



**LANKA ORIX FINANCE PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED**  
**30<sup>TH</sup> JUNE 2015**

**LANKA ORIX FINANCE PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 30<sup>TH</sup> JUNE 2015**

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# Lanka ORIX Finance PLC

## Statement of Financial Position

As at 30th June 2015

	As at 30.06.2015	As at 31.03.2015
	(Unaudited) Rs. '000	(Audited) Rs. '000
<b>ASSETS</b>		
Cash and bank balances	3,341,442	2,975,305
Deposits with banks and other financial institutions	267,400	761,095
Investment in government securities	6,678,947	5,900,718
Derivative assets	900	2,740
Rentals receivable on leased assets	14,658,192	13,150,376
Hire purchases, loans and advances	39,450,542	36,647,329
Factoring receivable	6,959,085	6,200,202
Margin trading receivables	211,892	293,712
Other receivables	652,488	639,352
Investments in shares	74,568	8,843
Amount due from related companies	25,642	2,883
Investment properties	1,059,877	1,142,800
Property plant and equipment	133,005	136,545
<b>Total assets</b>	<b>73,513,979</b>	<b>67,861,900</b>
<b>LIABILITIES</b>		
Bank overdraft	3,606,943	2,333,062
Interest bearing borrowings	12,741,131	11,040,028
Deposits from customers	44,388,048	41,309,960
Trade payables	749,383	645,905
Accruals and other payables	1,071,123	822,441
Derivative liabilities	24,256	57,515
Amount due to related companies	1,231,535	2,453,097
Current tax payable	543,611	434,426
Deferred tax liability	761,420	761,420
Employee benefits	10,365	10,450
<b>Total liabilities</b>	<b>65,127,815</b>	<b>59,868,304</b>
<b>EQUITY</b>		
Stated capital	2,000,000	2,000,000
Statutory reserve	953,677	953,677
Investment fund reserve	-	-
Available for sale investment reserve	114,129	86,037
Retained earnings	5,318,359	4,953,882
<b>Total equity</b>	<b>8,386,164</b>	<b>7,993,596</b>
<b>Total liabilities and equity</b>	<b>73,513,979</b>	<b>67,861,900</b>
<b>Net assets per share (Rs.)</b>	<b>3.00</b>	<b>2.85</b>

### 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

12th August 2015  
Rajagiriya (Greater Colombo)

# Lanka ORIX Finance PLC

## Statement of Profit or Loss and Other Comprehensive Income

For the three months ended 30th June 2015

	For the three months ended		
	30.06.2015	30.06.2014	Variance
	(Unaudited)	(Unaudited)	
	Rs '000	Rs '000	%
Interest income	2,799,904	2,450,953	14%
Interest expenses	(1,281,385)	(1,331,830)	-4%
<b>Net interest income</b>	<b>1,518,519</b>	<b>1,119,123</b>	36%
Other operating income	212,412	201,223	6%
<b>Total income</b>	<b>1,730,932</b>	<b>1,320,346</b>	31%
<b>Operating expenses</b>			
Direct expenses excluding interest cost	(73,939)	(11,395)	549%
(Provision)/reversal on doubtful debts & write-offs	(282,221)	(374,294)	-25%
Personnel expenses	(268,592)	(193,173)	39%
Depreciation	(3,539)	(1,682)	100%
General & administration expenses	(509,674)	(360,551)	41%
<b>Profit from operations</b>	<b>592,967</b>	<b>379,251</b>	56%
Value added tax on financial services	(59,306)	(54,095)	10%
<b>Profit before income tax expense</b>	<b>533,661</b>	<b>325,156</b>	64%
Income tax expense	(169,185)	(94,102)	80%
<b>Profit for the period</b>	<b>364,476</b>	<b>231,055</b>	58%
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to profit or loss</b>	-	-	
	-	-	
<b>Items that are or may be reclassified to profit or loss</b>			
Available-for-sale financial assets :			
Net change in fair value	28,092	10,448	169%
Net amount transferred to profit or loss	-	-	-
	28,092	10,448	
<b>Total comprehensive income</b>	<b>392,568</b>	<b>241,502</b>	63%
<b>Basic earnings per share (Rs.)</b>	<b>0.13</b>	<b>0.08</b>	

Figures in brackets indicate deductions.

