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08<sup>th</sup> October 2015  
The Board of Directors  
Orient Finance PLC  
No.18, Sri Sangaraja Mawatha,  
Colombo 10  
Sri Lanka

Dear Sirs/Madam,

## **ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF ORIENT FINANCE PLC**

This report has been prepared for the inclusion in the Prospectus issued in connection with the issuance of 71,500,00 Ordinary shares at the issue price of LKR 15/- each to raise Sri Lankan Rupee 1,072,500,000.

We have examined the financial statements of Orient Finance PLC from the year ended 31 March 2011 to 31 March 2015, included in the prospectus and report as follows.

### **1. INCORPORATION**

Orient Finance PLC ("Company") is a public limited liability Company incorporated on 28 April 2003 under the provisions of the Companies Act No. 17 of 1982 and domiciled in Sri Lanka. As per section 487 (2) of the Companies Act No 07 of 2007 the Company has been re-registered bearing registration No. PB 75/PQ.

### **2. FINANCIAL STATEMENTS OF THE COMPANY**

#### **2.1 Five Years Summary of Financial Statements**

A summary of the Statements of the Comprehensive Income and Statements of Financial Position of the Company for the financial years ended 31<sup>st</sup> March 2011 to 31<sup>st</sup> March 2015, based on the audited financial statements of the Company are set out in the appendix one to this report.

#### **2.2 Audited Financial Statements for the year ended 31<sup>st</sup> March 2015**

Audit report on the financial statements for the year ended 31 March 2015 together with the financial statements comprising the Statement of Financial Position and Statement of profit or loss and other comprehensive Income, Statements of Changes in Equity and Statement of Cash Flows along with the Accounting Policies and Notes thereon, is available on the websites of CSE, [www.cse.lk](http://www.cse.lk).



### 2.3 Audit Reports

We have audited the financial statements of the Company for the years ended 31<sup>st</sup> March 2011 to 31<sup>st</sup> March 2015. Unqualified audit opinions have been issued for the said financial years.

### 2.4 Application of Accounting Standards and Accounting Policies

The financial statements of the Company for the years ended 31<sup>st</sup> March 2011 to 31<sup>st</sup> March 2015 complied with applicable Sri Lanka Accounting Standards.

The accounting policies of the Company are stated in detail in the audited financial statements of Orient Finance PLC for the year ended 31<sup>st</sup> March 2015. The adoption of revised/ new accounting standards and any changes to the accounting policies of the Company since 31<sup>st</sup> March 2011 to 31<sup>st</sup> March 2015 are given below.

| Financial Year              | Adoption of revised/ new accounting standards, changes to accounting policies   |
|-----------------------------|---|
| 31 <sup>st</sup> March 2011 | There were no material changes.   |
| 31 <sup>st</sup> March 2012 | There were no material changes.   |
| 31 <sup>st</sup> March 2013 | Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards (IFRS's) all existing /new Sri Lanka Accounting standards were prefixed as SLFRS and LKAS (referred to as "SLFRS" in these Financial Statements) to represent Sri Lanka Accounting Standards corresponding to International Accounting Standards (IAS's), respectively. Accordingly the company adopted these new Sri Lanka Accounting Standards (which are commonly known as SLFRS's) applicable for financial periods commencing from April 1, 2012. |
| 31 <sup>st</sup> March 2014 | There were no material changes  |
| 31 <sup>st</sup> March 2015 | There were no material changes.   |

### 2.5. Dividends

The Company has declared the following dividends in respect of Ordinary Shares during the five financial years ended up to 31<sup>st</sup> March 2015.

| Financial Year | Dividend Paid (Rs.) | Dividend Per Share(Rs.) |
|----------------|---------------------|-------------------------|
| 2011           | -                   | -                       |
| 2012           | 4,625,000           | 0.10                    |
| 2013           | 17,343,750          | 0.15                    |
| 2014           | 23,125,000          | 0.20                    |
| 2015           | 11,562,500          | 0.10                    |



## 2.6. Events after the Reporting period

Board of directors of Bartleet Finance PLC (BFP) and Orient Finance PLC (OFP) have decided, after due consideration, that it would be in the best interest of both Companies, their shareholders and other stakeholders to amalgamate the OFP and BFP which are subsidiaries of Janashakthi PLC in terms of part VIII of section 239 of Companies act No. 07 of 2007. Company has obtained the shareholders approval for the said matter at the Extraordinary General Meeting held on 25th June 2015.

