



**LANKA ORIX FINANCE PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31<sup>ST</sup> MARCH 2014**

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**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

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# Lanka ORIX Finance PLC

## Statement of Financial Position

As at 31st March 2014

	As at 31.03.2014	As at 31.03.2013
	(Unaudited) Rs. '000	(Audited) Rs. '000
<b>ASSETS</b>		
Cash and bank balances	3,236,380	3,061,190
Deposits with banks and other financial institutions	466,476	414,634
Investment in government securities	4,936,822	3,378,980
Derivative assets	13,572	1,936
Investments in shares	9,043	7,143
Rentals receivable on leased assets	10,836,503	11,452,172
Hire purchases, loans and advances	28,840,947	25,547,021
Factoring receivable	3,279,931	3,198,685
Advances for margin trading	110,896	-
Amount due from related companies	5,930	75,649
Other receivables	1,418,033	357,943
Real estate stock	-	2,598
Inventories	12,080	-
Investment property	215,173	71,500
Property, plant and equipment	50,143	-
<b>Total assets</b>	<b>53,431,929</b>	<b>47,569,453</b>
<b>LIABILITIES</b>		
Bank overdraft	1,136,163	2,201,599
Interest bearing borrowings	823,838	5,981,573
Deposits from customers	42,617,800	32,069,049
Trade payables	328,986	434,517
Accruals and other payables	494,314	685,456
Derivative liabilities	8,104	40,097
Amount due to related companies	649,310	135,056
Current tax payable	282,718	178,418
Deferred tax liability	548,718	415,508
Retirement benefit obligations	8,008	4,550
<b>Total liabilities</b>	<b>46,897,960</b>	<b>42,145,823</b>
<b>EQUITY</b>		
Stated capital	2,000,000	2,000,000
Statutory reserve	879,497	679,438
Investment fund reserve	391,850	287,762
AFS reserve	109,793	(2,117)
Retained earnings	3,152,829	2,458,547
<b>Total equity</b>	<b>6,533,970</b>	<b>5,423,630</b>
<b>Total liabilities and equity</b>	<b>53,431,929</b>	<b>47,569,453</b>
<b>Net assets per share (Rs.)</b>	<b>2.33</b>	<b>1.94</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

28th May 2014  
Rajagiriya (Greater Colombo)

# Lanka ORIX Finance PLC

## Statement of Comprehensive Income

	For the year ended			For the quarter ended		
	31.03.2014	31.03.2013	Variance	31.03.2014	31.03.2013	Variance
	(Unaudited)	(Audited)		(Unaudited)	(Unaudited)	
	Rs '000	Rs '000	%	Rs '000	Rs '000	%
Interest income	10,515,811	8,457,606	24	2,793,260	2,748,179	2
Interest expenses	(6,125,280)	(4,950,845)	24	(1,397,285)	(1,462,109)	(4)
<b>Net interest income</b>	<b>4,390,531</b>	<b>3,506,761</b>	<b>25</b>	<b>1,395,975</b>	<b>1,286,070</b>	<b>9</b>
Other operating income	971,589	496,871	96	315,696	201,742	56
<b>Total income</b>	<b>5,362,120</b>	<b>4,003,632</b>	<b>34</b>	<b>1,711,671</b>	<b>1,487,812</b>	<b>15</b>
<b>Operating expenses</b>						
Direct expenses excluding interest cost	(297,539)	(121,899)	144	(228,482)	(66,362)	244
(Provision)/reversal on doubtful debts & write-offs	(1,371,346)	(1,237,473)	11	(286,773)	(990,274)	(71)
Personnel expenses	(687,106)	(548,439)	25	(220,810)	(120,208)	84
Depreciation	(3,823)	-		(3,823)	-	
General & administration expenses	(1,390,608)	(970,659)	43	(514,380)	(220,342)	133
<b>Profit from operations</b>	<b>1,611,698</b>	<b>1,125,162</b>	<b>43</b>	<b>457,402</b>	<b>90,627</b>	<b>405</b>
Value added tax on financial services	(169,274)	(129,822)	30	(72,937)	(9,574)	662
<b>Profit before income tax expense</b>	<b>1,442,423</b>	<b>995,340</b>	<b>45</b>	<b>384,465</b>	<b>81,053</b>	<b>374</b>
Income tax expense	(442,124)	(309,060)	43	(145,896)	(60,593)	141
<b>Profit for the period</b>	<b>1,000,299</b>	<b>686,280</b>	<b>46</b>	<b>238,569</b>	<b>20,460</b>	<b>1,066</b>
<b>Other comprehensive income, net of income tax</b>						
Change in fair value of available for sale investments	113,726	10,009		46,306	4,071	
Net amount transferred to profit or loss (available-for-sale financial assets)	(1,816)	-		(1,816)	-	
Actuarial losses on defined benefit plan	(2,999)	(5)		(2,999)	-	
Income tax on other comprehensive income	1,130	-		1,130	-	
<b>Other comprehensive income for the year, net of tax</b>	<b>110,040</b>	<b>10,004</b>		<b>42,621</b>	<b>4,071</b>	
<b>Total comprehensive income</b>	<b>1,110,340</b>	<b>696,284</b>		<b>281,190</b>	<b>24,531</b>	
<b>Basic earnings per share (Rs.)</b>	<b>0.36</b>	<b>0.25</b>		<b>0.09</b>	<b>0.01</b>	

Figures in brackets indicate deductions.

