Orient Finance

Annual Report 2014/15

(Formerly Bartleet Finance PLC)

THE **BEST** IS YET TO COME

Contents

THE **BEST** IS YET TO **COME**

Orient Finance (Formerly Bartleet Finance) has been providing innovative and customised solutions to our customers for over 34 years. Moving from strength to strength, we have now completed a merger of Orient Finance PLC & Bartleet Finance PLC that will create synergy and see us better positioned to serve our customers. In light of this landmark consolidation, we are looking forward to further growth and expansion in the future. The best is yet to come.

Scan to visit our website:
www.orientfinance.lk

Our Vision

To be a leading provider of unique financial solutions

Our Mission

Striving to maintain the highest service excellence

to our customers

Creating wealth for our shareholders

Engage in best business practices

Assuring the well-being of our employees

Our Values

Integrity

Accountability

Maintaining confidentiality

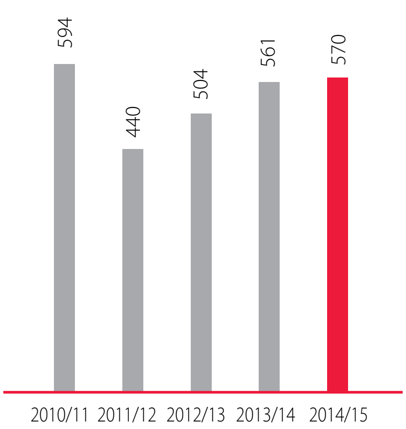
Professionalism

Financial Highlights

Year Ended 31st March	2014/15	2013/14	Change
Financial Performance (Rs.Mn)			
Income	1,362.7	1,605.0	-15%
Interest Income	1,283.1	1,465.7	-12%
Interest Expenses	(805.3)	(1,039.2)	-23%
Profit Before Tax	4.2	70.4	-94%
Income Tax Expenses	-	(13.0)	-100%
Profit After Tax	4.2	57.4	-93%
Financial Position at the Year End (Rs.Mn)			
Shareholders' Funds	570.0	561.4	2%
Customer Deposits	5,580.1	6,464.0	-14%
Loans & Advances to Customers	4,934.0	5,615.8	-12%
Total Assets	6,732.7	7,860.1	-14%
Investor Information			
Earnings per Share (Rs.)	0.55	7.50	
Dividend per Share (Rs.)	-	-	
Net Assets per Share (Rs.)	74.50	73.38	
Ratios (%)			
Return on Assets (Before Tax)	0.06%	0.90%	
Return on Equity	0.74%	10.77%	
Statutory Ratio (%)			
Capital Adequacy			
Core Capital to Risk Weighted Assets Ratio (Min.5%)	7.89%	6.45%	
Total Capital to Risk Weighted Assets Ratio (Min.10%)	10.32%	9.32%	
Liquidity Ratio	12.51%	10.18%	

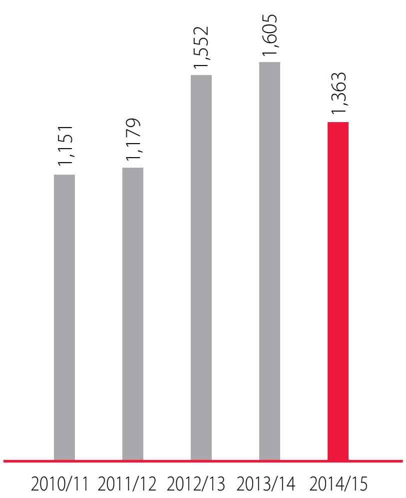
Shareholders' Funds

Rs.Mn



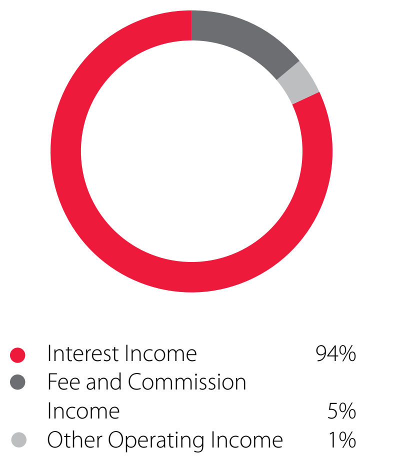
Total Income

Rs.Mn



Total Income

%



Chairman's Statement

We believe that over the next few years we could reap the full benefits that the new synergies will bring into play. The new entity is among the first twenty largest finance companies in the country.

We will endeavour to forge ahead with new product development, intensified marketing activities and closer monitoring to enhance customer satisfaction and remain ethically competitive in the context of a rapidly evolving economic landscape.

In accordance with the Central Bank's financial sector consolidation policy, Orient Finance PLC had to look for a suitable finance company for amalgamation. After having done our due diligence, we sought the approval of the Central Bank as well as the shareholders for the merger of Orient Finance PLC with Bartleet Finance PLC. The new entity will carry the name of Orient Finance PLC. Bartleet Finance PLC has a long track record and a much larger fixed deposit base and we believe that over the next few years we could reap the full benefits that the new synergies will bring into play. The new entity is among the first twenty largest finance companies in the country with a total asset base of Rs. 15 billion along with a fixed deposit base of Rs. 8.4 billion and a Loan portfolio of Rs. 11.7 billion. The number of staff members increased from 297 in 2014 to 426 consequent to the amalgamation.

The year under review was a difficult one from a business perspective. Despite tight control on credit, asset quality and recovery, the Company's current non performing loans ratio remains high similar to several other finance companies. The Board and the senior management have intensified their monitoring efforts and every effort is being made to arrest the situation. We now have on the Board two new directors with considerable experience.

The transition entailed a long gestational period during which the Board members, the C.E.O. and management had to work hard and find innovative solutions to deal with the "teething problems". We are pleased that the shareholders and other stakeholders readily appreciated the enormous task that had to be undertaken within the time-frame imposed by the Central Bank. The Central Bank staff have provided their unstinted support during the difficult period. I am personally grateful to all of them.

We will endeavour to forge ahead with new product development, intensified marketing activities and closer monitoring to enhance customer satisfaction and remain ethically competitive in the context of a rapidly evolving economic landscape.

Dr. Dayanath Jayasuriya P. C.
Chairman

24 August 2015

CEO's Review

The merged entity will possess the requisite financial strength, robust balance sheet and the critical scale to make an even more significant contribution to the national economy. Furthermore, the merger will also offer financial benefits to our shareholders as we forge ahead with a renewed focus on becoming a leading player in the Non-Banking Financial Sector.

After three decades of successful operations, the company underwent an extensive transformation in the financial year under review. I am proud to reiterate that Bartleet Finance PLC was merged with Orient Finance as per the Central Bank of Sri Lanka's Master Plan on Financial Sector Consolidation. After the successful merger between the two, Bartleet Finance has been renamed as Orient Finance PLC. Janashakthi PLC, which was the major shareholder of Orient Finance before the merger, will retain this status even after the merger process, as per Central Bank approval. The legal formalities of the amalgamation process have been completed to enable the merger of the two companies.

Beneficial Synergies of the Merger

This historic merger promises to position the company as a provider of a comprehensive portfolio of products and services under one roof, along with an enhanced business points in 31 locations in the island. Both companies enjoyed a wide customer base which has proved their loyalty by transacting business with the companies for decades. The respective customer base of the two merged entities will come together to improve the Company's financial standing whilst enabling us to offer them enhanced customer services in the months ahead. The combined synergies of two companies will be suitably leveraged upon to improve the market position of the company.

The merged entity will possess the requisite financial strength, robust balance sheet and the critical scale to make an even more significant contribution to the national economy. Furthermore, the merger will also offer financial benefits to our shareholders as we forge ahead with a renewed focus on becoming a leading player in the Non-Banking Financial Sector. The Company has a wealth of talented and experienced human resources pool after the merger and these valuable resources will be optimised to the fullest extent to benefit our customers and help add value to our portfolio of products and services.

One of the compelling reasons for the merger was to grow the company's asset base from Rs. 8 billion to Rs. 20 billion bracket, thereby propelling the new entity to be amongst the first 15 finance companies in terms of asset base while simultaneously doubling the value of our portfolio. Further the merged entity benefits immensely due to the substantial deposit base amounting to Rs. 8.4 billion.

Financial Performance

Total income of the Company for the year under review was Rs. 1,363 million as against the Rs. 1,605 million recorded for the previous year. Profit after tax was Rs. 4.2 million for the year registering a decline from the previous year's profit of Rs. 57.4 million.

Financial outcome was not as attractive as expected due to low yield on lending portfolio and higher impairment provisions on the lending portfolio.

Future Prospects

We remain optimistic about the future outlook for our business growth. Since leasing forms a major part of our business, we envision that the low fuel prices will lead to greater vehicle imports if the vehicle duty is attractive. The low interest regime is giving rise to higher disposable incomes, which is reflected in higher demand for hire purchase and leasing facilities.

The newly-elected government has adopted a business-friendly economic agenda and we expect this to impact favourably on the economy in general and on the financial sector in particular. The country's financial sector has achieved a measure of consolidation and is on a stronger footing to fuel the country's future growth. Moreover, the expression of intent by the new government to drive an export-led economy against a backdrop of a low interest and low inflation regime renders the conditions ripe for the Non Banking Financial (NBF) Sector to expand its presence in the sector.

The association with Janashakthi Insurance PLC will allow us to leverage on its wide branch network of 104 branches. This will be a cost-effective strategy for market expansion.

Acknowledgements

I would like to place on record my gratitude to the Chairman and Directors on the Board for their support and guidance through the period of transition. This successful transition period would not have been possible without the fullest cooperation of the Corporate Management and other staff members. I also take this opportunity to thank the Governor and officials of the Central Bank and relevant regulatory authorities as well as the Chairman and officials of the Securities and Exchange Commission and Colombo Stock Exchange. This is an exciting moment in the history of the company and we thank our shareholders and other stakeholders for placing their confidence in us.

Suresh Amerasekera
Chief Executive Officer

24 August 2015

Board of Directors

Dr. D.C Jayasuriya

President's Counsel - Chairman (Independent 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 was 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 as the 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 Organisation of Securities Commission (IOSCO) President's Committee and as the Vice Chairman of the IOSCO Multilateral MOU Monitoring Committee.

Currently he is the Managing Partner of Corporate Governance Advisory Services Pte. Ltd., a consultancy firm registered in Singapore. From 2005 to 2013 he was a Director of the International Financing Facility for Immunisation Co. Ltd. (U.K.) which is the third largest charity in the U.K. and served as a member of its audit committee. Dr. Jayasuriya has been a Senior State Counsel in the Attorney-General's Department and a Director of the Public Utilities Commission, the Public Enterprises Reform Commission, the Accounting and Auditing Standards Monitoring Board, the National Procurement Agency and a Trustee of the Construction and Guarantee Fund. Over a period of twenty years he worked for the UN and its specialised agencies in Geneva, Vienna, New Delhi, Bangkok and Islamabad and held key positions as UNDP Regional Adviser on HIV and Development for Asia and the Pacific; Head of the UNAIDS Secretariat and Senior Programme Adviser to the Government of Pakistan; and Chief Technical Adviser to the UN International Drug Control Programme. He has undertaken consultancy missions for the UN and international organisations covering more than 40 countries in Europe, Asia, the Pacific, Africa, Central Asian Republics, South America and the Caribbean.

Dr. Jayasuriya has been a Visiting Scholar at Harvard University and has lectured at many leading universities including Oxford University, Cambridge University, Institute of Advanced Legal studies of the University of London , Georgetown Law School, Delaware Law School, McGill University, University of New South Wales, University of Tasmania, Mahidol University etc. For several years he was 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.

Mr. Prakash 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 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 as 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.

He has played cricket at a high level, having represented both Cambridge University and London University. Currently he is serving as the Secretary of Sri Lanka Cricket and was also the Secretary of the Interim Committee which governed Sri Lanka Cricket. He is a former President of the Tamil Union Cricket & Athletic Club, at which Club he has served as a Committee Member since 1992.

Mr. Ramesh Schaffter

(Non-Executive Director)

A versatile personality with over two decades experience in Finance & Marketing, he is a Fellow Member and 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 is a multiple award winner at National and International level Toastmasters' contests. He is the President of Habitat for Humanity Sri Lanka, a NGO engaged in providing housing for low-income families and is on the Board of World Vision for Sri Lanka. He has founded Swarga TV and Swargam TV which are television channels carried on a cable TV platform in addition to Christian Arts Foundation (Chraft), an organisation which promotes music and drama.

Mr. Ananda W Atukorala

(Independent Non-Executive Director)

Mr. Atukorala possesses extensive experience in banking, having been with the ANZ Banking Group both in Sri Lanka & Overseas. He has served as Deputy General Manager, ANZ Grindlays Bank, Sri Lanka; Country Manager Sri Lanka, Mashreq Bank PSC and was a former advisor to the Ministry of Policy Development & Implementation. He was a Director of Union Bank PLC for a period of 9 years and retired in 2012.

Presently, he serves as an Independent Non-Executive Director of United Motors Lanka PLC, UB Finance Ltd., Pragnya Tech Parks Lanka (Pvt.) Ltd, Arni Holdings and Investments (Pvt.) Ltd., Unawatuna Boutique Resort Pvt Ltd, DFCC Bank PLC, DFCC Vardhana Bank PLC, TVS Lanka (Pvt.) Ltd and Unimo Enterprises Ltd.

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 was 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.

Board of Directors

Mr. Sarath Wikramanayake

(Independent Non-Executive Director)

Mr. Wikramanayake is a Chartered Accountant. He has worked with the Bank of Butterfield, a Bermuda-based international bank for 19 years, where he reached the position of Executive Vice-President.

Since returning to Sri Lanka, he has been the Chief Executive Officer of Union Assurance Limited and the President of the Insurance Association of Sri Lanka in 2002. Mr. Wikramanayake 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.

He is currently engaged in providing consultancy services to the Financial Services and ICT Industries.

Mr. Wikramanayake serves as Director of two other listed companies, viz., National Development Bank PLC and NDB Capital Holdings PLC. He is currently the Chairman of the NDB Investment Bank and NDB Wealth Management Limited. He also serves on several other Boards.

Mr. Anil Tittawella

President's Counsel (Independent Non-Executive Director)

Mr. Anil Tittawella is a President's Counsel and has 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 (1995-1996), a member of the Ceylon Chamber of Commerce Committee on Company Reforms (1993) and a 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.

Mrs. Lakshmi K. Gunatilake
(Independent Non-Executive Director)

Mrs. Gunatilake possesses 28 years of executive experience at the Central Bank of Sri Lanka, which she began as an Economist in 1979. She served in the Economic Research Department (as an Economist and later as a Senior Economist) up to 1991. Since then she served in the Banking Department of the Central Bank. In 1996, she was promoted as a Deputy Director of Economic research and in 2000 she was appointed an Additional Director of Economic Research. 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. Indrajith Fernando
(Independent Non - Executive Director)

Mr. Indrajith Fernando is a Professional Accountant in Business and has over 25 years of experience in business and in the profession. He is a fellow of CA-Sri Lanka, CMA Sri Lanka, CIMA-UK and a senior member-CPA- Maldives. He holds a MBA from USQ Australia.

He is serving as the Managing Director of Bartleet Trans Capital Ltd, a financial services group. He is also a Non-Executive Director of FLCH PLC, Stromme Microfinance (Asia), and Crescent Global South Asia.

He was a President of The Institute of Chartered Accountants of Sri Lanka and a Vice President of the Organisation of Professional Association of Sri Lanka. He was a member of the International Federation of Accountant (IFAC) committee namely the Developing Nations Committee. He was also the President of South Asian Federation of Accountants (SAFA). He is currently serving as a member of the advisory committee of Chartered Institute of Securities and Investments ("CISI"), (UK).

Ms. Minette D. A. Perera
(Independent Non-Executive Director)

Ms. Minette Perera was the Group Finance Director of the MJF Group, which comprises several tea growing, packing and exporting companies, supplying the "Dilmah Tea" brand around the world, from September 2000 till March 2013. During the period of her employment with the MJF Group, she was appointed a Director of the MJF Group of Companies including MJF Holdings Limited and held the Board positions till December 2014. She has also held board positions before joining the MJF Group.

Ms. Perera currently serves on the Boards of First Capital Holdings PLC and its Subsidiaries as an Independent Non-Executive Director. Ms. Perera is also on the Boards of Ceylon Tea Services PLC since September 2000, Kahawatte Plantations PLC since January 2001 and Talawakelle Tea Estates PLC since January 2012.

Ms. Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Association of Chartered Certified Accountants of UK. She has over 35 years working experience as a qualified accountant having worked in leading local and international companies as an Executive Director.

Corporate Management and Heads of Divisions

1 Suresh Amerasekera
Chief Executive Officer

2 Buwaneka Subasingha
Director

3 Asela Wijayabandara
Assistant General Manager- Finance

4 Susantha Caldera
Assistant General Manager- Credit and Credit Operations

5 Nilantha Jayanetti
Assistant General Manager - Marketing

6 Geethika Wickramasingha
Assistant General Manager- Fund Mobilization

7 Damitha Girihagama
Assistant General Manager- Recovery & Insurance

8 Prasadhi Perera
Assistant General Manager- Factoring

9 Sampath Nishantha
General Manager

10 Nilantha Perera
Senior Manager-Human Resources

Senior Management

1 Ranjith Rathnappriya
Assistant General Manager- Corporate Sales

2 Sanjeewa Senevirathna
Assistant General Manager- Fixed Deposits

3 Ajith Edirisinghe
Assistant General Manager- Credit

4 Manju Shri Thotapitiya
Senior Manager- Savings

Regional Sales Management

1 Kumar Munasinghe
2 Maxwell Vanhoff
3 Nandana Edirisinghe
4 Naleen Jayasekara
5 Kelum Thilakarathna
6 Nalin Athulathmudali

Management Discussion & Analysis

With the merger of two entities, more synergies will come into force in the coming year and all stakeholders are geared to achieve yet another milestone. Subsequent to the merger, the branch network of the company has increased and will help to enhance customer convenience and increase business volumes.

The Global Economy

The global economic growth fell below forecast for the second consecutive year, which resulted in the lowering of expected growth to 3.3% in 2014 and 3.5% in 2015. Emerging economies were the main contributors to growth, but they too did not perform as expected. The advanced economies showed a gradual recovery during the year. The tensions in Russia and the Middle-East, coupled with a sharp drop in oil prices, significantly impacted the global economic performance for the year.

China's growth projection was revised downwards for the next two years, since the first quarter performance was lower than expected. The expected growth in 2015 is 6.4%. The Indian economy is expected to grow strongly in the next two years on the back of high growth in exports and investments.

Overview of Sri Lanka Economy

The Sri Lankan economy demonstrated a growth of 7.4% in 2014, in comparison to growth of 7.2% in 2013. Accordingly, the GDP per capita increased to USD 3,625 in 2014, from USD 3,280 in the previous year. The country is focused on reaching the USD 4,000 per capita mark by 2016.

Inflation remained at single digit levels for the sixth consecutive year, with year-on-year and annual average inflation declining to 2.1% and 3.3% respectively by end 2014, from 4.7% and 6.9% respectively at end 2013.

The Services sector, which represents 57.6% of GDP, grew by 6.5% in 2014, compared to a growth of 6.4% in 2013. The Industry sector's contribution to GDP increased further to 32.3%, with sectorial growth of 11.4% in 2014, compared to 9.9% in the previous year. The Agriculture sector, which represents 10.1% of GDP, contributed marginally to real GDP growth. The growth of the Agriculture sector was 0.3% in 2014 compared to 4.7% recorded in the previous year. The budget deficit was reduced to 5.2% of GDP in 2014 from 5.9% of GDP in 2013.

Operating Environment in the NBFI Sector

The Non-Bank Financial Services Sector, which represents 7% of Sri Lanka's financial system, also played a vital role in the financial sector in 2014. This sector comprised of 48 LFCs and 8 SLCs by end 2014. The lower interest rate scenario helped to improve credit demand and to maintain the rising non-performing loans at a manageable level.

The total asset base of the LFC and SLC sector grew by 18.9% in 2014 to Rs. 853 billion compared to a growth of 20.3% in 2013.Accommodations recorded a modest growth of 16% to Rs. 641 billion as at end 2014, compared to a growth rate of 17.3% during 2013. Deposits grew by 22.7% to Rs. 414 billion as at the end of 2014, compared to a 32.7% growth in 2013.

The total borrowings in the sector reached Rs. 217 billion, an increase of 12.9% as at end 2014, compared to the growth rate of 9.3% recorded in 2013. The total amount of Non-Performing Accommodations (NPAs) increased by 19.9% during 2014, to Rs. 44.3 billion from Rs. 36.9 billion in 2013. The high lending interest rates that prevailed during 2012/13 and gold price fluctuations that affected the business of pawning resulted in increased NPAs. However, the NPAs relative to the total loans outstanding increased only marginally to 6.9% as at the end of 2014 from 6.7% in 2013.

The sector posted a profit after tax of Rs. 13.9 billion for 2014 compared to Rs. 7.7 billion during 2013. The loans loss provision increased by Rs. 3.7 billion in 2014 when compared to an increase of Rs. 6.6 billion in 2013. The profitability indicators of the sector, that is, ROA and ROE, increased to 3.0% and 13.1%, respectively in 2014, from 2.1% and 8.2% in 2013.

The financial sector consolidation programme through banks and finance companies and specialised leasing companies regulated by the Central Bank was a major regulatory policy implemented during 2014. Accordingly, the number of finance companies and specialised leasing companies was expected to be reduced to 20 from 58 with regulatory support and tax incentives. As at end 2014, 10 mergers were completed and 22 were in progress. Given several concerns raised on the process, the programme was put on hold pending review by the committee appointed by the new government.

Future Developments, Challenges and Outlook

The prevailing low interest rate environment is expected to facilitate increased credit flows to the private sector. CBSL's projection envisions achieving total NBFI sector assets of Rs. 1 trillion in the year 2016.

Amalgamation of Orient Finance & Bartleet Finance

In accordance with the Central Bank's Consolidation plan in the financial services sector, Janashakthi PLC (parent company of Orient Finance PLC) signed an MoU with

Bartleet Transcapital Ltd, (parent Company of Bartleet Finance PLC), to amalgamate Orient Finance PLC and Bartleet Finance PLC in August 2014. On 25th June 2015, shareholders of both entities approved the amalgamation of two companies at an Extraordinary General Meetings. Later, in 16th July 2015, the Registrar of Companies issued the certificate of amalgamation, and assets and liabilities of Orient Finance PLC were acquired by Bartleet Finance PLC, which continued to be the surviving entity. On 14th August 2015, the Company was re-named as "Orient Finance PLC".