**Lanka ORIX Finance PLC**
**Statement of Changes in Equity**

For the three months ended 30th June 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
<b>Balance as at 1st April 2014</b>	<b>2,000,000</b>	<b>879,497</b>	<b>391,850</b>	<b>109,793</b>	<b>3,152,829</b>	<b>6,533,970</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	231,055	231,055
<b>Other comprehensive income</b>						
Change in fair value of available for sale investments	-	-	-	10,448	-	10,448
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,448</b>	<b>231,055</b>	<b>241,502</b>
<b>Transactions recorded directly in equity</b>						
Transfer to investment fund account	-	-	8,929	-	(8,929)	-
<b>Total transactions recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>8,929</b>	<b>-</b>	<b>(8,929)</b>	<b>-</b>
<b>Balance as at 30th June 2014</b>	<b>2,000,000</b>	<b>879,497</b>	<b>400,779</b>	<b>120,240</b>	<b>3,374,955</b>	<b>6,775,472</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	1,252,527	1,252,527
<b>Other comprehensive income</b>						
Change in fair value of available for sale investments	-	-	-	(34,204)	-	(34,204)
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	(200)	(200)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34,204)</b>	<b>1,252,327</b>	<b>1,218,124</b>
<b>Transactions recorded directly in equity</b>						
Transfer to investment fund account	-	-	24,007	-	(24,007)	-
Transferred to retained earnings during the year	-	-	(424,786)	-	424,786	-
Transfer to statutory reserve fund	-	74,179	-	-	(74,179)	-
<b>Total transactions recorded directly in equity</b>	<b>-</b>	<b>74,179</b>	<b>(400,779)</b>	<b>-</b>	<b>326,600</b>	<b>-</b>
<b>Balance as at 31st March 2015</b>	<b>2,000,000</b>	<b>953,677</b>	<b>-</b>	<b>86,037</b>	<b>4,953,882</b>	<b>7,993,596</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	364,476	364,476
<b>Other comprehensive income</b>						
Change in fair value of available for sale investments	-	-	-	28,092	-	28,092
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,092</b>	<b>364,476</b>	<b>392,568</b>
<b>Balance as at 30th June 2015</b>	<b>2,000,000</b>	<b>953,677</b>	<b>-</b>	<b>114,129</b>	<b>5,318,359</b>	<b>8,386,164</b>

**Lanka ORIX Finance PLC****STATEMENT OF CASH FLOWS**

For the three months ended 30th June 2015

	<b>2015 Rs'000</b>	<b>2014 Rs'000</b>
<b>Cash flows from / (used in) operating activities</b>		
Profit before income tax expense	533,661	325,156
Adjustments for:		
Depreciation	3,539	1,682
(Profit)/loss on sales of investment property	3,000	-
Change in fair value of derivatives - forward contracts	(31,419)	(6,158)
Provision for fall/(increase) in value of investments	400	(1,300)
Allowance for/(reversal of) doubtful debts	13,177	157,424
Investment income	(34,427)	(137,994)
Finance costs	1,278,326	1,328,691
Operating profit / (loss) before working capital changes	1,766,257	1,667,501
Change in other receivables	(13,135)	119,664
Change in trade and other payables	352,160	148,920
Change in amounts due to/ due from related parties	(1,244,321)	(342,376)
Change in lease receivables	(1,526,869)	(77,834)
Change in hire purchase, loans and advances	(2,814,173)	(896,660)
Change in factoring receivables	(742,046)	64,253
Change in margin trading advances	81,820	(60,828)
Change in fixed deposits from customers	2,651,210	1,972,519
Change in savings deposits from customers	253,156	(78,661)
Cash generated from operations	(1,235,942)	2,516,498
Finance cost paid on deposits	(803,494)	(1,140,639)
Gratuity paid	(85)	(215)
Income tax paid	(60,000)	(224,108)
<b>Net cash from / (used in) operating activities</b>	<b>(2,099,521)</b>	<b>1,151,535</b>
<b>Cash flows from / (used in) investing activities</b>		
Acquisition of property, plant & equipment	(77)	-
Net proceeds from investments in term deposits	493,695	(509,463)
Proceeds from sale of investment property	80,000	-
Investments in companies	(66,125)	-
Net proceeds from investments in government securities	(750,137)	(1,403,075)
Interest received	34,427	137,994
<b>Net cash flows from / (used in) investing activities</b>	<b>(208,217)</b>	<b>(1,774,543)</b>
<b>Cash flows from / (used in) financing activities</b>		
Net proceeds from interest bearing loans & borrowings	1,588,741	(99,939)
Lease rentals paid - principal	(16,894)	(5,763)
Finance cost paid on borrowings	(171,854)	(18,555)
<b>Net cash flows from / (used in) financing activities</b>	<b>1,399,993</b>	<b>(124,257)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(907,744)</b>	<b>(747,264)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>642,243</b>	<b>2,100,217</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(265,501)</b>	<b>1,352,953</b>
<b>Analysis of cash and cash equivalents at the end of the year</b>		
Cash and bank balances	3,341,442	2,790,223
Bank overdraft	(3,606,943)	(1,437,271)
	<b>(265,501)</b>	<b>1,352,953</b>

