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Colombo 02
Sri Lanka

24th September, 2015

The Board of Directors
Orient Finance PLC
No.18, Sri Sangaraja Mawatha,
Colombo 10.

Dear Sirs

**ACCOUNTANT'S REPORT FOR INCLUSION IN THE PROSPECTUS OF ORIENT FINANCE PLC
(PREVIOUSLY KNOWN AS BARTLEET FINANCE PLC)**

1. SCOPE

This report has been prepared for the inclusion in the prospectus in connection with the invitation to the public to subscribe for the issue of Rs. 1,072,500,000/- Ordinary Shares of Orient Finance PLC (Previously known as Bartleet Finance PLC). We conducted our procedures in accordance with the Sri Lanka Standard on Related Services applicable to agreed-upon procedures engagement.

We have examined the financial statements of Orient Finance PLC (Previously known as Bartleet Finance PLC) and report as follows;

2. INCORPORATION AND OTHER REGISTRATIONS

Orient Finance PLC (Previously known as Bartleet Finance PLC) is a public limited liability company incorporated on and domiciled in Sri Lanka. The registered office of the company and its principal place of business are situated at No. 02, Deal Place, Colombo 03. The Company is regulated under the Finance Companies Act No.78 of 1988 and the company is re-registered under the Finance Business Act No.42 of 2011. The company is listed in Colombo Stock Exchange by issuing debentures to the public during 2011.

3. FINANCIAL STATEMENTS

3.1 Five-Year Summary of Audited Financial Statements

A summary of the company's audited Statement of comprehensive Income and Statement of Financial Position for the financial years ended 31st March 2011 to 31st March 2015, based on the audited financial statements is attached to this report (Please refer annexure 1).

3.2 Audited Financial Statements

Our audit report for the year ended 31st March 2015 together with such financial Statements comprising the Statement of Financial Position, Statement of Comprehensive Income, and Statements of Changes in equity and Cash Flow Statement along with the accounting policies and notes thereon are given in the prospectus.



3.3 Audit Reports

We have audited the Financial Statements of the Company for the year ended 31st March 2011 to 31st March 2015. Following audit reports have been issued for respective periods.

1) Financial Year Ended 31st March, 2011 - Unqualified Audit Report

A matter has been emphasized regarding aggregate amount of investments in the issued share capital exceeding the 25% limit of the capital funds of the company.

2) Financial Year Ended 31st March, 2012- Qualified audit opinion

Opinion has been qualified on the following matter.

The company's accounting policy for valuing dealing securities is at cost or market value whichever is lower. However, the company has valued the dealing securities at cost as of 31st March 2012, which results in an overstatement of the value of the same by Rs. 76,896,136/- in the financial statements as of that date. This practice is not in accordance with Sri Lanka Accounting Standards.

Further, a matter has been emphasized regarding individual and aggregate amount of investment in the issued share capital exceeding the 5% and 25% limits of the capital funds of the company.

3) Financial Year Ended 31st March, 2013 - Qualified Audit Opinion

Opinion has been qualified on the following matter.

The company has adopted for the first time the LKAS 39 on Financial Instruments; Recognition and Measurement. The effect on measurement of securitization loan as per LKAS 39 has been deferred whereas it should have been charged to the statement of comprehensive income. However, the total liability has been duly recognized. This deferred interest relevant to the current year profit and retained earnings are stated in note no 29 to the financial statements.

4) Financial Year Ended 31st March, 2014 - Qualified Audit Opinion

Opinion has been qualified on the following matters.

(a) Loans and Advances to Customers

As per LKAS 39 Financial Instruments; Recognition and Measurement, the impairment provision should be computed for individually significant customers and other customers (Collective assessment) separately. However, the provision made in the financial statements amounting to Rs. 77,329,328/- is not complied with such requirements.

(b) Available for Sales Reserve

Fair value loss amounting to Rs.184, 122,696 /- which is relevant to available for sales financial assets disposed during the year has not been accounted in the statement of comprehensive income whereas it has directly transferred to the retained earnings through the statement of changes in equity.

Further, a matter has been emphasized concerning the non- compliance with the Finance Companies (Risk Weighted Capital Adequacy Ratio) Direction No. 02 of 2006 issued by the Central Bank of Sri Lanka.

