

LANKA ORIX LEASING COMPANY PLC
INTERIM FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED 30 SEPTEMBER 2016



Lanka Orix Leasing Company PLC
Interim Financial Statements
For the six month period ended 30 September 2016

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Lanka Orix Leasing Company PLC
Statement of Financial Position

Group		Company	<i>As at</i>	Group		Company	
31-Mar-16	31-Mar-16	31-Mar-16		30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
Rs.' 000	Rs.' 000	Rs.' 000		Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Audited	Audited			Un-audited	Un-audited	Un-audited	Un-audited
					Restated		
Assets							
13,725,794	63,407		Cash and cash equivalents	14,069,317	8,661,037	239,214	357,694
2,397,547	420,126		Trading assets - fair value through profit or loss	836,938	861,153	485,289	559,111
60,951,440	684,543		Investment securities	58,943,116	24,180,114	636,949	745,554
			Finance lease receivables, hire purchases and operating leases	52,683,899	49,395,708	8,702	-
51,666,748	8,920		Advances and other loans	186,057,967	123,255,774	902,769	752,134
161,116,017	1,774,112		Insurance premium receivables	837,615	680,179	-	-
801,165	-		Inventories	3,856,348	3,127,641	426,082	422,272
3,645,281	462,760		Current tax assets	162,190	179,380	-	-
1,011,854	178,334		Trade and other current assets	12,345,392	13,364,702	27,661,367	15,119,812
10,480,953	16,524,924		Prepaid lease rentals on leasehold properties	731,763	706,454	-	-
742,535	-		Investment properties	8,425,813	9,068,940	353,000	344,000
9,073,216	353,000		Real estate stocks	937,004	-	-	-
-	-		Biological Assets;				
6,150,990	-		Consumer Biological Assets	6,591,700	6,388,495	-	-
4,811,353	-		Bearer Biological Assets	7,228,788	4,740,655	-	-
			Investments in group companies;				
-	42,615,931		Subsidiary companies	-	-	42,608,567	42,126,053
-	-		Jointly controlled entities	233,253	-	-	-
16,493,637	7,816,377		Equity accounted investees - Associates	18,657,799	16,355,651	7,816,377	7,806,262
490,243	80		Deferred tax assets	417,434	386,588	67,010	149,675
2,482,046	210,021		Intangible assets	2,565,803	2,225,869	232,682	124,096
33,553,739	4,381,379		Property, plant and equipment	37,141,752	27,706,417	4,599,009	4,046,189
379,594,558	75,493,914		Total assets	412,723,891	291,284,757	86,037,017	72,552,852
Liabilities and equity							
Liabilities							
9,302,310	3,354,589		Bank overdrafts	7,049,460	5,584,641	1,352,368	1,091,442
17,859	-		Trading liabilities - fair value through profit or loss	261,140	87,156	4,345	-
74,165,732	-		Deposits liabilities	81,047,544	65,480,993	-	-
205,774,163	35,014,816		Interest bearing borrowings	223,387,093	136,676,717	46,811,980	35,011,784
1,519,563	-		Insurance provision - life	1,888,922	957,761	-	-
2,136,529	-		Insurance provision - general	2,716,234	1,861,174	-	-
2,084,537	322,774		Current tax payables	2,763,656	1,875,943	157,965	24,376
11,572,669	1,115,435		Trade and other payables	16,395,518	11,886,282	1,292,795	1,066,914
3,930,668	-		Deferred tax liabilities	3,859,792	3,159,396	88,554	88,554
651,021	-		Deferred income	649,391	618,174	-	-
2,063,282	184,863		Retirement benefit obligations	2,641,490	2,466,538	198,460	186,097
313,218,333	39,992,477		Total liabilities	342,660,240	230,654,775	49,906,467	37,469,167
Equity							
475,200	475,200		Stated capital (475,200,000 shares)	475,200	475,200	475,200	475,200
5,436,196	1,653,318		Reserves	5,492,804	5,304,360	1,697,003	1,829,498
31,786,984	33,372,919		Retained earnings	35,913,786	26,696,666	33,958,347	32,778,987
37,698,380	35,501,437		Equity attributable to shareholders of the Company	41,881,790	32,476,226	36,130,550	35,083,685
28,677,845	-		Non-controlling interests	28,181,861	28,153,756	-	-
66,376,225	35,501,437		Total equity	70,063,651	60,629,982	36,130,550	35,083,685
379,594,558	75,493,914		Total liabilities & equity	412,723,891	291,284,757	86,037,017	72,552,852
79.33	74.71		Net assets per share (Rs.)	88.14	68.34	76.03	73.83

I certify that these Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act, No.07 of 2007.

