



LANKA ORIX FINANCE PLC
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
31ST DECEMBER 2014

LANKA ORIX FINANCE PLC
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FOR THE NINE MONTHS ENDED 31ST DECEMBER 2014

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Lanka ORIX Finance PLC

Statement of Financial Position

As at 31st December 2014

	As at 31.12.2014	As at 31.03.2014
	(Unaudited)	(Audited)
	Rs. '000	Rs. '000
ASSETS		
Cash and bank balances	2,837,347	3,236,380
Deposits with banks and other financial institutions	489,519	466,476
Investment in government securities	6,213,989	4,936,822
Derivative assets	498	13,572
Rentals receivable on leased assets	12,491,991	10,836,503
Hire purchases, loans and advances	34,984,348	28,828,435
Factoring receivable	4,839,152	3,279,931
Margin trading receivables	241,490	123,408
Other receivables	1,471,688	1,418,033
Investments in shares	8,943	9,043
Amount due from related companies	2,727	5,930
Real estate stock	-	-
Inventories	-	12,080
Investment properties	404,131	215,173
Property plant and equipment	126,305	50,143
Total assets	64,112,127	53,431,929
LIABILITIES		
Bank overdraft	1,714,296	1,136,163
Interest bearing borrowings	7,515,304	823,838
Deposits from customers	42,723,153	42,617,800
Trade payables	549,200	328,986
Accruals and other payables	1,585,141	494,314
Derivative liabilities	131,203	8,104
Amount due to related companies	1,058,136	649,310
Current tax payable	500,002	282,718
Deferred tax liability	548,718	548,718
Employee benefits	7,535	8,008
Total liabilities	56,332,687	46,897,960
EQUITY		
Stated capital	2,000,000	2,000,000
Statutory reserve	879,497	879,497
Investment fund reserve	424,786	391,850
Available for sale investment reserve	166,957	109,793
Retained earnings	4,308,199	3,152,829
Total equity	7,779,440	6,533,970
Total liabilities and equity	64,112,127	53,431,929
Net assets per share (Rs.)	2.78	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

09th February 2015
Rajagiriya (Greater Colombo)

Lanka ORIX Finance PLC

Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended 31st December 2014

	For the nine months ended			For the quarter ended		
	31.12.2014	31.12.2013	Variance	31.12.2014	31.12.2013	Variance
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	Rs '000	Rs '000	%	Rs '000	Rs '000	%
Interest income	8,006,653	7,722,552	4%	2,840,075	2,573,975	10%
Interest expenses	(3,844,270)	(4,727,996)	-19%	(1,242,552)	(1,664,718)	-25%
Net interest income	4,162,382	2,994,556	39%	1,597,523	909,257	76%
Other operating income	747,194	655,893	14%	204,650	298,111	-31%
Total income	4,909,577	3,650,449	34%	1,802,173	1,207,367	49%
Operating expenses						
Direct expenses excluding interest cost	(119,357)	(69,057)	73%	(47,056)	(27,468)	71%
(Provision)/reversal on doubtful debts & write-offs	(1,022,340)	(1,084,573)	-6%	(333,160)	(357,288)	-7%
Personnel expenses	(600,985)	(466,296)	29%	(213,055)	(157,898)	35%
Depreciation	(8,190)	-	100%	(4,472)	-	-
General & administration expenses	(1,224,496)	(876,228)	40%	(407,126)	(313,073)	30%
Profit from operations	1,934,209	1,154,296	68%	797,304	351,640	127%
Value added tax on financial services	(188,044)	(96,337)	95%	(65,228)	(52,909)	23%
Profit before income tax expense	1,746,165	1,057,958	65%	732,076	298,731	145%
Income tax expense	(557,860)	(296,228)	88%	(273,915)	(68,460)	300%
Profit for the period	1,188,306	761,730	56%	458,161	230,271	99%
Other comprehensive income						
Change in fair value of available for sale investments	57,164	67,419	-15%	(29,120)	91,562	-132%
Reclassification of cumulative AFS reserve to P&L on Disposal	-	8,549	-100%	-	8,549	-100%
Total comprehensive income	1,245,470	837,699	49%	429,041	330,383	
Basic earnings per share (Rs.)	0.42	0.27		0.16	0.08	

Figures in brackets indicate deductions.

