



LANKA ORIX FINANCE PLC
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
31ST DECEMBER 2013

LANKA ORIX FINANCE PLC
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31ST DECEMBER 2013

CONTENTS	Page
1. Statement of Financial Position	1
2. Statement of Comprehensive Income	2
3. Statement of Changes in Equity	3
4. Statement of Cashflows	4
5. Notes to the Interim Financial Statements	5
6. Segment Information	6
7. Statement of Directors' Holding and Chief Executive Officer's holding in Shares of the Entity	7
8. Top 20 Shareholders	8

Lanka ORIX Finance PLC

Statement of Financial Position

As at 31st December 2013

	As at 31.12.2013 (Unaudited) Rs. '000	As at 31.03.2013 (Audited) Rs. '000
ASSETS		
Cash and bank balances	2,550,662	3,061,190
Short-term investments	750,000	-
Deposits with banks and other financial institutions	456,945	414,634
Investment in government securities	5,232,645	3,378,980
Derivative assets	2,650	1,936
Investments in shares	7,843	7,143
Rentals receivable on leased assets	11,356,240	11,452,172
Hire purchases, loans and advances	29,032,921	25,547,021
Factoring receivable	3,279,525	3,198,685
Advances for margin trading	110,127	-
Amount due from related companies	135,890	75,649
Other receivables	1,457,632	357,943
Real estate stock	2,598	2,598
Inventories	37,220	-
Investment property	155,845	71,500
Property, plant and equipment	51,806	-
Total assets	54,620,552	47,569,453
LIABILITIES		
Bank overdraft	1,055,327	2,201,599
Interest bearing borrowings	5,907,049	5,981,573
Deposits from customers	38,966,778	32,069,049
Trade payables	471,980	434,517
Accruals and other payables	529,389	685,456
Derivative liabilities	55,146	40,097
Amount due to related companies	633,137	135,056
Current tax payable	321,162	178,418
Deferred tax liability	415,508	415,508
Retirement benefit obligations	3,748	4,550
Total liabilities	48,359,223	42,145,823
EQUITY		
Stated capital	2,000,000	2,000,000
Statutory reserve	679,438	679,438
Investment fund reserve	376,347	287,762
AFS reserve	73,852	(2,117)
Retained earnings	3,131,693	2,458,547
Total equity	6,261,329	5,423,630
Total liabilities and equity	54,620,552	47,569,453
Net assets per share (Rs.)	2.24	1.94

Certification :

These financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.

.....
(Mrs.) S.S.Kotakadeniya
CFO - LOLC Group

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Board

Sgd.

.....
W.D.K. Jayawardena - Chairman

Sgd.

.....
B.C.G. de Zylva - Managing Director

13th February 2014
Rajagiriya (Greater Colombo)

Lanka ORIX Finance PLC

Statement of Comprehensive Income

For the nine months ended 31st December 2013

	For the nine months ended			For the quarter ended		
	31.12.2013	31.12.2012	Variance	31.12.2013	31.12.2012	Variance
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	Rs '000	Rs '000	%	Rs '000	Rs '000	%
Interest income	7,722,552	5,709,427	35	2,573,975	1,973,439	30
Interest expenses	(4,727,996)	(3,488,737)	36	(1,664,718)	(1,357,683)	23
Net interest income	2,994,556	2,220,691	35	909,257	615,756	48
Other operating income	655,893	295,129	122	298,111	131,024	128
Total income	3,650,449	2,515,820	45	1,207,367	746,780	62
Operating expenses						
Direct expenses excluding interest cost	(69,057)	(55,537)	24	(27,468)	(17,107)	61
(Provision)/reversal on doubtful debts & write-offs	(1,084,573)	(247,199)	339	(357,288)	(189,476)	89
Personnel expenses	(466,296)	(428,231)	9	(157,898)	(129,896)	22
General & administration expenses	(876,228)	(750,318)	17	(313,073)	(261,839)	20
Profit from operations	1,154,296	1,034,535	12	351,640	148,463	137
Value added tax on financial services	(96,337)	(120,248)	(20)	(52,909)	(48,420)	9
Profit before income tax expense	1,057,958	914,287	16	298,731	100,043	199
Income tax expense	(296,228)	(248,467)	19	(68,460)	(37,277)	84
Profit for the period	761,730	665,820	14	230,271	62,766	267
Other comprehensive income						
Change in fair value of available for sale investments	67,419	5,938		91,562	16,739	
Reclassification of gains on disposal of AFS investments	8,549	-		8,549	-	
Total comprehensive income	837,699	671,758		330,383	79,504	
Basic earnings per share (Rs.)	0.27	0.24		0.08	0.02	

Figures in brackets indicate deductions.