Sgd.
Mrs. S.S. Kotakadeniya
Chief Financial Officer - LOLC Group

The board of directors is responsible for the preparation and the presentation of these Financial Statements.
Approved and signed for and on behalf of the Board;

Sgd.
Mr. K U Amarasinghe
Director
11th November 2016, Rajagiriya (Greater Colombo)

Sgd.
Mr. W.D.K. Jayawardena
Group Managing Director / CEO

Lanka Orix Leasing Company PLC
Statement of Profit or Loss

	Group					
	Three Months Ended			Six Months Ended		
	30-Sep-16 Rs.' 000 Un audited	30-Sep-15 Rs.' 000 Restated	Variance %	30-Sep-16 Rs.' 000 Un audited	30-Sep-15 Rs.' 000 Restated	Variance %
Gross income	22,014,277	16,442,847	34	41,456,949	30,831,212	34
Interest income	13,067,208	9,352,489	40	24,877,087	17,510,040	42
Interest expense	(7,244,196)	(4,508,243)	61	(13,926,907)	(8,320,643)	67
Net interest income	5,823,012	4,844,246	20	10,950,180	9,189,397	19
Revenue	6,194,657	5,189,030	19	11,253,205	9,253,968	22
Cost of sales	(3,722,702)	(3,585,261)	4	(6,871,516)	(6,200,239)	11
Gross profit	2,471,955	1,603,769	54	4,381,689	3,053,729	43
Income	2,623,660	1,934,728	36	4,842,977	3,524,284	37
Other income/(expenses) (Including net finance cost)	128,752	(33,400)	(485)	483,680	542,920	(11)
Profit before operating expenses	11,047,379	8,349,343	32	20,658,526	16,310,330	27
Operating expenses						
VAT on financial services	(454,629)	(357,186)	27	(877,321)	(580,774)	51
Other direct expenses excluding finance costs	(1,308,426)	(635,406)	106	(2,439,360)	(1,300,741)	88
Personnel costs	(3,112,076)	(2,093,214)	49	(6,051,263)	(4,176,580)	45
Net impairment (loss) / reversal on financial assets	(760,997)	(780,318)	(2)	(1,435,857)	(1,340,874)	7
Depreciation and amortization	(431,011)	(354,616)	22	(836,685)	(705,916)	19
Other operating expenses	(2,781,460)	(1,630,869)	71	(4,696,949)	(3,607,997)	30
Results from operating activities	2,198,780	2,497,734	(12)	4,321,091	4,597,448	(6)
Share of profits of equity accounted investees	955,693	679,600	41	2,002,357	1,256,646	59
Results on acquisition and divestment of group investments	196,208	-	-	196,208	-	-
Profit before income tax expense	3,350,681	3,177,334	5	6,519,656	5,854,094	11
Income tax expense	(770,074)	(784,543)	(2)	(1,533,984)	(1,411,341)	9
Profit for the period	2,580,607	2,392,791	8	4,985,672	4,442,753	12
Profit attributable to;						
Equity holders of the Company	2,400,665	2,158,491	11	4,738,048	4,009,081	18
Non-controlling interests	179,942	234,300	(23)	247,624	433,672	(43)
	2,580,607	2,392,791	8	4,985,672	4,442,753	12
Basic earnings per share (Rs.)	5.05	4.54	11	9.97	8.44	18

Figures in brackets indicate deductions.
The above figures are not audited

Statement of Other Comprehensive Income

	Group					
	Three Months Ended			Six Months Ended		
	30-Sep-16 Rs.' 000	30-Sep-15 Rs.' 000	Variance %	30-Sep-16 Rs.' 000	30-Sep-15 Rs.' 000	Variance %
Profit for the period	2,580,607	2,392,791	8	4,985,672	4,442,753	12
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	110,948	(143,455)	(177)	151,475	(3,564)	(4,350)
Net movement of cash flow hedges	(190,517)	178,332	(207)	(250,913)	192,554	(230)
Effect on translation differences for foreign operations	6,277	151,987	(96)	(17,283)	81,749	(121)
Other comprehensive income/ (expense) for the year, net of tax	(73,292)	186,864	(139)	(116,721)	270,739	(143)
Total comprehensive income / (expense) for the period	2,507,315	2,579,655	(3)	4,868,951	4,713,492	3
Total comprehensive income / (expense) attributable to;						
Equity holders of the Company	2,344,641	2,227,761	5	4,650,661	4,209,339	10
Non-controlling interests	162,674	351,894	(54)	218,290	504,153	(57)
Total comprehensive income / (expense) for the period	2,507,315	2,579,655	(3)	4,868,951	4,713,492	3

Sgd.

Figures in brackets indicate deductions.
The above figures are not audited

Lanka Orix Leasing Company PLC
Statement of Profit or Loss

	Company					
	Three Months Ended			Six Months Ended		
	30-Sep-16 Rs.' 000	30-Sep-15 Rs.' 000	Variance %	30-Sep-16 Rs.' 000	30-Sep-15 Rs.' 000	Variance %
Gross income	1,889,052	1,000,405	89	3,547,324	1,866,277	90
Interest income	826,927	478,413	73	1,495,633	763,286	96
Interest expense	(1,245,535)	(741,707)	68	(2,289,795)	(1,362,925)	68
Net interest income	(418,608)	(263,294)	141	(794,162)	(599,639)	164
Income	11,486	11,337	1	20,730	17,011	22
Other income/(expenses)	1,050,639	510,655	106	2,030,961	1,085,980	87
Profit before operating expenses	643,517	258,698	149	1,257,529	503,352	150
Operating expenses						
VAT on financial services	(31,059)	(10,473)	197	(41,629)	(15,969)	161
Other direct expenses excluding finance costs	9,450	3,665	158	-	-	-
Personnel costs	(33,699)	(33,999)	(1)	(155,855)	(67,936)	129
Net impairment (loss) / reversal on financial assets	439	(145)	(403)	1,656	(403)	(511)
Depreciation and amortization	(96,635)	(74,258)	30	(182,214)	(145,804)	25
Other operating expenses	(129,698)	(108,713)	19	(157,542)	(142,623)	10
Profit before income tax expense	362,315	34,775	942	721,945	130,617	453
Income tax expense	(52,185)	-	-	(136,517)	-	-
Profit for the period	310,130	34,775	792	585,428	130,617	348
Profit attributable to;						
Equity holders of the Company	310,130	34,775	792	585,428	130,617	348
Non-controlling interests	-	-	-	-	-	-
	310,130	34,775	792	585,428	130,617	348
Basic earnings per share (Rs.)	0.65	0.07	792	1.23	0.27	348