Further BFP shall be the surviving entity upon the completion of the amalgamation and continue its activities as a single legal entity which is a licensed finance Company. The amalgamation shall be effective from the date as may be approved by the Register General of companies.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'K. M. M.' or similar, written over a faint horizontal line.

**Chartered Accountants**  
Colombo  
UK/HA



ORIENT FINANCE PLC  
INCOME STATEMENT

Appendix One

|  | Company  |                      |                    |                    |                         |
|--|--|----------------------|--------------------|--------------------|-------------------------|
|  | Based on the financial statements prepared under SLFRS |                      |                    |                    |                         |
| For The Year Ended 31 March,   | 2015<br>Rs.  | 2014<br>Rs.          | 2013<br>Rs.        | 2012<br>Rs.        | 2011<br>Rs.<br>Restated |
| <b>Income</b>  | <b>1,229,523,857</b>                                   | <b>1,076,075,447</b> | <b>836,361,413</b> | <b>523,225,353</b> | <b>334,622,314</b>      |
| Interest Income  | 1,121,810,806  | 992,642,060          | 738,462,412        | 432,323,729        | 295,692,939             |
| Interest Expense   | (500,466,241)  | (486,904,757)        | (349,902,881)      | (140,496,374)      | (128,398,098)           |
| Net Interest Income  | 621,344,565  | 505,737,303          | 388,559,531        | 291,827,355        | 167,294,841             |
| Other Income   | 107,713,051  | 83,433,387           | 97,899,001         | 90,901,624         | 38,929,375              |
| Operating Income   | 729,057,616  | 589,170,690          | 486,458,532        | 382,728,979        | 206,224,216             |
| Provision for Impairment   | (252,233,047)  | (146,371,239)        | (31,080,034)       | 6,814,884          | 11,217,498              |
| <b>Net Operating Income</b>  | <b>476,824,569</b>                                     | <b>442,799,451</b>   | <b>455,378,498</b> | <b>389,543,863</b> | <b>217,441,714</b>      |
| Operating Expenses   |  |                      |                    |                    |                         |
| Personnel Expenses   | (203,167,074)  | (166,913,542)        | (117,670,931)      | (86,887,925)       | (67,723,181)            |
| Premises, Equipment & Establishment Expenses                                       | (61,562,074)   | (49,913,211)         | (40,574,811)       | (29,884,560)       | (26,227,482)            |
| Other Overhead Expenses  | (128,835,740)  | (115,966,957)        | (89,670,067)       | (62,247,008)       | (47,185,449)            |
| (Provision)/Reversal of for Doubtful Receivable                                    |  |                      |                    |                    |                         |
| Operating Profit Before Value Added Tax & NBT                                      | 83,259,681   | 110,005,741          | 207,462,689        | 210,524,370        | 76,305,602              |
| Value Added Tax on Financial Services, NBT   | (16,987,146)   | (12,660,189)         | (9,498,334)        | (9,369,751)        | (13,033,081)            |
| Profit Before Income Tax   | 66,272,535   | 97,345,552           | 197,964,355        | 201,154,619        | 63,272,521              |
| Income Tax Expense   | (16,742,315)   | (18,787,962)         | (29,105,758)       | (66,570,511)       | 8,664,567               |
| Profit for the Year  | 49,530,220   | 78,557,590           | 168,858,597        | 134,584,108        | 71,937,088              |
| <b>Other Comprehensive Income</b>  |  |                      |                    |                    |                         |
| Increase of Fair Value of Available for Sale Financial Assets During the Year      | 3,255,611  | 2,932,005            | 2,234,291          | -                  | -                       |
| Net change in fair value of AFS Financial Assets re-classified to income statement | (6,255,473)  | (2,172,140)          | -                  | -                  | -                       |
| Actuarial Gain/ (Loss) on retirement benefit plan                                  | (1,562,990)  | (36,965)             | (285,941)          | 1,916,954          | -                       |
| Tax on Other Comprehensive Income  | -  | 10,350               | -                  | -                  | -                       |
| Other Comprehensive Income for the year - Net of tax                               | (4,562,852)  | 733,250              | 1,948,350          | 1,916,954          | -                       |
| Total Comprehensive Income for the Year  | 44,967,368   | 79,290,840           | 170,806,947        | 136,501,062        | -                       |