5) Financial Year Ended 31st March 2015 - Unqualified audit opinion.



3.4 Accounting Policies

The Financial Statements of the Company for the year ended 31st March 2011 to 31st March 2015 complied with the Sri Lanka Accounting Standards except for the matters discussed in 3.3.

First- time adoption of Sri Lanka Accounting Standards (“SLFRS/LKAS”)

For all periods up to and including the year ended 31st March 2011, the Company prepared their financial statements in accordance with previous accounting standards (SLASs). Financial statements for the year ended 31st March 2012 are the first set of financial statements the Company has prepared in accordance with revised accounting standards comprising SLFRS and LKAS.

3.5 Dividends

The Company declared dividend in respect of Ordinary Shares of the Company for following financial years.

Year	Net Dividends declared Rs.	Dividend per share Rs.
2011	36,722,994	6.00
2012	5,787,068	0.76
2013	-	-
2014	-	-
2015	-	-

3.6 Events after the Reporting Date

Board of directors of Bartleet Finance PLC and Orient Finance PLC at the meeting held on 29th April 2015, have resolved to amalgamate Orient Finance PLC with Bartleet finance PLC. Further to above, Monetary Board of Central Bank of Sri Lanka has granted its approval in principle for the proposed amalgamation on 21st April, 2015.

No circumstances have arisen except above, since the reporting date which would require adjustments to, or disclosures, in the financial statements.

3.7 Restriction of Use

This report is made solely for the purpose of board of directors of Orient Finance PLC in usage in the application for the purpose of offering of Rs. 1,072,500,000/- Ordinary Shares. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressee, for our audit work, for this report we have formed. This report should not be used, circulated, quoted or otherwise referred to for any other purpose.

Yours faithfully

CHARTERED ACCOUNTANTS

Colombo 02

24th September, 2015

TS/cc

Statement of Financial Position

As at	As per SIFRS/LKAS			
	31.03.2015	31.03.2014	31.03.2013 (Restated)	31.03.2012 (Restated)
Assets				
Cash and Cash Equivalents	194,035,452	200,985,276	161,988,830	118,154,287
Due from Banks and Other Financial Institutions	27,258,987	25,671,588	23,232,837	43,210,187
Loans and Advances to Customers	4,933,959,608	5,615,826,468	5,323,316,296	4,981,730,616
Financial Investments - Available for Sale	3,200,000	11,120,000	186,023,921	355,015,564
Financial Investments - Held to Maturity	695,740,846	1,165,132,749	1,061,578,733	729,076,154
Amount Due from Related Parties	265,825,725	-	147,236,450	5,000,000
Economic Service Charges Recoverable	25,744,211	23,021,978	23,021,978	18,706,043
Other Debtors, Deposits and Prepayments	92,794,231	78,968,512	79,000,415	56,842,620
Income Tax Refund Due	54,021	54,021	54,021	54,021
Real Estate Stocks	47,227,436	78,299,260	90,753,998	108,661,522
Property, Plant and Equipment	446,863,819	533,064,250	292,712,706	203,261,041
Deferred Interest Expense on Securitization Loans	-	-	-	39,034,069
Three-wheeler Stock	-	-	100,940	38,692,840
Investment Property	-	128,000,000	59,000,000	42,882,112
Capital Work-In-Progress	-	-	255,105,386	248,717,598
Total Assets	6,732,704,336	7,860,144,102	7,703,126,511	6,989,038,674
LIABILITIES AND SHAREHOLDERS' FUNDS				
Liabilities				
Deposits from Customers	5,580,072,379	6,463,960,243	5,747,762,378	5,075,410,149
Interest Bearing Borrowings	118,380,288	378,751,005	923,320,499	1,032,408,543
Deferred Tax Liabilities	50,300,826	50,300,826	37,286,529	17,023,243
Subordinated Term Debt	204,000,000	204,000,000	204,000,000	204,000,000
Other Liabilities	165,069,120	165,097,781	254,572,778	193,469,898
Retirement Benefit Obligations	44,882,599	36,621,013	32,138,079	27,014,836
	6,162,705,212	7,298,730,868	7,199,080,263	6,549,326,669
Shareholders' Funds				
Stated Capital	306,024,990	306,024,990	306,024,990	61,204,990
Statutory Reserve	171,016,612	170,180,249	158,706,852	157,196,452
Revenue Reserve	-	-	-	70,000,000
Revaluation Reserve	116,471,908	148,094,569	148,094,569	40,257,763
Available for Sale Reserve	(3,374,004)	(7,778,079)	(191,900,775)	(185,667,350)
Investment Fund Reserve	-	1,868,462	1,868,462	1,868,462
Retained Earnings	(20,140,382)	(56,976,957)	81,252,150	294,851,688
Total Shareholders' Funds	569,999,124	561,413,234	504,046,248	439,712,005
Total Liabilities and Shareholders' Funds	6,732,704,336	7,860,144,102	7,703,126,511	6,989,038,674
				4,883,314,583