Figures in brackets indicate deductions.
The above figures are not audited

Statement of Other Comprehensive Income

	Company					
	Three Months Ended			Six Months Ended		
	30-Sep-16 Rs.' 000	30-Sep-15 Rs.' 000	Variance %	30-Sep-16 Rs.' 000	30-Sep-15 Rs.' 000	Variance %
Profit for the period	310,130	34,775	792	585,428	130,617	348
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	27,230	(28,153)	(197)	43,685	58,246	(25)
Net movement of cash flow hedges	-	-	-	-	(1,546)	(100)
Other comprehensive income/ (expense) for the year, net of tax	27,230	(28,153)	(197)	43,685	56,700	(23)
Total comprehensive income / (expense) for the period	337,360	6,622	4,995	629,113	187,317	236
Total comprehensive income / (expense) attributable to;						
Equity holders of the Company	337,360	6,622	4,995	629,113	187,317	236
Non-controlling interests	-	-	-	-	-	-
Total comprehensive income / (expense) for the period	337,360	6,622	4,995	629,113	187,317	236

Figures in brackets indicate deductions.
The above figures are not audited

Sgd.

Lanka Orix Leasing Company PLC
Statement of Changes in Equity

For the six month period ended 30 September 2016

Company	Equity attributable to the shareholders of the Company						Total
	Stated Capital	Revaluation Reserve	Cash flow hedge Reserve	Fair Value Reserve on AFS	Future Taxation Reserve	Retained Earnings	
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	
Balance as at 01 April 2015	475,200	1,300,116	719	266,963	205,000	32,648,370	34,896,368
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	130,617	130,617
Other comprehensive income							
Net change in fair value of available-for-sale financial assets (net of tax)	-	-	-	58,246	-	-	58,246
Net movement of cash flow hedges	-	-	(1,546)	-	-	-	(1,546)
Total comprehensive income for the period	-	-	(1,546)	58,246	-	130,617	187,317
Balance as at 30 September 2015	475,200	1,300,116	(827)	325,209	205,000	32,778,987	35,083,685
Balance as at 01 April 2016	475,200	1,283,286	-	165,032	205,000	33,372,919	35,501,437
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	585,428	585,428
Other comprehensive income							
Net change in fair value of available-for-sale financial assets (net of tax)	-	-	-	43,685	-	-	43,685
Net movement of cash flow hedges	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	43,685	-	585,428	629,113
Balance as at 30 September 2016	475,200	1,283,286	-	208,717	205,000	33,958,347	36,130,550

Figures in brackets indicate deductions.

The above figures are not audited

Lanka Orix Leasing Company PLC
Statement of Changes in Equity
For the six month period ended 30 September 2016

Group	Equity Attributable to the Owners of the Company										Non-controlling Interests	Total Equity
	Stated Capital	Revaluation Reserve	Cash flow hedge Reserve	Fair Value Reserve on AFS	Translation Reserve	Future Taxation Reserve	Statutory Reserve Fund	Investment Fund	Retained Earnings	Total		
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000		
Balance as at 01 April 2015 - Restated	475,200	2,932,414	(102,894)	244,963	327,120	205,000	1,697,783	-	22,454,099	28,233,685	27,853,620	56,087,305
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	4,009,081	4,009,081	433,672	4,442,753
Other comprehensive income												
Net change in fair value of available-for-sale financial assets	-	-	-	(562)	-	-	-	-	-	(562)	(3,002)	(3,564)
Net movement of cash flow hedges	-	-	99,823	-	-	-	-	-	-	99,823	(18,074)	81,749
Effect on translation differences for foreign operations	-	-	-	-	100,997	-	-	-	-	100,997	91,557	192,554
Total comprehensive income for the period	-	-	99,823	(562)	100,997	-	-	-	4,009,081	4,209,339	504,153	4,713,492
Dividends paid during the period	-	-	-	-	-	-	-	-	-	-	(144,979)	(144,979)
Dividend forfeited	-	-	-	-	-	-	-	-	3,676	3,676	33	3,709
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	55,811	55,811	(282,550)	(226,739)
Adjustments due to changes in group holdings and other consolidation adjustments	-	-	-	-	-	-	-	-	(26,285)	(26,285)	223,479	197,194
Reserve transfers	-	-	-	-	-	-	(200,284)	-	200,284	-	-	-
Balance as at 30 September 2015	475,200	2,932,414	(3,071)	244,401	428,117	205,000	1,497,499	-	26,696,666	32,476,226	28,153,756	60,629,982
Balance as at 01 April 2016	475,200	3,434,185	218,241	(1,105,365)	929,777	205,000	1,754,358	-	31,786,984	37,698,380	28,677,845	66,376,225
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	4,738,048	4,738,048	247,624	4,985,672
Other comprehensive income												
Net change in fair value of available-for-sale financial assets	-	-	-	136,270	-	-	-	-	-	136,270	15,205	151,475
Net movement of cash flow hedges	-	-	(208,404)	-	-	-	-	-	-	(208,404)	(42,509)	(250,913)
Effect on translation differences for foreign operations	-	-	-	-	(15,253)	-	-	-	-	(15,253)	(2,030)	(17,283)
Depreciation transfer on revaluation	-	(227)	-	-	-	-	-	-	227	-	-	-
Total comprehensive income for the period	-	(227)	(208,404)	136,270	(15,253)	-	-	-	4,738,275	4,650,661	218,290	4,868,951
Reserve transfers	-	-	-	-	-	-	140,552	-	(140,552)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(210,314)	(210,314)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	103,193	103,193
Adjustments due to changes in group holdings and other consolidation adjustments	-	3,670	-	-	-	-	-	-	(470,921)	(467,251)	(217,880)	(685,131)
Disposal of Subsidiary	-	-	-	-	-	-	-	-	-	-	(389,273)	(389,273)
Balance as at 30 September 2016	475,200	3,437,628	9,837	(969,095)	914,524	205,000	1,894,910	-	35,913,786	41,881,790	28,181,861	70,063,651