**Lanka ORIX Finance PLC**
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2014

	Stated Capital	Statutory Reserve	Investment Fund Reserve	Available for Sale Investment Reserve	Retained Earnings	Total Equity
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
<b>Balance as at 1 April 2012</b>	2,000,000	542,182	157,146	(12,126)	2,040,144	4,727,346
<b>Total comprehensive income for the year</b>						
Profit for the Year	-	-	-	-	686,280	686,280
<b>Other Comprehensive Income, net of income tax</b>						
Change in fair value of Available for Sale Investments	-	-	-	10,009	-	10,009
Actuarial losses on defined benefit plan	-	-	-	-	(5)	(5)
	-	-	-	10,009	(5)	10,004
<b>Total Comprehensive Income for the year</b>	-	-	-	10,009	686,275	696,284
<b>Transactions Recorded Directly in Equity</b>						
Transfer to Investment Fund Account	-	-	130,616	-	(130,616)	-
Transfer to Statutory Reserve Fund	-	137,256	-	-	(137,256)	-
<b>Total Transactions Recorded Directly in Equity</b>	-	<b>137,256</b>	<b>130,616</b>	-	<b>(267,872)</b>	-
<b>Balance as at 31 March 2013</b>	<b>2,000,000</b>	<b>679,438</b>	<b>287,762</b>	<b>(2,117)</b>	<b>2,458,547</b>	<b>5,423,630</b>
<b>Balance as at 1 April 2013</b>	2,000,000	679,438	287,762	(2,117)	2,458,547	5,423,630
<b>Total comprehensive income for the year</b>						
Profit for the Year	-	-	-	-	1,000,299	1,000,299
<b>Other Comprehensive Income, net of income tax</b>						
Change in fair value of Available for Sale Investments, net of transfer to profit or loss	-	-	-	111,910	-	111,910
Actuarial losses on defined benefit plan (Net of income tax)	-	-	-	-	(1,869)	(1,869)
	-	-	-	111,910	(1,869)	110,040
<b>Total Comprehensive Income for the year</b>	-	-	-	111,910	998,430	1,110,340
<b>Transactions Recorded Directly in Equity</b>						
Transfer to Investment Fund Account	-	-	104,088	-	(104,088)	-
Transfer to Statutory Reserve Fund	-	200,060	-	-	(200,060)	-
<b>Total Transactions Recorded Directly in Equity</b>	-	<b>200,060</b>	<b>104,088</b>	-	<b>(304,148)</b>	-
<b>Balance as at 31 March 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>

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

Year ended 31 March 2014

	<b>2014</b>	<b>2013</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Cash flows from / (used in) operating activities</b>		
Net Profit before income tax expense	1,442,423	995,340
Adjustments for:		-
Depreciation	3,823	
Change in fair value of derivatives - forward contracts	(43,628)	249,874
Provision for fall / (increase) in value of investments	(1,900)	(600)
Allowance for doubtful debts	199,082	1,122,946
Other provisions	67,378	
Change in Fair Value of Investment Property	(58,361)	-
Provision for defined benefit plans	1,985	1,602
Investment income	(637,270)	(392,341)
Finance costs	6,125,280	4,950,845
Operating profit/(loss) before working capital changes	7,098,813	6,927,666
Change in other receivables	(108,622)	218,318
Change in inventories	(12,080)	13,629
Change in real estate stocks	2,598	13,851
Change in trade and other payables	(364,051)	742,777
Change in amounts due to/ due from related parties	583,974	(669,969)
Change in lease receivables	(470,507)	(403,699)
Change in hire purchase, loans and advances	(3,741,113)	(4,230,291)
Change in factoring receivables	270,221	(3,673,876)
Change in Margin Trading Advances	(110,896)	-
Change in fixed deposits from customers	9,895,049	7,615,269
Change in savings deposits from customers	372,420	(1,689,866)
Cash generated from operations	13,415,807	4,863,809
Finance cost paid on deposits	(4,903,855)	(3,594,408)
Gratuity paid	(1,526)	(1,785)
Income tax paid	(203,485)	(208,694)
Net cash from/(used in) operating activities	8,306,941	1,058,923
<b>Cash flows from / (used in) investing activities</b>		
Acquisition of property, plant & equipment	(53,966)	-
Net proceeds from investments in term deposits	(51,843)	385,366
Net proceeds from investments in treasury bonds	(1,445,932)	(1,932,300)
Net proceeds from investments	-	(343)
Interest received	637,270	444,952
Net cash flows from/(used in) investing activities	(914,471)	(1,102,325)
<b>Cash flows from / (used in) financing activities</b>		
Net proceeds from interest bearing loans & borrowings	(5,134,816)	829,374
Lease rentals paid - capital repayment	(18,678)	(7,316)
Finance cost paid on bank loans and over draft	(998,350)	(1,030,741)
Net cash flows from / (used in) financing activities	(6,151,845)	(208,683)
<b>Net increase / (decrease) in cash and cash equivalents</b>	1,240,624	(252,085)
<b>Cash and cash equivalents at the beginning of the year</b>	859,592	1,111,676
<b>Cash and cash equivalents at the end of the year</b>	2,100,217	859,592
<b>Analysis of cash and cash equivalents at the end of the year</b>		
Cash and bank balances	3,236,380	3,061,190
Bank overdraft	(1,136,163)	(2,201,599)
	2,100,217	859,592