**Notes to the Interim Financial Statements**  
**For the three months ended 30th June 2015**
**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 2014/15 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 30th June 2015 are as follows

	Rs
Market price as at 30th June 2015	4.20
Highest Price	4.80
Lowest Price	3.70

**5. Debenture information**

As at / quarter  
ended 30-06-2015

- Debt to equity ratio 7.24 times
- Quick asset ratio 0.82 times
- Interest cover 1.41 times

**- Interest yield as at last trade & yield to maturity of last trade done**

Instrument type	Interest frequency (Fixed Rate)	Coupon ( % p.a)	Interest yield as at last trade	Yield to maturity of last trade done
Type A- 5 Years Tenor	Quarterly	9.00%	9.26%	10.41%
Type B- 5 Years Tenor	Semi Annually	9.10%	9.10%	9.10%
Type C- 5 Years Tenor	Annually	9.25%	9.25%	9.25%

**- Interest rate of comparable Government Security - 5 year bond  
yield as at 24th June 2015**
8.2%

Market price of debentures recorded during the quarter ended 30th June 2015 is as follows

	Rs
Issue Price	100.00

  

Instrument Type	Highest price	Lowest price	Last traded price
Type A- 5 Years Tenor	97.20	97.20	97.20
Type B- 5 Years Tenor	Not traded	Not traded	Not traded
Type C- 5 Years Tenor	Not traded	Not traded	Not traded

In January 2015 the company issued fifty million (50,000,000) rated unsecured subordinated redeemable debentures to the value of Rupees five billion ( LKR 5,000,000,000) with a 5 year maturity.

# Lanka Orix Finance PLC

## Notes to the Interim Financial Statements For the three months ended 30th June 2015

### 6. Financial assets and liabilities

#### 6.1. Accounting classifications and fair values

The table below sets out the carrying amounts of the Company's financial assets and financial liabilities.

