



LANKA ORIX FINANCE PLC
INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2015

LANKA ORIX FINANCE PLC
INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2015

CONTENTS	Page
1. Statement of Financial Position	1
2. Statement of Profit or Loss and Other Comprehensive Income	2
3. Statement of Changes in Equity	3
4. Statement of Cash flows	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 March 2015

	As at 31.03.2015	As at 31.03.2014
	(Unaudited)	(Audited)
	Rs. '000	Rs. '000
ASSETS		
Cash and Cash Equivalents	2,975,305	3,236,380
Deposits with banks and other financial institutions	761,095	466,476
Investment in government securities	5,900,718	4,936,822
Derivative assets	2,740	13,572
Rentals receivable on leased assets	13,150,376	10,836,503
Hire purchases, loans and advances	36,647,329	28,828,435
Factoring receivable	6,200,202	3,279,931
Margin trading receivables	293,712	123,408
Other receivables	639,352	1,418,033
Investments in shares	8,843	9,043
Amount due from related companies	2,883	5,930
Inventories	-	12,080
Investment properties	1,142,800	215,173
Property plant and equipment	136,545	50,143
Total assets	67,861,900	53,431,929
LIABILITIES		
Bank overdraft	2,333,062	1,136,163
Interest bearing borrowings	11,040,028	823,838
Deposits from customers	41,309,960	42,617,800
Trade payables	645,905	328,986
Accruals and other payables	822,441	494,314
Derivative liabilities	57,515	8,104
Amount due to related companies	2,453,097	649,310
Current tax payable	434,426	282,718
Deferred tax liability	761,420	548,718
Employee benefits	10,450	8,008
Total liabilities	59,868,304	46,897,960
EQUITY		
Stated capital	2,000,000	2,000,000
Statutory reserve	1,176,214	879,497
Investment fund reserve	-	391,850
Available for sale investment reserve	86,037	109,793
Retained earnings	4,731,345	3,152,829
Total equity	7,993,596	6,533,970
Total liabilities and equity	67,861,900	53,431,929
Net assets per share (Rs.)	2.85	2.33

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

22nd May 2015
Rajagiriya (Greater Colombo)

Lanka ORIX Finance PLC

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March 2015

	For the year ended			For the quarter ended		
	31.03.2015	31.03.2014	Variance	31.03.2015	31.03.2014	Variance
	(Unaudited)	(Audited)		(Unaudited)	(Audited)	
	Rs '000	Rs '000	%	Rs '000	Rs '000	%
Interest income	10,871,227	10,515,811	3%	2,864,574	2,793,260	3%
Interest Expense	(4,978,312)	(6,125,280)	-19%	(1,134,041)	(1,397,285)	-19%
Net interest income	5,892,915	4,390,531	34%	1,730,533	1,395,975	24%
Other Operating Income/ Expenses	1,269,831	971,589	31%	522,636	315,696	66%
Total income	7,162,746	5,362,120	34%	2,253,169	1,711,671	32%
Operating expenses						
Direct expenses excluding interest cost	(428,892)	(297,539)	44%	(309,534)	(228,482)	35%
(Provision)/reversal on doubtful debts & write-offs	(1,497,302)	(1,371,346)	9%	(474,963)	(286,773)	66%
Personnel expenses	(897,364)	(687,106)	31%	(296,378)	(220,810)	34%
Depreciation	(12,166)	(3,823)	218%	(3,976)	(3,823)	4%
General & administration expenses	(1,860,447)	(1,390,608)	34%	(635,951)	(514,380)	24%
Profit from operations	2,466,575	1,611,698	53%	532,366	457,402	16%
Value added tax on financial services	(240,226)	(169,274)	42%	(52,183)	(72,937)	-28%
Profit before income tax expense	2,226,349	1,442,423	54%	480,184	384,465	25%
Income tax expense	(742,767)	(442,124)	68%	(184,907)	(145,896)	27%
Profit for the period	1,483,582	1,000,299	48%	295,277	238,569	24%
Other comprehensive income						
Change in fair value of available for sale investments	(23,756)	113,726	-121%	(80,920)	46,306	-275%
Actuarial losses on defined benefit plan	(278)	(2,999)	-91%	(278)	(2,999)	-91%
Net amount transferred to profit or loss (available-for-sale financial assets)	-	(1,816)	-100%	-	(10,365)	-100%
Income Tax on Other Comprehensive Income	78	1,130	-93%	-	1,130	-100%
Total comprehensive income	1,459,626	1,110,340	31%	214,078	272,641	
Basic earnings per share (Rs.)	0.53	0.36		0.11	0.09	

Figures in brackets indicate deductions.