With the merger of two entities, more synergies will come into force in the coming year and all stakeholders are geared to achieve yet another milestone. Subsequent to the merger, the branch network of the company has increased to 31 and will help to enhance customer convenience and increase business volumes.

Our Products and Services

The Company offers a wide range of products and services for its customers to ensure that they can avail themselves of a comprehensive portfolio of financial services under one roof. All the products and services have been designed with customer convenience in mind:

- Leasing and Hire purchases
- Loans
- Margin Trading & pledge loans
- Fixed deposits
- Savings deposits

As a result of the merger, Factoring and Pawning services will also be added to the Company's portfolio.

Leasing & Hire Purchase

This is the main business segment for the Company, which has long established its credentials for providing some of the best deals in Leasing and Hire Purchase. The combined portfolio of this segment after the merger is close to Rs. 12 billion. The Company offers some unique products under this segment:

Lease with Trade-in option

This pioneering product was introduced by OFL in collaboration with leading vehicle dealers and importers such as United Motors, Indra Traders and Senok Commercial Vehicles. The task of selling existing old vehicles is now made simple with this product, as customers can drive away with their new car by trading in the old one. This is a unique product of its kind and increasingly gaining ground amongst customers.

Lady Lease (Deerya)

In a bid to demonstrate our commitment to gender equality, the Company took a decisive step as a forward-thinking finance company to launch a product exclusively for ladies. We have been able to identify emerging trends well in advance and have designed a product to enhance convenience for women and to empower them to become financially independent. Our dedicated personnel are on hand to familiarise ladies with the product and explain how the product can enhance their lifestyles.

365-day Lease branch

Yet another pioneering concept by OFL was the opening of its 365-day Welisara branch to meet the growing demand of the leasing in the territory. The branch is celebrating its third successful year with convenient holiday financing by the branch throughout the year.

Revolving facilities for importers

The Company re-invented import finance by providing all finance assistance and advisory service to vehicle importers with a high speed service. This has resulted in reducing their financial cost while widening much-needed profit for sustainability.

School Children transport sector

The School Children transport segment has unanimously endorsed OFL as their undisputed, total financial service provider for the third consecutive year for their every financial need be it leasing, personal loans, vehicle upgrading or advisory service.

Lease, Loan and FDs for expatriates

Sri Lankans who earns much-needed foreign exchange for the economy now get their finance assistance from OFL in whichever country they are based. This pioneering project was made possible by OFL with the assistance of SriTv, which is a popular Sri Lanka satellite TV in the Middle-East and Europe. A three-day successful campaign was conducted in July this year in Kuwait with plans to expand to other regions.

Marketing activities during the year

New Brand Ambassador - Dilantha Malagamuwa

The Company entered into an agreement with Dilantha Malagamuwa, a racing driver, to endorse the Company's products and services. The Company has sponsored him at racing championships and believes that he makes for a dynamic brand ambassador who reflects the Company's ambitions to provide dynamic services in a speedy manner.

Management Discussion & Analysis

"Night Promo-Leasing" in towns

Deposits

The Company offers Fixed Deposits and specialised deposit schemes for senior citizens. Our trusted name and three decades of reliable operations has helped us garner a wide customer base. Under the Savings Accounts, we offer a normal savings products and specialised savings products for minors which include:

- Bindu - Newborn upto 5 years
- Bilindu - Children between 5 to 12 years
- Teen - Children between 13 and 18

Exhibition at the Kedella Exhibition Galle

"Bilindu Savings Promotions"

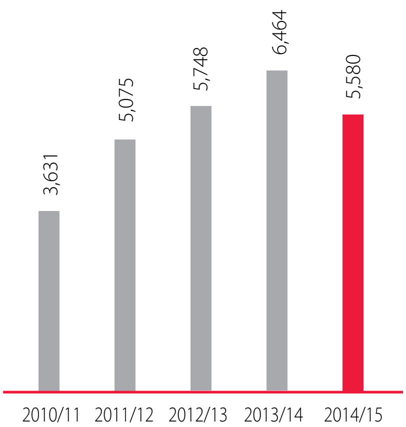
Business Promotion Campaign - "Thomian Mela" Matara

Unconventional Leasing For The Leisure Sector

We have launched special leasing and loan schemes for the leisure sector, which has not been attempted by other players. Our products are aimed at specialised vehicles such as yachts and Auto Sleepers.

Customer Deposits

Rs. Mn.



Furthermore, the entity with whom we have merged possesses a very loyal customer base, especially for fixed deposits. The deposit base of the merged entity is around Rs. 8.4 billion. The division is headed by well-experienced senior management and dedicated staff that have close relationships with the customers.

Considering the strength of the merged entity and its dedicated staff, we expect to grow our deposit base to support the overall growth of the company.

Financial Review

Total income was Rs. 1,362.6 million as against the previous year Rs. 1,605.0 million with a resultant decrease in Net Profit from Rs. 57.4 million to Rs. 4.2 million due to the decline in the lending portfolio followed by the amalgamation process.

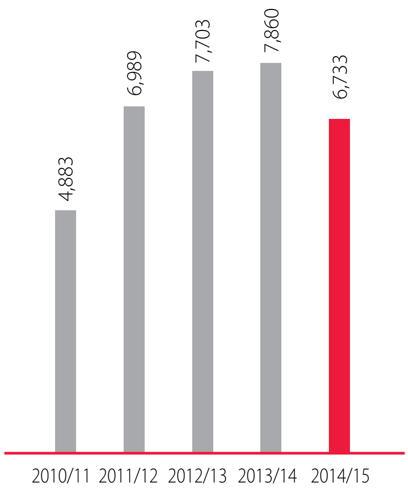
Interest income too decreased to Rs. 1,283.1 million, which was posted at Rs. 1,465.7 million in the last year. The contribution from leasing and hire purchasing was Rs. 934.7 million.

The Net Lending Portfolio also declined by 12.14% to Rs. 4,934 million from Rs. 5,615.8 million due to the amalgamation process carried out during the second part of the year. New businesses were not channelled through the Orient system pending the amalgamation of the two entities. Accordingly, total assets decreased as compared to the previous year.

However, the total assets and lending portfolio of the merged entity will be Rs. 15 billion and Rs. 12 billion respectively as at the effective date of the merger.

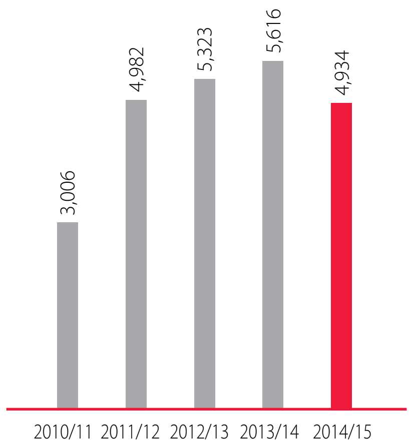
Total Assets

Rs. Mn



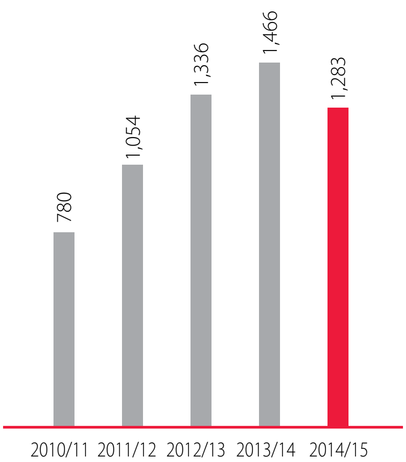
Total Portfolio

Rs. Mn



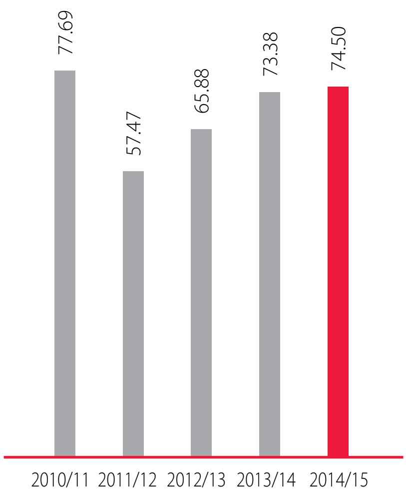
Interest Income

Rs. Mn



Net Assets Per Share

Rs.



Liquidity

At the closing of the financial year, the Company maintains an adequate liquidity ratio, which exceeds the required minimum limit of 10% as required by the Central Bank of Sri Lanka.

Our Human Capital

We have always recognised and acknowledged the integral role played by our human resources in ensuring that we remain on the stated path to success and in sight of our vision.

Our Talent Profile

The expansion drive we embarked upon this year saw our workforce strength increase to a total number of 426 in the merged entity. Of this total, 59% present is non-sales staff and the balance represents sales staff.

The team is young, experienced, innovative and energetic; they are equipped with astute knowledge about trends and futuristic paradigms, and equipped with a 'can do' attitude.

Management Discussion & Analysis

Gender and age are two of the key parameters considered by the company in terms of employee diversity.

Orient Finance has maintained a healthy balance between youth, experienced and recognised opportunities for youth.

AGE CATEGORY	No.
18 years – 30 years	237
31 years – 40 years	139
41 years – 50 years	41
Above 50 years	9
TOTAL	426

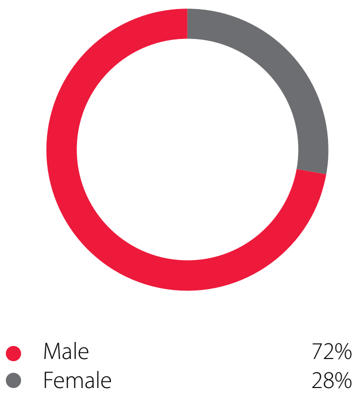
Employee diversity in key decision-making levels:

GRADE	No.
Chief Executive Officer	01
AGM Above	13
Senior Manager	06
Manager	25
Assistant Manager	47
Senior Executive/ Executive	102
Junior Executive	215
Minor	17
Total	426

Investing in Learning

Training and Development are unequivocally important to the furtherance of Orient Finance's goals and the team/ individual aspirations.

Employee Diversity



Building a high performing team via training, development and education provides immense benefits to the organisation by way of increased productivity, knowledge, loyalty and ability to add value. Our aim is to focus on training which can significantly improve our human capital.

Induction Training Programme

We believe this training is absolutely vital for new recruits. Good induction ensures that new employees are retained and then settled in quickly and happily into a productive role.

(Out Bound Training Kithulgala)

(Sales Training at CETRAC)

(Award Ceremony - Pillars of Success)

Employee Recognition Schemes

New recruits undergo a two-day induction programme, which is mandatory and we believe in infusing new blood at every level in order to generate new thinking. This policy however does not inhibit the career progression of good performers. An important feature in this process is to ensure that the new recruits acquire the necessary technical knowledge, competencies, skills and, most importantly, the company's values, in order to reach peak performances within a short time period.

Skills Development Training

Skills development is needed to equip the participants with the right skills required to confidently boost a high level of customer service and increase the customer satisfaction rating as an outcome. The participants will also be encouraged to develop greater understanding of their own behaviour and explore the effect it may have on their business success.

Engaging Through Communication

Open and transparent communication plays a vital role in our strategy to engage with our employees. The company conducts management meetings and branch manager meetings every other month to discuss business developments, company activities and progress against plans. This information is then cascaded to every employee by the respective department / branch.

Performance Culture- Encouraging Exceptional Performance

Orient Finance provides a journey of continuous career enrichment for each employee. Employees are our competitive advantage and improving their performance is the key to achieving better business results. The company invests a significant amount of resources to develop the technical, functional and managerial skills of our people.

Employee Recognition Schemes

The company has implemented several schemes to recognise sales staff. Recognition scheme for sales staff is based on achievement of set targets and quality of business generated.

As a part of the Recognition Scheme, we have supported high achievers to develop their professional career through leading institutions in Sri Lanka.

Orient Finance provides a journey of continuous career enrichment for each employee. Employees are our competitive advantage and improving their performance is the key to achieving better business results. The company invests a significant amount of resources to develop the technical, functional and managerial skills of our people.

Management Discussion & Analysis

We have always recognised and acknowledged the integral role played by our human resources in ensuring that we remain on the stated path to success and in sight of our vision.

Embilipitiya "Art Exhibition"

Donation to Meeriyabeddha Victims

CSR activities

Donation to Meeriyabeddha, Koslanda Land slide victims

Food and other essential items were distributed to victims of the landslide.

New year celebration for children in Kethsirigama, Ampara

A New Year celebration campaign was conducted for underprivileged children in this rural area.

Art Exhibition for Students

Embilipitiya Branch organised an "Art Exhibition" for the students in October 2014, in order to promote creativity and also handed over savings pass books to children who participated in this event with an initial deposit, with a vision of "uplift the savings habit of the country".

A certificate was awarded to every child who participated in the event.

Compliance with Regulatory Requirements

The Company complies with all statutory and regularity requirements as well as with the reporting requirements of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011. The Company also complies with Tax and other reporting requirements set by relevant regulatory institutions.

Corporate Governance

Corporate Governance refers to the structures and processes for the direction and control of the companies. It concerns the relationships among the management, Board of Directors, Shareholders and other stakeholders. A strong corporate culture and ethics are a vital strategy to survive and be profitable in a highly competitive market. Essentially Orient Finance, as a Finance Company is stabilised on trust and confidence placed by the public on the affairs of the Company. Therefore the Best Corporate Governance practices have been put in place at Orient Finance to achieve its vision while complying with statutory rules and regulations.

The Company is in compliance with the Directions on Corporate Governance issued by the following Institutions;

- Finance Companies Directions on Corporate Governance issued by the Central Bank of Sri Lanka.
- Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.
- Listing Rules issued by the Colombo Stock Exchange

The Company's commitment with respect to the above directions, code and rules are summarised below.

Reference to CBSL regulation/SEC & ICASL Code and CSE Listing Rule	Corporate Governance Principle	Status of Compliance	Extent of Compliance
Code A.1	Every public company should be headed by an effective Board, which should direct, lead and control the Company.	Complied	Orient Finance is headed by an effective Board to direct, lead and control the Company.
Responsibilities of the Board			
Code A.1.2, 2.1 CBSL (a), (b)	The Board should be responsible for ensuring the formulation and implementation of a sound business strategy.	Complied	A sound business strategy crafted by the Board of Orient Finance PLC guides the Company to success in all its endeavours.
CBSL 2.1 (c), (e)	Identify risks and ensure implementation of appropriate systems by the Board of Directors.	Complied	The Company has in place an Integrated Risk Management Committee and Audit Committee to secure integrity of information, internal controls, and risk management. Effective systems have been implemented by the Company. Further, the effectiveness of such systems is monitored by the Board, internal and external auditors and independent expert consultants when necessary and improvements are implemented accordingly.
CBSL 2.1 (d)	Approving a policy of communication with the stakeholders.	Complied	A proper Stakeholder Communication Policy has been approved and implemented to maintain proper communication with stakeholders. The Company maintains a website and periodically issues press releases. Communications from stakeholders are promptly attended to.
CBSL 2.1 (f),(g), (h)	Proper delegation of authorities to the Key Management Personnel.	Complied	The Board has identified and designated Key Management Personnel who are in a position to exercise controls over operations and risk management.

Corporate Governance

Reference to CBSL regulation/SEC & ICASL Code and CSE Listing Rule	Corporate Governance Principle	Status of Compliance	Extent of Compliance
CBSL 2.1 (j)	Adoption of an effective CEO and Senior Management Succession Plan.	Complied	A comprehensive succession plan has been approved by the Board.
CBSL 2.1 (l),(m)	Understanding of the regulatory environment and exercise due diligence in the hiring and oversight of external auditors.	Complied	The Board of Directors and the staff are continuously kept updated about regulatory developments and implications and the Board and Audit Committee exercise due diligence in hiring and oversight of External Auditors.
CBSL 2.3 Code A.1.3	Independent professional advice to be obtained according to a procedure agreed to by the Board at the Company's expense.	Complied	The Board has obtained independent professional advice where required.
CBSL 2.7 CBSL 10.2 (j)	The Board shall include an annual Corporate Governance Report in the annual report and external auditors' certification should be obtained.	Complied	The Company has included the Corporate Governance Report as required and external auditor's certification has been obtained for the same.
CBSL 2.8 Code A.9	The Board shall adopt a scheme of self-assessment to be undertaken by each Director annually and maintain records of such assessment.	Complied	Self-assessment of each Director is performed annually and filed with the Company Secretary.
Meetings of the Board			
Code A.1.1 CBSL 3.1	The Board shall meet twelve times a financial year at approximately monthly intervals.	Complied	Board meetings were held in monthly intervals. The Board met 13 times during the year under review. The attendance of each director at these meetings is given at the end of this report.
Code A.1.5 CBSL 3.2	The Board shall ensure that arrangements are in place to enable all directors to include matters and proposals in the agenda for regular Board meetings.	Complied	Schedule of items and matters to be discussed in the Board Meeting are included in the agenda. Additionally, the Chairman frequently consults Directors with a view to ascertaining their requirements with regard to matters for discussion.
CBSL 3.3	A notice of at least 07 days shall be given for a regular Board meeting.	Complied	Sufficient notices have been given to the Board, to ensure all Directors an opportunity to attend. The annual calendar of meetings is adopted at the first meeting of the calendar year and any changes are agreed upon with adequate notice.
CBSL 3.4	A Director, who has not attended at least two-thirds of the meetings in the period of twelve months immediately preceding or has not attended the immediately preceding three consecutive meetings held, shall cease to be a director. Provided that participation at the Directors' meetings through an alternate Director shall however, be acceptable as attendance.	Complied	Attendance of each Director at these meetings has been disclosed at the end of this report.

Reference to CBSL regulation/SEC & ICASL Code and CSE Listing Rule	Corporate Governance Principle	Status of Compliance	Extent of Compliance
CBSL 3.5	The Board shall appoint a Company Secretary to carry out secretarial services to the Board and shareholders meetings and other functions specified in the regulations.	Complied	KHL Corporate Services (Pvt) Ltd has been appointed as the Company Secretary in line with the stipulated requirements.
CBSL 3.7 Code A.1.4	All Directors shall have access to advice and services of the Company Secretary with a view to ensuring that Board procedures and all applicable rules and regulations are followed.	Complied	A process is in place for Directors to have access to the Company Secretary.
CBSL 3.8	The Company Secretary shall maintain the Minutes of Board meetings and such Minutes shall be open for inspection at any reasonable time.	Complied	Minutes of Board Meetings are maintained by the Company Secretary. The Minutes of the previous Board Meetings are adopted in the ensuing Board Meeting. The Board Minutes are available for inspection as and when required.
CBSL 3.9	Minutes of Board meetings shall be recorded in sufficient detail so that it is possible to gather from the minutes, as to whether the Board acted with due care and prudence in performing its duties. The Minutes shall also serve as a reference for regulatory and supervisory authorities to assess the depth of deliberations at the Board Meetings.	Complied	Board Minutes are maintained in sufficient detail of data and information used by the Board in its deliberations, decisions and Board resolutions. Board minutes also contain and refer to the fact-finding discussions, matters which indicate compliance with the board's strategies and policies and adherence to relevant laws and regulations.
Composition of the Board			
Code A.10, A.10.1	Shareholders should be kept advised of relevant details in respect of Directors.	Complied	Required information on Board of Directors has been published in Annual Report under "Profiles of Directors" (pages 8 to 11), "Related Party Transactions" (Page 73) and "Attendance of the Directors during the year" (Page 32).
CBSL 4.1	Number of Directors should not be less than 05 and more than 13.	Complied	The Board comprised of 09 Directors as at the financial year end.
CBSL 4.2	Total period of service of a Director should not exceed 09 years.	Complied	There are no Directors on the Board who had served the Company for more than nine years.
CBSL 4.3 Code A.5	Executive Directors shall not exceed one-half of the number of Directors of the Board.	Complied	All Board members are Non-Executive Directors.
CBSL 4.4 Code A.5.2	Number of Independent Non-executive Directors of the Board shall be at least one fourth of the total number of Directors.	Complied	Seven out of Nine Directors are Independent Non-Executive Directors. The composition of the Board by category including their names is set out in page 36 in this Annual Report.
CBSL 4.7	A meeting of the Board shall not be duly constituted, although the number of Directors required to constitute the quorum at such meeting is present, unless more than one half of the number of Directors present at such meeting are Non-Executive Directors.	Complied	Required quorum has been complied with.

Corporate Governance

Reference to CBSL regulation/SEC & ICASL Code and CSE Listing Rule	Corporate Governance Principle	Status of Compliance	Extent of Compliance
Code A.4	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	Complied	The Board consist of persons with graduate, post graduate and professional qualifications in Banking, Accounting and related financial matters. Directors' financial acumen and knowledge is described under the "Board of Directors' Profile" on pages 8 to 11 in this annual report.
Code A.7, A.7.1, A.7.2	There should be a formal and transparent procedure for the appointment of new Directors to the Board.	Complied	Board Performance is assessed to ensure that the experience and exposure of the Board Members are adequate to meet the strategic demands faced by the Company. The findings of the appraisals are taken into consideration in the appointment or reappointment of Directors. The existing Board collectively decides on new board appointments.
Criteria to assess the fitness and propriety of directors			
CBSL 5.1	The age of a person who serves as Director shall not exceed 70 years.	Complied	To date no Director has reached 70 years. The Company Secretary maintains records of the age of the Directors.
CBSL 5.2	A person shall not hold office as a Director of more than 20 companies/societies/body corporate inclusive of subsidiaries or associate companies of the finance company.	Complied	All Directors have complied with this requirement.
Delegation of Functions			
CBSL 6.1	The Board shall not delegate any matters to a Board Committee, Chief Executive Officer, Executive Directors or Key Management Personnel, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	Complied	All delegations are made in a manner that would not hinder/reduce the Board's ability to discharge its functions. The exercise of delegated authority is clearly monitored.
CBSL 6.2	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the Finance Company.	Complied	Delegation arrangements are periodically reviewed based on business requirements.
Chairman and Chief Executive Officer			
CBSL 7.1 Code A.2	The roles of Chairman and Chief Executive Officer shall be separate and shall not be performed by the same individual.	Complied	At Orient Finance, the positions of the CEO and Chairman are separated clearly to segregate the balance of power and responsibility. The Chairman is a Non-Executive Independent Director while the CEO serves as an employee of the Company.