Lanka ORIX Finance PLC

Statement of Changes in Equity

For the nine months ended 31st December 2013

	Stated Capital	Statutory Reserve	Investment Fund Reserve	AFS Reserve	Retained Earnings	Total Equity
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at 1st April 2012	2,000,000	542,182	157,146	(12,126)	2,040,144	4,727,346
Profit for the period	-	-	-	-	665,820	665,820
Total other comprehensive income	-	-	-	5,938	-	5,938
Transfers during the period	-	-	106,973	-	(106,973)	-
Balance as at 31st December 2012	2,000,000	542,182	264,119	(6,188)	2,598,991	5,399,103
Profit for the period	-	-	-	-	20,460	20,460
Total other comprehensive income	-	-	-	4,071	(5)	4,067
Transfers during the period	-	137,256	23,643	-	(160,899)	-
Balance as at 31st March 2013	2,000,000	679,438	287,762	(2,117)	2,458,547	5,423,630
Profit for the period	-	-	-	-	761,730	761,730
Total other comprehensive income	-	-	-	75,969	-	75,969
Transfers during the period	-	-	88,585	-	(88,585)	-
Balance as at 31st December 2013	2,000,000	679,438	376,347	73,852	3,131,693	6,261,329

Lanka ORIX Finance PLC

STATEMENT OF CASH FLOWS

For the nine months ended 31st December 2013

	2013 Rs.	2012 Rs.
Cash flows from / (used in) operating activities		
Profit before income tax expense	1,057,958	914,287
Adjustments for:		-
Depreciation	2,160	
Change in fair value of derivatives - forward contracts	14,336	211,768
Provision for fall / (increase) in value of investments	(700)	(1,143)
Allowance for doubtful debts	86,627	247,199
Investment income	(451,884)	(239,940)
Finance costs	4,717,099	3,482,236
Operating profit/(loss) before working capital changes	5,425,596	4,614,405
Change in other receivables	(1,186,317)	57,808
Change in inventories	(37,220)	7,033
Change in real estate stocks	(84,345)	-
Change in trade and other payables	(29,761)	589,392
Change in amounts due to/ due from related parties	446,892	(505,263)
Change in lease receivables	78,120	101,046
Change in hire purchase, loans and advances	(3,864,302)	(1,605,257)
Change in factoring receivables	271,445	-
Change in Margin Trading Advances	(110,127)	
Change in fixed deposits from customers	6,622,613	5,250,839
Change in savings deposits from customers	160,934	(1,715,456)
Cash generated from operations	7,693,527	6,794,548
Finance cost paid on deposits	(3,788,459)	(2,675,096)
Gratuity paid	(803)	(345)
Income tax paid	(153,485)	(152,618)
Net cash from/(used in) operating activities	3,750,781	3,966,490
Cash flows from / (used in) investing activities		
Acquisition of property, plant & equipment	(53,966)	-
Net proceeds from investments in term deposits	(792,311)	(903,543)
Net proceeds from investments in treasury bonds	(1,777,696)	(1,995,645)
Interest received	451,884	239,940
Net cash flows from/(used in) investing activities	(2,172,089)	(2,659,248)
Cash flows from / (used in) financing activities		
Net proceeds from interest bearing loans & borrowings	(91,314)	1,127,459
Lease rentals paid - capital repayment	(13,150)	-
Finance cost paid on bank loans and over draft	(838,484)	(637,906)
Net cash flows from / (used in) financing activities	(942,948)	489,553
Net increase / (decrease) in cash and cash equivalents	635,744	1,796,795
Cash and cash equivalents at the beginning of the year	859,591	1,111,676
Cash and cash equivalents at the end of the year	1,495,336	2,908,472
Analysis of cash and cash equivalents at the end of the year		
Cash and bank balances	2,550,662	4,477,074
Bank overdraft	(1,055,327)	(1,568,602)
	1,495,336	2,908,472

Notes to the Interim Financial Statements For the nine months ended 31st December 2013

1. General

- These interim financial statements have been prepared in accordance with LKAS 34 Interim Financial Reporting and do not include all of the information required for a full set of financial statements.

- The requirements of the Colombo Stock Exchange and the Companies Act No.7 of 2007 has also been considered in preparing these financial statements

- The information for the preparation of these interim financial statements has been drawn up from the unaudited financial records of the Company.

- Accounting policies and methods of computation as stated in the Annual report for the year 2012/13 are followed in the preparation of these Interim Financial Statements

2. Stated Capital

The Stated Capital of the Company is represented by 2,800,000,000 ordinary shares

3. Provision for management expenditure

All expenses related to management expenditure is fully provided for in these Interim Financial Statements.

4. Share information

Market prices of ordinary shares recorded during the quarter ended 31st December 2013 is as follows

	Rs
Market price as at 31st December 2013	2.80
Highest Price	3.20
Lowest Price	2.70

5. Contingent liabilities

There are no significant changes in the nature of the contingent liabilities disclosed in the Annual report for the year ended 31 March 2013.

6. Comparative information

Comparative information has been reclassified and restated to conform to the current period presentation.