## Notes to the Interim Financial Statements

For the year ended 31 March 2014

**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 31st March 2014 is as follows

	Rs
Market price as at 31st March 2014	3.40
Highest Price	4.00
Lowest Price	2.70

**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 not been reclassified or 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 year ended 31st March 2014

#### Operating Segment

	Leasing Rs '000	Hire Purchase Rs '000	Loans Rs '000	Treasury Rs '000	Others Rs '000	Total Rs '000
<b>For the Year ended 31 March 2014</b>						
Total revenue	2,919,879	224,766	7,660,688	639,873	42,194	11,487,400
Inter segmental revenue	-	-	-	-	-	-
<b>External revenue</b>	<b>2,919,879</b>	<b>224,766</b>	<b>7,660,688</b>	<b>639,873</b>	<b>42,194</b>	<b>11,487,400</b>
Net interest cost	(1,556,930)	(119,849)	(4,084,811)	(341,191)	(22,499)	(6,125,280)
<b>Profit before operating expenses</b>	<b>1,362,949</b>	<b>104,917</b>	<b>3,575,877</b>	<b>298,682</b>	<b>19,696</b>	<b>5,362,120</b>
Operating expenses	(1,164,723)	(81,300.14)	(2,340,304)	(132,520)	(31,576)	(3,750,422)
Value added tax on financial services	-	(3,175)	(166,099)	-	-	(169,274)
<b>Results from operating activities</b>	<b>198,226</b>	<b>20,442</b>	<b>1,069,473</b>	<b>166,162</b>	<b>(11,880)</b>	<b>1,442,423</b>
<b>For the Year ended 31 March 2013</b>						
Total revenue	2,556,550	464,897	5,643,953	261,962	27,115	8,954,477
Inter segmental revenue	-	-	-	-	-	-
<b>External revenue</b>	<b>2,556,550</b>	<b>464,897</b>	<b>5,643,953</b>	<b>261,962</b>	<b>27,115</b>	<b>8,954,477</b>
Net interest cost	(1,413,492)	(257,037)	(3,120,488)	(144,836)	(14,992)	(4,950,845)
<b>Profit before operating expenses</b>	<b>1,143,058</b>	<b>207,860</b>	<b>2,523,465</b>	<b>117,126</b>	<b>12,123</b>	<b>4,003,632</b>
Operating expenses	(601,484)	(109,386)	(2,114,625)	(48,007)	(4,969)	(2,878,470)
Value added tax on financial services	-	(25,200)	(104,622)	-	-	(129,822)
<b>Results from operating activities</b>	<b>541,574</b>	<b>73,274</b>	<b>304,218</b>	<b>69,119</b>	<b>7,154</b>	<b>995,340</b>
<b>For the year ended 31 March 2014</b>						
Provision for / (reversal of provision for) doubtful debts and bad debts written off	560,007	34,750	753,752	-	22,837	1,371,346
<b>As at 31-03-2014</b>						
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
<b>As at 31-03-2013</b>						
Total assets	11,452,172	1,347,975	27,407,413	3,802,693	3,559,200	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 31st March 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 31st March 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	38,286,086	1.37
5	R R De Silva	10,990,594	0.39
6	National Savings Bank	4,550,000	0.16
7	A.R.Wickramanayake	1,688,500	0.06
8	S.V.Somasunderam	1,500,000	0.05
9	DPMC Assetline Holdings (Pvt) LTD Account No 2	1,413,824	0.05
10	M.J.T.Wass	1,232,802	0.04
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	HSBC Intl Nominees Ltd-Credit Suisse AG Zurich	718,000	0.03
16	E.S.P.Selvarajah	600,000	0.02
17	Springcare Holdings (Private) Limited	600,000	0.02
18	K.P.Ariyaratne	600,000	0.02
19	R E Rabukwelle	589,400	0.02
20	B D T R Perera	575,000	0.02
	Total shares held by Top 20 Shareholders	<b>2,767,514,440</b>	<b>98.8</b>

The Public Shareholding as at 31st March 2014 was 10.00%