Reference to CBSL regulation/SEC & ICASL Code and CSE Listing Rule	Corporate Governance Principle	Status of Compliance	Extent of Compliance
CBSL 7.3	The Board shall disclose in its Corporate Governance Report, which shall be an integral part of its Annual Report, the identity of the Chairman and the Chief Executive Officer and the nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairman and the Chief Executive Officer and the relationships among members of the Board.	Complied	The Board is aware that there are no relationships whatsoever between the Chairman and Chief Executive Officer. Similarly no relationships prevail among the other members of the Board, other than being common Directors of certain companies.
CBSL 7.4 Code A.3	The Chairman shall: (i) provide leadership to the Board; (ii) ensure that the board works effectively and discharges its responsibilities; and (iii) Ensure that all key and appropriate issues are discussed	Complied	The Chairman complies with these requirements. He frequently discusses relevant matters with the other Directors and the CEO.
CBSL 7.5	The Chairman shall be primarily responsible for the preparation of the agenda for each Board meeting. The Chairman may delegate this to the Company Secretary.	Complied	The Company Secretary circulates formal agenda prior to the Board Meeting. This agenda is approved by the Chairman of the Board.
CBSL 7.6 Code A.6.1	The Chairman shall ensure that all directors are properly informed on issues arising at Board Meetings and also ensure that Directors receive adequate information in a timely manner.	Complied	Board Papers are sent with sufficient period prior to the meetings in order for Directors to request any other information if necessary.
CBSL 7.9	The Chairman shall not engage in activities involving direct supervision of Key Management Personnel or any other executive duties whatsoever.	Complied	The Chairman is an Independent Non-Executive Director and does not involve in executive functions or in supervising any staff.
CBSL 7.10 Code C.1	The Chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.	Complied	Effective communication with shareholders is maintained through Annual General Meeting and Extra Ordinary General Meetings. Moreover Annual Reports are delivered to shareholders fifteen working days beforehand in order to communicate their views effectively. The Chairman briefs the Board and the CEO regarding any issues or concerns of the shareholders.
CBSL 7.11	The Chief Executive Officer shall function as the apex executive-in-charge of the day-to-day-management of the Company's operations and business.	Complied	The Chief Executive Officer of Orient Finance PLC functions as the apex executive-in-charge of the day-to-day management of the Company's operations and business.

Corporate Governance

Reference to CBSL regulation/SEC & ICASL Code and CSE Listing Rule	Corporate Governance Principle	Status of Compliance	Extent of Compliance
Code A .11	The Board should be required, at least annually to assess the performance of the CEO.	Complied	At the commencement of the every financial year the Board in consultation with the CEO sets the reasonable financial and non-financial targets that should be met by the CEO during the year. The Performance of the CEO was evaluated by the Board at the end of the fiscal year against the targets that had been set at the beginning.
Board Appointed Committees			
CBSL 8.1	Every Finance Company shall have at least two Board committees as set out in paragraphs 8 (2) and 8 (3) of these Directions. Each committee shall report directly to the Board. All committees shall appoint a secretary to arrange the meetings and maintain minutes, records, etc., under the supervision of the Chairman of the Committee. The Board shall present a report of the performance on each Committee, on their duties and roles at the Annual General Meeting.	Complied	The Board has established an Audit Committee, Integrated Risk Management Committee, Remuneration Committee and Nomination Committee. Board Committees submit minutes to the Board. Each Committee has a designated secretary. The annual report contents reports regarding works of the Committees.
Audit Committee			
CBSL 8.2 (a)	The Chairman of the Committee shall be Non-Executive Director who possesses qualifications and experience in accountancy and/or audit.	Complied	The Chairman of Audit Committee is a Non-Executive Director. Qualifications and experience are disclosed in page 10 of the Annual Report.
CBSL 8.2 (b)	All members of the Committee shall be Non-Executive Directors.	Complied	All Six members of the Committee are Non-Executive Directors.

Reference to CBSL regulation/SEC & ICASL Code and CSE Listing Rule	Corporate Governance Principle	Status of Compliance	Extent of Compliance
CBSL 8.2 (c)	The Committee shall make recommendations on matters in connection with: (i) the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes; (ii) the implementation of the Central Bank guidelines issued to auditors from time to time; (iii) the application of the relevant accounting standards; and (iv) the service period, audit fee and any resignation or dismissal of the auditor; provided that the engagement of the Audit partner shall not exceed five years, and that the particular Audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term.	Complied	The Audit Committee makes recommendations on the stated matters. A summary of the functions has been disclosed in the Audit Committee report in page 40 of the Annual Report.
CBSL 8.2 (d)	The Committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	Complied	The Committee has obtained representations from the external auditor's on their independence, and that the audit is carried out in accordance with Sri Lanka Auditing Standards and best practices.
CBSL 8.2 (e)	The Committee shall develop and implement a policy with the approval of the Board on the engagement of an external auditor to provide non audit services.	Complied	The Company has a policy approved by the Board on engagement of non-audit services by the external auditors in order to safeguard External Auditors' objectivity and independence.
CBSL 8.2 (f)	The Committee shall, before the audit commences, discuss and finalise with the external auditors the nature and scope of the audit, including: (i) an assessment of the Company's compliance with the relevant Directions- the management's internal controls over financial reporting; (ii) the preparation of Financial Statements for external purposes in accordance with relevant accounting principles and reporting obligations; and (iii) the co-ordination between firms where more than one audit firm is involved	Complied	The nature and scope of the audit was discussed with the external auditors in accordance with the stated matters and the Sri Lanka Auditing Standards.

Corporate Governance

Reference to CBSL regulation/SEC & ICASL Code and CSE Listing Rule	Corporate Governance Principle	Status of Compliance	Extent of Compliance
CBSL 8.2 (g)	The Committee shall review the financial information of the Company, in order to monitor the integrity of the Financial Statements of the Company, its Annual Report, accounts and quarterly reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the Company's annual report and accounts and quarterly reports before submission to the Board, the committee shall focus particularly on: (i) major judgmental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant Accounting Standards and other legal requirements.	Complied	The Annual and Quarterly Financial Statements are prepared in accordance with Sri Lanka Accounting Standards and other legal requirements on going concern basis and presented to the Committee. Annual and Quarterly Financial Statements are approved by the Audit Committee, before submission to the Board. The statements are in conformity with the stated requirements.
CBSL 8.2 (i)	The Committee shall review the external auditor's Management Letter and the management's response thereto.	Complied	The Committee has reviewed the external auditor's Management Letter and the management response thereto.
CBSL 8.2 (j)	The Committee shall take the following steps with regard to the internal audit function of the Company. (i) Review the adequacy of the scope, functions and resources of the internal audit department, and satisfy itself that the department has the necessary authority to carry out its work; (ii) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit department; (iii) Ensure that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care.	Complied	The internal audit plan is reviewed and approved by the Audit Committee at the beginning of the year. Internal audit reports are discussed with the Audit Committee and necessary actions are taken. The Internal audit function is an independent function with direct reporting to the Board Audit Committee.
CBSL 8.2 (l)	The Chief Financial Officer, the Chief Internal Auditor and a representative of the external auditors may normally attend meetings. Other Board members and the Chief Executive Officer may also attend meetings upon the invitation of the committee. However, at least twice a year, the Committee shall meet with the external auditors without the Executive Directors being present.	Complied	The Committee met with the external auditors twice during the year at the Board Audit Committee meetings without the Executive Directors.

Reference to CBSL regulation/SEC & ICASL Code and CSE Listing Rule	Corporate Governance Principle	Status of Compliance	Extent of Compliance
CBSL 8.2 (m)	The Committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	Complied	The Committee has met 06 times during the financial year.
CBSL 8.2 (o)	The Board shall disclose in an informative way, (i) details of the activities of the audit committee; (ii) the number of audit committee meetings held in the year; and (iii) details of attendance of each individual Director at such meetings.	Complied	Details of the work of Audit Committee are disclosed in the page 40 to this Annual Report. Attendance has been disclosed at the end of this report (Page 32).
CBSL 8.2 (p)	The Secretary of the Committee (who may be the Company Secretary or the head of the internal audit function) shall record and keep detailed Minutes of the Committee Meetings.	Complied	Company Secretary keeps detailed minutes of the Committee meetings.
Integrated Risk Management Committee			
CBSL 8.3 (a)	The Committee shall consist of at least one Non-Executive Director, Chief Executive Officer and Key Management Personnel supervising broad risk categories, i.e., credit, market, liquidity, operational and strategic risks. The Committee shall work with Key Management Personnel very closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee.	Complied	The Committee comprised of three Non-Executive Directors, CEO, AGM - Finance, AGM - Fund Mobilising and AGM – Credit Operations. The Committee worked clearly with the Key Management Personnel and Other heads of Divisions were attended by invitation.
CBSL 8.3 (b)	The Committee shall assess all risks, i.e., credit, market, liquidity, operational and strategic risks to the finance company on a monthly basis through appropriate risk indicators and management information.	Complied	A process is in place to assess all risks, i.e., credit, market, liquidity, operational and strategic risks to the Company on a monthly basis through appropriate risk indicators and management information. The Board is continuously kept informed on timely basis.
CBSL 8.3 (e)	The Committee shall meet at least quarterly to assess all aspects of risk management including updated business continuity plans.	Complied	The Committee has conducted required meetings and reviewed the business continuity plans.
CBSL 8.3 (g)	The Committee shall submit a risk assessment report within a week of each meeting to the Board seeking the Board's views, concurrence and/or specific directions.	Complied	Risk assessment reports submitted to the Committee are forwarded to Board members for their feedbacks.
CBSL 8.4 (h)	The Committee shall establish a compliance function to assess the Company's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business operations. A dedicated compliance officer selected from Key Management Personnel shall carry out the compliance function and report to the Committee periodically.	Complied	The Committee has established a compliance function to assess the Company's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business operations. Assistant General Manager - Finance, carries out the compliance function and reports to the Committee periodically. The Board receives a compliance report monthly.

Corporate Governance

Reference to CBSL regulation/SEC & ICASL Code and CSE Listing Rule	Corporate Governance Principle	Status of Compliance	Extent of Compliance
Related Party Transactions			
CBSL 9.4	The Board shall ensure that the finance company does not engage in transactions with related party in a manner that would grant such party "more favourable treatment" than that is accorded to other similar constituents.	Complied	The Company treats all Related Parties on the same basis as they would treat unrelated counterparties for all transactions.
Disclosures			
CBSL 10.1	The Board shall ensure that: (i) Annual Audited Financial Statements and Quarterly Financial Statements are prepared and published in accordance with the formats prescribed by the supervisory and regulatory authorities and applicable accounting standards, and that (ii) such statements are published in the newspapers in an abridged form, in Sinhala, Tamil and English.	Complied	Relevant Financial Statements are prepared and published in accordance with the formats prescribed by the supervisory and regulatory authorities and applicable accounting standards, and that such statements are published in the newspapers in an abridged form, in Sinhala, Tamil and English.
CBSL 10.2	The Board shall ensure following minimum disclosures are made in the annual report.		
a Code D.1	A statement to the effect that the annual audited Financial Statements has been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures.	Complied	Relevant disclosures are included in page 38 of the annual report under "Directors' Responsibility for Financial Reporting".
b	A report by the Board on the Company's internal control mechanism that confirms that the Financial Reporting System has been designed to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements.	Complied	Relevant disclosures are included in page 39 of the Annual Report under "Directors' Report on the Internal Control System".
c	The external auditor's certification on the effectiveness of the internal control mechanism referred to in Direction 10 (2) (b) above, in respect of any statements prepared or published after 31st March 2010.	Complied	The Company obtained a certification from the external auditors on the effectiveness of the Internal Control mechanism.
d	Details of directors including names, transactions with the finance company.	Complied	Relevant disclosures are included in the Annual Report pages 8 to 11 and page 73 under "Board of Directors".

Reference to CBSL regulation/SEC & ICASL Code and CSE Listing Rule	Corporate Governance Principle	Status of Compliance	Extent of Compliance
e Code B.3	Fees, remuneration paid by the finance company to the directors in aggregate.	Complied	Relevant disclosures are made in the Annual Report page 58.
f	Total net accommodation granted to each category of Related Parties.	Complied	Relevant disclosures are made in the Annual Report page 73 under Related Party Transactions.
g	The aggregate values of remuneration paid by the Company to its Key Management Personnel and the aggregate values of the transactions of the Company with its Key Management Personnel, set out by broad categories such as remuneration paid, accommodation granted and deposits or investments made in the Company.	Complied	Relevant disclosures are made in the Annual Report page 73 under Related Party Transactions.
h	A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any material non-compliance.	Complied	Relevant disclosures are included in the Annual Report page 38 under "Directors' Responsibility Statement".
i	A statement of the regulatory and supervisory concerns on lapses in the finance Company's risk management, or non-compliance with these Directions that have been pointed out by the Director of the Department of Supervision of Non-Bank Financial Institutions, if so directed by the Monetary Board to be disclosed to the public, together with the measures taken by the finance company to address such concerns.	Complied	There were no significant supervisory concerns on lapses in OFPLC's Risk Management or non-compliance with this Direction that had been pointed out by the Director of the Department of Supervision of Non-Bank Financial Institutions and requested by Monetary Board to be disclosed to the public.
j	The external auditor's certification of the compliance with these Directions in the Annual Corporate Governance Reports published after 01st January 2011.	Complied	The Company has obtained a certificate from external auditors over the compliance of Corporate Governance Directions. Further the Company is in the process of strengthening certain procedures based on the recommendations made by them.
Code D.1.3	The annual report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of financial statements together with a statement by the auditors about their reporting responsibilities.	Complied	The Directors' Responsibility Statement which contained the Directors' Responsibilities included in the Page 38 of this annual report and Auditors' Responsibilities have been explained in the Auditors' Report in page 42.
Code D.1.4	The Annual Report should contain a "Management Discussion and Analysis".	Complied	Refer pages 14 to 20 for the Management Discussion and Analysis.

Corporate Governance

Meetings

The number of meetings of the Board and Audit Committee and individual attendance by members are given below.

Name	Directorship Status	Board	Audit Committee
Number of meetings held		**13**	**06**
Dr. D.C. Jayasuriya PC[2]	Independent-Non Executive	7/7*	-
Mr. Prakash Schaffter[1]	Non Executive	4/9	-
Mr. Ramesh Schaffter[1]	Non Executive	8/9	3/4
Mrs. Lakshmi K. Gunatilake[2]	Independent-Non Executive	7/7	3/4
Mr. D. Sarath P. Wikramanayake[2]	Independent-Non Executive	6/7	4/4*
Mr. Ananda W. Atukorala[2]	Independent-Non Executive	7/7	4/4
Mr. K. M. A. T. B. Tittawella[2]	Independent-Non Executive	6/7	-
Mr. A. I. Fernando[3]	Independent-Non Executive	9/11	6/6
Ms. Minette D. A. Perera[4]	Independent-Non Executive	-	-
Mr. K.G.D.D. Dheerasinghe[5]	Independent-Non Executive	6/6*	-
Mr. M. Eraj Wijesinghe[5]	Executive	6/6	-
Mr. Sunil C. Wijesinghe[5]	Non Executive	4/6	-
Mr. M. Eshanth Wijesinghe[5]	Non Executive	5/6	-
Mr. Buwaneka Subasinghe[5]	Executive	6/6	-
Mr. Susantha de Alwis[5]	Executive	6/6	-
Mr. S. Raghavan[5]	Executive	5/6	-
Mr. S. Sirikananathan[5]	Independent-Non Executive	5/6	2/2*
Mr. D. Anil Wijesinghe[5]	Independent-Non Executive	4/6	1/2

* Chairman of the Committee
1 Appointed w.e.f. 19.08.2014
2 Appointed w.e.f. 23.09.2014
3 Resigned w.e.f. 23.09.2014 & Re-Appointed w.e.f. 27.11.2014
4 Appointed w.e.f. 29.04.2015
5 Resigned w.e.f. 23.09.2014

Integrated Risk Management Committee Report

The Integrated Risk Management Committee functioned in terms of the Central Bank Finance Companies Direction No.3 of 2008 (Corporate Governance).

The main roles and responsibilities of the Committee are to assist the Board in fulfilling its oversight responsibilities for all aspects of risk management. Thus, the Committee focuses on, and reviews, inter alia, credit, market, liquidity, strategic, legal, operational and, compliance and related risks through appropriate risk indicators and management information

More specifically, it was responsible for the following, namely

- to review and oversee the risk and compliance profile of the Company within the context of the Board determined risk parameters and monitor implementation;
- to make recommendations to the Board concerning the Company's risk appetite and the effectiveness of risk and compliance management practices of the Company; and
- to review and oversee the management plan for mitigating the material risks faced by the various business units of the Company.

The members of the Committee comprised the following:

- Dr. D. C. Jayasuriya P. C.
  (Independent Non-Executive Director, Chairman)
- Mr. A. Atukorala
  (Independent Non-Executive Director)
- Mrs. L. K. Gunatilake
  (Independent Non-Executive Director)
- Mr. S. Amerasekera
  (Chief Executive Officer)
- Mr. A. Wijayabandara
  (AGM – Finance)
- Mr. S. Caldera
  (AGM – Credit and Credit Operations)
- Mrs. G. Wickremasinghe
  (AGM- Fixed Deposits)

Other heads of Departments, legal and treasury consultants attended the meetings by invitation of the Committee.

The IRMC was set up under the new management and the first meeting was held in January 2015 and the minutes of the meetings were circulated to the Board Members within a week of the meeting and their feedback was obtained. Certain key concerns were discussed at board meetings.

The impact of macro-level developments and industry trends on the Company was closely monitored and appropriate measures were taken on a timely basis to minimize the risk exposure of the Company. Several measures were introduced to augment the internal controls systems and practices and upgrade the level of service to customers and compliance with the applicable requirements and standards. The Committee will continue to refine the methodology the Company adopts for risk profiling and the identification, analysis and mitigation of risks.

Dr. D. C. Jayasuriya P.C.
Chairman
Integrated Risk Management Committee

Human Resources and Remuneration Committee Report

Composition

With the amalgamation, the Human Resources and Remuneration Committee comprise of two Independent Non-Executive Directors and one Non-Executive Director, namely

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

Mr. Prakash Schaffter
(Non-Executive Director)

Mr. Anil Tittawella
(Independent Non-Executive Director)

These Directors formulated and obtained the approval of the Board of Orient Finance PLC in 2014/2015 for the remuneration policy as well the policy governing increments and bonuses etc. These are being harmonised with the policies and practices that prevailed at Bartleet Finance PLC.

The Committee is headed by an Independent Non-Executive Director Mr. Ananda W. Atukorala, with the Company Secretary as the Secretary of the Committee.

The Chief Executive Officer (CEO) is available to assist in the deliberations of the Committee along with any others as required, and attends by invitation.

The Committee is authorised by the Board to seek appropriate professional advice from within & outside the Company as and when it is considered necessary.

Functions:

The Committee is to operate under the delegated authority of the Board and its activities are governed by the Board.

The Committee is dedicated to the principles of accountability and transparency and ensures that the HR & remuneration policy demonstrates a clear link between reward and performance.

The Committee is responsible for setting up the remuneration policy and determining the remuneration packages of the Key Management Personnel (KMP) including Corporate Management and Managerial Staff.

The CEO will advise the Committee on significant changes in salary structures and the Terms & Conditions affecting KMP.

Remuneration Policy:

Is to provide competitive rewards to attract motivate and retain staff of the highest calibre who are willing to spend significant amounts of time and effort to achieve the company's goals.

- Apply demanding key performance indicators.
- Link significant component of pay to individual and Company performance.
- Ensure remuneration arrangements are equitable and fair to all employees.

Due care is to be taken to ensure that the remuneration for Key Management Personnel, Corporate Management & Staff are commensurate with their skills, knowledge, competencies, involvement in Board / Corporate activities and in keeping with industry standards.

Ananda W. Atukorala
Chairman - Human Resources and Remuneration Committee

Annual Report of the Board of Directors on the Affairs of the Company

Your Directors have pleasure in presenting their Annual Report together with the audited financial statements of the Company for the financial year ended 31st March 2015. The details contained in this Report provide the relevant information as required by the Companies Act No.7 of 2007 and Finance Companies (Corporate Governance) Direction No. 3 of 2008.

PRINCIPAL ACTIVITIES

Bartleet Finance PLC is a Licensed Finance Company registered in terms of the Finance Business Act No.42 of 2011. During the year the principal activities of the Company were acceptance of Fixed Deposits, maintenance of Savings Accounts, granting Lease and Hire Purchase facilities, Margin Trading facilities, Vehicle Loans and other credit facilities, Real estate development and related services.

Subsequent to the merger with Orient Finance PLC, the Company was renamed as Orient Finance PLC on 14th August 2015.

REVIEW OF OPERATIONS

A review of the operations of the Orient Finance PLC during the financial year 2014/15 is contained in the Chairman's Message, CEO's Review and Management Discussion and Analysis (pages 4 to 7 and 14 to 20). These reports form an integral part of the Annual Report.

STATED CAPITAL

The Company's Stated Capital stood at Rs. 306,024,990/- as at 31st March 2015.

RESERVES

The Company's retained earnings and other reserves as at 31st March 2015 amounting to Rs. 263,974,134/-. Movements of reserves and the break up are given in Statement of Changes in Equity on page 45.

ISSUE OF SHARES OR DEBENTURES

There were no new issues of shares or debentures during the year under review.

SHAREHOLDING AND SHARE INFORMATION

The Company had 06 registered shareholders as at 31st March 2015. The distribution of shareholding and major shareholders are given on page 83.

DEBENTURE HOLDING AND DEBENTURE INFORMATION

The Debentures of the Company as at 31st March 2015 amounted to Rs. 204,000,000/- consisting of 2,040,000 debentures at Rs. 100/- each and quoted on the Main Board of the Colombo Stock Exchange. The list of debenture holders is given on page 68.

FUTURE DEVELOPMENTS

An overview of the future developments of the Company is given in the Chairman's Message (pages 4 to 5), the Chief Executive Officer's Review (pages 6 to 7), and the Management Discussion and Analysis (pages 14 to 20).

FINANCIAL STATEMENTS

The Audited Financial Statements of the Company for the year ended 31st March 2015 have been prepared in line with applicable accounting standards and regulatory and statutory requirements, inclusive of specific disclosures. The said Audited Financial Statements duly signed by the Chairman and another Director of the Company, are given on pages 42 to 80 and forms an integral part of the Annual Report of the Board.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company in the preparation of the Financial Statements and the impact of changes in the Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards made during the year, are given on pages 47 to 56.

INCOME, PROFIT & APPROPRIATIONS

Provided below is a summary of the financial results of the Company's operations during the year ended 31st March 2015.

EVENTS AFTER BALANCE SHEET DATE

In line with the amalgamation process of Bartleet Finance PLC and Orient Finance PLC, the Registrar of Companies issued the certificate of amalgamation on 16 July 2015 subsequent to the approval of shareholders of both entities on 25 June 2015. The surviving entity was Bartleet Finance PLC.

