



LANKA ORIX FINANCE PLC
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30TH SEPTEMBER 2013

LANKA ORIX FINANCE PLC
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FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 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 30th September 2013

	As at 30.09.2013 (Unaudited) Rs. '000	As at 31.03.2013 (Audited) Rs. '000
ASSETS		
Cash and bank balances	2,803,635	3,061,190
Deposits with banks and other financial institutions	414,634	414,634
Investment in government securities	6,753,005	3,378,980
Derivative assets	12,839	1,936
Investments in shares	7,143	7,143
Rentals receivable on leased assets	11,162,261	11,452,172
Hire purchases, loans and advances	27,823,845	25,547,021
Factoring receivable	3,378,613	3,198,685
Amount due from related companies	4,279	75,649
Other receivables	1,259,037	357,943
Real estate stock	2,598	2,598
Inventories	113,805	-
Investment property	155,845	71,500
Total assets	53,891,540	47,569,453
LIABILITIES		
Bank overdraft	1,121,341	2,201,599
Interest bearing borrowings	6,352,676	5,981,573
Deposits from customers	38,413,326	32,069,049
Trade payables	355,911	434,517
Accruals and other payables	851,673	685,456
Derivative liabilities	32,866	40,097
Amount due to related companies	135,042	135,056
Current tax payable	277,701	178,418
Deferred tax liability	415,508	415,508
Retirement benefit obligations	4,550	4,550
Total liabilities	47,960,594	42,145,823
EQUITY		
Stated capital	2,000,000	2,000,000
Statutory reserve	679,438	679,438
Investment fund reserve	323,488	287,762
AFS reserve	(26,260)	(2,117)
Retained earnings	2,954,281	2,458,547
Total equity	5,930,946	5,423,630
Total liabilities and equity	53,891,540	47,569,453
Net assets per share (Rs.)	2.12	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

Lanka ORIX Finance PLC

Statement of Comprehensive Income

For the six months ended 30th September 2013

	For the six months ended			For the quarter ended		
	30.09.2013	30.09.2012	Variance	30.09.2013	30.09.2012	Variance
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	Rs '000	Rs '000	%	Rs '000	Rs '000	%
Interest income	5,148,577	3,735,988	38	2,649,643	1,916,622	38.25
Interest expenses	(3,063,278)	(2,131,053)	44	(1,561,460)	(1,147,764)	36
Net interest income	2,085,299	1,604,935	30	1,088,184	768,858	42
Other operating income	357,782	164,105	118	200,847	54,901	266
Total income	2,443,082	1,769,040	38	1,289,031	823,759	56
Operating expenses						
Direct expenses excluding interest cost	(41,589)	(38,430)	8	(22,339)	(18,393)	21
(Provision)/reversal on doubtful debts & write-offs	(727,285)	(57,723)	1,160	(131,877)	15,191	(968)
Personnel expenses	(308,398)	(298,335)	3	(168,689)	(177,758)	(5)
General & administration expenses	(563,155)	(488,479)	15	(282,165)	(206,218)	37
Profit from operations	802,656	886,072	(9)	683,961	436,581	57
Value added tax on financial services	(43,429)	(71,828)	(40)	(25,819)	(25,711)	0
Profit before income tax expense	759,227	814,244	(7)	658,142	410,869	60
Income tax expense	(227,768)	(211,189)	8	(203,187)	(86,400)	135
Profit for the period	531,459	603,054	(12)	454,955	324,469	40
Other comprehensive income						
Change in fair value of available for sale investments	(24,143)	(10,801)		(2,664)	8,137	
Total comprehensive income	507,316	592,253		452,291	332,607	
Basic earnings per share (Rs.)	0.19	0.22		0.16	0.12	

Figures in brackets indicate deductions.

Lanka ORIX Finance PLC

Statement of Changes in Equity

For the six months ended 30th September 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	-	-	-	-	603,054	603,054
Total other comprehensive income	-	-	-	(10,801)	-	(10,801)
Transfers during the period	-	-	58,522	-	(58,522)	-
Balance as at 30th September 2012	2,000,000	542,182	215,668	(22,927)	2,584,677	5,319,599
Profit for the period	-	-	-	-	83,226	83,226
Total other comprehensive income	-	-	-	20,810	(5)	20,806
Transfers during the period	-	137,256	72,094	-	(209,350)	-
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	-	-	-	-	531,459	531,459
Total other comprehensive income	-	-	-	(24,143)	-	(24,143)
Transfers during the period	-	-	35,726	-	(35,726)	-
Balance as at 30th September 2013	2,000,000	679,438	323,488	(26,260)	2,954,281	5,930,946