Figures in brackets indicate deductions.
The above figures are not audited

Lanka Orix Leasing Company PLC
Statement of Cash Flows

For the six month period ended 30 September 2016

	Group		Company	
	2016 Rs.' 000	2015 Rs.' 000	2016 Rs.' 000	2015 Rs.' 000
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before income tax expense	6,519,656	5,854,094	721,945	130,617
Adjustment for:				
(Gain) / loss on sale of property, plant and equipment	(164,628)	(104,005)	(16,916)	(100,326)
Depreciation and amortization	836,685	705,916	182,214	145,804
Insurance provision	949,064	448,426	-	-
Change in fair value of forward contracts	14,571	(57,806)	-	-
Provision for gratuity	98,072	7,553	16,800	15,000
Net impairment (loss) / reversal on financial assets	1,435,857	1,340,874	1,656	403
Provision for fall/(increase) in value of investments	(199,882)	(67,949)	(66,864)	(44,555)
Investment Income	(56,328)	(68,522)	(160,175)	(106,757)
Finance costs	13,926,907	8,408,430	2,289,795	1,362,925
Interest income	(1,892,918)	(766,736)	-	-
(Profit)/loss on sale of quoted and non-quoted shares	604	(10,710)	7,538	-
Share of profits of equity accounted investees	(2,002,357)	(1,256,646)	-	-
(Gain)/Loss on disposal of subsidiaries	(196,208)	4,865	-	-
Transaction cost on acquisition of subsidiaries	2,166	-	-	-
Operating profit before working capital changes	19,271,261	14,437,784	2,975,993	1,403,111
Working capital changes				
Increase/(decrease) in trade and other payables	3,289,607	3,681,838	(61,355)	(1,645,416)
(Increase)/decrease in investment in leases, hire purchase and others	(1,482,073)	(8,778,754)	219	-
(Increase)/decrease in investment in advances and other loans	(25,912,885)	(25,353,177)	119,906	368,501
(Increase)/decrease in premium receivables	(36,450)	(78,080)	-	-
(Increase)/decrease in inventories	(17,138)	(1,293,969)	-	(412,022)
(Increase)/decrease in trade and other receivables	(1,193,494)	(3,652,178)	(10,227,945)	(9,364,256)
(Increase)/decrease in customer deposits	6,881,812	14,893,754	-	-
Cash generated from operations	800,640	(6,142,782)	(7,193,182)	(9,650,082)
Finance cost paid	(11,146,451)	(6,903,074)	(2,133,817)	(1,337,485)
Income tax and Economic Service Charge paid	(294,191)	(801,757)	(17,911)	(1,525)
Defined benefit plan costs paid	(119,046)	(58,764)	(3,203)	(3,418)
Net cash from/(used in) operating activities	(10,759,048)	(13,906,377)	(9,348,113)	(10,992,510)
CASH FLOW FROM INVESTING ACTIVITIES				
Investment in subsidiary companies	(306,166)	-	7,364	(3)
Net cash and cash equivalents on acquisition of subsidiary	(53,405)	-	-	-
Net cash and cash equivalents received on disposal of subsidiary	506,520	4,740	-	-
Investment in equity accounted investees	(366,627)	(156,057)	-	(156,056)
Acquisition of non-controlling interests	(731,083)	(226,739)	-	-
Acquisition of property, plant and equipment and leasehold rights	(4,411,041)	(2,019,134)	(357,432)	(261,590)
Acquisition / (Disposal) of intangible assets	(95,975)	(12,206)	(66,472)	-
Net additions to trading assets	1,821,852	323,947	-	-
Net additions to investment securities	2,159,799	(5,881,415)	117,185	(63,824)
Proceeds from the sale of property, plant and equipment	29,622	164,009	28,033	142,766
Interest received	1,892,918	766,736	-	-
Dividend received	267,423	193,424	160,175	106,757
Net additions to biological assets	(126,101)	(148,164)	-	-
Net cash flow from investing activities	587,736	(6,990,859)	(111,147)	(231,950)
CASH FLOW FROM FINANCING ACTIVITIES				
Net cash proceeds from short-term interest bearing loans and borrowings	10,999,835	7,704,329	11,703,022	7,002,769
Principal repayment under finance lease liabilities	(231,500)	(47,671)	(192,064)	(47,671)
Proceeds from long-term interest bearing loans and borrowings	6,002,774	18,399,273	861,773	5,237,173
Repayments of long-term interest bearing loans and borrowings	(3,832,660)	(3,998,162)	(711,238)	(1,576,492)
Dividends paid to non-controlling interests	(210,314)	(144,979)	-	-
NCI contributions to share issue of subsidiaries	39,550	245,000	-	-
Net cash generated from financing activities	12,767,685	22,157,790	11,661,493	10,615,779
Net increase/(decrease) in cash and cash equivalents during the period	2,596,373	1,260,554	2,202,233	(608,681)
Cash and cash equivalents at the beginning of the period	4,423,484	1,815,842	(3,315,387)	(125,067)
Cash and cash equivalents at the end of the period	7,019,857	3,076,396	(1,113,154)	(733,748)
Analysis of cash and cash equivalents at the end of the period				
Cash in Hand and Favorable Bank Balances	14,069,317	8,661,037	239,214	357,694
Unfavorable Bank Balances used for cash management purposes	(7,049,460)	(5,584,641)	(1,352,368)	(1,091,442)
	7,019,857	3,076,396	(1,113,154)	(733,748)