	2014/15 (Rs. Mn)	2014/15 (Rs. Mn)
Income	1,362.7	1,605.0
Profit Before Taxation	4.2	70.4
Less: Income Tax Expense	-	(13.0)
Profit for the year	4.2	57.3
Balance brought forward from the previous year	(57.0)	81.3
De-recognition of Financial Assets-Available for Sale	-	(184.1)
Less: Transferred to Statutory Reserve Fund	(0.8)	(11.5)
Transfer of Revaluation amount relevant to disposal of land	31.6	-
Transfer of Investment Fund Account Balance	1.9	-
Dividend Paid	-	-
Balance carried forward	(20.1)	(57.0)
Proposed Dividend	-	-

Annual Report of the Board of Directors on the Affairs of the Company

The Company was re-named as Orient Finance PLC on 14 August 2015 with necessary regulatory approvals.

DIVIDENDS

The Board of Directors does not recommend a dividend to the shareholders for the financial year ended 31st March 2015.

CORPORATE DONATIONS

During the year under review, the Company has made donations amounting to Rs. 432,220 (2014 – Rs. 1,041,946).

TAXATION

The Company is liable for income tax at the rate of 28%.

STATUTORY PAYMENTS

The Board of Directors confirm that to the best of their knowledge and belief, statutory payments to all relevant regulatory and statutory authorities have been paid by the Company.

PROPERTY, PLANT & EQUIPMENT

The details of property, plant and equipment of the Company are given under Note 24 on page 66.

OUTSTANDING LITIGATION

In the opinion of the Directors and the Company's lawyers, there are no pending litigation against the Company as at 31st March 2015.

GOING CONCERN

After considering the financial position, operating conditions, regulatory and other factors and such matters, required to be addressed in terms of the Finance Companies (Corporate Governance) Direction No. 03 of 2008 issued by the Central Bank of Sri Lanka, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

THE BOARD OF DIRECTORS

The Board assumes overall responsibility to the shareholders for setting the direction of the Company through the establishment of policies and key strategic objectives and ensuring that their implementation is in line with the Company's vision and values. The Directors are accountable for proper guidance of the Company's affairs and share collective responsibility in ensuring the highest standards of ethics and integrity in the conduct of business of the Company. The Board also bears ultimate responsibility for maintaining the integrity of financial information and the effectiveness of the Company's systems of internal control and risk management.

The Board has also appointed Board sub-committees, namely the Audit Committee, Integrated Risk Management Committee, Remuneration Committee and Credit Committee to ensure oversight and control over certain affairs of the Company conforming to corporate governance direction of the Central Bank of Sri Lanka by adopting the best practices.

It is considered the view of the Board that the Company has taken necessary precautions to safeguard the interests of its stakeholders.

The following were the Directors as at 31st March 2015

Dr. D.C. Jayasuriya PC	Chairman - Independent - Non Executive Director *Appointed w.e.f. 23 .09. 2014*
Mr. Prakash Schaffter	Non Executive Director *Appointed w.e.f. 19.08.2014*
Mr. Ramesh Schaffter	Non Executive Director *Appointed w.e.f. 19.08.2014*
Mrs. Lakshmi K. Gunatilake	Independent - Non Executive Director *Appointed w.e.f. 23 .09. 2014*
Mr. D. Sarath P. Wikramanayake	Independent - Non Executive Director *Appointed w.e.f. 23 .09. 2014*
Mr. Ananda W. Atukorala	Independent - Non Executive Director *Appointed w.e.f. 23 .09. 2014*
Mr. K. M. A. T. B. Tittawella	Independent - Non Executive Director *Appointed w.e.f. 23 .09. 2014*
Mr. A. I. Fernando	Independent - Non Executive Director *Appointed w.e.f. 27 .11. 2014*

The profiles of the Directors are given in pages 8 to 11 of the Annual Report.

RETIREMENT AND RE-ELECTION OF DIRECTORS

Mr. Anil Tittawella, Mrs. Lakshmi K. Gunatilake and Mr. Sarath Wikramanayake retire by rotation in terms of Articles 25(7) of the Articles of Association and being eligible offer themselves for re-election. The continuing Directors recommend their re-election.

Ms. Minette D A Perera Director appointed during the year retires in terms of Article 25(3) and being eligible offers herself for re-election.

INTEREST REGISTER

In terms of the Companies Act No.7 of 2007, an Interests Register is maintained by the Company. All the Directors have made general declarations as provided for in section 192(2) of the Companies Act No. 7 of 2007.

DIRECTORS' REMUNERATION

Directors' fees and emoluments paid during the year are given in Note 11 to the Financial Statements.

DIRECTORS' INTEREST IN SHARES OF THE COMPANY

Name of the Director	No. of Shares
Dr. D.C. Jayasuriya PC	Nil
Mr. Prakash Schaffter	Nil
Mr. Ramesh Schaffter	Nil
Mrs. Lakshmi K. Gunatilake	Nil
Mr. D. Sarath P. Wikramanayake	Nil
Mr. Ananda W. Atukorala	Nil
Mr. K. M. A. T. B. Tittawella	Nil
Mr. A. I. Fernando	Nil

DIRECTORS' INTEREST IN DEBENTURES OF THE COMPANY

There were no debentures registered in the name of any Director as at 31st March 2015.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the financial statements of the Company to reflect a true and fair view of its state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards and Companies Act No. 7 of 2007. The statement of Directors' Responsibilities given on page 38 forms an integral part of the Annual Report of the Board of Directors.

RELATED PARTY TRANSACTIONS

The Directors have also disclosed the transactions, if any, that could be classified as related party transactions in terms of Sri Lanka Accounting Standard 24, Related Party Disclosures, which is adopted in the preparation of the Financial Statements. Those transactions disclosed by the Directors are given in Note 37 to the financial statements forming part of the Annual Report of the Board.

ENVIRONMENT

The Company has used its best endeavours to comply with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.

CORPORATE GOVERNANCE

In the management of the Company, the Directors have placed emphasis in conforming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced / improved from time to time to enhance risk management measures and to improve accountability, transparency and financial discipline.

COMPLIANCE WITH LAWS AND REGULATIONS

Orient Finance has at all times ensured that it complied with the applicable laws and regulations. The respective divisional heads responsible for compliance, table a report on compliance at monthly meeting of the Board of Directors.

RISK AND INTERNAL CONTROLS

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by Orient Finance and this process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines.

HUMAN RESOURCES

The Company continued to implement appropriate Human Resource Management Policies to develop employees and optimise their contribution towards the achievement of corporate objectives. These policies and procedures ensure the equitable treatment of all employees which has resulted in high motivation.

The number of employees as at 31st March 2015 was 222 (31st March 2014 – 307)

AUDITORS

The Company's Auditors during the period under review were, M/s BDO Partners, (Chartered Accountants). The Board has authorized the payment of Rs. 600,000 as Audit Fees for the year 2014/15. (The Auditors were paid Rs. 540,600 as Audit Fees for the year 2013/14).

The retiring Auditors, M/s BDO Partners, have expressed their willingness to continue in office for the financial year 2015/16. A resolution to re-appoint, M/s BDO Partners, (Chartered Accountants), and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting to be held on 24th September 2015

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 24th September 2015. The notice of the meeting relating to the 32nd Annual General Meeting is given on page 90.

ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

The Board of Directors does hereby acknowledge the contents of this Annual Report as per the requirements of the Companies Act No. 07 of 2007.

This Annual Report is signed for and on behalf of the Board of Directors by:

Dr. Dayanath Jayasuriya P.C
Chairman

P. A. Schaffter
Director

24 August 2015

Directors' Responsibility Statement

The Directors of the Company are responsible for the preparation and presentation of the Company's Financial Statements to the shareholders in accordance with the relevant provisions of the Companies Act No.07 of 2007 and other statutes which are applicable in the preparation of financial statements. The responsibilities of the External Auditors in relation to the Financial Statements are set out in the Auditors' Report in page 42 of the Annual Report.

The Financial Statements comprise of:

The Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at 31st March 2015; and

Statement of Comprehensive Income, which presents a true and fair view of the profit and loss of the Company for the year ended 31st March 2015.

In preparing the financial statements of the Company for the year ended 31st March 2015, the Directors confirm that appropriate accounting policies have been selected and applied consistently. Reasonable and prudent judgments and estimates have been made and applicable accounting standards have been followed.

The Directors are of the view that the Company has adequate resources to continue in business for the foreseeable future and have applied the going concern basis in the preparation of these financial statements.

The Directors have also taken such reasonable steps to safeguard the assets of the Company to prevent and detect frauds and other irregularities. In this context, the Directors have given due consideration to the establishment of appropriate internal control systems.

The Directors are responsible to ensure that the Company maintains sufficient accounting records enabling to disclose, with reasonable accuracy, the financial position of the entity and also to be able to ensure that the Financial Statements of the Company meet with the requirements of the Companies Act, directions issued by the Central Bank of Sri Lanka and generally accepted accounting policies and principles.

The Directors have provided the external auditors with every opportunity to carry out any reviews and tests which they consider appropriate and necessary for the performance of their responsibilities.

The Directors also confirm to the best of their knowledge that all taxes, levies and financial obligations of the Company have been either paid or adequately provided for in the Financial Statements.

The Directors are of the view that they have discharged their responsibilities as stated in this statement.

Malejeyan

K. H. L. Corporate Services Limited
Secretaries

24 August 2015

Directors' Report on the Internal Control System

Responsibility

In line with the Finance Companies Direction No. 03 of 2008, section 10(2) (b) and (c), the Board of Directors present this report on the internal control system of Orient Finance PLC.

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at the Orient Finance PLC ("the Company").

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes the system of internal control over financial reporting. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Management assists the Board in the implementation of the Board's policies and procedures pertaining to internal control over financial reporting.

M/S Ernst and Young have been appointed as the internal auditors and they review the Company's compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures. The annual audit plan is reviewed and approved by the Board Audit Committee. Major findings of the internal audit are submitted to the Audit Committee for review at their periodic meetings.

In assessing the internal control system over financial reporting, identified officers of the Company collated all procedures and controls that are connected with significant accounts and disclosures of the financial statements of the Company. These in turn are being observed and checked by the internal auditors of the Company for suitability of design and effectiveness on an on-going basis.

Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka.

External Auditors Certification

The External Auditors have submitted a certification on the process adapted by the Directors on the system of internal controls over financial reporting. The matters addressed by the External Auditors in this respect, are being looked into.

By order of the Board;

Dr. D.C. Jayasuriya - PC
Chairman

Prakash Schaffter
Non-Executive Director

Sarath Wikramanayake
Non-Executive Director

Audit Committee Report

Functions of the Committee

The primary function of the Audit Committee of Orient Finance is to assist the Board in fulfilling its oversight responsibilities, primarily through:

- Overseeing the Management's conduct of the Company's financial reporting process and systems of internal accounting and financial controls.
- Monitoring the independence and performance of the Company's external auditors.
- Providing an avenue of communication amongst the external auditors, internal auditors, Management and the Board.
- Formulating internal policies and procedures with the approval of Board of Directors.

Composition of the Audit Committee

The Audit Committee of Orient Finance PLC comprises of five Independent Non-Executive Directors and one Non-Executive Directors as stated below.

Mr. Sarath Wikramanayake
Chairman of the Audit Committee

Mr. Ananda W. Atukorala
A member of the Audit Committee

Mr. Ramesh Schaffter
A member of the Audit Committee

Ms. Lakshmi K. Gunatilake
A member of the Audit Committee

Mr. Indrajith Fernando
A member of the Audit Committee

Ms. Minette Perera
A member of the Audit Committee

Meetings

Six Audit Committee meetings were held during the financial year under review. The Chief Executive Officer and the AGM - Finance attend meetings by invitation. The proceedings of the Audit Committee are reported to the Board of Directors on a regular basis.

Financial Reporting System

The Committee reviewed the financial reporting system adopted by the Company with particular reference to the following;

- The preparation, presentation and adequacy of the disclosures in the Company's annual and interim financial statements in accordance with the Sri Lanka Accounting Standards.
- The rationale and basis for the significant estimates and judgments underlying the financial statements.

Internal Audit

The Internal Audit function had been outsourced during the year under review as in the previous years and the internal audit plan was discussed and approved by the Committee.

Weaknesses in internal controls, finance and business operations highlighted in the internal audit reports were examined by the Committee and follow up actions taken by the management on the audit recommendations were also reviewed. The Committee reviewed the effectiveness of the internal audit function. The scope and procedures for internal audit during the ensuing year was also reviewed by the Committee.

External Audit

A special meeting was held with the external auditors before commencing the current year audit to discuss the scope of the audit and the audit plan was discussed and agreed. Prior to release of the Audited Accounts, a meeting was held between external Auditors and the Board to discuss the progress and any audit concerns.

The Committee reviewed the non-audit services provided by the auditors to ensure that the provision of these services does not impair their independence and a policy on engagement of auditors for non-audit services is in place.

The fees payable to the auditors have been recommended by the Committee to the Board for approval.

The Audit Committee also recommended to the Board of Directors that Messrs.' BDO Partners be reappointed as Auditors for the financial year ending 31st March 2016, subject to the approval of the shareholders at the Annual General Meeting.

Sarath Wikramanayake
Chairman - Audit Committee

24 August 2015

Financial Statements

Independent Auditor's Report

BDO

Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

TO THE SHAREHOLDERS OF BARTLEET FINANCE PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Bartleet Finance PLC, which comprise the statement of financial position as at 31st March, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 47 to 80.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Bartleet Finance PLC as at 31st March, 2015, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

1 As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion:

- We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,

- the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

2. These financial statements present the information required by Finance business Act No. 42 of 2011.

BDO Partners

CHARTERED ACCOUNTANTS
Colombo

25th June, 2015
SM/cc

Statement of Comprehensive Income

For the Year Ended 31st March, 2015

	Notes	2014/2015 Rs.	2013/2014 Rs.
Income	4	**1,362,664,433**	**1,605,009,721**
Interest and Similar Income	4.1	1,283,086,649	1,465,702,872
Interest and Similar Expenses	5	(805,279,228)	(1,039,248,295)
Net Interest Income		**477,807,421**	**426,454,577**
Fee and Commission Income	6	15,502,142	17,684,345
Net Fee and Commission Income		**15,502,142**	**17,684,345**
Net Trading Income/(Expenses)	7	(1,253,121)	10,138,040
Other Operating Income	8	65,328,763	111,484,464
		64,075,642	121,622,504
Total Operating Income		**557,385,205**	**565,761,426**
Impairment Charges for Loans and Other Losses	9	(188,291,956)	(50,000,000)
Net Operating Income		**369,093,249**	**515,761,426**
Operating Expenses			
Personnel Expenses	10	(134,102,111)	(143,565,980)
Depreciation of Property, Plant and Equipment		(24,494,931)	(20,719,048)
Other Operating Expenses	11	(206,314,392)	(281,095,114)
Total Operating Expenses		**(364,911,434)**	**(445,380,142)**
Profit Before Tax		**4,181,815**	**70,381,284**
Income Tax Expenses	12	-	(13,014,297)
Profit/(Loss) for the Year		**4,181,815**	**57,366,987**
Other Comprehensive Income/(Expenses)			
Total Other Comprehensive Income/(Expenses) for the Year, Net of Tax		-	-
Total Comprehensive Income for the Year, Net of Tax		**4,181,815**	**57,366,987**
Basic Earnings per Share	13	**0.55**	**7.50**

Figures in brackets indicate deductions.

The significant accounting policies and the notes from page 47 to 80 form an integral part of these financial statements.

Colombo
25th June, 2015

Statement of Financial Position

As At 31st March 2015

	Notes	31.03.2015 Rs.	31.03.2014 Rs.
Assets			
Cash and Cash Equivalents	14	194,035,452	200,985,276
Due from Banks and Other Financial Institutions	15	27,258,987	25,671,588
Loans and Advances to Customers	16	4,933,959,608	5,615,826,468
Financial Investments - Available for Sale	17	3,200,000	11,120,000
Financial Investments - Held to Maturity	18	695,740,846	1,165,132,749
Amount Due from Related Parties	19	265,825,725	-
Economic Service Charges Recoverable	20	25,744,211	23,021,978
Other Debtors, Deposits and Prepayments	21	92,794,231	78,968,512
Income Tax Refund Due	22	54,021	54,021
Real Estate Stocks	23	47,227,436	78,299,260
Property, Plant and Equipment	24	446,863,819	533,064,250
Investment Property	25	-	128,000,000
Total Assets		**6,732,704,336**	**7,860,144,102**
LIABILITIES AND SHAREHOLDERS' FUNDS			
Liabilities			
Deposits from Customers	26	5,580,072,379	6,463,960,243
Interest Bearing Borrowings	27	118,380,288	378,751,005
Deferred Tax Liabilities	12.2	50,300,826	50,300,826
Subordinated Term Debt	28	204,000,000	204,000,000
Other Liabilities	29	165,069,120	165,097,781
Retirement Benefit Obligations	30	44,882,599	36,621,013
		6,162,705,212	7,298,730,868
Shareholders' Funds			
Stated Capital	31	306,024,990	306,024,990
Statutory Reserve	32	171,016,612	170,180,249
Revaluation Reserve		116,471,908	148,094,569
Available for Sale Reserve		(3,374,004)	(7,778,079)
Investment Fund Reserve	32	-	1,868,462
Retained Earnings		(20,140,382)	(56,976,957)
Total Shareholders' Funds		**569,999,124**	**561,413,234**
Total Liabilities and Shareholders' Funds		**6,732,704,336**	**7,860,144,102**
Commitments and Contingencies	33	**3,750,000**	**51,034,541**
Net Assets per Share		**74.50**	**73.38**

Figures in brackets indicate deductions.
The significant accounting policies and the notes from page 47 to 80 form an integral part of these financial statements.

Certification
We certify that the above financial statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Asela Wijayabandara
Asst. General Manager - Finance

Suresh M Amerasekera
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 PC
Chairman

Prakash Schaffter
Director

Colombo
25th June, 2015

Statement of Changes in Equity

For the Year Ended 31st March, 2015

	Stated Capital Rs.	Statutory Reserve Rs.	Revaluation Reserve Rs.	Available for Sale Reserve Rs.	Investment Fund Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31st March, 2013 (Restated)	306,024,990	158,706,852	148,094,569	(191,900,775)	1,868,462	81,252,150	504,046,248
Derecognition of Available for Sale Financial Assets	-	-	-	184,122,696	-	(184,122,696)	-
Net Profit for the Year	-	-	-	-	-	57,366,987	57,366,987
Transfer to Statutory Reserve Fund	-	11,473,397	-	-	-	(11,473,397)	-
Balance as at 31st March, 2014	306,024,990	170,180,249	148,094,569	(7,778,079)	1,868,462	(56,976,957)	561,413,234
Net Profit for the Year	-	-	-	-	-	4,181,815	4,181,815
Transfer to Retained Earnings - Investment Fund	-	-	-		(1,868,462)	1,868,462	-
Other Comprehensive Income Net of Tax	-	-	-	-	-	-	-
Transfer to Retained Earnings on Disposal Land	-	-	(31,622,661)	-	-	31,622,661	-
Disposal of AFS Investment	-	-	-	4,404,075	-	-	4,404,075
Transfer to Statutory Reserve	-	836,363	-	-	-	(836,363)	-
Balance as at 31st March, 2015	306,024,990	171,016,612	116,471,908	(3,374,004)	-	(20,140,382)	569,999,124

Figures in brackets indicate deductions.

The significant accounting policies and the notes from page 47 to 80 form an integral part of these financial statements.

Colombo
25th June, 2015

Cash Flow Statement

For the Year Ended 31st March, 2015

	2014/2015 Rs.	2013/2014 Rs.
Profit Before Taxation	4,181,815	70,381,284
Adjustment for :		
Depreciation	24,494,931	20,719,048
Impairment Charges for Loans and Other Losses	188,291,956	50,000,000
(Profit)/Loss on Disposal of Property, Plant and Equipment	(17,918,189)	(8,745,708)
Profit/ Loss on Sale of Investment Securities	1,253,121	(10,138,040)
Dividend Income	(571,326)	(5,206,392)
Hire Purchase Interest	143,020	1,396,716
Interest Income	(80,469,178)	(127,504,478)
Provision for Staff Retirement Benefits	12,000,000	6,333,804
Interest on Debentures	26,520,000	26,520,000
Interest on Securitisation Loan	28,161,697	76,288,836
Interest on Borrowings	2,297,495	6,796,100
Fair Value Gain on Investment Property	-	(47,662,500)
Operating Profit /(Loss) Before Working Capital Changes	**188,385,342**	**59,178,670**
Withdrawals/(Investments) of Fixed Deposit in Other Financial Institutions	(1,587,399)	(2,438,751)
Withdrawals/(Investments) in Government Securities	469,391,903	(103,554,016)
Net (Payment)/ Receipt from Loan and Advances	220,542,704	(343,906,888)
Sale Proceeds /(Investment Made) on Real Estate Stock	31,071,824	12,454,738
Purchased /Disposed of Three-wheeler Stock	-	100,940
Net (Payment)/ Receipt Other Receivables, Deposit and Prepayment	(13,825,717)	31,903
(Increase)/Decrease of Amount Due from Related Parties	-	147,236,451
Net Placement of Fixed Deposit Made by Customers	(883,887,864)	716,197,865
Net Payment to the Creditors & Accruals	(28,661)	(89,474,997)
Cash Generated From/ (Used In) Operations	**10,062,132**	**395,825,914**
Gratuity Paid	(3,738,414)	(1,850,870)
Economic Service Charges Paid	(2,722,233)	-
Net Cash From /(Used In) Operating Activities	**3,601,485**	**393,975,044**
Cash Flows From Investing Activities		
Dividend Received	571,326	5,206,392
Interest Received	80,469,178	127,504,478
Acquisition of Property, Plant and Equipment	(2,182,431)	(4,196,470)
Cost Incurred in the Course of Construction	-	(3,060,082)
Sales Proceeds from Investment Securities	13,566,127	185,041,961
Sales Proceeds from Investment Properties	132,500,000	24,000,000
Sales Proceeds from Property, Plant and Equipment	81,874,400	10,037,055
Net Cash From/(Used In) Investing Activities	**306,798,600**	**344,533,334**
Cash Flows From Financing Activities		
Interest on Debentures	(26,520,000)	(26,520,000)
Net Borrowings/(Repayment) of Bank Loans	(27,305,495)	(31,804,100)
Net Borrowing/(Repayment) Securitisation Loans	(343,869,339)	(628,936,739)
Net Borrowing/(Repayment) Hire Purchase Rental Paid	(4,803,375)	(6,592,464)
Net Cash From/(Used In) Financing Activities	**(402,498,209)**	**(693,853,304)**
Net Increase /(Decrease) in Cash and Cash Equivalents	**(92,098,124)**	**44,655,074**
Cash and Cash Equivalents at the Beginning of the Year (Note A)	**199,513,683**	**154,858,609**
Cash and Cash Equivalents at the End of the Year (Note B)	**107,415,559**	**199,513,683**
Cash and Cash Equivalents at the Beginning of the Year (Note A)		
Cash in Hand and Cash at Bank	200,985,276	161,988,830
Bank Overdraft	(1,471,593)	(7,130,221)
	199,513,683	154,858,609
Cash and Cash Equivalents at the End of the Year (Note B)		
Cash in Hand and Cash at Bank	194,035,452	200,985,276
Bank Overdraft	(86,619,893)	(1,471,593)
	107,415,559	199,513,683

Figures in brackets indicate deductions.