Lanka ORIX Finance PLC

Statement of Changes in Equity

For the year ended 31st March 2015

	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 2013	2,000,000	679,438	287,762	(2,117)	2,458,547	5,423,630
Total comprehensive income for the year						
Profit for the period	-	-	-	-	1,000,299	1,000,299
Other Comprehensive Income, net of income tax						
Change in fair value of available for sale investments	-	-	-	111,910	-	111,910
Remeasurements of defined benefit liability - gain / (loss)					(1,869)	(1,869)
Total comprehensive income for the period	-	-	-	111,910	998,430	1,110,340
Transactions recorded directly in equity						
Transfer to investment fund account	-	-	104,088	-	(104,088)	-
Transfer to statutory reserve fund	-	200,060	-	-	(200,060)	-
Total transactions recorded directly in equity	-	200,060	104,088	-	(304,148)	-
Balance as at 31st March 2014	2,000,000	879,497	391,850	109,793	3,152,829	6,533,970
Total comprehensive income for the year						
Profit for the period	-	-	-	-	1,483,582	1,483,582
Other Comprehensive Income, net of income tax						
Change in fair value of available for sale investments	-	-	-	(23,756)	-	(23,756)
Remeasurements of defined benefit liability - gain / (loss)					(200)	(200)
Total comprehensive income for the period	-	-	-	(23,756)	1,483,382	1,459,626
Transactions recorded directly in equity						
Transfer to investment fund reserve	-	-	32,936	-	(32,936)	-
Transfer from investment fund reserve			(424,786)		424,786	-
Transfer to Statutory Reserve Fund		296,716			(296,716)	-
Total transactions recorded directly in equity	-	296,716	(391,850)	-	95,134	-
Balance as at 31st March 2015	2,000,000	1,176,214	-	86,037	4,731,345	7,993,596

Lanka ORIX Finance PLC

STATEMENT OF CASH FLOWS

For the year ended 31st March 2015

	2015 Rs'000	2014 Rs'000
Cash flows from / (used in) operating activities		
Profit before income tax expense	2,226,349	1,442,423
Adjustments for:		
Depreciation	12,166	3,823
Change in fair value of derivatives - forward contracts	60,242	(43,628)
Provision for fall / (increase) in value of investments	200	(1,900)
Allowance for / (reversal of) doubtful debts	631,169	199,082
Other provisions	16,017	67,378
Change in fair value of investment property	(139,965)	(58,361)
Provision for defined benefit plans	3,126	1,985
Investment income	(611,873)	(637,270)
Finance costs	4,978,312	6,125,280
Operating profit / (loss) before working capital changes	7,175,743	7,098,813
Change in other receivables	92,624	(108,622)
Change in inventories	12,080	(12,080)
Change in real estate stocks	-	2,598
Change in trade and other payables	629,028	(364,051)
Change in amounts due to/ due from related parties	1,806,834	583,974
Change in lease receivables	(1,933,503)	(470,507)
Change in hire purchase, loans and advances	(8,699,283)	(3,741,113)
Change in factoring receivables	(2,955,426)	270,221
Change in margin trading advances	(32,688)	(110,896)
Change in fixed deposits from customers	(1,592,807)	9,895,049
Change in savings deposits from customers	61,343	372,420
Cash generated from operations	(5,436,055)	13,415,807
Finance cost paid on deposits	(4,269,029)	(4,903,855)
Gratuity paid	(962)	(1,526)
Income tax paid	(378,279)	(203,485)
Net cash from / (used in) operating activities	(10,084,325)	8,306,941
Cash flows from / (used in) investing activities		
Acquisition of property, plant & equipment and investment properties	-	(53,966)
Net proceeds from investments in term deposits	(294,619)	(51,843)
Net proceeds from investments in government securities	(987,652)	(1,445,932)
Interest received	611,873	637,270
Net cash flows from / (used in) investing activities	(670,397)	(914,471)
Cash flows from / (used in) financing activities		
Net proceeds from interest bearing loans & borrowings	4,756,448	(5,134,816)
Proceeds from issue of debentures	5,000,000	-
Lease rentals paid	(60,381)	(18,678)
Finance cost paid on borrowings	(399,319)	(998,350)
Net cash flows from / (used in) financing activities	9,296,749	(6,151,845)
Net increase / (decrease) in cash and cash equivalents	(1,457,974)	1,240,625
Cash and cash equivalents at the beginning of the year	2,100,217	859,591
Cash and cash equivalents at the end of the year	642,243	2,100,217
Analysis of cash and cash equivalents at the end of the year		
Cash and bank balances	2,975,305	3,236,380
Bank overdraft	(2,333,062)	(1,136,163)
	642,243	2,100,217

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 have 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 2013/14 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 are fully provided for in these Interim Financial Statements.