Figures in brackets indicate deductions.

The above figures are not audited

- 1 The Statement of Financial Position as at 30 September 2016, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity of the Company and the Group for the six month period ended thereof are drawn up from unaudited financial statements of the Company, its subsidiaries, associates and joint ventures and provide information as required by the Colombo Stock Exchange and LKAS 34. Further, provisions of the Companies Act No.7 of 2007 has been considered in preparing the said financial statements of the Company and of the Group.
- 2 Accounting policies and methods of computation as stated in the Financial Statements for 2015/16 are followed in the preparation of these Interim Financial Statements.
- 3 Revenue includes revenue from trading, manufacturing, leisure, plantation and other activities of the Group.
- 4 Interest income and income represent the income receivable for the period on all contracts, rentals on operating leases, income on factoring of client debtors, earned premium on insurance contracts and IT service fees. It includes all income related to operations such as interest on overdue rentals, profit/loss on leases and loans terminated and collections on contracts written off.
- 5 Other income / (expenses) includes foreign exchange gains / (losses), realized capital gains, capital gains and losses arising from marked to market valuation of quoted shares held for trading purposes, rent income and dividend.
- 6 All expenses related to management expenditure is fully provided for in the financial statements.
- 7 There are no significant changes in the nature of the contingent liabilities disclosed in the Financial Statements for the year ended 31 March 2016.
- 8 No circumstances have arisen since the reporting date, which would require adjustments to or disclosure in the financial statements other than disclosed as follows.

8.1 Acquisition of Agalawatte Plantations PLC

In July 2016, Browns Power Holdings (Pvt) Ltd, a subsidiary of the Group acquired the controlling interest of Agalawatte Plantations PLC by purchasing 15.2 Mn voting shares (60.80%) for a consideration of Rs. 304 Mn.

The provisional fair values of the identifiable assets and liabilities of acquirees (based on un-audited financial statements) as at the date of acquisition were;

	<i>Rs. Mn</i>
Assets	
Cash and cash equivalents	11.32
Investment securities	8.06
Trade and other current assets	339.81
Inventories	202.09
Long term investments	335.69
Biological Assets	3,479.07
Property, plant and equipment	248.44
	4,624.47
Liabilities	
Bank overdrafts	72.78
Trade and other payables	1,620.13
Borrowings	1,935.89
Retirement benefit obligations	602.76
	4,231.56

Equity	
Stated capital	250.00
Reserves	450.74
Retained earnings	(307.83)
	392.90
<hr/>	
Goodwill recognized as a result of the acquisitions are as follows;	
Fair value of consideration paid	304.00
Non-controlling interests acquired	103.19
	407.19
Fair value of Identifiable net assets acquired	392.90
Resulting goodwill	14.29
	<hr/>

8.2 Divestment of Lotus Hydro Power PLC (Formerly known as Browns Hydro Power PLC)

During the period, the Group divested its controlling stake (72.13%) in Lotus Hydro Power PLC (formerly known as Browns Hydro Power PLC) for a consideration of Rs. 550 Mn.

Fair values of the identifiable assets and liabilities of the disposed entity at the date of disposal were;

	<i>Rs. Mn</i>
Cash and cash	35.72
Trade and other receivables	61.11
Inventories	8.16
Property, plant and equipment	864.49
	<hr/>
	969.48
Trade and other payables	94.2
Retirement benefit obligation	3.6
Loans and borrowings	136.4
Bank overdraft	1.7
	<hr/>
	235.9
Net assets disposed	733.60
Net assets attributable to the group	344.33
Fair value of consideration received (net of transaction cost)	540.53
	<hr/>
Gain on disposal	196.21
	<hr/>

The gain on disposal is included in the Group's statement of profit or loss.