ORIENT FINANCE PLC  
STATEMENT OF FINANCIAL POSITION

Appendix One

|  | Company  |                      |                      |                      |                        |
|--|--|----------------------|----------------------|----------------------|------------------------|
|  | Based on the financial statements prepared under SLFRS |                      |                      |                      |                        |
| As At 31 March,                        | 2015<br>Rs.  | 2014<br>Rs.          | 2013<br>Rs.          | 2012<br>Rs.          | 2011<br>Rs<br>Restated |
| <b>ASSETS</b>                          |  |                      |                      |                      |                        |
| Cash and Cash Equivalent               | 51,903,139   | 38,064,778           | 26,422,955           | 10,288,418           | 5,914,126              |
| Available for Sale Financial Assets    | 224,841,423  | 81,334,729           | 18,913,166           | -                    | -                      |
| Loans and Receivables from Customers   | 6,100,885,468  | 4,489,266,526        | 3,385,691,526        | 2,278,146,315        | 1,099,740,779          |
| Investment Securities                  | 498,338,899  | 127,936,968          | 32,324,505           | 70,632,761           | -                      |
| Income Tax Recoverable                 | -  | 3,885,521            | -                    | -                    | -                      |
| Trade and Other Receivable             | 131,033,839  | 61,071,342           | 75,650,519           | 91,241,166           | 60,792,315             |
| Other Equity Investments - CRIB Shares | 30,600   | 30,600               | 30,600               | 30,600               | 30,600                 |
| Deferred Tax Asset                     | 43,793,854   | 43,793,854           | 49,912,413           | 57,245,879           | 102,310,936            |
| Non Current Assets Held For Sale       | 10,000,000   | 10,000,000           | 10,000,000           | -                    | -                      |
| Intangible Assets                      | 1,142,658  | 1,767,658            | 3,501,091            | 3,406,480            | 5,109,720              |
| Property, Plant and Equipment          | 32,722,330   | 46,266,537           | 47,631,801           | 23,033,314           | 12,910,380             |
| <b>Total Assets</b>                    | <b>7,094,692,210</b>                                   | <b>4,903,418,513</b> | <b>3,650,078,576</b> | <b>2,534,024,933</b> | <b>1,286,808,856</b>   |
| <b>LIABILITIES</b>                     |  |                      |                      |                      |                        |
| Bank Overdrafts                        | 143,864,608  | 71,085,989           | 416,280,627          | 303,078,307          | 233,619,207            |
| Deposits from Customers                | 2,579,728,116  | 1,473,271,543        | 316,400,867          | -                    | -                      |
| Interest Bearing Borrowings            | 1,963,714,872  | 2,285,675,362        | 1,934,035,981        | 1,382,956,388        | 584,403,925            |
| Current Tax Payable                    | 1,023,595,482  | -                    | 21,505,793           | 4,593,142            | 13,817,699             |
| Related Party Payable                  | 12,211,564   | -                    | -                    | 499,980              | 49,732                 |
| Trade and Other Payable                | 465,916,361  | 203,665,471          | 150,096,763          | 185,750,135          | 141,443,582            |
| Non Interest Bearing Security Deposits | 2,812,689  | 3,547,480            | 2,712,063            | 2,040,403            | 11,487,883             |
| Retirement Benefit Obligations         | 10,752,499   | 7,481,517            | 6,521,171            | 6,044,464            | 7,300,796              |
| <b>Total Liabilities</b>               | <b>6,202,596,191</b>                                   | <b>4,044,727,362</b> | <b>2,847,553,265</b> | <b>1,884,962,819</b> | <b>992,122,824</b>     |
| <b>EQUITY</b>                          |  |                      |                      |                      |                        |
| Stated Capital                         | 500,000,000  | 500,000,000          | 500,000,000          | 500,000,000          | 277,499,980            |
| Reserve Fund                           | 28,414,455   | 25,937,944           | 22,010,064           | 13,567,134           | 6,742,081              |
| Investment Fund                        | -  | 27,795,752           | 20,772,000           | 11,294,000           | -                      |
| Available for sale Fair Value Reserve  | (5,706)  | 2,994,156            | 2,234,291            | -                    | -                      |
| Retained Earnings                      | 363,687,270  | 301,963,299          | 257,508,956          | 124,200,980          | 10,443,971             |
| <b>Total Equity</b>                    | <b>892,096,019</b>                                     | <b>858,691,151</b>   | <b>802,525,311</b>   | <b>649,062,114</b>   | <b>294,686,032</b>     |
| <b>Total Equity and Liabilities</b>    | <b>7,094,692,210</b>                                   | <b>4,903,418,513</b> | <b>3,650,078,576</b> | <b>2,534,024,933</b> | <b>1,286,808,856</b>   |