Lanka ORIX Finance PLC

STATEMENT OF CASH FLOWS

For the six months ended 30th September 2013

	2013 Rs.	2012 Rs.
Cash flows from / (used in) operating activities		
Profit before income tax expense	759,227	814,244
Adjustments for:		
Change in fair value of derivatives - forward contracts	(18,135)	149,310
Provision for fall / (increase) in value of investments	-	(1,500)
Allowance for doubtful debts	727,285	57,723
Investment income	(269,257)	(117,480)
Finance costs	3,056,717	2,118,434
Operating profit/(loss) before working capital changes	4,255,837	3,020,730
Change in other receivables	(901,095)	58,450
Change in inventories	(113,805)	7,033
Change in real estate stocks	(84,345)	-
Change in trade and other payables	105,879	323,952
Change in amounts due to/ due from related parties	71,357	(1,622,849)
Change in lease receivables	(353,685)	99,773
Change in hire purchase, loans and advances	(2,360,512)	(940,190)
Change in factoring receivables	(179,928)	-
Change in fixed deposits from customers	6,219,577	3,414,147
Change in savings deposits from customers	86,015	(1,566,539)
Cash generated from operations	6,745,293	2,794,507
Finance cost paid on deposits	(2,501,568)	(1,739,185)
Gratuity paid	-	(218)
Income tax paid	(128,485)	(83,810)
Net cash from/(used in) operating activities	4,115,240	971,294
Cash flows from / (used in) investing activities		
Net proceeds from investments in term deposits	-	746,457
Net proceeds from investments in treasury bonds	(3,398,167)	(2,916,247)
Interest received	269,257	117,480
Net cash flows from/(used in) investing activities	(3,128,910)	(2,052,311)
Cash flows from / (used in) financing activities		
Net proceeds from interest bearing loans & borrowings	408,373	843,536
Lease rentals paid - capital repayment	(6,545)	-
Finance cost paid on bank loans and over draft	(565,456)	(328,123)
Net cash flows from / (used in) financing activities	(163,627)	515,414
Net increase / (decrease) in cash and cash equivalents	822,703	(565,603)
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	1,682,295	546,074
Analysis of cash and cash equivalents at the end of the year		
Cash and bank balances	2,803,635	2,271,441
Bank overdraft	(1,121,341)	(1,725,367)
	1,682,295	546,074

Notes to the Interim Financial Statements

For the six months ended 30th September 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 30th September 2013 is as follows

	Rs
Market price as at 30th September 2013	3.00
Highest Price	3.20
Lowest Price	2.60

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 six months ended 30th September 2013

	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 30th September 2013						
Total revenue	1,392,315	234,827	3,599,250	262,756	17,210	5,506,360
Inter segmental revenue	-	-	-	-	-	-
External revenue	1,392,315	234,827	3,599,250	262,756	17,210	5,506,360
Net interest cost	(774,568)	(130,638)	(2,002,322)	(146,176)	(9,574)	(3,063,278)
Profit before operating expenses	617,748	104,189	1,596,929	116,581	7,636	2,443,082
Operating expenses	(603,181)	(67,664)	(923,153)	(43,574)	(2,854)	(1,640,426)
Value added tax on financial services	-	(2,233)	(41,195)	-	-	(43,429)
Results from operating activities	14,566	34,292	632,580	73,007	4,782	759,227
For the period ended 30th September 2012						
Total revenue	1,240,796	260,234	2,220,611	166,654	11,797	3,900,093
Inter segmental revenue	-	-	-	-	-	-
External revenue	1,240,796	260,234	2,220,611	166,654	11,797	3,900,093
Net interest cost	(677,985)	(142,195)	(1,213,366)	(91,061)	(6,446)	(2,131,053)
Profit before operating expenses	562,812	118,039	1,007,245	75,592	5,351	1,769,040
Operating expenses	(280,912)	(58,916)	(502,739)	(37,730)	(2,671)	(882,968)
Value added tax on financial services	-	(8,166)	(63,663)	-	-	(71,828)
Results from operating activities	281,900	50,958	440,843	37,863	2,680	814,244
For the period ended 30th September 2013						
Provision for / (reversal of provision for) doubtful debts and bad debts written off	372,288	28,721	326,275	-	-	727,285
As at 30-09-2013						
Total assets	11,162,261	880,522	30,321,936	7,187,621	4,339,200	53,891,540
Total liabilities	10,725,904	846,101	28,240,454	6,752,204	1,395,931	47,960,594
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 30th September 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 30th September 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	A.R.Wickramanayake	1,688,500	0.06
9	K L Udayananda	1,533,850	0.05
10	DPMC Assetline Holdings (Pvt) LTD Account No 2	1,413,824	0.05
11	M.J.T.Wass	1,062,672	0.04
12	A.Nissanka	1,055,000	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	HSBC Intl Nominees Ltd-Credit Suisse AG Zurich	718,000	0.03
17	E.S.P.Selvarajah	600,000	0.02
18	Springcare Holdings (Private) Limited	600,000	0.02
19	K.P.Ariyaratne	600,000	0.02
20	K.G.D.C Jayanath	600,000	0.02
	Total shares held by Top 20 Shareholders	2,758,753,166	98.5

The Public Shareholding as at 30th September 2013 was 10.00%