The significant accounting policies and the notes from page 47 to 80 form an integral part of these financial statements.

Colombo
25th June, 2015

- -

Significant Accounting Policies to the Financial Statements

1. CORPORATE INFORMATION

1.1. General

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. 2, 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.

1.2. Principal Activities and Nature of Operations

During the year the principal activities of the Company were acceptance of deposits, granting lease facilities, hire purchase, loans and other credit facilities, real estate developments, share trading and related services.

1.3. Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Janashakthi PLC.

1.4. Date of Authorization to Issue

The financial statements of Bartleet Finance PLC for the year ended 31st March, 2015 were authorized for issue in accordance with resolution of the board of directors on 25th June, 2015.

1.5. Directors Responsibility Statement

The Board of Directors takes the responsibility for the preparation and presentation of these Financial Statements as per the provisions of the Companies Act No.07 of 2007 and the Sri Lanka Accounting Standards comprising LKASs and SLFRSs (hereafter "SLFRS").

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The statement of financial position, statement of comprehensive income, statement of changes in equity and cash flow statement, together with accounting policies and notes, ('Financial Statements'), as at 31st March 2015 and for the year then ended, have been prepared in accordance with Sri Lanka Accounting Standards comprising of Sri Lanka Financial Reporting Standards & Lanka Accounting Standards (hereafter referred as "SLFRS"), laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007 and amendments thereto.

2.2. Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position, all of which are measured at fair value.

a) Financial Investments Available for Sale

b) Investment Property

2.3. Functional and Presentation Currency

The financial statements are presented in Sri Lanka Rupees, except when otherwise is indicated. No adjustments have been made for inflationary factors.

2.4. Comparative Information

The accounting policies have been consistently applied by the Company with those of the previous financial year in accordance with LKAS 01 Presentation of Financial Statements, except those which had to be changed as a result of application of the new SLFRS. Further, comparative information is reclassified wherever necessary to conform to the current presentation.

2.5. Presentation of Financial Statements

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 40.

2.6. Materiality and Aggregation

In compliance with LKAS 01 - Presentation of Financial Statements, each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately, unless they are immaterial.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive Income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

2.7. Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires the application of certain critical accounting and assumptions relative to the future. Further, it requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has exercised judgement and estimates in determining the amounts recognised in the financial statements.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next

Significant Accounting Policies to the Financial Statements

reporting period, are described below. The Company based assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The most significant uses of judgements and estimates are as follows:

2.7.1. Taxation

The Company is subject to income taxes and other taxes including VAT on financial services. Significant judgement was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Company recognised assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred tax amounts in the period in which the determination is made.

2.7.2. Impairment Losses on Loans and Receivables (Leases, Hire Purchase & Other Loans)

The Company review their individually significant loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Loans and Receivables that have been assessed individually and found to be not impaired and all individually insignificant loans and receivables are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes into account data from the loan portfolio (such as levels of arrears, credit utilization, loan to- collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, inflation, interest rates,).

2.7.3. Impairment of Available for Sale Investments

The Company reviews its assets classified as available for sale investments at each reporting date to assess whether they are impaired. This requires similar judgement as applied on the individual assessment of loans and receivables. The Company also records impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Company evaluates, among other factors, historical share price movements, duration and extent upto which the fair value of an investment is less than its cost.

2.7.4. Deferred Tax Assets

Deferred tax assets are recognised in respect of tax losses to the extent it is probable that future taxable profits will be available against which such tax losses can be set off. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with the future tax-planning strategies.

2.7.5. Useful Life-time of the Property, Plant and Equipment

The Company reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. The management estimates these values, rates, methods and hence they are subject to uncertainty.

2.7.6. Defined Benefit Plans – Gratuity

The cost of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates etc. Due to the complexity of the valuation, the underlying assumptions and their long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand and balances with banks. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

3.2 Financial Assets

3.2.1 Financial Assets – Initial Recognition and Subsequent Measurement

Financial assets within the scope of LKAS 39 are classified as, financial investments held for trading, loans and receivables, financial assets held to maturity and financial assets available-for-sale.

Date of Recognition

All financial assets are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial Measurement of Financial Assets

The classification of financial assets at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial assets are measured initially at their fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Financial Assets at Fair Value through Profit or Loss

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss.

Financial Assets Held for Trading

Financial assets or financial liabilities held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in 'Net trading income'. Interest and dividend income or expense is recorded in 'Net trading income' according to the terms of the contract, or when the right to the payment has been established.

Included in this classification are investments in shares that have been acquired principally for the purpose of selling or repurchasing in the near term.

Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis.

- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

- The financial instrument contains one or more embedded derivatives, which significantly modify the cash flows that would otherwise be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial assets and liabilities designated at fair value through profit or loss'. Interest earned or incurred is accrued in 'Interest income' or 'Interest expense', respectively, using the effective interest rate (EIR), while dividend income is recorded in 'Other operating income' when the right to the payment has been established.

Held to Maturity Financial Investments

Held to maturity financial investments are financial assets with fixed or determinable payments and fixed maturities, which the Company has the intention and ability to hold to maturity. Subsequent to initial recognition, held to maturity financial investments are measured at amortized cost using the Effective Interest Rate (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of comprehensive income. The losses arising from impairment of such investments are recognised in the statement of comprehensive income as 'Impairment (Charges) / Reversal for loans and other losses".

Financial Assets Classified as Loans and Receivables

This includes the financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement Loans, Lease rental receivables, stock on hire and other financial assets are subsequently measured at amortized cost using the EIR, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR.

The amortization is included in 'Interest income' in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in 'Impairment (charges) / reversals on loans & other losses".

Available for Sale Financial Investments

Available for sale financial investments include equity and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions.

Significant Accounting Policies to the Financial Statements

The company has not designated any loans or receivables as available for sale.

After initial measurement, available for sale financial investments are subsequently measured at fair value.

Unrealized gains and losses are recognised directly in equity (Other comprehensive income) in the 'Available for sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income in 'Other operating income'. Where the company holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. Interest earned whilst holding available for sale financial investments is reported as interest income using the EIR. Dividends earned whilst holding available for sale financial investments are recognised in the statement of comprehensive income as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the statement of comprehensive income in 'Impairment losses on financial investments' and removed from the 'Available for sale reserve'.

3.2.2 Day 1 Profit or Loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognizes the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net trading income'.

3.2.3 Reclassification of Financial Assets

The Company may reclassify financial assets (other than those designated at FVTPL) upon initial recognition, in certain circumstances:

- Out of the 'held for trading' category and into the 'available for sale', 'loans and receivables', or 'held to maturity' categories.
- Out of the 'available for sale' category and into the 'loans and receivables', 'held for trading category' or 'held- to maturity'.

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortized cost. For a financial asset reclassified out of the 'available for sale' category, any previous gain or loss on that asset that has been recognised in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the statement of comprehensive income.

Out of the 'held for trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Reclassification is at the election of management, and is determined on an instrument by instrument basis.

3.2.4 De-recognition of Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either:
- The Company has transferred substantially all the risks and rewards of the asset or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.2.5 Impairment of Financial Assets

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Loans and Receivables

Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment allowances are calculated on individual loans and for groups of loans, this is done collectively. Impairment losses are recorded as charges to the statement of comprehensive income. The carrying amount of impaired loans on the reporting date is reduced through the use of impairment allowance accounts. Losses expected from future events are not recognised.

Individually Assessed Loans and Receivables

For all loans that are considered individually significant, the Company assesses on a case-by-case basis at each reporting date whether there is any objective evidence that a loan is impaired. The criteria used to determine that there is such objective evidence includes:

- Known cash flow difficulties experienced by the borrower;
- Past due contractual payments of either principal or interest;
- Breach of loan covenants or conditions;
- The probability that the borrower will enter bankruptcy or other financial realization; and
- A significant downgrading in credit rating by an external credit rating agency.

For those loans where objective evidence of impairment exists, impairment losses are determined considering the following factors:

- Company's aggregate exposure to the customer;
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and
- Ability to generate sufficient cash flow to service debt obligations;
- The amount and timing of expected receipts and recoveries;
- The complexity of determining the aggregate amount and ranking of all creditor claims and the extent to which legal and insurance uncertainties are evident;
- The realizable value of security and likelihood of successful repossession; and
- The likely deduction of any costs involved in recovery of amounts outstanding;

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate and comparing the resultant present value with the loan's current carrying amount. The impairment allowances on individually significant accounts are reviewed more regularly when circumstances require. This normally encompasses re-assessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment allowances are only released when there is reasonable and objective evidence of a reduction in the established loss estimate.

Collectively Assessed Loans and Receivables and Lease & Stock out on Hire

Impairment is assessed on a collective basis in two circumstances:

- To cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- For homogeneous groups of loans that are not considered individually significant.
- Incurred but not yet identified for Impairment

Individually assessed loans for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects impairment losses that the Company has incurred as a result of events occurring before the reporting date, which the Company is not able to identify on an individual loan basis, and that can be reliably estimated. These losses will only be individually identified in the future. As soon as information becomes available which identifies losses on individual loans within the group, those loans are removed from the group and assessed on an individual basis for impairment.

The collective impairment allowance is determined after taking into account:

- Historical loss experience in portfolios of similar credit risk; and
- Management's experienced judgement as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is likely to be greater or less than that suggested by historical experience.
- Homogeneous groups of Loans and Receivables and Lease & Stock out on Hire

Statistical methods are used to determine impairment losses on a collective basis for homogeneous groups of loans. Losses in these groups of loans are recorded on an individual basis when individual loans are written off, at which point they are removed from the group.

Following method is used to calculate historical loss experience on a collective basis:

Net Flow Rate Method

Under this methodology the movement in the outstanding balance of customers into bad categories over the periods are

Significant Accounting Policies to the Financial Statements

used to estimate the amount of loans that will eventually be written off as a result of the events occurring before the date of the statement of financial position which the Company is not able to identify on an individual loan basis, and that can be reliably estimated.

Under above methodology, loans are grouped into ranges according to the number of days in arrears and statistical analysis is used to estimate the likelihood that loans in each range will progress through the various stages of delinquency, and ultimately prove irrecoverable.

Current economic conditions and portfolio risk factors are also evaluated when calculating the appropriate level of allowance required covering inherent loss.

Reversals of Impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the statement of comprehensive income.

Available for Sale Financial Investments

For available for sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment is impaired. In the case of debt instruments classified as available for sale, the Company assesses individually whether there is objective evidence of impairment.

However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest income'. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

In the case of equity investments classified as available for sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income is removed from equity and recognised in the statement of comprehensive Income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in the fair value after impairment are recognised in other comprehensive income.

Held to Maturity Financial Assets

An impairment loss in respect of held to maturity financial assets measured at amortized cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the asset's original EIR and is recognised in profit or loss. Interest on impaired assets continues to be recognised through the unwinding of discount. When a subsequent event caused the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

3.2.6 Collateral Valuation

The Company seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, other non-financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Central Bank of Sri Lanka.

Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers and other independent sources.

3.2.7 Repurchase Agreement

Securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within 'Other Financial Assets' reflecting the transaction's economic substance as a loan by the Company. The difference between the purchase and resale prices is recorded in 'Net interest income' and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within 'Financial liabilities held for trading' and measured at fair value with any gains or losses included in 'Net trading income'.

3.3 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as due to customers (deposits), due to banks, debt issued and other borrowed funds and other financial liabilities as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

The Company classifies financial liabilities as other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities.

The Company recognizes financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the financial liability.

Other Financial Liabilities

Other financial liabilities including due to customers (deposits), due to banks, debt issued and other borrowed funds and other financial liabilities are initially measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortized cost using the EIR method.

Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

De-recognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of comprehensive income.

3.4 Non-Financial Assets

3.4.1 Property, Plant and Equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

Provision for depreciation is calculated using the straight-line method. Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. The estimated useful economic lives are as follows:

Category of Asset	Period
Freehold Buildings	50 years
Motor Vehicles	04 - 08 years
Office Equipment	05 - 08 years
Computer Equipment	05 years
Furniture and Fittings	10 years

Depreciation of assets begins when it is available for use.

Useful lives of the assets are reassessed by the management in every year.

3.4.2 Impairment of Non-Financial Assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

3.5 Finance and Operating Leases

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance Lease

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases. When the Company is a lessor under finance leases the amounts due under the leases, after deduction of unearned charges, are included in 'Lease rentals receivables and stock out on hire. The finance income receivable is recognised in 'Net interest

Significant Accounting Policies to the Financial Statements

income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

When the Company is a lessee under finance leases, the leased assets are capitalized and included in 'Property, Plant and Equipment' and the corresponding liability to the lessor is included in 'Due to Banks'. A finance lease and its corresponding liability are recognised initially at the fair value of the asset or, if lower, the present value of the minimum lease payments. Finance charges payable are recognised in 'Net interest income' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

Operating Lease

All other leases are classified as operating leases. When acting as lessor, the Company includes the assets subject to operating leases in 'Property, Plant and Equipment' and accounts for them accordingly. Impairment losses are recognised to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired.

When the Company is the lessee, leased assets are not recognised on the statement of financial position. Rentals payable and receivable under operating leases are accounted for on a straight-line basis over the periods of the leases and are included in 'Other operating expenses' and 'other operating income', respectively.

3.6 Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of comprehensive income in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

3.7 Inventories

3.7.1 Real Estate Stock

Investments in real estate are carried at cost or net realizable value whichever is lower. Cost of purchase, costs of conversion and other costs including selling and distribution expenses that are necessary to bring the asset to the saleable condition are included in the carrying value of the property. Net realizable value is price at which inventories can be sold in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

3.7.2 Collateral Reprocessed

The Company's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the fair value or the carrying value of the original secured asset.

3.7.3 Other Inventories

Other Inventories are valued at lower of the cost and net realizable value, after making due allowances for obsolete and slow moving items.

3.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

3.9 Retirement Benefit Obligation

Defined Contribution Plan

The Company also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability. The Company contributes to the following schemes.

Employees' Provident Fund

The Company and employees contribute 12% and 08% respectively of the employee's monthly gross salary (excluding overtime) to the provident fund.

Employees' Trust Fund

The Company contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

Defined Benefit Plans – Gratuity

All the employees of the Company are eligible for gratuity under the Payment of Gratuity Act No. 12 of 1983. Employees those who have resigned or whose services are terminated other than by retirement are eligible to receive the terminal gratuity under the Payment of Gratuity Act No. 12

of 1983 at the rate of one half of the Gross Salary applicable to the last month of the financial year in which the employment is terminated or resigned, for each year of completed service, for those who have served in excess of 05 years. The company determines its gratuity liability at each reporting date by way of an actuarial valuation.

Funding Arrangements

The Gratuity liability is not externally funded.

3.10 Taxation

Income Tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of comprehensive income.

3.10.1 Current Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

3.10.2 Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose. Deferred tax assets are recognised for all deductible differences. Carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax asset are reassessed at each reporting date and are recognize to the extent that is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the reporting date.

3.10.3 Value Added Tax (VAT) on Financial Services

VAT on Financial Services is calculated in accordance with VAT Act No. 14 of 2002 and subsequent amendment thereto.

3.11 Recognition of Income and Expenses

3.11.1 Interest Income and Expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

For all financial instruments measured at amortized cost, interest bearing financial assets classified as available for sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and 'Interest and similar expense' for financial liabilities. However, for a reclassified financial asset for which the company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3.11.2 Fee and Commission Income

The company earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

Fee income earned from services that are provided over a certain period of time.

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.

Fee Income from Providing Transaction Services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the

Significant Accounting Policies to the Financial Statements

arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

3.11.3 Dividend Income

Dividend income is recognised when the company's right to receive the payment is established.

3.12 Dividend on Ordinary Shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Company. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

3.13 Cash Flow Statement

The cash flow statement is prepared using the indirect method, as stipulated in LKAS 7-"Statement of Cash Flows". Cash and cash equivalents comprise cash in hand, cash at bank and bank overdrafts are treated as cash equivalents.

3.14 Sri Lanka Accounting Standards (SLFRS/LKAS) Issued But Not Yet Effective

The following SLFRSs have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these Financial Statements. Those SLFRS will have an effect on the accounting policies currently adopted by the Group and may have an impact on the future Financial Statements.

i) SLFRS 9 -Financial Instruments

SLFRS 9 reflects the replacement of LKAS 39 and applies to classification and measurement, impairment and hedge accounting of financial assets and Liabilities.

SLFRS 9 will change the below:

- New impairment requirements for all financial assets that are not measured at fair value through profit or loss
- Amendments to the previously finalised classification and measurement requirements for financial assets

Under SLFRS 9, the impairment model is a more 'forward looking' model in that a credit event no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

In other changes, SLFRS 9 also introduces additional application guidance to clarify the requirements for contractual cash flows of a financial asset to be regarded as giving rise to payments that are Solely Payments of Principal and Interest (SPPI).

A third measurement category has also been added for debt instruments – FVTOCI, which applies to debt instruments that meet the SPPI contractual cash flow characteristics test and where the entity is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

This standard will be effective for the financial period beginning on or after 01st January, 2018.

The first time application of SLFRS 9 has a wide and potentially very significant impact on the accounting for financial instruments. The new impairment requirements are likely to bring significant changes for impairment provisions for Loans and Advances, Lease Rentals receivables, hire purchases and other financial assets not measured at fair value through profit or loss.

The Group has not yet made a detailed assessment of the impact of this standard.

ii) SLFRS 15 - Revenue from Contracts with Customers

An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as it is currently the case under LKAS 18 Revenue.

To accomplish this, SLFRS 15 requires the application of a five-step model:

1. Identify the contract
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to each performance obligation
5. Recognise revenue when each performance obligation is satisfied

This standard will be effective for the financial period beginning on or after 01st January, 2017.

The Group has not yet made a detailed assessment of the impact of this standard.

iii) The following new Accounting Standards and amendments to existing standards are not expected to have an impact on the Financial Statements,

- Agriculture: Bearer Plants (Amendments to LKAS 16 on 'Property, Plant and Equipments' and LKAS 41 on 'Agriculture') – Effective date – 01st January 2016.

Regulatory Deferral Assets – SLFRS 14 – Effective Date 01st January, 2016.

Notes to the Financial Statements

			2014/2015 Rs.	2013/2014 Rs.
4.	**INCOME**			
	Interest and Similar Income	4.1	1,283,086,649	1,465,702,872
	Net Fee and Commission Income	6	15,502,142	17,684,345
	Net Trading Income/(Expense)	7	(1,253,121)	10,138,040
	Other Operating Income	8	65,328,763	111,484,464
			1,362,664,433	1,605,009,721
4.1	**Interest and Similar Income**			
	Hire Purchase		775,408,318	894,417,819
	Leasing		159,318,216	228,707,896
	Short Term Loans Against Fixed Deposit		31,175,853	32,781,066
	Other Loans and Advances		220,877,712	182,291,613
	Government Securities		44,488,728	57,580,817
	Fixed Deposit Interest		2,341,478	2,925,797
	Repo Investment		568,003	5,476,320
	Commercial Papers		30,354,553	52,324,794
	Treasury Bonds		2,716,416	2,626,909
	Debenture Interest		-	2,439
	Bank Interest Income		15,837,372	6,567,402
			1,283,086,649	1,465,702,872

Notional Tax Credit for Withholding Tax on Government Securities on Secondary Market Transactions

The Inland Revenue Act No. 10 of 2006 and the amendments there to provides that a company which derives interest income from secondary market transactions in Government Securities would be entitled to a notional tax credit (being one ninth of the net interest income), provided such interest income forms part of the statutory income of the company for that year of assessment.

Accordingly, the net interest income earned from secondary market transactions in Government Securities for the year has been grossed up in the financial statements for the year 2014/2015. The resulting notional tax credit is amounting to Rs. 4,720,514 for the company.