							Rs '000
As at 30th June 2015	Fair value – derivatives	Fair value - held for trading	Fair value through other comprehensive income – available for sale	Amortized cost / Not measured at fair value	Total Carrying amount	Fair value	Fair value measurement level
Cash and cash equivalents	-	-	-	3,341,442	3,341,442	3,341,442	
Deposits with banks	-	-	-	267,400	267,400	267,400	
Investment in government securities	-	-	-	-	-	-	
- Measured at fair value	-	-	1,583,947	-	1,583,947	1,583,947	Level 1
- Measured at amortized cost	-	-	-	5,095,000	5,095,000	5,095,000	
Derivative assets	1	-	-	-	-	1	Level 2
Investment in shares	-	8,100	66,468	-	74,568	74,568	Level 1
Rentals receivable on leased assets	-	-	-	14,647,862	14,647,862	14,945,070	Level 2
Hire purchases, loans and advances	-	-	-	39,460,871	39,460,871	41,424,577	Level 2
Factoring receivable	-	-	-	6,941,834	6,941,834	6,941,834	
Margin trading receivables	-	-	-	211,892	211,892	211,892	
Amount due from related companies	-	-	-	25,642	25,642	25,642	
Other financial assets	-	-	-	253,672	253,672	253,672	
<b>Total financial assets</b>	<b>1</b>	<b>8,100</b>	<b>1,650,415</b>	<b>70,245,615</b>	<b>71,904,130</b>	<b>74,165,045</b>	
Bank overdraft	-	-	-	3,606,943	3,606,943	3,606,943	
Interest bearing borrowings	-	-	-	12,741,131	12,741,131	12,172,960	Level 2
Deposits from customers	-	-	-	44,388,048	44,388,048	43,439,565	Level 2
Trade payables	-	-	-	749,383	749,383	749,383	
Accruals and other payables	-	-	-	1,006,502	1,006,502	1,006,502	
Derivative liabilities	24,256	-	-	-	24,256	24,256	
Amount due to related companies	-	-	-	1,231,535	1,231,535	1,231,535	
<b>Total financial liabilities</b>	<b>24,256</b>	<b>-</b>	<b>-</b>	<b>63,723,543</b>	<b>63,747,799</b>	<b>62,231,144</b>	



# Lanka Orix Finance PLC

## Notes to the Interim Financial Statements For the three months ended 30th June 2015

### Financial assets and liabilities (Cont.)

#### 6.1 Accounting classifications and fair values

The table below sets out the carrying amounts of the Company's financial assets and financial liabilities.

As at 31st March 2015	Rs '000						
	Fair value – derivatives	Fair value - held for trading	Fair value through other comprehensive income – available for sale	Amortized cost / Not measured at fair value	Total Carrying amount	Fair value	Fair value measurement level
Cash and cash equivalents	-	-	-	2,975,305	2,975,305	2,975,305	
Deposits with banks	-	-	-	761,095	761,095	761,095	
Investment in government securities	-	-	-	-	-	-	
- Measured at fair value	-	-	2,284,718	-	2,284,718	2,284,718	Level 1
- Measured at amortized cost	-	-	-	3,616,000	3,616,000	3,616,000	
Derivative assets	2,740	-	-	-	2,740	2,740	Level 2
Investment in shares	-	8,500	343	-	8,843	8,843	Level 1
Rentals receivable on leased assets	-	-	-	13,150,376	13,150,376	13,765,194	Level 2
Hire purchases, loans and advances	-	-	-	36,647,329	36,647,329	37,325,279	Level 2
Factoring receivable	-	-	-	6,200,202	6,200,202	6,200,202	
Margin trading receivables	-	-	-	293,712	293,712	293,712	
Amount due from related companies	-	-	-	2,883	2,883	2,883	
Other financial assets	-	-	-	187,185	187,185	187,185	
<b>Total financial assets</b>	<b>2,740</b>	<b>8,500</b>	<b>2,285,061</b>	<b>63,834,086</b>	<b>66,130,387</b>	<b>67,423,155</b>	
Bank overdraft	-	-	-	2,333,062	2,333,062	2,333,062	
Interest bearing borrowings	-	-	-	11,040,028	11,040,028	10,122,000	Level 2
Deposits from customers	-	-	-	41,309,960	41,309,960	40,698,483	Level 2
Trade payables	-	-	-	645,905	645,905	645,905	
Accruals and other payables	-	-	-	649,441	649,441	649,441	
Derivative liabilities	57,515	-	-	-	57,515	57,515	
Amount due to related companies	-	-	-	2,453,097	2,453,097	2,453,097	
<b>Total financial liabilities</b>	<b>57,515</b>	<b>-</b>	<b>-</b>	<b>58,431,494</b>	<b>58,489,009</b>	<b>56,959,503</b>	

Notes to the Interim Financial Statements  
For the three months ended 30th June 2015

**6.2 Financial assets and liabilities- Valuation technique**

**Level 2 fair value – market comparison technique**

- Derivative assets and liabilities / Forward exchange contracts – fair value is based on broker quotes of similar contracts and the quotes reflect the actual transaction in similar instrument

**Level 2 fair value – discounted cash flows**

**Financial instruments not measured at fair value**

- For the purpose of disclosing fair value of the financial instruments not measured at fair value (carried at amortized cost) discounted cash flows has been used to derive the fair value.