Statement of Comprehensive Income

	As per SILFRS/LKAS				As per SLASs	
	2014/2015 (Rs)	2013/2014 (Rs)	2012/2013 (Rs) (Restated)	2011/2012 (Rs) (Restated)	2010/2011 (Rs)	
Income	1,362,664,433	1,605,009,721	1,552,160,380	1,178,759,922	1,150,826,211	
Interest and Similar Income	1,283,086,649	1,465,702,872	1,336,170,268	1,054,054,870	780,286,524	
Interest and Similar Expenses	(805,279,228)	(1,039,248,295)	(964,201,580)	(614,026,166)	(487,490,995)	
Net Interest Income	477,807,421	426,454,577	371,968,688	440,028,704	292,795,529	
Fee and Commission Income	15,502,142	17,684,345	17,813,267	27,643,302	21,930,298	
Net Fee and Commission Income	15,502,142	17,684,345	17,813,267	27,643,302	21,930,298	
Net Trading Income/(Expenses)	(1,253,121)	10,138,040	2,109,305	(249,975)	234,745,689	
Other Operating Income	65,328,763	111,484,464	196,067,540	97,311,725	113,863,700	
	64,075,642	121,622,504	198,176,845	97,061,750	348,609,389	
Total Operating Income	557,385,205	565,761,426	587,958,800	564,733,756	663,335,216	
Impairment Charges for Loans and Other Losses	(188,291,956)	(50,000,000)	(139,032,668)	(20,725,292)	(83,792,077)	
Net Operating Income	369,093,249	515,761,426	448,926,132	544,008,464	579,543,139	
Operating Expenses						
Personnel Expenses	(134,102,111)	(143,565,980)	(159,304,508)	(167,837,829)	(102,166,609)	
Depreciation of Property, Plant and Equipment	(24,494,931)	(20,719,048)	(47,514,007)	(46,585,770)	(29,889,960)	
Other Operating Expenses	(206,314,392)	(281,095,114)	(220,931,059)	(239,063,346)	(206,471,419)	
Total Operating Expenses	(364,911,434)	(445,380,142)	(427,749,574)	(453,486,945)	(338,527,988)	
Operating Profit Before Value Added Tax on Financial Services	4,181,815	70,381,284	21,176,558	90,521,519	241,015,151	
Value Added Tax on Financial Services	-	-	-	-	(14,049,287)	
Profit Before Tax	4,181,815	70,381,284	21,176,558	90,521,519	226,965,864	
Income Tax Expenses	-	(13,014,297)	(13,624,560)	(16,416,448)	(4,902,492)	
Profit/(Loss) for the Year	4,181,815	57,366,987	7,551,998	74,105,071	222,063,372	
Other Comprehensive Income/(Expenses)						
Net Gain on Revaluation of Property, Plant and Equipment	-	-	114,475,532	-	-	
Appreciation/(Depreciation) in Fair Value of Available for Sale Financial Assets	-	-	(6,233,425)	(184,287,076)	-	
Total Other Comprehensive Income/(Expenses) for the Year, Net of Tax	-	-	108,242,107	(184,287,076)	-	
Total Comprehensive Income for the Year, Net of Tax	4,181,815	57,366,987	115,794,105	(110,182,005)	-	