		2014/2015 Rs.	2013/2014 Rs.
5.	**INTEREST AND SIMILAR EXPENSES**		
	Fixed Deposits	751,481,794	932,456,384
	Overdrafts Interest Net of Cheques Return Charges	(4,704,437)	(5,542,904)
	Term Loans	30,459,192	83,084,936
	Hire Purchase Interest	(143,020)	1,396,716
	Debenture Interest	26,520,000	26,520,000
	Interest on Savings Deposits	1,665,699	1,333,163
		805,279,228	1,039,248,295
6.	**NET FEE AND COMMISSION INCOME**		
	Service Charges	15,502,142	17,684,345
		15,502,142	17,684,345

Notes to the Financial Statements

		2014/2015 Rs.	2013/2014 Rs.
7.	**NET TRADING INCOME/(EXPENSES)**		
	Profit/(Loss) on Disposal of Financial Investments - Available for Sale	(1,253,121)	10,138,040
		(1,253,121)	10,138,040
8.	**OTHER OPERATING INCOME**		
	Dividend Income	571,326	5,206,392
	Profit on Sale of Property, Plant and Equipment	17,918,189	8,745,708
	Fair Value Gain on Investment Property	-	47,662,500
	Miscellaneous Income	29,786,243	13,275,825
	Recoveries from Bad Debts	-	17,341,151
	Profit on Sale of Real Estate and Investment Properties	15,276,309	14,332,334
	Rent Income	1,776,696	4,920,554
		65,328,763	111,484,464
9.	**IMPAIRMENT CHARGES FOR LOANS AND OTHER LOSSES**		
	Individual Impairment		
	Lease	49,406,295	19,049,126
	Hire Purchase	67,282,600	4,492,931
	Term Loan	3,893,880	-
	Collective Impairment		
	Lease	10,349,825	3,950,874
	Hire Purchase	57,359,356	22,507,069
		188,291,956	50,000,000
10.	**PERSONNEL EXPENSES**		
	Salaries and Other Related Expenses	109,985,890	124,739,681
	Employer's Contribution to Employees' Provident Fund	9,692,977	9,993,996
	Employer's Contribution to Employees' Trust Fund	2,423,244	2,498,499
	Retirement Benefit Charge for the Year	12,000,000	6,333,804
		134,102,111	143,565,980
11	**OTHER OPERATING EXPENSES**		
	Directors' Fee	2,425,000	3,180,000
	Auditors' Remuneration	600,000	540,600
	Professional and Legal Expenses	7,286,846	12,219,337
	Charity and Donation	432,220	1,041,946
	Administration and Establishment Expenses	153,488,113	167,608,343
	Advertising and Business Promotional Expenses	15,466,155	20,617,074
	Other Expenses	26,616,058	31,225,314
	Reversal of Profit on Land Sale	-	44,662,500
		206,314,392	281,095,114

		2014/2015 Rs.	2013/2014 Rs.
12. INCOME TAX EXPENSES			
Current Income Tax Provision	12.1	-	-
		-	-
Deferred Income Tax			
Deferred Taxation Charge/(Reversal)	12.2	-	13,014,297
		-	13,014,297

12.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

	2014/2015 Rs.	2013/2014 Rs.
Profit Before Tax	4,181,815	70,381,284
Tax Rate	28%	28%
Accounting Profit Liable for Tax	1,170,908	19,706,760
Add : Tax Effect on Lease Rental Receivable and Notional Tax Credit	88,740,371	88,740,371
Add : Tax Effect on Disallowable Expenses	34,020,969	34,020,969
Less : Tax Effect on Allowable Expenses	(135,942,288)	(135,942,288)
Less : Tax Effect on Exempt Income	(17,641,941)	(17,641,941)
Add/(Less): Tax Effect on Profit/Loss on Disposal of PPE	49,796	49,796
Less : Tax Effect on Loss Disposal of Leased Assets	(3,115,240)	(3,115,240)
Income Tax Liability on Taxable Income	(32,717,425)	(14,181,573)
Business Profit or Loss on Financial Services	32,717,425	14,181,573
Business Profit or Loss on Leasing	-	-
Current Income Tax Provision	-	-

Notes to the Financial Statements

12.2 Deferred Taxation

The deferred tax liability arising on the temporary differences and unused tax losses/credits of the company has been recognised and the resulting tax effect is disclosed below. The effect is computed using the 28% tax rate applicable for 2014/2015.

	2014/2015 Rs.	2013/2014 Rs.
Total Deductible Temporary Differences		
On Retirement Benefit	36,621,013	36,621,013
	36,621,013	36,621,013
Total Taxable Differences		
On Temporary Difference of PPE	(67,757,471)	(67,757,471)
On Temporary Difference of Lease Receivable	(326,743,410)	(326,743,410)
Net of Total for Deferred Tax (Liability)/ Asset	(357,879,868)	(357,879,868)
Applicable Tax Rate	28%	28%
	(100,206,363)	(100,206,363)
Less:		
Deferred Tax on Unused Tax Losses Carried Forwarded	57,686,974	57,686,974
Deferred Tax Attributable to Revaluation Reserve	(7,781,437)	(7,781,437)
Deferred Tax (Liability) / Asset	(50,300,826)	(50,300,826)
Deferred Tax Liability At the Beginning of the Year	(50,300,826)	(37,286,529)
Deferred Tax Attributable to Revaluation Reserves which is Recognised Directly in Equity	-	-
Deferred Tax Expenses Recognised to the Statement of Comprehensive Income	-	(13,014,297)
Deferred Tax Liability At the End of the Year	**(50,300,826)**	**(50,300,826)**

13. EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

Profit Attributable to Ordinary Shareholder	4,181,815	57,366,987
Weighted Average Number of Ordinary Shares Outstanding During the Year	7,650,624	7,650,624
Basic Earnings per Share	0.55	7.50

14. CASH AND CASH EQUIVALENTS

Cash in Hand	19,275,988	1,105,644
Cash at Bank	174,759,464	199,879,632
	194,035,452	200,985,276

		Note	As At 31.03.2015 Rs.	As At 31.03.2014 Rs.
15.	**PLACEMENT WITH OTHER BANKS AND FINANCIAL INSTITUTIONS**			
	Nations Trust Bank PLC		2,747,445	2,561,522
	Seylan Bank PLC		24,511,542	23,110,066
			27,258,987	25,671,588
16.	**LOANS AND ADVANCES TO CUSTOMERS**			
	Lease Rentals Receivable	16.1	738,456,196	1,063,239,660
	Hire Purchase Receivable	16.2	3,414,155,843	3,861,512,976
	Import Loans		77,976,621	76,875,647
	Term Loans		52,713,221	52,681,496
	Pledge Loans		114,521,596	26,038,776
	Short Term Loans Against Fixed Deposits		198,129,201	199,828,250
	Trust Receipt Loans		-	697,137
	Margin Trading Receivable		50,509,964	61,996,497
	Motor Loan Debtors		327,814,079	275,384,909
	Share Pledge Loan		58,458,144	58,067,097
	Cheque Discounting		(100,000)	(175,000)
	Loans to Company Officers		11,796,481	17,008,351
	Personal Loan		14,709,283	-
	Group Loan		271,866	-
	Business Loan		102,176,256	-
	Mortgage Loan		37,992,141	-
			5,199,580,892	5,693,155,796
	Less: Allowance for Impairment Losses	16.3	(265,621,284)	(77,329,328)
			4,933,959,608	5,615,826,468
16.1	**Lease Rentals Receivable**			
	Gross Lease Rentals Receivable-Performing		824,648,685	1,205,368,920
	Gross Lease Rentals Receivable-Non Performing		108,692,885	144,669,147
			933,341,570	1,350,038,067
	Less: Unearned Interest-Performing		(168,689,504)	(256,484,717)
	Unearned Interest-Non Performing		(26,195,870)	(30,313,690)
			(194,885,374)	(286,798,407)
	Net Balance Receivable		738,456,196	1,063,239,660
16.2	**Hire Purchase Receivable**			
	Hire Purchase Receivable-Performing		3,951,383,239	4,693,754,947
	Hire Purchase Receivable-Non Performing		433,666,940	468,239,965
			4,385,050,179	5,161,994,912
	Less: Unearned Interest-Performing		(855,766,438)	(1,193,073,155)
	Unearned Interest-Non Performing		(115,127,898)	(107,408,781)
			(970,894,336)	(1,300,481,936)
	Net Balance Receivable		3,414,155,843	3,861,512,976

Notes to the Financial Statements

16.3 Impairment Allowance for Loans and Advances to Customers

	Lease Rentals Receivables Rs.	Hire Purchase Receivables Rs.	Term Loans Rs.	Others Rs.	Total Rs.
As at 01st April, 2013	32,907,051	115,736,526	66,711	90,012	148,800,300
Charge for the Year	23,000,000	27,000,000	-	-	50,000,000
Amounts Written Off	(24,483,178)	(96,921,083)	(66,711)	-	(121,470,972)
As at 31st March, 2014	31,423,873	45,815,443	-	90,012	77,329,328
Charge for the Year	59,756,120	124,641,956	3,893,880	-	188,291,956
As at 31st March, 2015	91,179,993	170,457,399	3,893,880	90,012	265,621,284

16.4 Lease, Hire Purchase Rental Receivables

	Within 1 Year		1-5 Years		Over 5 Years		Total	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Gross Rentals Receivables								
Lease Rentals	88,993,295	87,015,575	844,348,275	1,250,093,989	-	12,928,503	933,341,570	1,350,038,066
Hire Purchase	555,620,362	326,450,519	3,829,429,816	4,777,341,491	-	58,202,901	4,385,050,179	5,161,994,912
	644,613,657	413,466,094	4,673,778,092	6,027,435,480	-	71,131,404	5,318,391,749	6,512,032,978
Less: Unearned Interest	69,732,006	34,873,119	1,096,047,704	1,518,223,806	-	34,183,419	1,165,779,710	1,587,280,343
Net Rentals Receivables	574,881,651	378,592,976	3,577,730,388	4,509,211,674	-	36,947,985	4,152,612,039	4,924,752,635

		As At 31.03.2015 Rs.	As At 31.03.2014 Rs.
17. FINANCIAL INVESTMENTS - AVAILABLE FOR SALE			
Investment in Unquoted Equities	17.1	3,200,000	3,200,000
Investment in Quoted Equities - Long Term	17.2	-	7,920,000
		3,200,000	11,120,000
17.1 Investment in Unquoted Equities			
Finance Houses Consortium (Pvt) Ltd		200,000	200,000
Pramuka Savings & Development Bank Ltd		2,000,000	2,000,000
Ceylon Index Fund		3,000,000	3,000,000
		5,200,000	5,200,000
Less: Provision for Permanent Diminutions in Value		(2,000,000)	(2,000,000)
		3,200,000	3,200,000

17.2 Investment in Quoted Equities - Long Term

Name of Company	As At 31.03.2015 No of Shares	Cost Rs.	Market Value Rs.	As At 31.03.2014 No of Shares	Cost Rs.	Market Value Rs.
FOOTWEAR & TEXTILES						
Textured Jersey Lanka PLC	-	-	-	800,000	12,099,817	7,920,000
Total Quoted Company Shares		-	-		12,099,817	7,920,000
Provision for Fall in Value of Investment		-	-		(4,179,817)	-
Total Investment		-	-		7,920,000	7,920,000

Notes to the Financial Statements

		As At 31.03.2015 Rs.	As At 31.03.2014 Rs.
18. FINANCIAL INVESTMENTS - HELD TO MATURITY			
Treasury Bills		563,802,353	523,762,579
Treasury Bonds		25,102,485	24,695,736
Re-Purchase Agreements		3,971,863	3,744,193
Investment in Commercial Papers		102,864,145	612,930,241
		695,740,846	1,165,132,749
19. AMOUNT DUE FROM RELATED PARTIES			
Orient Capital Limited		265,825,725	-
		265,825,725	-
20. ECONOMIC SERVICE CHARGES RECOVERABLE			
Balance as at 01st April		23,021,978	23,021,978
Add: ESC Paid During the Year			
-For the Year of Assessment 2014/2015		2,722,233	-
Balance as at 31st March		25,744,211	23,021,978
21. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS			
Other Receivables		50,494,623	44,125,206
Prepayments & Deposits	21.1	42,299,608	32,333,988
Real Estate Receivable		-	2,509,318
		92,794,231	78,968,512
21.1 Prepayments and Deposits			
Prepayments - Insurance		1,027,626	2,787,280
- License		1,125,000	750,000
- Rent		18,178,100	18,519,869
- Professional Expenses		584,293	-
- Computer Expenses		20	2,193,399
- Office Equipment Maintenance		418,215	420,280
- Legal Fee		-	322,778
- Other Charges Receivable from Customers		17,498,138	-
Refundable Deposit		598,893	1,813,400
Western Union Transfer		647,080	34,720
Pre Payments - Medical Expenses		(5,808)	5,492,262
Early Settlements		2,228,051	-
		42,299,608	32,333,988

		As At 31.03.2015 Rs.	As At 31.03.2014 Rs.
22.	**INCOME TAX REFUND**		
	Balance as at Beginning of the Year	54,021	54,021
	Add :Income Tax Provision		
	Provision Made for the Year	-	-
		54,021	54,021
	Less : Income Tax Paid		
	For the Year of Assessment 2014/2015	-	-
		-	-
	Less : Notional Tax Credit Claimed		
	For the Year of Assessment 2014/2015	-	-
	Balance as at End of the Year	54,021	54,021
23.	**REAL ESTATE STOCKS**		
	Naranwala Project	2,225,527	2,636,557
	Battaramulla Project	-	29,339,133
	Kalutara Project	-	333,168
	Embilipitiya Project	-	139,819
	Kiriberiya Project	16,138,799	16,467,510
	Matale Project	9,363,085	9,363,085
	Maddawaththa Project	1,495,131	1,495,131
	Chillaw Project	18,004,894	18,524,857
		47,227,436	78,299,260

Notes to the Financial Statements

24. PROPERTY, PLANT AND EQUIPMENTS

Cost/Revaluation	Balance As At 01.04.2014 Rs.	Additions During the Year Rs.	Disposals During the Year Rs.	Balance As At 31.03.2015 Rs.
Freehold Assets				
Land	151,223,000	-	(42,300,000)	108,923,000
Buildings	294,865,468	-	-	294,865,468
Motor Vehicle	133,871,516	-	(48,833,425)	85,038,091
Office Equipment	32,607,512	1,781,628	(1,310,140)	33,079,000
Computer Equipment	48,343,935	241,851	(1,633,036)	46,952,750
Furniture & Fittings	21,800,723	158,952	(657,758)	21,301,917
	682,712,154	2,182,431	(94,734,359)	590,160,226
Assets on Finance Lease				
Leasehold Improvements	7,907,239	-	-	7,907,239
Motor Vehicle	30,516,848	-	(30,516,848)	-
	38,424,087	-	(30,516,848)	7,907,239
Total Value of Depreciable Assets	721,136,241	2,182,431	(125,251,207)	598,067,465

Depreciation	Balance As At 01.04.2014 Rs.	Charges for the Year Rs.	On Disposals Rs.	Balance As At 31.03.2015 Rs.
Freehold Assets				
Buildings	734,000	5,897,309	-	6,631,309
Motor Vehicle	86,288,801	8,858,898	(34,802,867)	60,344,832
Office Equipment	22,152,771	2,277,659	(1,242,405)	23,188,025
Computer Equipment	34,622,480	4,015,482	(1,633,036)	37,004,926
Furniture & Fittings	15,624,780	1,001,851	(499,316)	16,127,315
	159,422,832	22,051,199	(38,177,624)	143,296,407
Assets on Finance Lease				
Leasehold Improvements	7,907,239	-	-	7,907,239
Motor Vehicle	20,741,920	2,443,732	(23,185,652)	-
	28,649,159	2,443,732	(23,185,652)	7,907,239
Total Depreciation	188,071,991	24,494,931	(61,363,276)	151,203,646
Written Down Value	**533,064,250**			**446,863,819**

24.1 Based on the assessment of potential impairment carried out internally, for Property, Plant and Equipment by the Board of Directors as at 31st March, 2015, no provision was required to be made in the Financial Statements.

24.2 Property, Plant and Equipment included fully depreciated assets having a gross amount of Rs.52,406,639 as at 31st March, 2015. (Rs. 61,884,258 as of 2013/2014)

24.3 There were no capitalized borrowing costs related to the acquisition of Property, Plant and Equipment during the year (2013/2014 - nil).

24.4 There were no restrictions on the title of the Property, Plant and Equipment as at 31st March, 2015.

24.5 There were no items of Property, Plant and Equipment pledged as security as at 31st March, 2015 except disclosed in asset pledged, note no 34 to the financial Statements.

		As At 31.03.2015 Rs.	As At 31.03.2014 Rs.
25.	**INVESTMENT PROPERTY**		
	At the Beginning of the Year	128,000,000	59,000,000
	Additions During the Year	-	92,500,000
	Change in Fair Value	-	500,000
	Sold During the Year	(128,000,000)	(24,000,000)
	At the End of the Year	-	128,000,000
26.	**DEPOSITS FROM CUSTOMERS**		
	Fixed Deposits		
	Four and Five Years	300,530,534	270,003,495
	Three Years	357,940,588	358,569,975
	Two Years	1,206,686,663	1,824,591,131
	One Year	2,545,808,746	2,249,192,052
	Nine Months	239,380	3,215,836
	Six Months	419,430,770	716,473,568
	Three Months	705,494,782	994,436,075
	One Month	13,979,274	19,922,655
		5,550,110,737	6,436,404,787
	Deposits in Savings Accounts	29,961,642	27,555,456
		5,580,072,379	6,463,960,243
27.	**INTEREST BEARING BORROWINGS**		
	Payable After 01 Year		
	Bank Loans	-	10,388,000
	Securitisation Loans	-	60,482,127
	Finance Lease Creditor	-	-
		-	70,870,127
	Payable within 01 Year		
	Bank Overdraft	86,619,893	1,471,593
	Bank Loans	10,388,000	25,008,000
	Securitisation Loans	21,372,395	276,597,910
	Finance Lease Creditor	-	4,803,375
		118,380,288	307,880,878
		118,380,288	378,751,005

Leasing and hire purchase receivable have been mortgaged against the securitisation loans included in Note no 34.

28. SUBORDINATED TERM DEBT

The Company was listed in the Colombo Stock Exchange as a Public Limited Company on 30th June, 2011 by issuing Rated Unsecured Redeemable Debentures 2011/2016 (5 Years) each of Rs. 100 on the Main Board of Colombo Stock Exchange amounting to Rs. 204,000,000/-.

28.1 Debentures Held by Related Parties

Investor	Purpose of Debenture	Security	Interest Payable Frequency	Allotment Date	Term of Redemption	Fixed Interest Rate	No of Debentures	At the End of the Year 31.03.2015 Rs.	At the End of the Year 31.03.2014 Rs.
Bartleet Transcapital Ltd	To fund the future lease and hire purchase lending activities of the Company.	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	465,655	46,565,500	41,700,000
Commercial Bank of Ceylon PLC / Bartleet Transcapital Ltd	- do -	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	-	-	52,620,000
Life Insurance Corporation (Lanka) Ltd	- do -	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	57,703	5,770,300	5,770,000
Strategic Insurance Brokers (Pvt) Ltd	- do -	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	-	-	7,890,000
							523,358	52,335,800	107,980,000

28.2 Debentures Held by Others

Investor	Purpose of Debenture	Security	Interest Payable Frequency	Allotment Date	Term of Redemption	Fixed Interest Rate	No of Debentures	At the End of the Year 31.03.2015 Rs.	At the End of the Year 31.03.2014 Rs.
Goonarathne N.S.De Silva	- do -	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	57,000	5,700,000	5,700,000
M.P.J. Molegoda	- do -	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	17,353	1,735,300	5,000,000
Bank of Ceylon /First Capital Wealth Fund	- do -	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	853,000	85,300,000	85,300,000
Algama A.M.C.G.S	- do -	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	200	20,000	20,000
Dr.Salagoda	- do -	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	39,300	3,930,000	-
Mr.Nanayakkara	- do -	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	78,900	7,890,000	-
Mrs.Salagoda	- do -	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	19,689	1,968,900	-
Commercial Bank of Ceylon PLC/ Bartleet Transcapital Ltd.	- do -	Nil	Monthly	16/Jun/2011	15/Jun/2016	13%	451,200	45,120,000	-
							1,516,642	151,664,200	96,020,000
Total							2,040,000	204,000,000	204,000,000

		As At 31.03.2015 Rs.	As At 31.03.2014 Rs.
29.	**OTHER LIABILITIES**		
	Interest on Fixed Deposits	166,774,425	188,712,632
	Other Creditors and Accruals	(1,705,305)	(23,614,851)
		165,069,120	165,097,781
30.	**RETIREMENT BENEFIT OBLIGATIONS**		
	Balance at the Beginning of the Year	36,621,013	32,138,079
	Expenses Recognised in the Statement of Comprehensive Income	12,000,000	6,333,804
		48,621,013	38,471,883
	Payments During the Year	(3,738,414)	(1,850,870)
	Balance at the End of the Year	44,882,599	36,621,013

An actuarial valuation of the gratuity liability which was amounting to Rs.30,600,725 /- was carried out as at 31st March, 2015 by Messers Actuarial & Management Consultants (Pvt) Limited. However, It has not been adjusted to the financial statements. If the company provides a gratuity liability in accordance with the payment of Gratuities Act No. 12 of 1983, the liability would have been Rs.31,012,545/-. Hence, there is no contingent liability of the company at the year ended date.

31.	**STATED CAPITAL**		
	Number of Shares		
	Ordinary Shares	7,650,624	7,650,624
	Value		
	Ordinary Shares	306,024,990	306,024,990

			As At 31.03.2015 Rs.	As At 31.03.2014 Rs.
32.	**OTHER RESERVES**			
	Statutory Reserve Fund	32.1	171,016,612	170,180,249
	Revaluation Reserve		116,471,908	148,094,569
	Available for Sale Reserve		(3,374,004)	(7,778,079)
	Investment Fund Reserve	32.2	-	1,868,462
			284,114,516	312,365,201

32.1. Statutory Reserve Fund

Statutory Reserve Fund is a capital reserve which contains profits transferred as required by Section 3(b) (i) of Finance Companies Capital Funds Direction No. 1 of 2003 of Finance Business Act No 42 of 2011.

Notes to the Financial Statements

32.2 Investment Fund Reserve

Investment Fund Reserve is established and operated based on the Guidelines on Operation of Investment Fund Account issued by Central Bank of Sri Lanka with concurrence with Commissioner-General of Inland Revenue. Tax saving on the reduction of tax rates is transferred to the Investment Fund as per the guidelines issued by the Department of Inland Revenue and Central Bank of Sri Lanka. The operation of the Investment Fund Account (IFA) ceased with effect from 01st October, 2014 as per guide lines issued on the operation of the investment fund account by Central Bank of Sri Lanka. Accordingly, Company has transferred the Investment Fund reserve to the Retained Earnings.

33. COMMITMENTS AND CONTINGENCIES

There are no material contingencies which require disclosure in the financial statements other than disclosed below,

The Inland Revenue Department has issued an assessment on Value Added Tax on Financial Services for the taxable periods covering 01st April, 2010 to 30th June, 2011. Assessment details are as follows,

Assessment No- VATFS/BFSU/2013/419-428
Tax Payable- Rs.42,078,688/-
Penalty Payable - Rs.42,078,688/-

The Company, as per the letter dated 04th June, 2015, has appealed against the above assessment and as such the final decision is yet to be reached by the Inland Revenue Department.

		2014/2015 Rs.	2013/2014 Rs.
33.1	**Commitments**		
	Capital Commitments		
	Approved and Contracted for	3,750,000	3,500,000
	Contingencies		
	Stand by Letter of Credit	-	47,534,541
	Total Commitment and Contingencies	3,750,000	51,034,541

Other than the above, there are few litigations filed by the customers against the Company. Although, there can be no assurance, the directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely to have a material adverse effect on the results of operations, financial position or liquidity. Accordingly, no provision for any liability has been made in these financial statements.

34. CURRENT AND NON-CURRENT ANALYSIS OF ASSETS AND LIABILITIES

The table below shows analysis of assets and liabilities analysed accordance to when they are expected to be recovered or settled. One of the major concerns in financial business is the maturity mismatch, where the average loan period is over 02 years whilst the average deposit period is less than one year. Hence, where the interests are on an increasing trend the company net interest margin will reduce.