Lanka ORIX Finance PLC

Statement of Changes in Equity

For the nine months ended 31st December 2014

	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 period						
Profit for the period	-	-	-	-	761,730	761,730
Other comprehensive income						
Change in fair value of available for sale investments	-	-	-	75,969	-	75,969
Total comprehensive income for the period	-	-	-	75,969	761,730	837,699
Transactions recorded directly in equity						
Transfer to investment fund account	-	-	35,726	-	(35,726)	-
Total transactions recorded directly in equity	-	-	35,726	-	(35,726)	-
Balance as at 31st December 2013	2,000,000	679,438	323,488	73,852	3,184,551	6,261,329
Total comprehensive income for the period						
Profit for the period	-	-	-	-	238,569	238,569
Other comprehensive income						
Change in fair value of available for sale investments	-	-	-	35,941	-	35,941
Actuarial losses on defined benefit plan	-	-	-	-	(1,869)	(1,869)
Total comprehensive income for the period	-	-	-	35,941	236,700	272,641
Transactions recorded directly in equity						
Transfer to investment fund account	-	-	68,362	-	(68,362)	-
Transfer to statutory reserve fund	-	200,060	-	-	(200,060)	-
Total transactions recorded directly in equity	-	200,060	68,362	-	(268,422)	-
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 period						
Profit for the period	-	-	-	-	1,188,306	1,188,306
Other comprehensive income						
Change in fair value of available for sale investments	-	-	-	57,164	-	57,164
Total comprehensive income for the period	-	-	-	57,164	1,188,306	1,245,470
Transactions recorded directly in equity						
Transfer to investment fund account	-	-	32,936	-	(32,936)	-
Total transactions recorded directly in equity	-	-	32,936	-	(32,936)	-
Balance as at 31st December 2014	2,000,000	879,497	424,786	166,957	4,308,199	7,779,440

Lanka ORIX Finance PLC

STATEMENT OF CASH FLOWS

For the nine months ended 31st December 2014

	2014 Rs'000	2013 Rs'000
Cash flows from / (used in) operating activities		
Profit before income tax expense	1,746,165	1,057,958
Adjustments for:		
Depreciation	8,190	2,160
Change in fair value of derivatives - forward contracts	4,970	14,336
Provision for fall / (increase) in value of investments	100	(700)
Allowance for / (reversal of) doubtful debts	406,466	86,627
Investment income	(382,152)	(451,884)
Finance costs	3,831,699	4,717,099
Operating profit / (loss) before working capital changes	5,615,438	5,425,596
Change in other receivables	(53,655)	(1,186,317)
Change in inventories	12,080	(37,220)
Change in real estate stocks	-	(84,345)
Change in trade and other payables	1,311,040	(29,761)
Change in amounts due to/ due from related parties	412,028	446,892
Change in lease receivables	(1,630,202)	78,120
Change in hire purchase, loans and advances	(6,688,356)	(3,864,302)
Change in factoring receivables	(1,647,463)	271,445
Change in margin trading advances	(118,081)	(110,127)
Change in fixed deposits from customers	(102,891)	6,622,613
Change in savings deposits from customers	177,430	160,934
Cash generated from operations	(2,712,632)	7,693,527
Finance cost paid on deposits	(3,572,781)	(3,788,459)
Gratuity paid	(473)	(803)
Income tax paid	(340,575)	(153,485)
Net cash from / (used in) operating activities	(6,626,461)	3,750,781
Cash flows from / (used in) investing activities		
Acquisition of property, plant & equipment and investment properties	(25)	(53,966)
Net proceeds from investments in term deposits	(23,042)	(792,311)
Net proceeds from investments in treasury bonds	(1,220,002)	(1,777,696)
Interest received	382,152	451,884
Net cash flows from / (used in) investing activities	(860,917)	(2,172,089)
Cash flows from / (used in) financing activities		
Net proceeds from interest bearing loans & borrowings	6,645,454	(91,314)
Lease rentals paid - principal	(23,289)	(13,150)
Finance cost paid on bank loans and over draft	(111,951)	(838,484)
Net cash flows from / (used in) financing activities	6,510,213	(942,948)
Net increase / (decrease) in cash and cash equivalents	(977,165)	635,744
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	1,123,051	1,495,335
Analysis of cash and cash equivalents at the end of the year		
Cash and bank balances	2,837,347	2,550,662
Bank overdraft	(1,714,296)	(1,055,327)
	1,123,051	1,495,335

