	8,021,315	(109,247,737)	107.3%
Income tax expense	-	(1,278,004)	-	(5,152,392)	-100.0%
Profit for the Period	(20,603,807)	(79,429,314)	8,021,315	(114,400,129)	107.0%
Other Comprehensive Income					
Available for sale financial assets - Net change in fair value	927,933	1,615,171	944,546	5,091,546	81.4%
Other comprehensive income for the period	927,933	1,615,171	944,546	5,091,546	81.4%
Total comprehensive income for the period	(19,675,874)	(77,814,143)	8,965,861	(109,308,583)	108%
Basic earnings per share (Rs.)	-0.14	(0.54)	0.05	(0.77)	
Diluted earnings per share (Rs.)	-0.14	(0.54)	0.05	(0.77)	

Figures in brackets indicate deductions.

ORIENT FINANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	31st December 2018 Rs. Unaudited	31st March 2018 Rs. Audited	Variance %
ASSETS			
Cash and cash equivalents	109,677,826	195,581,111	-44%
Available for sale financial assets	961,278,806	945,559,444	2%
Loans and receivables from customers	14,368,153,471	14,504,333,754	-1%
Investments with banks and other financial institutions	306,220,491	754,474,257	-59%
Other assets	220,539,947	210,103,729	5%
Real estate stock	16,772,709	16,779,715	(0)
Deferred tax asset	270,475,121	270,475,120	0
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	424,317,362	415,618,078	2%
Total assets	17,479,837,399	18,115,326,874	-4%
LIABILITIES			
Bank overdrafts	192,039,025	138,490,215	39%
Deposits from customers	10,836,181,342	11,852,625,030	-9%
Interest bearing borrowings	2,102,461,153	1,806,789,942	16%
Term debts	986,308,725	998,261,067	-1%
Redeemable preference shares	498,406,995	456,209,985	9%
Current tax payable	-	-	-
Other liabilities	453,860,135	462,984,472	-2%
Non-interest bearing security deposits	(344,776)	41,832	-924%
Retirement benefit obligations	53,908,492	51,873,885	4%
Total liabilities	15,122,821,091	15,767,276,428	-4%
EQUITY			
Stated capital	1,378,689,779	1,378,689,779	-
Statutory reserve fund	306,879,193	305,274,930	0
Available for sale reserve	1,158,510	213,964	441%
Revaluation reserve	112,291,899	112,291,899	-
Retained earnings	557,996,927	551,579,874	1%
Total equity	2,357,016,308	2,348,050,446	0%
Total equity and liabilities	17,479,837,399	18,115,326,874	-4%
Net assets per share	15.92	15.86	

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

14-Feb-19

ORIENT FINANCE PLC
INTERIM ACCOUNTS

ORIENT FINANCE PLC
STATEMENT OF CHANGES IN EQUITY

For the Quarter ended 31st December 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	-	-	-	-	(114,400,129)	(114,400,129)
Other comprehensive income net of taxes	-	-	-	5,091,546	-	5,091,546
Dividend Paid	-	-	-	-	(37,004,593)	(37,004,593)
Transfer to statutory reserve	-	-	-	-	-	-
Balance as at 31 December 2017	<u>1,378,689,779</u>	<u>305,274,930</u>	<u>116,471,908</u>	<u>3,545,954</u>	<u>549,431,312</u>	<u>2,353,413,883</u>
Balance as at 01 April 2018	1,378,689,779	305,274,930	112,291,899	213,964	551,579,875	2,348,050,447
Profit for the Period	-	-	-	-	8,021,315	8,021,315
Other comprehensive income net of taxes	-	-	-	944,546	-	944,546
Transfer to statutory reserve		1,604,263			(1,604,263)	-
Balance as at 31 December 2018	<u>1,378,689,779</u>	<u>306,879,193</u>	<u>112,291,899</u>	<u>1,158,510</u>	<u>557,996,927</u>	<u>2,357,016,308</u>

Figures in brackets indicate deductions.