9 Market prices of ordinary shares recorded during the quarter ended 30th September 2016 are as follows;

	Rs.	
Closing price	82.20	Sgd.
Highest Price	92.00	
Lowest Price	78.00	

10 Information on Company's listed debentures

10.1 Interest rate of comparable government security

Buying and Selling prices of Treasury Bonds at the auction held on 29 September 2016

	Buying	Selling
4 Year Bond		
Price	91.58	91.84
Yield	11.00%	10.91%
5 Year Bond		
Price	96.01	96.33
Yield	11.15%	11.05%

10.2 Market prices and yield during the period (ex interest)

	4 Year Bond	5 Year Bond
Price	90.42	94.28
Yield	11.31%	11.48%

Current period

Yield to maturity of trade done on 29 September 2016 10.61%

Debt to equity	1.38	times
Interest cover	1.47	times
Quick asset ratio	1.07	times

10.3 The market prices and yield during the period (ex interest)

Highest price	99.51
Lowest price	88.97
Last traded price	99.51

11 Backed to backed deposits details

As at 30 September 2016

Rs. '000

Back to back deposits on foreign funding	29,635,123
Interest income earned on back to back deposits	449,491

12 Group Portfolio information

As at 30 September 2016

Rs. '000

Gross portfolio	244,066,761
Non-performing portfolio > 6 months	5,615,161
Allowance for non-performing portfolio	5,324,895

13 Early Adoption of Amendments to LKAS 16 and LKAS 41 (Agriculture : Bearer Plants)

Pursuant to the amendments on Agriculture: Bearer Plants (Amendments to LKAS 16 and LKAS 41), issued in March 2015 by The Institute of Chartered Accountants of Sri Lanka amended paragraphs 3, 6 and 37, added paragraphs 22A and 81L–81M of LKAS 16, amended paragraphs 1–5, 8, 24 and 44, added paragraphs 5A–5C and 63 of LKAS 41. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016 and permitted early adoption. Consequently the Group has decided to early adopt the said amendments and chose to change its existing accounting policies on Bearer Plants under Historical Cost Model in compliance with the LKAS 16.

The impact on the early adoption to the group financial statements explained below;

Effect on Total Comprehensive Income

For the Period Ended	Group		
	30-Sep-15		
	Rs.'000	Rs.'000	Rs.'000
	As Previously Reported	Re-measurement	As Per Amendments
Gross income	30,798,838	32,374	30,831,212
Interest expenses	17,510,040	-	17,510,040
Interest expenses	(8,320,643)	-	(8,320,643)
Net interest income	9,189,397	-	9,189,397
Revenue	9,253,968	-	9,253,968
Cost of sales	(6,200,239)	-	(6,200,239)
Gross profit	3,053,729	-	3,053,729
Income	3,524,284	-	3,524,284
Other income/(expenses)	510,546	32,374	542,920
Profit before operating expenses	16,277,956	32,374	16,310,330
Operating expenses			
VAT on financial services	(580,774)	-	(580,774)
Other direct expenses excluding finance costs	(1,300,741)	-	(1,300,741)
Personnel costs	(4,176,580)	-	(4,176,580)
Net impairment loss on financial assets	(1,340,874)	-	(1,340,874)
Depreciation and amortization	(653,740)	(52,176)	(705,916)
Other operating expenses	(3,607,997)	-	(3,607,997)
Results from operating activities	4,617,250	(19,802)	4,597,448
Share of profits of equity accounted investees	1,256,646	-	1,256,646
Profit before income tax expense	5,873,896	(19,802)	5,854,094
Income tax expense	(1,413,655)	2,314	(1,411,341)
Profit for the year	4,460,241	(17,488)	4,442,753
Profit attributable to;			
Equity holders of the Company	4,010,241	(1,160)	4,009,081
Non-controlling interests	450,000	(16,328)	433,672
	4,460,241	(17,488)	4,442,753
Basic earnings per share (Rs)	8.44	(0.00)	8.44

Figures in brackets indicate deductions

Early Adoption of Amendments to LKAS 16 and LKAS 41 (Agriculture : Bearer Plants) - Contd.