	2015			2014		
Assets / Liabilities	Within 12 Months Rs.	After 12 Months Rs.	Total as at 31.03.2015 Rs.	Within 12 Months Rs.	After 12 Months Rs.	Total as at 31.03.2014 Rs.
Assets						
Cash and Balances Due from Banks	194,035,452	-	194,035,452	200,985,276	-	200,985,276
Due from Banks and Other Financial Institutions	27,258,987	-	27,258,987	25,671,588	-	25,671,588
Loans and Advances to Customers	1,307,567,910	3,626,391,698	4,933,959,608	2,928,169,188	2,687,657,280	5,615,826,468
Financial Investments - Available for Sale	-	3,200,000	3,200,000	11,120,000	-	11,120,000
Financial Investments - Held to Maturity	670,638,362	25,102,484	695,740,846	1,165,132,749	-	1,165,132,749
Real Estate Stocks	-	47,227,435	47,227,435	78,299,260	-	78,299,260
Amount Due From Related Parties	265,825,725	-	265,825,725	-	-	-
Economic Service Charges Recoverable	22,110,703	3,633,508	25,744,211	7,673,993	15,347,985	23,021,978
Other Debtors, Deposits and Prepayments	92,794,233	-	92,794,233	78,968,512	-	78,968,512
Income Tax Refund	-	54,021	54,021	-	54,021	54,021
Three-wheeler Stock	-	-	-	-	-	-
Property, Plant and Equipment	-	446,863,818	446,863,818	-	533,064,249	533,064,249
Investment Property	-	-	-	-	128,000,000	128,000,000
Capital Work-In-Progress	-	-	-	-	-	-
Total Assets	2,580,231,372	4,152,472,964	6,732,704,336	4,496,020,566	3,364,123,535	7,860,144,101
Liabilities						
Due to Customers	4,409,139,242	1,170,933,137	5,580,072,379	5,509,344,623	954,615,619	5,747,762,378
Debt Issued and Other Borrowed Funds	118,380,288	-	118,380,288	307,880,877	70,870,128	923,320,499
Deferred Tax Liabilities	-	50,300,826	50,300,826	-	50,300,826	37,286,529
Debentures	-	204,000,000	204,000,000	-	204,000,000	204,000,000
Other Liabilities	130,430,697	34,638,422	165,069,119	10,357,871	154,739,910	254,572,778
Retirement Benefit Obligations	44,882,600	-	44,882,600	-	36,621,013	32,138,079
Total Liabilities	4,702,832,827	1,459,872,385	6,162,705,212	5,827,583,371	1,471,147,496	7,199,080,263
Net Gap	(2,122,601,455)	2,692,600,579	569,999,124	(1,331,562,806)	1,892,976,039	661,063,838

Notes to the Financial Statements

35. ASSETS PLEDGED
The following assets have been pledged as security for liabilities.

Name of the Financial Institution	Assets Pledged	Facility Amounts (Rs.)	Outstanding Liability 2014/2015 (Rs.)	2013/2014 (Rs.)
Commercial Bank of Ceylon PLC - Term Loan	Lease Rentals Receivable of Rs.125million	100,000,000	10,388,000	35,396,000
Deutsche Bank - Securitisation Loan	Lease Rental Receivable and Hire Purchase Receivable	-	21,372,395	337,080,037
Seylan Bank PLC - Bank Overdraft	Land and Building at Matara and Kalutara	85,000,000	79,683,027	-

36. EVENTS OCCURRING AFTER THE REPORTING DATE
Subsequent to the date of the reporting period, there have been no other events between the reporting period date and the date on which the financial statements are authorized for issue, which require adjustments to or disclosures in the financial statements except as following:

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

37. RELATED PARTY TRANSACTIONS
The Company carries out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties. Except for the transactions that Key Management Personnel's (KMPs) have made under schemes uniformly applicable to all the staff at concessionary rates, transactions with the related parties listed below have been at commercial rates.

37.1 Parent and Ultimate Controlling Party
The Company's parent undertaking is Janashakthi PLC, which holds 99.78% of shares of Bartleet Finance PLC with effects from 22nd January, 2015.

37.2 Key Management Personnel Information
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company as well as its related parties, directly or indirectly, including any director (whether executive or otherwise) of the company.

37.3 Related Party Transactions

The company has a related party relationship with its related group companies as disclosed in the note 37.3.1. The following transactions have been carried out with related parties during the year ended 31st March, 2015 under normal commercial terms.

37.3.1 Obtaining Services

Name of Company	Name of the Director	Description of Transactions
Bartleet & Company (Pvt) Ltd	Mr. Eraj Wijesinghe Mr. Sunil C Wijesinghe Mr. Eshanth Wijesinghe	The company had made rent payment amounting to Rs.18,788,000/-
Bartleet Produce Marketing (Pvt) Limited	Mr. Eraj Wijesinghe Mr. Sunil C Wijesinghe	The company had paid medical insurance premium Rs.359,656/-
Bartleet Transcapital Limited	Mr. Eraj Wijesinghe Mr. R.Muralidaran Mr. Angelo Ranasinge	Transferred Rs.165,000,000 Lease and Hire Purchase debtors to Bartleet Transcapital Limited
Orient Finance PLC	Dr. Dayanath Jayasuriya PC Mr. Prakash Schaffter Mr. Ramesh Schaffter	The company had invested Rs. 50 million in Fixed Deposits.
Orient Capital Ltd	Dr. Dayanath Jayasuriya PC Mr. Prakash Schaffter Mr. Ramesh Schaffter	Transferred Rs 265 million Lease and Hire Purchase debtors to Orient Capital Ltd

37.4 Transactions with Key Management Personnel (KMP)

37.4.1 Compensation to KMP

The remuneration of directors and other members of the key management during the year under review is as follows.

	2014/2015 Rs.	2013/2014 Rs.
Short Term Benefits	27,472,238	35,402,078

Notes to the Financial Statements

38. FINANCIAL RISK MANAGEMENT

Risk is the most important factor considered in strategic decision making process at Bartleet Finance PLC. Therefore all possible risks are properly evaluated before taking any strategic or operational decision and decide the best options which minimize the risk. Risk management frame work of the company is discussed in detail in this report. The major categories of Financial Risks are;

1 Credit Risk
2 Market Risk
3 Liquidity Risk
4 Operational Risk
5 Compliance and Regulatory Risk

38.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers. For risk management reporting purposes the Company considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Management of Credit Risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Company Credit Committee. Company's Credit department, reporting to the Company's Credit Committee, is responsible for management of the Company's credit risk, including:

I Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

II Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by Company Credit Committee or the board of directors as appropriate.

III Reviewing and assessing credit risk - Company's Credit division assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

IV Limiting concentrations of exposure to counterparties, geographies and industries.

V Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

Regular audits of business units and Company Credit processes are evaluated by Internal Audit.

Write-off Policy

The Company writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when Company Credit division determines that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, write-off decisions generally are based on a product-specific past due status.

Concentrations of Credit Risk

The Company monitors concentrations of credit risk by sector and by geographic location.

38.2 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of Liquidity Risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Company treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities to ensure that sufficient liquidity is maintained within the Company as a whole.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Company and branches. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO which in turn submit monthly summary to the Board.

The Company relies on deposits from customers and banks borrowing as its primary sources of funding. While the Company's debt securities and subordinated liabilities have maturities of over one year, deposits from customers generally have shorter maturities and a large proportion of them are repayable on demand. The short-term nature of these deposits increases the Company's liquidity risk and the Company actively manages this risk through maintaining competitive pricing and constant monitoring of market trends and maintaining unutilised credit lines.

Exposure to Liquidity Risk

The key measure used by the Company for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar, but not identical, calculation is used to measure the Company's compliance with the liquidity limit established by the Company's lead regulator, CBSL. Details of the reported Company ratio of net liquid assets to deposits from customers at the reporting date and during the year were as follows:

	31.03.2015
Total Deposit Liabilities	**5,869,246,805**
Time Deposits	5,716,885,163
Saving Deposits	29,961,642
Unsecured Borrowings	122,400,000
Total Liquid Assets	**734,198,973**
Cash in Hand	19,275,988
Balances in Current Accounts (Favourable)	36,968,318
Deposits in Commercial Banks	112,707,936
Approved Securities	565,246,731
Average Month End Deposit Liabilities	**6,442,567,183**
Required Minimum Amount of Liquid Assets (10% of Total Deposit Liabilities)	**588,422,763**
Required Minimum Amount of Approved Securities 7.5%	**483,192,539**

Notes to the Financial Statements

Maturity Analysis for Financial Liabilities

Please refer note number 40 for the contractual maturity of the assets and the liabilities of the company.

To manage the liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents and investment grade investment securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements.

38.3 Market Risks

The Company does not perceive any quantifiable significant market risk which specifically impact to the Company except any risk that might impact to the industry as a whole. However the Company does not see such a risk at the time of this report.

Management of Market Risks

Overall authority for managing market risk is vested with ALCO. Treasury is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

38.4 Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Compliance with Company standards is periodically reviews by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

38.5 Capital Management

The Company manages it's capital base to comply with regulatory capital requirements and to maintain solid fund base.

CBSL has set minimum capital requirements for the finance companies as discussed below.

Tier 1 Capital, which includes stated capital, perpetual bonds (which are classified as innovative tier 1 securities), retained earnings, translation reserve and non-controlling interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; and

Tier 2 Capital, which includes qualifying subordinated liabilities, collective impairment allowances (limited to those credit portfolios where the standardized approach is used under Basel II) and the element of the fair value reserve relating to unrealized gains/losses on equity instruments measured at fair value through other comprehensive income.

According to these regulations the minimum capital requirement under Tier 1 is 5% of the total risk weighted assets and Tier 2 is 10% of the total risk weighted assets.

The Company and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

Assets	Principal Amount of On-Statement of Financial Position Items	Risk Weight %	Risk Weighted Assets Amount
Cash & Current Accounts with Banks	107,238,359	-	-
Deposits with Banks	114,056,081	20%	22,811,216
Sri Lanka Govt Treasury Bills	563,802,353	-	-
Sri Lanka Govt/Central Bank Securities	25,102,485	-	-
Other Securities Guaranteed by Sri Lanka Government	3,971,863	-	-
Loans and Advances :			-
Against Deposits with the Company	198,129,201	-	-
Other Loans and Advances	4,735,830,407	100%	4,735,830,407
Other Investments (Excluding Items Deducted from the total Capital)	111,438,149	100%	111,438,149
Fixed Assets	446,863,818	100%	446,863,818
Other Assets	429,645,625	100%	429,645,625
On-Statement of Financial Position - Total Assets	6,736,078,340		5,746,589,215
Off-Statement of Financial Position Items	3,750,000	20%	750,000

Constituents of Capital	Amount
Issued and Paid-up Ordinary Shares/Common Stock (Cash)	306,024,990
Statutory Reserve Fund	171,016,612
Published Retained Profits/(Accumulated Losses)	(23,514,386)
Tier I : Core Capital	453,527,216
Supplementary Capital	
Eligible Revaluation Reserve	58,235,954
Approved Hybrid (Debt/Equity) Capital Instruments	81,600,000
Eligible Tier 2 Capital	139,835,954
Total Capital	593,363,170
CAPITAL BASE	593,363,170

	Amount
1 Total Tier I Core Capital	453,527,216
2 Total Capital Base	593,363,170
3 Total Risk Weighted Assets	5,747,339,215
Core Capital Ratio(1/3) (Minimum 5%)	7.89%
Total Risk Weighted Capital Ratio (2/3) (Minimum 10%)	10.32%

38.6 Compliance & Regulatory Risk

Failure to comply with company's business principles, regulatory laws and standards that are relevant to the company are considered under this category.

The Company has complied with all these laws and regulations and compliance is periodically reviewed by both the IRMC and Internal Auditors.

Notes to the Financial Statements

39. SEGMENTAL INFORMATION

	Hire Purchase		Finance Lease		Loans and Advances		Investment		Others		Total	
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014
Income												
Interest Income	856,530,681	975,535,019	175,985,912	249,450,041	154,263,505	113,213,334	78,127,700	118,011,279	18,178,850	9,493,199	1,283,086,649	1,465,702,872
Interest Expenses	(537,568,032)	(691,697,563)	(110,450,685)	(176,871,135)	(96,817,465)	(80,273,271)	(49,033,800)	(83,675,227)	(11,409,245)	(6,731,099)	(805,279,227)	(1,039,248,295)
Net Interest Income	318,962,650	283,837,456	65,535,227	72,578,906	57,446,041	32,940,063	29,093,900	34,336,052	6,769,605	2,762,100	477,807,423	426,454,577
Fee based Income & Others	10,678,401	19,273,068	1,499,681	9,502,801	3,324,060	6,249,627	(681,795)	15,344,432	64,757,437	88,936,921	79,577,784	139,306,849
Total Operating Income	329,641,051	303,110,523	67,034,908	82,081,707	60,770,101	39,189,690	28,412,105	49,680,484	71,527,042	91,699,021	557,385,206	565,761,426
Impairment Charges for Loans and Other Losses	(124,641,957)	(27,000,000)	(59,756,120)	(23,000,000)	(3,893,879)	-	-	-	-	-	(188,291,956)	(50,000,000)
Segmental Results	204,999,094	276,110,523	7,278,788	59,081,707	56,876,222	39,189,690	28,412,105	49,680,484	71,527,042	91,699,021	369,093,250	515,761,426
Depreciation of Property, Plant and Equipment	(16,351,709)	(13,790,078)	(3,359,682)	(3,526,204)	(2,944,987)	(1,600,374)	(1,491,507)	(1,668,197)	(347,046)	(134,195)	(24,494,931)	(20,719,048)
Unallocated Expenses	(227,246,679)	(282,643,758)	(46,690,930)	(72,273,671)	(40,927,745)	(32,801,531)	(20,728,108)	(34,191,649)	(4,823,042)	(2,750,484)	(340,416,504)	(424,661,094)
Profit Before Taxation											4,181,815	70,381,284
Less : Income Tax											-	(13,014,297)
Net Profit											4,181,815	57,366,986
Segment Assets	3,243,698,443	3,815,697,534	647,276,203	1,031,815,786	1,042,984,962	768,313,147	698,940,846	1,176,252,749	1,099,803,883	1,068,064,884	6,732,704,336	7,860,144,101
Segment Liabilities	2,969,082,898	3,543,160,153	592,476,994	958,118,023	954,684,558	713,436,142	639,767,645	1,092,238,531	1,006,693,118	991,778,018	6,162,705,212	7,298,730,867

40. MATURITY OF ASSETS & LIABILITIES

An analysis of the total assets employed and total liabilities as at the year end, based on the remaining period at the reporting period date to the respective contractual maturity dates is given below.

MATURITY ANALYSIS

Assets / Liabilities	Less than 03 Months Rs.	03 to 12 Months Rs.	01 to 03 Years Rs.	Over 03 Years Rs.	Total as at 31.03.2015 Rs.
Assets					
Cash and Balances Due from Banks	194,035,452	-	-	-	194,035,452
Due from Banks and Other Financial Institutions	24,511,542	2,747,445	-	-	27,258,987
Loans and Advances to Customers	629,607,559	677,960,351	3,298,827,337	327,564,361	4,933,959,608
Financial Investments - Available for Sale	-	-	-	3,200,000	3,200,000
Financial Investments - Held to Maturity	321,371,572	349,266,790	4,815,646	20,286,838	695,740,846
Amount Due From Related Parties	265,825,725				265,825,725
Real Estate Stocks	-	-	-	47,227,435	47,227,435
Economic Service Charges Recoverable	-	22,110,703	3,633,508	-	25,744,211
Other Debtors, Deposits and Prepayments	-	92,794,233	-	-	92,794,233
Income Tax Refund	-	-	54,021	-	54,021
Property, Plant and Equipment	-	-	-	446,863,818	446,863,818
Total Assets	1,435,351,850	1,144,879,522	3,307,330,512	845,142,452	6,732,704,336
Liabilities and Shareholders' Funds					
Due to Customers	1,854,980,919	2,554,158,323	1,011,316,025	159,617,112	5,580,072,379
Debt Issued and Other Borrowed Funds	114,244,288	4,136,000	-	-	118,380,288
Deferred Tax Liabilities	-	-	50,300,826	-	50,300,826
Debentures	-	-	204,000,000	-	204,000,000
Other Liabilities	54,873,852	75,556,845	4,721,777	29,916,645	165,069,119
Retirement Benefit Obligations	-	44,882,600	-	-	44,882,600
Shareholders' Funds	-	-	-	569,999,124	569,999,124
Total Liabilities & Shareholders' Funds	2,024,099,059	2,678,733,768	1,270,338,628	759,532,881	6,732,704,336
Maturity Gap - 2015	(588,747,209)	(1,533,854,246)	2,036,991,884	85,609,571	
Maturity Gap - 2014	435,388,106	(1,766,950,912)	1,073,720,620	257,842,185	

Notes to the Financial Statements

41. DETERMINATION OF FAIR VALUE FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Assets Measured at Fair Value

As at 31st March, 2015 the Company held the following financial instruments carried at fair value on the statement of financial position;

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a Significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

	31st March, 2015 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets - Available for Sale	3,200,000	3,200,000	-	-
	3,200,000	3,200,000	-	-

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This does not include the fair values of non financial assets and non financial liabilities.

	2015	
	Carrying Value Rs.	Fair Value Rs.
Assets		
Cash and Cash Equivalents	194,035,452	194,035,452
Loans and Advances to Customers	4,933,959,608	4,933,959,608
Financial Investments - Held to Maturity	695,740,846	695,740,846
Liabilities		
Due to Customers	5,580,072,379	5,580,072,379
Debt Issued and Other Borrowed Funds	118,380,288	118,380,288
Debentures	204,000,000	204,000,000

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. Further, other borrowed funds with a variable interest rate are also considered to be carried at fair value.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

Financial Investment - Available for Sale

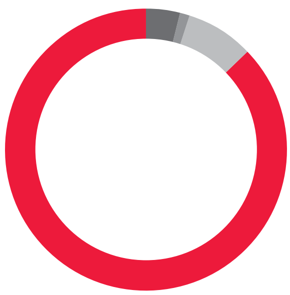
Fair value of Unquoted Shares has been determined based on the cost of investment adjusted for impairment as at the reporting date.

Sources and Utilisation of Income

	2014/15 (Rs.)	%	2013/14 (Rs.)	%
Sources of Income				
Loans and advances	1,186,780,099	87.1	1,355,539,545	84.5
Government Securities	47,205,144	3.5	60,207,726	3.8
Commission income	15,502,142	1.1	17,684,345	1.1
Other income	113,177,048	8.3	171,578,105	10.7
Total	**1,362,664,433**	**100.0**	**1,605,009,721**	**100.0**
Utilisation of Income				
To Employees				
Personnel expenses	134,102,111	9.8	143,565,980	8.9
To Suppliers				
Interest paid	805,279,228	59.1	1,039,248,295	64.8
Other expenses	206,314,392	15.1	281,095,114	17.5
Depreciation	24,494,931	1.8	20,719,048	1.3
Impairment Charges for Loans and Other Losses	188,291,956	13.8	50,000,000	3.1
To Government				
Income Tax	-	-	13,014,297	0.8
To Shareholders				
Retained profit	4,181,815	0.3	57,366,987	3.6
Dividends	-	-	-	-
Total	1,362,664,433	100.0	1,605,009,721	100.0

Sources of Income

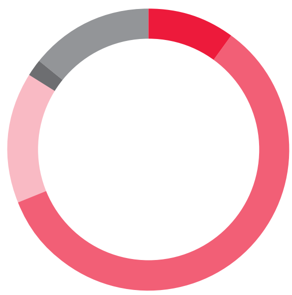
2014/15



- Loans and advances 87%
- Government Securities 4%
- Commission income 1%
- Other income 8%

Utilisation of Income

2014/15



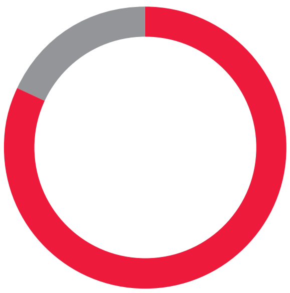
- Personnel expenses 10%
- Interest paid 59%
- Other expenses 15%
- Depreciation 2%
- Impairment Charges for Loans and Other Losses 14%
- Income Tax 0%
- Retained profit 0%
- Dividends 0%

Value Added Statement

	2014/15 (Rs.)	%	2013/14 (Rs.)	%
Net interest income earned by providing financial services	477,807,421		426,454,577	
Cost of Services	(206,314,392)		(281,095,114)	
	271,493,029		145,359,463	
Non Financial income	79,577,784		139,306,849	
Provision for Bad Debts	(188,291,956)		(50,000,000)	
Total Value Added	162,778,857		234,666,312	
Distribution of Value Added				
To Employees				
Personnel Expenses	134,102,111	82.4	143,565,980	61.2
To Providers of Capital				
Dividend to Shareholders	-	-	-	-
To Government				
Income Tax	-	-	13,014,297	5.5
To Expansion and Growth				
Retained as Reserves	4,181,815	2.6	57,366,987	24.4
Retained as Depreciation	24,494,931	15.0	20,719,048	8.8
	162,778,857	100.0	234,666,312	100.0

Value Added Statement

2014/15



Value Added Statement

2013/14

Investor Relations

01. Stock Exchange Listing

The Company's debentures were listed on the Main-board of the Colombo Stock Exchange (CSE) by way of Introduction with effect from 30th June 2011.

The Stock Exchange Code for Bartleet Finance PLC debenture is "BFN".

02. Major Shareholders as at 31st March 2015

Name	No. of Shares	%
1. Janashakthi PLC	7,639,997	99.86
2. Mrs. R. Sylvester	4,375	0.06
3. Mrs. L. B. De Run	3,750	0.05
4. Mr. N. A. De Silva	1,250	0.02
5. Mr. M. C. N. De Seram	1,250	0.02
6. Mr. D. C. R. Gunawardena	2	0.00
Total	7,650,624	100.00

03. Public Holding

The percentage of shares held by the public as at 31st March 2015 is 0.14%. (31st March 2014 - 4.92%)

04. Distribution of Shareholdings as at 31st March 2015

No. of Shares held	No. of Shareholders	No. of Shares	%
1 - 1,000	1	2	0.00
1,001 - 10,000	4	10,625	0.14
10,001 - 100,000	-	-	-
100,001 - 1,000,000	-	-	-
Over - 1,000,000	1	7,639,997	99.86
Total	6	7,650,624	100.00

There were no non-resident shareholding as at 31st March 2015

05. Analysis of Shareholders as at 31st March 2015

Category	No. of Shareholders	No. of Shares	%
Local Individuals	5	10,627	0.14
Local Institutions	1	7,639,997	99.86
Total	6	7,650,624	100.00

Investor Relations

06. Directors' Shareholdings as at 31st March 2015

Name	No. of Shares	%
Dr. D.C. Jayasuriya PC - Chairman	-	-
Mr. Prakash Schaffter	-	-
Mr. Ramesh Schaffter	-	-
Mrs. Lakshmi K. Gunatilake	-	-
Mr. D. Sarath P. Wikramanayake	-	-
Mr. Ananda W. Atukorala	-	-
Mr. K. M. A. T. B. Tittawella	-	-
Mr. A. I. Fernando	-	-

07. CEO's Shareholding as at 31st March 2015

Name	No. of Shares	%
Mr. Suresh M. Amerasekera	-	-

08. Dividends

The Board of Directors does not recommend a dividend to the shareholders for the financial year ended 31st March 2015.