ORIENT FINANCE PLC
STATEMENT OF CASH FLOWS

For the period ended 31 December

	2018	2017
	Rs.	Rs.
	Unaudited	Unaudited
Cash flows from operating activities		
Profit before income tax expense	8,021,315	-109,247,737
Adjustment for;		
Depreciation/Amortization	19,644,871	17,258,888
Profit on disposal of property, plant and equipment	(124,695)	244,190
Impairment charge/(reversal)	470,327,251	390,018,449
Finance expenses	1,465,938,509	1,604,058,916
Investment income	(118,793,886)	(106,697,148)
Provision for gratuity	10,500,001	8,236,845
Operating profit before working capital changes	1,855,513,366	1,803,872,403
Change in loans and receivables to customers	(334,146,968)	1,192,355,315
Change in other assets	(10,436,218)	3,350,480
Change in deposits from customers	(973,412,850)	2,618,659,384
Change in other liabilities	(9,124,337)	(57,938,389)
Change in non interest bearing security margins	(386,608)	(774,805)
	528,006,385	5,559,524,388
Interest paid	(1,405,722,264)	(1,392,115,671)
Income tax paid	-	(2,136,340)
Gratuity paid	(8,465,394)	(1,822,681)
Net cash generated from / (used in) operating activities	(886,181,273)	4,163,449,696
Cash flows from investing activities		
Acquisition of property, plant and equipment	(28,219,460)	(21,213,183)
Proceeds from sale of property, plant and equipment	-	140,209
Proceeds from sale of real estate	7,006	2,923,417
Net change in available for sale financial assets	(14,774,816)	(36,817,732)
Net change in investments with bank and other financial institutions	448,253,766	(584,764,897)
Investment income received	118,793,886	106,697,148
Net cash generated from / (used in) investing activities	524,060,382	(533,035,038)
Cash flows from financing activities		
Dividends paid	-	(37,004,593)
Interest bearing borrowings obtained	2,846,955,408	3,303,699,041
Repayment of interest bearing borrowings	(2,533,786,612)	(6,267,129,925)
Interest paid on debentures	(90,500,000)	(90,455,626)
Net cash generated from / (used in) financing activities	222,668,796	(3,090,891,102)
Net change in cash and cash equivalents	(139,452,095)	539,523,556
Cash and cash equivalents at the beginning of the year	57,090,896	(490,357,534)
Cash and cash equivalents at the end of the year (Note A)	(82,361,199)	49,166,022
Note A		
Analysis of cash and cash equivalents at the end of the year		
Cash in hand	93,721,644	112,641,804
Cash at bank	15,956,182	60,542,037
Bank overdrafts - secured	(192,039,025)	(124,341,544)
	(82,361,199)	48,842,297

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 31st December 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 The Board of Directors of Orient Finance PLC has resolved to convert the existing 4,000,496 preference shares of the company to 24,002,976 Ordinary Shares (at an issue price of LKR19.59 per share) subject to the approval of the preference shareholders of the company, and all other shareholder and regulatory approvals. Additionally a maximum of 3,906,978 fully paid shares would be issued in respect of preference share dividend amounting to Rs.76,537,704,66, calculated at LKR 19.59 per Ordinary Share, by way of a Private Placement. Out of the said 27,909,954 Ordinary Shares, 24,002,976 Ordinary Shares will be issued to the capital outstanding of the existing Preference Shareholders at a proportion of 06 Ordinary Shares to every 01 Preference Share held. The Ordinary Shares so issued will be listed in the Colombo Stock Exchange (CSE), in addition to the 148,018,370 Ordinary Shares of the Company currently listed in the CSE. The Ordinary Shares issued by way of the Private Placement is subject to obtaining all statutory approvals and Ordinary and Preference Shareholders at an Extra Ordinary General meeting.
- 3 There are no material events that took place after the reporting date that require adjustments to or disclosure in the Financial Statements.
- 4 All known expenses have been provided for in these Financial Statements.
- 5 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	31-Dec-18 Rs	31-Dec-17 Rs
Debentures Issued in 2014	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000

Debenture	31-Dec-18	31-Dec-17
Market Prices - (Highest/ Lowest/ Closing)	N/T*	N/T*
Debt to Equity Ratio (Times)	6.35	6.34
Interest Coverage Ratio (Times)	0.97	0.99
Liquid Asset Ratio	7.59%	7.43%
Interest Rate of comparable Government Securities	10.48%	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).