4. Share information

Market prices of ordinary shares recorded during the quarter ended 31st March 2015 are as follows

	Rs
Market price as at 31st March 2015	3.70
Highest Price	4.40
Lowest Price	3.60

5. Debenture information

As at / quarter
ended 31-3-2015

- Debt to equity ratio	6.84 times
- Quick asset ratio	0.86 times
- Interest cover	1.45 times
- Interest yield as at last trade	9.25%
- Yield to maturity of trade done on (19/01/2015)	9.25%
- Interest rate of comparable Government Security - 5 year Bond yield as at 27th March 2015	8.75%

Market price & the issue price of debentures recorded during the quarter ended 31st March 2015 are as follows

	Rs
Issue Price	100.00
Market price as at 31st March 2015	Not traded
Highest Price	Not traded
Lowest Price	Not traded

The company issued fifty million (50,000,000) rated unsecured subordinated redeemable debentures to the value of Sri Lanka rupees five billion (LKR 5,000,000,000) with a 5 year maturity.

6. 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 2014.

7. Comparative information

Comparative information has not been reclassified or restated.

8. 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 year ended 31st March 2015

Operating Segment

	Leasing Rs '000	Hire Purchase Rs '000	Loans Rs '000	Treasury Rs '000	Others Rs '000	Total Rs '000
For the year ended 31st March 2015						
Total revenue	2,849,989	67,798	8,346,202	644,457	232,612	12,141,058
External revenue	2,849,989	67,798	8,346,202	644,457	232,612	12,141,058
Net interest cost	(1,168,608)	(27,800)	(3,422,272)	(264,253)	(95,380)	(4,978,312)
Profit before operating expenses	1,681,381	39,998	4,923,931	380,204	137,232	7,162,746
Operating expenses	(1,154,811)	(31,317)	(3,278,958)	(169,798)	(61,287)	(4,696,171)
Value added tax on financial services	-	(1,261)	(238,965)	-	-	(240,226)
Results from operating activities	526,570	7,420	1,406,008	210,406	75,944	2,226,349
For the year ended 31st March 2014						
Total revenue	2,919,879	224,766	7,660,688	639,873	42,194	11,487,400
External revenue	2,919,879	224,766	7,660,688	639,873	42,194	11,487,400
Net interest cost	(1,556,930)	(119,849)	(4,084,811)	(341,191)	(22,499)	(6,125,280)
Profit before operating expenses	1,362,949	104,917	3,575,877	298,682	19,696	5,362,120
Operating expenses	(1,164,723)	(81,300)	(2,340,304)	(132,520)	(31,576)	(3,750,422)
Value added tax on financial services	-	(3,175)	(166,099)	-	-	(169,274)
Results from operating activities	198,226	20,442	1,069,473	166,162	(11,880)	1,442,423
For the year ended 31st March 2015						
Provision for / (reversal of provision for) doubtful debts and bad debts written off	403,909	13,453	1,079,940	-	-	1,497,302
As at 31-03-2015						
Total assets	13,150,376	150,155	42,991,087	6,673,396	4,896,885	67,861,900
Total liabilities	12,500,837	142,739	38,514,932	6,681,060	2,028,736	59,868,304
As at 31-03-2014						
Total assets	10,836,503	443,502	31,788,272	5,425,913	4,937,739	53,431,929
Total liabilities	10,421,776	426,529	29,644,574	5,071,323	1,333,758	46,897,960

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 March 2015

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

	Shareholder	No. of Shares	% of Issued Capital
1	Lanka ORIX Leasing Company PLC	2,520,000,000	90.00
2	Saakya Capital (Pvt) Ltd	128,045,234	4.57
3	Satya Capital (Pvt) Ltd	52,000,000	1.86
4	Infinity Capital (Pvt) Ltd	33,000,000	1.18
5	R.R.De Silva	10,990,594	0.39
6	National Savings Bank	4,550,000	0.16
7	DPMC Assetline Holdings (Pvt) Ltd. Account No 2	3,443,923	0.12
8	Mr D. Kotthoff	2,799,900	0.10
9	Dr A R Wikramanayake	1,688,500	0.06
10	Mr S V Somasunderam	1,500,000	0.05
11	Mr A.Nissanka	1,125,000	0.04
12	Assetline Leasing Company Ltd/M J T Waas	1,000,000	0.04
13	Mrs. D.P.Pieris	1,000,000	0.04
14	Mr.P.M.M.Pieris	1,000,000	0.04
15	Mr W. A. S. P.De Saram	951,845	0.03
16	Mirabaud & CIE	950,000	0.03
17	K.G.D.C Jayanath	800,500	0.03
18	National Lanka Capital Ltd/Sisira Sirimevan Weerabandu	770,000	0.03
19	Mr.A.W.A.L.Ariyaratne	600,000	0.02
20	MR. K.P. Ariyaratne	600,000	0.02
	Total shares held by Top 20 Shareholders	2,766,815,496	98.815

Public share holding as at 31st March 2015 was 10% comprising of 2641 shareholders.