7. Events after reporting date

There have been no material events occurring after the reporting date that require adjustment to or disclosure in these Financial Statements.

Lanka ORIX Finance PLC

Segment Information

For the nine months ended 31st December 2013

Operating Segment

	Leasing Rs '000	Hire Purchase Rs '000	Loans Rs '000	Treasury Rs '000	Others Rs '000	Total Rs '000
For the period ended 31st December 2013						
Total revenue	2,165,341	316,741	5,422,763	443,710	29,890	8,378,445
Inter segmental revenue	-	-	-	-	-	-
External revenue	2,165,341	316,741	5,422,763	443,710	29,890	8,378,445
Net interest cost	(1,221,912)	(178,739)	(3,060,091)	(250,387)	(16,867)	(4,727,996)
Profit before operating expenses	943,429	138,003	2,362,672	193,322	13,023	3,650,449
Operating expenses	(879,511)	(84,793)	(1,452,058)	(74,755)	(5,036)	(2,496,153)
Value added tax on financial services	-	(5,318)	(91,019)	-	-	(96,337)
Results from operating activities	63,918	47,891	819,595	118,567	7,987	1,057,958
For the period ended 31st December 2012						
Total revenue	1,840,571	367,635	3,459,700	319,694	16,956	6,004,556
Inter segmental revenue	-	-	-	-	-	-
External revenue	1,840,571	367,635	3,459,700	319,694	16,956	6,004,556
Net interest cost	(1,069,399)	(213,602)	(2,010,137)	(185,747)	(9,852)	(3,488,737)
Profit before operating expenses	771,172	154,034	1,449,563	133,947	7,104	2,515,820
Operating expenses	(404,701)	(107,387)	(900,007)	(65,705)	(3,485)	(1,481,285)
Value added tax on financial services	-	(9,408)	(110,840)	-	-	(120,248)
Results from operating activities	366,471	37,239	438,716	68,242	3,619	914,287
For the period ended 31st December 2013						
Provision for / (reversal of provision for) doubtful debts and bad debts written off	514,699	31,429	538,444	-	-	1,084,573
As at 31-12-2013						
Total assets	11,356,240	671,704	31,750,870	6,450,083	4,391,655	54,620,552
Total liabilities	11,064,832	654,467	29,587,228	6,087,555	965,140	48,359,223
As at 31-03-2013						
Total assets	11,452,172	1,347,975	27,407,413	3,802,693	3,559,199	47,569,453
Total liabilities	10,898,269	1,282,778	25,151,429	3,641,634	1,171,712	42,145,823

Lanka ORIX Finance PLC

Interim Financial Statements

Statement of Directors' Holding and Chief Executive Officer's holding in Shares of the Entity

As at 31st December 2013

Directors Name	No. of shares	%
Mr. W. D. K. Jayawardena <i>Chairman</i>	Nil	Nil
Mr. I. C. Nanayakkara <i>Deputy Chairman</i>	Nil	Nil
Mr. B. C. G De Zylva <i>Managing Director / CEO</i>	Nil	Nil
Mrs. K. U. Amarasinghe	Nil	Nil
Mrs. D.P Pieris	1,000,000	0.04
Mr. R.K.S.S Chandra	Nil	Nil
Dr. L. J. S.H. Cabral	Nil	Nil

Lanka ORIX Finance PLC

Interim Financial Statements

Top 20 Shareholders

As at 31st December 2013

	Shareholder	No. of Shares	% of Issued Capital
1	Lanka Orix Leasing Company PLC	2,520,000,000	90.00
2	Saakya Capital (Pvt) Ltd	84,387,834	3.01
3	Satya Capital (Pvt) Ltd	52,000,000	1.86
4	India Focus Cardinal Fund	43,657,400	1.56
5	Infinity Capital (Pvt) Ltd	38,286,086	1.37
6	National Savings Bank	4,550,000	0.16
7	S.V.Somasunderam	3,000,000	0.11
8	K L Udayananda	1,750,651	0.06
9	A.R.Wickramanayake	1,688,500	0.06
10	DPMC Assetline Holdings (Pvt) LTD Account No 2	1,413,824	0.05
11	M.J.T.Wass	1,232,802	0.04
12	A.Nissanka	1,100,000	0.04
13	Mirabaud & CIE	1,000,000	0.04
14	P.M.M.Pieris	1,000,000	0.04
15	D.P.Pieris	1,000,000	0.04
16	W A S P De Saram	773,524	0.03
17	HSBC Intl Nominees Ltd-Credit Suisse AG Zurich	718,000	0.03
18	E.S.P.Selvarajah	600,000	0.02
19	Springcare Holdings (Private) Limited	600,000	0.02
20	K.P.Ariyaratne	600,000	0.02
	Total shares held by Top 20 Shareholders	2,759,358,621	98.5

The Public Shareholding as at 31st December 2013 was 10.00%