



LANKA ORIX FINANCE PLC
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30TH SEPTEMBER 2014

LANKA ORIX FINANCE PLC
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2014

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 2014

	As at 30.09.2014 (Unaudited) Rs. '000	As at 31.03.2014 (Audited) Rs. '000
ASSETS		
Cash and bank balances	2,834,980	3,236,380
Deposits with banks and other financial institutions	481,860	466,476
Investment in government securities	6,377,662	4,936,822
Derivative assets	-	13,572
Investments in shares	10,143	9,043
Rentals receivable on leased assets	11,242,421	10,836,503
Hire purchases, loans and advances	32,260,284	28,828,435
Factoring receivable	4,149,662	3,279,931
Amount due from related companies	2,609	5,930
Other receivables	1,302,409	1,418,033
Margin trading receivables	129,725	123,408
Inventories	12,080	12,080
Investment properties	216,862	215,173
Property plant and equipment	130,777	50,143
Total assets	59,151,473	53,431,929
LIABILITIES		
Bank overdraft	769,323	1,136,163
Interest bearing borrowings	4,498,393	823,838
Deposits from customers	43,249,893	42,617,800
Trade payables	360,951	328,986
Accruals and other payables	1,417,522	494,314
Derivative liabilities	101,807	8,104
Amount due to related companies	530,116	649,310
Current tax payable	316,816	282,718
Deferred tax liability	548,718	548,718
Employee benefits	7,535	8,008
Total liabilities	51,801,075	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	196,077	109,793
Retained earnings	3,850,038	3,152,829
Total equity	7,350,398	6,533,970
Total liabilities and equity	59,151,473	53,431,929
Net assets per share (Rs.)	2.63	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

Lanka ORIX Finance PLC

Statement of Comprehensive Income

For the six months ended 30th September 2014

	For the six months ended			For the quarter ended		
	30.09.2014	30.09.2013	Variance	30.09.2014	30.09.2013	Variance
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	Rs '000	Rs '000	%	Rs '000	Rs '000	%
Interest income	5,166,577	5,148,577	0	2,715,624	2,649,643	2
Interest expenses	(2,601,718)	(3,063,278)	(15)	(1,269,888)	(1,561,460)	(19)
Net interest income	2,564,859	2,085,299	23	1,445,736	1,088,184	33
Other operating income	542,544	357,782	52	341,321	200,847	70
Total income	3,107,404	2,443,082	27	1,787,058	1,289,031	39
Operating expenses						
Direct expenses excluding interest cost	(72,301)	(41,589)	74	(40,074)	(22,339)	79
(Provision)/reversal on doubtful debts & write-offs	(689,179)	(727,285)	(5)	(314,885)	(131,877)	139
Personnel expenses	(387,931)	(308,398)	26	(194,758)	(168,689)	15
Depreciation	(3,718)	-		(2,036)	-	
General & administration expenses	(817,370)	(563,155)	45	(477,650)	(282,165)	69
Profit from operations	1,136,905	802,656	42	757,655	683,961	11
Value added tax on financial services	(122,816)	(43,429)	183	(68,721)	(25,819)	166
Profit before income tax expense	1,014,089	759,227	34	688,933	658,142	5
Income tax expense	(283,945)	(227,768)	25	(189,843)	(203,187)	(7)
Profit for the period	730,144	531,459	37	499,090	454,955	10
Other comprehensive income						
Change in fair value of available for sale investments	86,284	(24,143)		75,837	(2,664)	(2,947)
Total comprehensive income	816,429	507,316		574,927	452,291	
Basic earnings per share (Rs.)	0.26	0.19		0.18	0.16	

Figures in brackets indicate deductions.

Lanka ORIX Finance PLC

Statement of Changes in Equity

For the six months ended 30th September 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	-	-	-	-	531,459	531,459
Other comprehensive income						
Change in fair value of available for sale investments	-	-	-	(24,143)	-	(24,143)
Total comprehensive income for the period	-	-	-	(24,143)	531,459	507,316
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 30th September 2013	2,000,000	679,438	323,488	(26,260)	2,954,281	5,930,946
Total comprehensive income for the period						
Profit for the period	-	-	-	-	468,840	468,840
Other comprehensive income						
Change in fair value of available for sale investments	-	-	-	136,053	-	136,053
Actuarial losses on defined benefit plan	-	-	-	-	(1,869)	(1,869)
Total comprehensive income for the period	-	-	-	136,053	466,971	603,024
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	-	-	-	-	730,144	730,144
Other comprehensive income						
Change in fair value of available for sale investments	-	-	-	86,284	-	86,284
Total comprehensive income for the period	-	-	-	86,284	730,144	816,429
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 30th September 2014	2,000,000	879,497	424,786	196,077	3,850,038	7,350,398