Effect on Statement of Financial Position

As at 30 September 2015

Statement of Financial Position	Previously Reported	Re-measurement	Restated
	Rs.' 000	Rs.' 000	Rs.' 000
Assets			
Cash and cash equivalents	8,661,037	-	8,661,037
Trading assets - fair value through profit or loss	861,153	-	861,153
Investment securities	24,180,114	-	24,180,114
Finance lease receivables, hire	49,395,708	-	49,395,708
Advances and other loans	123,255,774	-	123,255,774
Insurance premium receivables	680,179	-	680,179
Inventories	3,127,641	-	3,127,641
Current tax assets	179,380	-	179,380
Trade and other current assets	13,364,702	-	13,364,702
Prepaid lease rentals on leasehold properties	706,454	-	706,454
Investment properties	9,068,940	-	9,068,940
Real estate stocks	-	-	-
Biological Assets;			
Consumer biological assets	6,388,495	-	6,388,495
Bearer plants	5,888,972	(1,148,317)	4,740,655
Investments in group companies;			
Subsidiary companies	-	-	-
Jointly controlled entities	-	-	-
Equity accounted investees - Associates	16,355,651	-	16,355,651
Deferred tax assets	386,588	-	386,588
Intangible assets	2,225,869	-	2,225,869
Property, plant and equipment	27,706,417	-	27,706,417
Total assets	292,433,074	(1,148,317)	291,284,757
Liabilities and equity			
Liabilities			
Bank overdrafts	5,584,641	-	5,584,641
Trading liabilities - fair value through profit or loss	87,156	-	87,156
Deposits liabilities	65,480,993	-	65,480,993
Interest bearing borrowings	136,676,717	-	136,676,717
Insurance provision - life	957,761	-	957,761
Insurance provision - general	1,861,174	-	1,861,174
Current tax payables	1,875,943	-	1,875,943
Trade and other payables	11,886,282	-	11,886,282
Deferred tax liabilities	3,264,205	(104,809)	3,159,396
Deferred income	463,749	154,425	618,174
Retirement benefit obligations	2,466,538	-	2,466,538
Total liabilities	230,605,159	49,616	230,654,775
Equity			
Stated capital (475,200,000 shares)	475,200	-	475,200
Reserves	5,304,360	-	5,304,360
Retained earnings	26,956,793	(260,127)	26,696,666
Equity attributable to shareholders of the Company	32,736,353	(260,127)	32,476,226
Non-controlling interests	29,091,562	(937,806)	28,153,756
Total equity	61,827,915	(1,197,933)	60,629,982
Total liabilities & equity	292,433,074	(1,148,317)	291,284,757

Figures in brackets indicate deductions

Lanka Orix Leasing Company PLC

Operating Segments

<i>For the six month period ended 30 September 2016</i>	Financial Services	Life & General Insurance	Manufacturing & Trading	Leisure & Entertainment	Plantation & Hydro power	Equity Accounted Investees	Others / Eliminations	Total
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Gross income	32,811,822	2,618,721	8,143,610	682,283	3,597,885	-	(6,397,372)	41,456,949
Net interest cost	(15,646,375)	-	(568,084)	(352,182)	(299,954)	-	2,939,688	(13,926,907)
Cost of sales	-	-	(5,773,636)	(189,398)	(916,585)	-	8,103	(6,871,516)
Profit before operating expenses	17,165,447	2,618,721	1,801,890	140,703	2,381,346	-	(3,449,581)	20,658,526
Operating expenses	(11,676,128)	(2,524,399)	(1,968,415)	(554,255)	(2,307,500)	-	2,693,262	(16,337,435)
Results from operating activities	5,489,319	94,322	(166,525)	(413,552)	73,846	-	(756,319)	4,321,091
Share of profits of equity accounted investees	-	-	-	-	-	2,002,357	196,208	2,198,565
Profit before taxation	5,489,319	94,322	(166,525)	(413,552)	73,846	2,002,357	(560,111)	6,519,656
<i>For the six month period ended 30 September 2015</i>								
Gross income	21,753,162	1,705,270	6,521,123	474,658	2,887,624	-	(2,510,625)	30,831,212
Net interest cost	(8,320,643)	-	(356,306)	(188,149)	(145,834)	-	690,289	(8,320,643)
Cost of sales	-	-	(4,499,436)	(96,841)	(1,608,702)	-	4,740	(6,200,239)
Profit before operating expenses	13,432,519	1,705,270	1,665,381	189,668	1,133,088	-	(1,815,596)	16,310,330
Operating expenses	(8,482,494)	(1,614,141)	(1,390,042)	(517,803)	(1,267,476)	-	1,559,074	(11,712,882)
Results from operating activities	4,950,025	91,129	275,339	(328,135)	(134,388)	-	(256,522)	4,597,448
Share of profits of equity accounted investees	-	-	-	-	-	1,256,646	-	1,256,646
Profit before taxation	4,950,025	91,129	275,339	(328,135)	(134,388)	1,256,646	(256,522)	5,854,094
<i>For the six month period ended 30 September 2016</i>								
	Financial Services	Life & General Insurance	Manufacturing & Trading	Leisure & Entertainment	Plantation & Hydro power	Equity Accounted Investees	Others / Eliminations	Total
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Net impairment (loss) / reversal on financial assets	1,435,857	-	-	-	-	-	-	1,435,857
Depreciation and amortization	375,262	23,445	135,051	136,326	160,397	-	6,204	836,685
Total assets (as at 30 September 2016)	388,317,633	8,185,442	28,986,964	30,600,187	23,607,007	-	(66,973,342)	412,723,891
Total liabilities (as at 30 September 2016)	335,461,631	5,642,313	13,598,584	9,906,586	13,137,088	-	(35,085,962)	342,660,240
<i>For the six month period ended 30 September 2015</i>								
Net impairment (loss) / reversal on financial assets	1,340,874	-	-	-	-	-	-	1,340,874
Depreciation and amortization	241,834	22,004	147,540	114,721	168,444	-	11,373	705,916
Total assets (as at 30 September 2015)	268,897,879	5,658,864	26,308,371	22,153,424	17,415,324	-	(49,149,105)	291,284,757
Total liabilities (as at 30 September 2015)	223,683,339	3,469,321	13,311,804	5,901,100	7,001,667	-	(22,712,456)	230,654,775