**7. 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 2015.

**8. Comparative information**

Comparative information has not been reclassified or restated.

**9. 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 three months ended 30th June 2015

	Operating Segment					Total
	Leasing Rs '000	Hire Purchase Rs '000	Loans Rs '000	Treasury Rs '000	Others Rs '000	Rs '000
<b>For the period ended 30th June 2015</b>						
Total revenue	747,806	6,669	2,143,604	104,450	9,788	3,012,317
Inter segmental revenue	-	-	-	-	-	-
<b>External revenue</b>	<b>747,806</b>	<b>6,669</b>	<b>2,143,604</b>	<b>104,450</b>	<b>9,788</b>	<b>3,012,317</b>
Net interest cost	(318,103)	(2,837)	(911,851)	(44,431)	(4,164)	(1,281,385)
<b>Profit before operating expenses</b>	<b>429,703</b>	<b>3,832</b>	<b>1,231,754</b>	<b>60,019</b>	<b>5,624</b>	<b>1,730,932</b>
Operating expenses	(311,345)	8,687	(802,853)	(29,672)	(2,781)	(1,137,965)
Value added tax on financial services	-	(1,682)	(57,624)	-	-	(59,306)
<b>Results from operating activities</b>	<b>118,357</b>	<b>10,837</b>	<b>371,277</b>	<b>30,347</b>	<b>2,844</b>	<b>533,661</b>
<b>For the period ended 30th June 2014</b>						
Total revenue	660,618	25,486	1,830,733	133,927	1,411	2,652,176
Inter segmental revenue	-	-	-	-	-	-
<b>External revenue</b>	<b>660,618</b>	<b>25,486</b>	<b>1,830,733</b>	<b>133,927</b>	<b>1,411</b>	<b>2,652,176</b>
Net interest cost	(331,739)	(12,798)	(919,330)	(67,253)	(709)	(1,331,830)
<b>Profit before operating expenses</b>	<b>328,879</b>	<b>12,688</b>	<b>911,403</b>	<b>66,674</b>	<b>703</b>	<b>1,320,346</b>
Operating expenses	(271,942)	(12,430)	(627,800)	(28,622)	(302)	(941,095)
Value added tax on financial services	-	(49)	(54,046)	-	-	(54,095)
<b>Results from operating activities</b>	<b>56,937</b>	<b>209</b>	<b>229,558</b>	<b>38,052</b>	<b>401</b>	<b>325,156</b>
<b>For the period ended 30th June 2015</b>						
Provision for / (reversal of provision for) doubtful debts and bad debts written off	98,908	(10,582)	193,895	-	-	282,221
<b>As at 30-06-2015</b>						
Total assets	14,658,192	51,429	46,570,089	7,021,815	5,212,454	73,513,979
Total liabilities	14,047,167	49,285	42,064,041	6,580,803	2,386,518	65,127,815
<b>As at 31-03-2015</b>						
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

# Lanka ORIX Finance PLC

## Interim Financial Statements

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

As at 30th June 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	11,371,515	0.41
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	2,910,947	0.10
9	Dr A R Wikramanayake	1,688,500	0.06
10	Mr S V Somasunderam	1,500,000	0.05
11	Bansei Securities Finance (Pvt) Ltd /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	Mirabaud & CIE	900,000	0.03
16	Mr W. A. S. P.De Saram	892,389	0.03
17	National Lanka Capital Ltd/Sisira Sirimevan Weerabandu	800,460	0.03
18	Mr. 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	<b>2,767,128,468</b>	<b>98.83</b>

Public share holding as at 30th June 2015 was 10% comprising of 2525 shareholders.