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

For the six months ended 30th September 2014

	2014 Rs'000	2013 Rs'000
Cash flows from / (used in) operating activities		
Profit before income tax expense	1,014,089	759,227
Adjustments for:		
Depreciation	3,718	-
Change in fair value of derivatives - forward contracts	107,275	(18,135)
Provision for fall / (increase) in value of investments	(1,100)	-
Allowance for / (reversal of) doubtful debts	205,818	727,285
Investment income	(272,685)	(269,257)
Finance costs	2,592,547	3,056,717
Operating profit / (loss) before working capital changes	3,649,662	4,255,837
Change in other receivables	115,624	(901,095)
Change in inventories	-	(113,805)
Change in real estate stocks	-	(84,345)
Change in trade and other payables	955,173	105,879
Change in amounts due to/ due from related parties	(115,873)	71,357
Change in lease receivables	(572,210)	(353,685)
Change in hire purchase, loans and advances	(3,471,375)	(2,360,512)
Change in factoring receivables	(869,731)	(179,928)
Change in margin trading advances	(6,317)	-
Change in fixed deposits from customers	711,658	6,219,577
Change in savings deposits from customers	(106,964)	86,015
Cash generated from operations	289,646	6,745,293
Finance cost paid on deposits	(2,454,918)	(2,501,568)
Gratuity paid	(473)	-
Income tax paid	(249,847)	(128,485)
Net cash from / (used in) operating activities	(2,415,592)	4,115,240
Cash flows from / (used in) investing activities		
Acquisition of property, plant & equipment and investment properties	(86,041)	-
Net proceeds from investments in term deposits	(15,383)	-
Net proceeds from investments in treasury bonds	(1,354,555)	(3,398,167)
Interest received	272,685	269,257
Net cash flows from / (used in) investing activities	(1,183,294)	(3,128,910)
Cash flows from / (used in) financing activities		
Net proceeds from interest bearing loans & borrowings	3,621,120	408,373
Lease rentals paid - principal	70,410	(6,545)
Finance cost paid on bank loans and over draft	(127,203)	(565,456)
Net cash flows from / (used in) financing activities	3,564,327	(163,627)
Net increase / (decrease) in cash and cash equivalents	(34,559)	822,703
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	2,065,658	1,682,295
Analysis of cash and cash equivalents at the end of the year		
Cash and bank balances	2,834,980	2,803,635
Bank overdraft	(769,323)	(1,121,341)
	2,065,658	1,682,295

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 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 is fully provided for in these Interim Financial Statements.

4. Share information

Market prices of ordinary shares recorded during the quarter ended 30th September 2014 is as follows

	Rs
Market price as at 30th September 2014	4.20
Highest Price	4.50
Lowest Price	3.20

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 obtained approval from the Central Bank of Sri Lanka (CBSL) to issue unsecured subordinated debentures amounting to Rs. 5Bn subsequent to the reporting date.

The CBSL approved Rs. 3.01 Bn of this amount to be considered as Tier II capital of the company which will improve 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.

Lanka ORIX Finance PLC

Segment Information

For the six months ended 30th September 2014

	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 30th September 2014						
Total revenue	1,348,599	41,570	3,909,742	373,658	35,552	5,709,122
Inter segmental revenue	-	-	-	-	-	-
External revenue	1,348,599	41,570	3,909,742	373,658	35,552	5,709,122
Net interest cost	(614,573)	(18,944)	(1,781,718)	(170,281)	(16,201)	(2,601,718)
Profit before operating expenses	734,026	22,626	2,128,024	203,378	19,350	3,107,404
Operating expenses	(556,378)	(20,958)	(1,301,323)	(83,862)	(7,979)	(1,970,498)
Value added tax on financial services	-	(247)	(122,569)	-	-	(122,816)
Results from operating activities	177,648	1,421	704,133	119,516	11,371	1,014,089
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	(414,791)	(69,959)	(1,072,270)	(78,279)	(5,127)	(1,640,426)
Value added tax on financial services	-	(2,233)	(41,195)	-	-	(43,429)
Results from operating activities	202,956	31,997	483,463	38,302	2,509	759,227
For the period ended 30th September 2014						
Provision for / (reversal of provision for) doubtful debts and bad debts written off	253,707	11,628	423,845	-	-	689,179
As at 30-09-2014						
Total assets	11,242,421	176,489	36,363,182	6,869,664	4,499,716	59,151,473
Total liabilities	10,420,586	163,588	32,439,408	6,486,902	2,290,591	51,801,075
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 30th September 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

As at 30th September 2014

	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	34,861,136	1.25
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	3,048,271	0.11
8	A.R.Wickramanayake	1,688,500	0.06
9	S.V.Somasunderam	1,500,000	0.05
10	M.J.T.Wass	1,309,172	0.05
11	A.Nissanka	1,125,000	0.04
12	Mirabaud & CIE	1,000,000	0.04
13	P.M.M.Pieris	1,000,000	0.04
14	D.P.Pieris	1,000,000	0.04
15	W. A. S. P.De Silva	976,345	0.03
16	David Pieris Motor Company (Lanka) Limited	838,904	0.03
17	HSBC Intl Nominees Ltd-Credit Suisse AG Zurich	718,000	0.03
18	E.S.P.Selvarajah	712,746	0.03
19	K.G.D.C Jayanath	700,500	0.03
20	A.W.A.L Dharmaprema	700,000	0.03
	Total shares held by Top 20 Shareholders	2,766,764,402	98.8

Public share holding as at 30th September 2014 was 10% comprising of 2680 shareholders.