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 December 2014 are as follows

	Rs
Market price as at 31st December 2014	4.10
Highest Price	4.50
Lowest Price	3.90

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 2014.

6. Comparative information

Comparative information has not been reclassified or restated.

7. Events after reporting date

The Company issued unsecured subordinated debentures amounting to Rs. 5Bn subsequent to the reporting date with the approval of the Central Bank of Sri Lanka (CBSL).

The CBSL approved Rs. 3.01 Bn of this amount to be considered as Tier II capital of the company which improves the Total Capital Adequacy ratio of the Company.

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

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Segment Information

For the nine months ended 31st December 2014

	Operating Segment					Total
	Leasing Rs '000	Hire Purchase Rs '000	Loans Rs '000	Treasury Rs '000	Others Rs '000	Rs '000
For the period ended 31st December 2014						
Total revenue	2,048,952	60,053	6,109,503	482,212	53,127	8,753,847
Inter segmental revenue	-	-	-	-	-	-
External revenue	2,048,952	60,053	6,109,503	482,212	53,127	8,753,847
Net interest cost	(899,802)	(26,372)	(2,683,001)	(211,765)	(23,331)	(3,844,270)
Profit before operating expenses	1,149,150	33,680	3,426,502	270,448	29,796	4,909,577
Operating expenses	(853,243)	(33,113)	(1,969,575)	(107,584)	(11,853)	(2,975,368)
Value added tax on financial services	-	(73)	(187,971)	-	-	(188,044)
Results from operating activities	295,908	494	1,268,956	162,864	17,943	1,746,165
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	(645,111)	(94,365)	(1,615,580)	(132,192)	(8,905)	(2,496,153)
Value added tax on financial services	-	(5,318)	(91,019)	-	-	(96,337)
Results from operating activities	298,318	38,319	656,073	61,130	4,118	1,057,958
For the period ended 31st December 2014						
Provision for / (reversal of provision for) doubtful debts and bad debts written off	396,111	19,715	606,513	-	-	1,022,340
As at 31-12-2014						
Total assets	12,491,991	88,624	39,976,365	6,712,948	4,842,198	64,112,127
Total liabilities	11,602,423	82,313	35,170,710	6,835,846	2,641,396	56,332,687
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	46,897,959

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 2014

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	2,800,000	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	Mirabaud & CIE	1,000,000	0.04
14	Mrs. D.P.Pieris	1,000,000	0.04
15	Mr.P.M.M.Pieris	1,000,000	0.04
16	Mr W. A. S. P.De Saram	915,745	0.03
17	HSBC International Nominees Ltd-Credit Suisse AG Zurich	718,000	0.03
18	A.W.A.L Dharmaprema	700,000	0.03
19	K.G.D.C Jayanath	600,500	0.02
20	MR. K.P. Ariyaratne	600,000	0.02
	Total shares held by Top 20 Shareholders	2,766,677,496	98.81

Public share holding as at 31st December 2014 was 10% comprising of 2627 shareholders.