09. BFN Debentures 2011

Issued five-year rated unsecured, subordinated, redeemable 2,040,000 Debentures of Rs.100/- each on 16th June 2011. These Debentures were listed on the Main-board of the Colombo Stock Exchange (CSE) with 13% interest rate per annum payable on monthly basis.

10. Debenture Market Prices

	2014/15	2013/14
Highest	102.72	115.59
Lowest	83.78	71.47
Last Traded	102.72	98.15

11. Ratios

	2014/15	2013/14
Debt to Equity Ratio (Times)	10.36	12.55
Interest Coverage Ratio (Times)	1.01	1.07
Liquid Assets Ratio (%)	12.51	10.18
Interest Rate of Comparable Government Securities (%)	9.13	8.65

Ten Year Achievements

For the year ended 31st March	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000	2012 (Restated) Rs.'000	2011 Rs.'000	2010 (Restated) Rs.'000	2009 Rs.'000	2008 (Restated) Rs.'000	2007 Rs.'000	2006 Rs.'000
Operating Results										
Income	1,362,664	1,605,010	1,552,160	1,178,760	1,150,826	909,391	899,197	723,872	539,872	436,235
Interest Income	1,283,087	1,465,703	1,336,170	1,054,055	780,287	777,519	833,921	677,132	507,914	414,343
Interest Expenses	(805,279)	(1,039,248)	(964,202)	(614,026)	(487,491)	(529,864)	(566,458)	(369,266)	(211,304)	(171,792)
Net Interest Income	477,807	426,455	371,969	440,029	292,796	247,655	267,462	307,865	296,611	242,551
Operating Expenses & Provisions	(553,203)	(495,380)	(566,782)	(474,212)	(436,369)	(299,938)	(294,130)	(292,761)	(263,922)	(160,759)
Profit Before Income Tax	4,182	70,381	21,177	90,522	226,966	79,589	38,609	61,845	64,646	103,684
Income Tax on Profit	-	(13,014)	(13,625)	(16,416)	(4,902)	(21,774)	(6,810)	(12,747)	-	-
Profit for the year	4,182	57,367	7,552	74,105	222,063	57,814	31,799	49,098	64,646	103,684
Balance Sheet Information										
Assets										
Loans & Advances to Customers	4,933,960	5,615,826	5,323,316	4,981,731	3,005,992	2,339,380	2,325,422	2,157,041	1,701,007	1,497,685
Financial Investments - Held to Maturity	695,741	1,165,133	1,061,579	729,076	588,493	557,591	132,635	358,003	219,116	211,970
Financial Investments - Available for Sale	3,200	11,120	186,024	355,016	339,300	181,369	34,940	42,850	35,568	34,407
Cash and Cash Equivalents	194,035	200,985	161,989	118,154	123,477	104,012	10,703	24,872	25,959	10,594
Property, Plant & Equipment	446,864	533,064	292,713	203,261	186,512	157,231	155,236	156,367	133,286	132,727
Other Assets	458,905	334,015	677,506	601,801	639,540	484,734	377,215	182,587	67,755	56,427
Total Assets	6,732,704	7,860,144	7,703,127	6,989,039	4,883,315	3,824,317	3,036,151	2,921,720	2,182,691	1,943,811
Liabilities										
Deposits from Customers	5,580,072	6,463,960	5,747,762	5,075,410	3,630,633	2,997,786	2,156,384	2,067,445	1,395,966	1,197,286
Borrowings	118,380	378,751	923,320	1,032,409	457,294	187,031	214,899	55,541	38,565	50,054
Debenture	204,000	204,000	204,000	204,000	-	-	-	-	-	-
Other Liabilities	260,253	252,020	323,997	237,508	201,012	234,492	320,270	485,935	447,849	442,445
Total Liabilities	6,162,705	7,298,731	7,199,080	6,549,327	4,288,940	3,419,309	2,691,553	2,608,921	1,882,381	1,689,785
Capital Employed										
Stated Capital	306,025	306,025	306,025	61,205	61,205	61,205	61,205	61,205	61,205	61,205
Retained Profit & Reserve Fund	263,974	255,388	198,021	378,507	533,170	343,803	283,392	251,594	239,105	192,820
Total Capital Employed	569,999	561,413	504,046	439,712	594,375	405,008	344,597	312,799	300,310	254,025
Ratios and Related Information										
Operating Ratios										
ROE	0.74%	10.77%	1.60%	14.33%	44.44%	15.43%	9.67%	16.02%	23.32%	49.78%
ROA	0.06%	0.90%	0.29%	1.52%	5.21%	2.32%	1.30%	2.42%	3.13%	6.09%
Gross Profit Margin	35.06%	26.57%	23.96%	37.33%	25.44%	27.23%	29.74%	42.53%	54.94%	55.60%
Net Profit Margin	0.31%	3.57%	0.49%	6.29%	19.30%	6.36%	3.54%	6.78%	11.97%	23.77%
Income Growth	-15.10%	3.40%	31.68%	2.43%	26.55%	1.13%	24.22%	34.08%	23.76%	37.79%
Profit Growth	-92.71%	659.63%	-89.81%	-66.63%	284.10%	81.81%	-35.23%	-24.05%	-37.65%	203.91%
Assets Growth	-14.34%	2.04%	10.22%	43.12%	27.69%	25.96%	3.92%	33.86%	12.29%	33.11%
Net Assets Growth	1.53%	11.38%	14.63%	-26.02%	46.76%	17.53%	10.17%	4.16%	18.22%	56.24%
Gearing Ratios										
Debt to Equity - Times	10.36	12.55	13.64	14.35	6.88	7.86	6.88	6.79	4.78	4.91
Interest Cover - Times	1.01	1.07	1.02	1.15	1.47	1.15	1.07	1.17	1.31	1.60
Investor Ratios										
Basic earnings per share - (Rs.)	0.55	7.50	0.99	9.69	36.28	9.45	5.20	8.02	10.56	16.94
Net assets value per share - (Rs.)	74.50	73.38	65.88	57.47	77.69	66.17	56.30	51.11	49.07	41.50
Dividend per share - (Rs.)	-	-	0.76	6.00	1.00	1.00	2.00	3.00	2.00	2.00
Dividend Cover - Times	N/A	N/A	1.30	1.61	36.28	9.45	2.60	2.67	5.28	8.47
Dividend Payout ratio	0.00%	0.00%	76.99%	61.94%	2.76%	10.59%	38.50%	37.40%	18.94%	11.81%

Glossary

Accounting Policies
The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting financial statements.

Accrual Basis
The system of accounting wherein revenue is recognised at the time it is earned and expenses at the time they are incurred, regardless of whether cash has actually been received or paid out.

Amortization
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Available for Sale (AFS)
Non-derivative financial assets that are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss.

Capital Adequacy Ratio
The relationship between capital and the risk weighted assets as prescribed by the Central Bank of Sri Lanka.

Cash Equivalents
Short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Collective Impairment Provisions
Impairment is measured on a collective basis for homogeneous groups of lending facilities that are not considered as individually significant.

Contingencies
A condition or situation existing at the balance sheet date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more future events.

Corporate Governance
The process by which corporate entities are governed to promote stakeholder interest. Shareholders exert collective pressure on management to ensure equitable decision making on matters that may affect the value of their holdings and base their response on statutory requirements or on so called "Best Practice".

Credit Risk
The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Deferred Taxation
Sum set aside for tax in the financial statements that may become payable / receivable in a financial year other than the current financial year.

Depreciation
The systematic allocation of the depreciable amount of an asset over its useful life.

Dividend per Share (DPS)
Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issue; this indicates the proportion of the current year's dividend attributable to an ordinary share in issue.

Earnings per Share (EPS)
Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue; this indicates the proportion of the current year's earnings attributable to an ordinary share in issue.

Effective Interest Rate (EIR)
Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability.

Fair Value
The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair Value through Profit or Loss
A financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as fair value through profit or loss.

Finance Lease
A lease that transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee. Title may or may not eventually be transferred.

Financial Asset
Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Instrument
A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial Liability
A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Group

A group is a parent and all its subsidiaries and associates.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

Hire Purchase

A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

Impairment

This occurs when the recoverable amount of an asset is less than its carrying amount.

Interest Cover

Earnings before interest and tax divided by interest expenses; this indicates the ability to cover or service interest charges of the debt holders.

Key Management Personnel (KMP)

People those who are having authority and responsibility for planning, directing and controlling the activities of the entity.

Lease

An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Lending Portfolio

Total value of lending products net of unearned income, amounts received in advance and allowance for impairment.

Liquid Asset

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with banks and treasury bills.

Liquid Assets Ratio

Liquid assets as a percentage of public deposits.

Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Market Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of currency risk, interest rate risk and other price risk.

Net Asset Value per Ordinary Share

Shareholders' funds excluding preference shares, if any, divided by the number of ordinary shares in issue.

Parent

A parent is an entity that has one or more subsidiaries.

Related Party

Parties have the ability to control or exert a significant influence over the company's financial and operating decisions.

Related Party Transactions

Is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged or not.

Return on Average Assets (ROA)

Net profit for the year expressed as a percentage of average total assets; indicates overall effectiveness in generating profits with available assets.

Return on Average Equity (ROE)

Net profit for the year, less dividends on preference shares, if any, expressed as a percentage of average ordinary shareholders' equity.

Reverse Repurchase Agreement

Transactions involving the purchase of securities by the company and resale back to the seller at a future date and specified price.

Risk Weighted Assets

On balance sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

Segmental Analysis

Analysis of financial information by segments of an organization specifically, the different industries and the different business lines in which it operates.

Shareholders' Funds (Equity)

Total of issued and fully paid ordinary share capital and capital and revenue reserves attributable to ordinary shareholders.

Tier I Capital

Core capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

Tier II Capital

Supplementary capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debts, such as unsecured subordinate term debts and other hybrid capital instruments.

Branches

Head Office
18, Sri Sangaraja Mawatha,
Colombo 10.
Tel : +94 117 577 577
Fax : +94 117 577 551
E-mail : info@bartleetfinance.com

City Branch
200/1, Dr. N.M. Perera Mawatha,
Colombo 08.
Tel : +94 117 577 587
Fax : +94 117 577 593
E-mail : dileepa@orient.lk

Ampara
01, D.S. Senanayake Road,
Ampara.
Tel : +94 637 755 400
Fax : +94 632 223 800
E-mail : ampara@orient.lk

Anuradhapura
561/3, Maithreepala Senanayaka Mawatha,
New Town, Anuradhapura.
Tel : +94 257 225 838
Fax : +94 257 225 839
E-mail : chathura@orient.lk
E-mail : anuradhapura@orient.lk

Balangoda
80/A, Barns Rathwatta Mawatha,
Balangoda.
Tel : +94 457 679 440
Fax : +94 457 679 441
E-mail : danthikaa@bartleetfinance.com

Bandarawela
374, Badulla Road,
Bandarawela.
Tel : +94 577 670 135
Fax : +94 577 670 137
E-mail : amila@bartleetfinance.com

Batticaloa
398/1,2,3, Main Street,
Batticaloa.
Tel : +94 657 675 550
Fax : +94 657 675 551
E-mail : muhunthan@bartleetfinance.com
E-mail : batticaloa@orient.lk

Embilipitiya
77/1, Orukaragedara Watta, Pallegama,
Embilipitiya.
Tel : +94 477 670 612
Fax : +94 477 670 613
E-mail : dhanushka@bartleetfinance.com

Galle
60/B, Kaluwella Road,
Galle.
Tel : +94 917 673 312
Fax : +94 917 673 313
E-mail : thushan@orient.lk
E-mail : galle@orient.lk

Gampaha
309/B, Colombo Road,
Gampaha.
Tel : +94 337 267 732
Fax : +94 332 236 233
E-mail : gampaha@orient.lk

Hambantota
33/C, Tissa Road,
Hambantota.
Tel : +94 477 678 066
Fax : +94 477 678 067
E-mail : manjula.hb@bartleetfinance.com

Horana
254, Panadura Road,
Horana.
Tel : +94 347 671 174
Fax : +94 347 671 175
E-mail : dilankas@bartleetfinance.com

Jaffna
306/A, Hospital Road,
Jaffna.
Tel : +94 217 672 240
Fax : +94 217 672 241
E-mail : jaffna.bfp@bartleetfinance.com
E-mail : jaffna@orient.lk

Kalutara
294/A, Galle Road, Kalutara North,
Kalutara.
Tel : +94 347 388 061
Fax : +94 347 388 060
E-mail : nilanthah@orient.lk
E-mail : kalutara@orient.lk

Kandy
319, D. S. Senanayake Veediya,
Kandy.
Tel : +94 817 500 620
Fax : +94 817 500 627
E-mail : kandy@orient.lk

Kegalle
330, Main Street,
Kegalle.
Tel : +94 357 400 450
Fax : +94 357 400 454
E-mail : kegalle@orient.lk

Kochchikade
162/4, Chilaw Road,
Kochchikade.
Tel : +94 317 311 397
Fax : +94 317 311 396
E-mail : kochchikade@orient.lk

Kurunegala
9/A, Noel Seneviratne Mawatha,
Colombo Road, Kurunegala.
Tel : +94 377 389 022
Fax : +94 372 229 969
E-mail : kurunegala@orient.lk

Matara
38, Station Road,
Matara.
Tel : +94 417 415 590
Fax : +94 417 415 593
E-mail : jeewana@bartleetfinance.com
E-mail : matara@orient.lk

Negombo
32, Ave Maria Road,
Negombo.
Tel : +94 317 319 562
Fax : +94 317 319 560
E-mail : manojn@orient.lk

Panadura
51, Horana Road,
Panadura.
Tel : +94 387 674 188
Fax : +94 387 674 189
E-mail : prasannaf@bartleetfinance.com

Polonnaruwa
13/2, Hospital Junction,
Polonnaruwa.
Tel : +94 277 671 486
Fax : +94 277 671 484
E-mail : dineshk@orient.lk

Rathnapura
172, Main Street,
Rathnapura.
Tel : +94 457 623 093
Fax : +94 457 623 094
E-mail : prasannas@bartleetfinance.com

Trincomalee
251/A, Ahambaram Road,
Trincomalee.
Tel : +94 267 673 444
Fax : +94 267 673 445
E-mail : jayashankar@bartleetfinance.com

Vavuniya
52/G/5, 2nd Cross Street,
Vavuniya.
Tel : +94 247 678 585
Fax : +94 247 678 586
E-mail : anura@bartleetfinance.com
E-mail : vavuniya@orient.lk

Welisara
395, Negombo Road,
Welisara.
Tel : +94 117 628 653
Fax : +94 112 236 142
E-mail : welisara@orient.lk

Window Offices

Avissawella
29/A, Kudagama Road,
Avissawella.
Tel : +94 367 389 030
Fax : +94 367 389 033
E-mail : avissawella@orient.lk

Chilaw
54, Kurunegala Road,
Chilaw.
Tel : +94 324 934 184
E-mail : najva@orient.lk

Kilinochchi
Kandy Road (near the Old Hospital),
Kilinochchi.
Tel : +94 217 201 186
E-mail : kilinochchi@orient.lk

Nugegoda
560, High Level Road, Gangodawila,
Nugegoda.
Tel : +94 117 221 282

Puttalam
116, Kurunegala Road,
Puttalam.
Tel : +94 324 934 185
E-mail : lakshika@orient.lk

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT THE 32ND ANNUAL GENERAL MEETING OF ORIENT FINANCE PLC (FORMERLY BARTLEET FINANCE PLC) WILL BE HELD ON 24TH SEPTEMBER 2015 AT 01.30 P.M. AT THE 55/72, VAUXHALL LANE, COLOMBO-02 TO TRANSACT THE FOLLOWING BUSINESS.

1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2015 and the Report of the Auditors thereon.

2 To re-elect Mr. Anil Tittawella, who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company and being eligible offers himself for re-election as a Director.

3 To re-elect Mrs. L K Gunatilake, who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company and being eligible offers himself for re-election as a Director.

4 To re-elect Mr.Sarath Wikramanayake, who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company and being eligible offers himself for re-election as a Director.

5 To re-elect the Director appointed during the year namely Ms. Minette D A Perera who retires in terms of Article 25 (3) of the Articles of Association of the Company and being eligible offers herself for re-election.

6 To re-appoint Messrs. BDO Partners, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to determine their remuneration.

7 To authorise the Directors to determine contribution to charities for the financial year ending March 31st , 2016.

By Order of the Board

K H L Corporate Services Limited
Secretaries

24 August 2015
Colombo

Notes:

1 A member entitled to attend and vote at the above meeting is entitled to appoint a Proxy to attend and vote on behalf of him/her. A Form of Proxy is enclosed for this purpose.

2 The complete Form of Proxy must be deposit at the Registered Office of the Secretaries, K H L Corporate Services Limited of No.2, Deal Place, Colombo 03

Form of Proxy

I / We* ....
(holder of NIC No...) of ....being member/s* of the above Company
hereby appoint..of...or failing him*;

Dr. Dayanath Jayasuriya	of Colombo	whom failing
Mr. Prakash Schaffter	of Nugegoda	whom failing
Mr. Ramesh Schaffter	of Nugegoda	whom failing
Mrs. L K Gunatilake	of Wadduwa	whom failing
Mr. Anil Tittawella	of Colombo	whom failing
Mr. Sarath Wikramanayake	of Colombo	whom failing
Mr A Indrajith Fernando	of Colombo	whom failing
Ms. Minette D A Perera	of Dehiwela	

as my / our *Proxy to represent me / us* and vote for me/us on my / our behalf at the Annual General Meeting of the Company to be held on the 24th of September 2015 at 55/72, , Vauxhall Lane, Colombo-02 at 01.30 p.m. and at any adjournment thereof.

Please indicate your preference by placing a 'X' in the box of your choice against each Resolution.

		FOR	AGAINST
1	To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the statement of accounts for the year ended 31st March 2015 and the Report of the Auditors thereon.		
2	To re-elect Mr. Anil Tittawella, who retires by rotation in terms of Article 25 (7) of the Articles of Association of the Company		
3	To re-elect Mrs. L K Gunatilake, who retires by rotation in terms of Article 25 (7) of the Articles of Association of the Company		
4	To re-elect Mr. Sarath Wikramanayake, who retires by rotation in terms of Article 25 (7) of the Articles of Association of the Company		
5	To re-elect the Director appointed during the year namely Ms. Minette D A Perera who retires in terms of Article 25 (3) of the Articles of Association of the Company		
6	To re-appoint Messrs. BDO Partners, Chartered Accountants, as the auditors of the Company and to authorized the Directors to determine their remuneration.		
7	To authorise the Directors to determine contribution to charities for the financial year ending March 31st, 2016.		

In witness my / our* hand this .... day of .... Two Thousand and Fifteen

....
Signature of Shareholder/s

Note: Instructions as to completion appear on the reverse hereof.

Instructions for the completion of the form of Proxy

1. Please perfect the Form of Proxy overleaf, after filling in legibly your full name and address, by signing in the space provided and fill in the date of signature and your National Identity Card Number.

2. The completed Form of Proxy should be deposited at the Office of the Secretaries, K H L Corporate Services Limited of No.2, Deal Place, Colombo 03, 48 hours before the time appointed for the holding of the meeting.

3. If an Attorney has signed the Form of Proxy, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

4. If the Shareholder is a company or a corporate body, the Proxy should be executed under its Common Seal in accordance with its Articles of Association or Constitution.

5. If there is any doubt as to how the vote is to be exercised, by reason of the manner in which the Form of Proxy has been completed, no vote will be recorded by the Form of Proxy.

Corporate Information

Name of the Company

Orient Finance PLC *(Formerly Bartleet Finance PLC)*

Legal Form

A public limited liability company incorporated on 24th July 1981 under the Companies Act No.17 of 1982 and was re-registered in terms of the Companies Act No. 07 of 2007 on 27th July 2009.

The Company is registered under the Finance Leasing Act No. 56 of 2000 and Finance Business Act No. 42 of 2011.

Company Registration Number

PB 1079 PQ (previous PVS/PBS 7651)

Tax Payer Identification Number

104076513

Board of Directors

Dr. D.C. Jayasuriya PC - Chairman

Mr. Prakash Schaffter

Mr. Ramesh Schaffter

Mrs. Lakshmi K. Gunatilake

Mr. D. Sarath P. Wikramanayake

Mr. Ananda W. Atukorala

Mr. K. M. A. T. B. Tittawella

Mr. A. I. Fernando

Ms. Minette D. A. Perera*

** Appointed w.e.f 29/04/2015*

Stock Exchange Listing

The Debentures of the Company are listed on the Main Board of the Colombo Stock Exchange of Sri Lanka.

Registered Office

No. 02, Deal Place,
Colombo 03.
Tel : +94 112 639 878
Fax : +94 112 639 868

Head Office

No. 18, Sri Sangaraja Mawatha,
Colombo 10.
Tel : +94 117 577 577
Fax : +94 117 577 551
Web : www.orientfinance.lk
E-mail : orientfinance@orient.lk

Company Secretary

KHL Corporate Services Ltd.
No. 02, Deal Place,
Colombo 03.
Tel: +94 112 639 878
Fax: +94 112 639 868

External Auditors

BDO Partners,
Chartered Accountants,
"Charter House", 65/2,
Sir Chittampalam A Gardiner Mawatha,
Colombo 02.
Tel : +94 112 421 878
Fax : +94 112 336 064

Internal Auditors

Ernst and Young,
201, De Saram Place,
Colombo 10.
Tel : +94 112 463 500
Fax : +94 112 697 369

Bankers

Seylan Bank PLC

Commercial Bank of Ceylon PLC

Deutsche Bank AG

Credit Rating Agency

Lanka Rating Agency Ltd,
No 11, Melbourne Avenue,
Colombo 04.
Tel : +94 112 553 089
Fax : +94 112 553 090

Accounting Year End

31st March

Designed & produced by
emagewise
Digital Plates & Printing by Softwave Printing and Publishing (Pvt) Ltd
Photography by Fotocube and Taprobane Street

Orient
Finance

www.orientfinance.lk