Lanka Orix Leasing Company PLC
Valuation of Financial Assets and Liabilities

Rs'000

As at 30 September 2016 - Group	Fair value - derivatives	Fair value - held for trading	Fair value through other comprehensive income - available for sale	Amortised cost / Not measured at fair value	Total carrying amount	Fair value	Fair value measurement level
Trading assets - fair value through profit or loss	-	836,938	-	-	836,938	836,938	Level 1 and Level 2
Investment securities	-	-	-	58,943,116	58,943,116	58,943,116	Level 1 and Level 2
Finance lease receivables, hire purchases and operating leases	-	-	-	52,683,899	52,683,899	52,135,986	Level 3
Advances and other loans	-	-	-	186,057,967	186,057,967	185,937,587	Level 3
Total financial assets	-	836,938	-	297,684,982	298,521,920	297,853,628	
Trading liabilities - fair value through profit or loss	261,140	-	-	-	261,140	261,140	Level 1
Deposits liabilities	-	-	-	81,047,544	81,047,544	81,533,829	Level 3
Interest bearing borrowings	-	-	-	223,387,093	223,387,093	224,727,416	Level 3
Total financial liabilities	261,140	-	-	304,434,637	304,695,777	306,522,385	

As at 31st March 2016 - Group	Fair value - derivatives	Fair value - held for trading	Fair value through other comprehensive income - available for sale	Amortised cost / Not measured at fair value	Total carrying amount	Fair value	Fair value measurement level
Trading assets - fair value through profit or loss	-	2,397,547	-	-	2,397,547	2,397,547	Level 1 and Level 2
Investment securities	-	-	11,092,834	49,858,606	60,951,440	59,332,190	Level 1 and Level 2
Finance lease receivables, hire purchases and operating leases	-	-	-	51,666,748	51,666,748	51,056,981	Level 3
Advances and other loans	-	-	-	161,116,017	161,116,017	161,486,583	Level 3
Total financial assets	-	2,397,547	11,092,834	262,641,371	276,131,752	274,273,301	
Trading liabilities - fair value through profit or loss	17,859	-	-	-	17,859	17,859	Level 1
Deposits liabilities	-	-	-	74,165,732	74,165,732	72,562,994	Level 3
Interest bearing borrowings	-	-	-	205,774,163	205,774,163	204,361,672	Level 3
Total financial liabilities	17,859	-	-	279,939,895	279,957,754	276,942,525	

For the cash and cash equivalents, short term receivables and payables, the fair value reasonably approximates its costs.

Lanka Orix Leasing Company PLC

Statement of Directors' holding and Chief Executive Officer's holding in shares of the Entity as at 30 September 2016

Directors Name	No of shares	%
Mr. R M Nanayakkara <i>Chairman</i>	172,492,292	36.299
Mr. I C Nanayakkara <i>Deputy Chairman (Also Alternate Director to Mr R M Nanayakkara)</i>	59,895,500	12.604
Mr. W D K Jayawardena <i>Group Managing Director / CEO</i>	-	-
Ms. R L Nanayakkara	-	-
Mrs. K U Amarasinghe	23,760,000	5.000
Deshamanya M D D Peiris	-	-
Mr. R A Fernando	12,600	0.003
Mr. H Yamaguchi	-	-
Mr. H Nishio	-	-
Mr. K Okuno <i>Alternate Director to H Nishio</i>	-	-

Top 20 shareholders as at 30 September 2016

	Shareholder	No. of Shares	% of Issued Capital
1	Mr. R M Nanayakkara	172,492,292	36.299
2	Orix Corporation	142,560,000	30.000
3	Mr. I C Nanayakkara	59,895,500	12.604
4	Mrs. K U Amarasinghe	23,760,000	5.000
5	Employees Provident Fund	15,182,259	3.195
6	HSBC Intl Nom Ltd - BBH - Mathews International Funds	12,121,473	2.551
7	Renaissance Capital (Private) Limited	7,633,849	1.606
8	HSBC Intl Nom Ltd - State Street Luxembourg C/O SSBT-ABN AMRO MULTI - MANAGER FUND	6,937,775	1.460
9	Mrs. I Nanayakkara	2,827,948	0.595
10	Employees Trust Fund Board	2,740,493	0.577
11	HSBC - Mr. R C De Silva	1,150,000	0.242
12	Mr. G G Ponnambalam	1,044,960	0.220
13	Dr. M Ponnambalam	1,044,960	0.220
14	Swasthika Mills LTD	1,006,800	0.212
15	Mrs. S N Fernando	818,440	0.172
16	Mr. S Nadesan	660,000	0.139
17	National Savings Bank	606,900	0.128
18	CONFIFI Management Services Ltd	600,000	0.126
19	HSBC Intl Nom Ltd - BBH - Mathews Emerging Asia Fund	573,466	0.121
20	Mr. G C Goonetilleke	525,000	0.110
		454,182,115	95.577

The Public Shareholding as at 30 September 2016 was 15.499 % comprising of 3,110 shareholders.