<u>Stated Capital</u>	31-Dec-18	31-Dec-17
Value of Ordinary Shares (Rs.)	1,378,689,780	1,378,689,780
No. of Ordinary Shares	148,018,370	148,018,370

Share Price During the Period		For the Quarter Ended	
		31-Dec-18	31-Dec-17
Highest	(Rs)	17.00	13.30
Lowest	(Rs)	11.50	9.70
Closing	(Rs)	15.50	13.00

ORIENT FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS****Shareholders as at 31st December 2018**

	Name	No. of Shares	%
1	Janashakthi PLC	132,940,720	89.81
2	First Capital Limited	2,138,299	1.44
3	Seylan Bank Plc/ S.R. Fernando	582,400	0.39
4	Mr. L.P.Mendis	566,495	0.38
5	Mr. R.A.B.K.Kumara	500,000	0.34
6	Mr. K.S.S. Peris	422,756	0.29
7	Mr.N.L.S.Fernando	377,677	0.26
8	Mr. A.S.A. Fernando	332,270	0.22
9	Commercial Credit & Finance PLC	330,000	0.22
10	Mrs. M.N.S. Fernando	288,555	0.19
11	Mr. R.E. Rambukwella	264,000	0.18
12	Dr. N.C.N, Amarasena	225,000	0.15
13	Mrs. G.A.S. De Silva	211,000	0.14
14	Mr.S.D.S.Gunasekera	200,000	0.14
15	Mr. M.K. De Livera	200,000	0.14
16	Mr. R.M.P.Dayawansa	191,130	0.13
17	MBSL/ Mr. E. Jayawickrama	170,200	0.11
18	Merchant Bank & Finance PLC/ Mr. DLJ Priyadarshana	169,898	0.11
19	Dialog Finance PLC/ Mr. K.A.C. Duminda	165,095	0.11
20	Rev. A. Dhammapala	155,723	0.11
	Others	7,587,152	5.13
	Total	148,018,370	100.00

Directors' Shareholding as at 31st December 2018

	Name of the Director	No. of Shares	%
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	-
	Total	20	-

Acting CEO's Shareholding as at 31st December 2018

Mr.Jude Anthony	-	-
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Public Holding as at 31st December 2018

Number of Public Shareholders	12,487,133
Public Shareholding Percentage	976
Float Adjusted market capitalization (Rs)	8.74
	200,520,485.84

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 31 December 2018. The company is in the process of taking corrective actions.

ORIENT FINANCE PLC

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 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

Gold Loan - Provision of loans against gold

Factoring - Debt factoring

For the Period Ended 31st December	Finance Leases and Hire purchases		Loans		Factoring		Gold Loan		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Interest income	1,913,050,179	1,831,905,134	342,546,853	410,121,715	96,193,899	199,150,118	98,296,133	18,315,635	2,450,087,064	2,459,492,602
Fee and commission income	123,230,249	38,242,133	3,553,918	11,473,399	8,909,403	31,651,119	1,115,207	625,791	136,808,777	81,992,442
Other income	44,651,409	30,749,191	8,318,671	7,811,709	2,644,509	3,450,911	3,114,721	534,047	58,729,310	42,545,858
Total segmental income	2,080,931,837	1,900,896,458	354,419,442	429,406,823	107,747,811	234,252,148	102,526,061	19,475,473	2,645,625,151	2,584,030,902
Less: Interest expense	(1,114,540,944)	(1,159,302,357)	(207,641,814)	(294,516,136)	(66,009,411)	(130,105,844)	(77,746,340)	(20,134,578)	(1,465,938,509)	(1,604,058,916)
Segmental results	966,390,893	741,594,101	146,777,628	134,890,687	41,738,400	104,146,304	24,779,721	(659,105)	1,179,686,642	979,971,986
Depreciation and amortization	(15,167,296)	(12,505,363)	(2,825,705)	(3,176,937)	(898,293)	(1,403,448)	(1,058,016)	(217,191)	(19,949,310)	(17,302,940)
Impairment (charge)/ reversal	(252,580,416)	(211,201,166)	(95,796,630)	(116,194,130)	(121,951,288)	(62,988,431)	1,083	365,278	(470,327,251)	(390,018,449)
Other Expenses	(538,054,252)	(492,828,747)	(96,514,825)	(125,201,176)	(30,682,099)	(55,309,040)	(16,137,590)	(8,559,371)	(681,388,766)	(681,898,334)
Income tax	-	(3,723,791)	-	(946,014)	-	(417,913)	-	(64,674)	-	(5,152,392)
Profit after tax	160,588,929	21,335,034	(48,359,532)	(110,627,570)	(111,793,280)	(15,972,528)	7,585,198	(9,135,063)	8,021,315	(114,400,129)
Segmental assets	13,289,776,039	13,409,240,993	2,475,919,099	3,406,564,152	787,095,608	1,504,888,362	927,046,653	232,889,552	17,479,837,399	18,553,583,060
Segmental liabilities	11,497,756,003	11,708,590,887	2,142,061,205	2,974,520,781	680,962,059	1,314,028,301	802,041,824	203,352,933	15,122,821,091	16,200,492,903