LANKA ORIX FINANCE PLC

FINANCIAL STATEMENTS

31 MARCH 2015

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF LANKA ORIX FINANCE PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Lanka ORIX Finance PLC, ("the Company"), which comprise the statement of financial position as at 31 March 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, set out on pages 07 to 63.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

(Contd..2/)

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Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion, scope and limitations of the audit are as stated above.
b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company, and

- the financial statements of the Company comply with the requirements of section 151 of the Companies Act No. 07 of 2007.

24 June 2015
Colombo

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	2015 Rs.	2014 Rs.
ASSETS			
Cash and bank balances	31.1	2,975,305,230	3,236,379,885
Deposits with banks and other financial institutions		761,095,291	466,476,354
Investment in government securities	3	5,900,717,853	4,936,822,120
Derivative assets	4.1	2,740,000	13,571,650
Rentals receivable on leased assets	5	13,150,375,843	10,836,503,291
Hire purchases, loans and advances	6	36,647,328,869	28,828,434,804
Factoring receivable	7	6,200,201,741	3,279,930,621
Margin trading receivables	8	293,711,960	123,408,390
Other receivables	9	639,352,319	1,418,032,772
Investments in shares	10	8,843,275	9,043,275
Amount due from related companies	11	2,882,510	5,930,266
Inventories		-	12,080,000
Investment properties	12	1,142,800,000	215,173,229
Property plant and equipment	13	136,544,681	50,142,822
Total assets		67,861,899,570	53,431,929,480
LIABILITIES			
Bank overdraft	31.2	2,333,062,400	1,136,163,365
Interest bearing borrowings	14	11,040,027,979	823,837,756
Deposits from customers	15	41,309,960,471	42,617,799,696
Trade payables	16	645,905,072	328,986,492
Accruals and other payables	17	822,440,615	494,314,160
Derivative liabilities	4.2	57,514,900	8,104,150
Amount due to related companies	18	2,453,097,016	649,310,359
Current tax payable	29.1	434,425,679	282,717,688
Deferred tax liability	29.2	761,419,624	548,717,682
Employee benefits	19.2	10,450,090	8,008,415
Total liabilities		59,868,303,846	46,897,959,764
SHAREHOLDER'S FUNDS			
Stated capital	20	2,000,000,000	2,000,000,000
Statutory reserve	21.1	953,676,506	879,497,395
Investment fund reserve	21.2	-	391,850,336
Available for sale investment reserve	21.3	86,036,783	109,792,742
Retained earnings	21.4	4,953,882,436	3,152,829,244
Total equity		7,993,595,725	6,533,969,716
Total liabilities and equity		67,861,899,570	53,431,929,480

These financial statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

...……………………………
(Mrs.) S.S.Kotakadeniya
Chief Financial Officer-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 by:

...……………………………
W.D.K. Jayawardena - Chairman

...……………………………
B.C.G. de Zylva - Managing Director

The annexed notes to the financial statements on pages 07 through 63 form an integral part of these financial statements.

24 June 2015
Rajagiriya (Greater Colombo)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2015

	Note	2015 Rs.	2014 Rs.
Interest income	22	10,871,226,902	10,515,811,362
Interest expense	23	(4,978,311,703)	(6,125,280,315)
Net interest income		5,892,915,199	4,390,531,047
Net other operating income	24	1,269,830,788	971,588,812
Direct expenses excluding interest cost	25	(428,891,690)	(297,539,370)
Allowance for impairment & write-offs	26	(1,497,302,317)	(1,371,346,099)
Personnel expenses	27.1	(897,363,959)	(687,105,875)
Depreciation		(12,166,033)	(3,823,251)
General & administration expenses		(1,860,446,851)	(1,390,607,706)
Profit from operations	27	2,466,575,137	1,611,697,558
Value added tax on financial service		(240,226,291)	(169,274,189)
Profit before tax		2,226,348,846	1,442,423,369
Income tax expense	29	(742,766,624)	(442,124,062)
Profit for the year		1,483,582,221	1,000,299,308
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability - gain / (loss)	19.2	(278,131)	(2,998,913)
Related tax	29	77,877	1,129,723
		(200,254)	(1,869,190)
Items that are or may be reclassified to profit or loss			
Available-for-sale financial assets :			
Net change in fair value	3.3	(23,755,959)	113,725,676
Net amount transferred to profit or loss	3.3	-	(1,816,142)
		(23,755,959)	111,909,534
Total other comprehensive income, net of tax		(23,956,213)	110,040,344
Total comprehensive income for the year		1,459,626,008	1,110,339,651
Basic earnings per share	30	0.53	0.36

The annexed notes to the financial statements on pages 07 through 63 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	Stated Capital Rs.	Statutory Reserve Rs.	Investment Fund Reserve Rs.	Available for Sale Investment Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1 April 2013	2,000,000,000	679,437,533	287,762,044	(2,116,792)	2,458,547,280	5,423,630,065
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,000,299,308	1,000,299,308
Other comprehensive income, net of income tax						
Net change in fair value	-	-	-	111,909,534	-	111,909,534
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	(1,869,190)	(1,869,190)
	-	-	-	111,909,534	(1,869,190)	110,040,344
Total comprehensive income for the year	-	-	-	111,909,534	998,430,117	1,110,339,651
Transactions recorded directly in equity						
Transfer to Investment Fund Reserve	-	-	104,088,292	-	(104,088,292)	-
Transfer to Statutory Reserve Fund	-	200,059,862	-	-	(200,059,862)	-
Total transactions recorded directly in equity	**-**	**200,059,862**	**104,088,292**	**-**	**(304,148,154)**	**-**
Balance as at 31 March 2014	**2,000,000,000**	**879,497,395**	**391,850,336**	**109,792,742**	**3,152,829,244**	**6,533,969,716**
Balance as at 1 April 2014	2,000,000,000	879,497,395	391,850,336	109,792,742	3,152,829,244	6,533,969,716
Total comprehensive income for the year						
Profit for the Year	-	-	-	-	1,483,582,221	1,483,582,221
Other comprehensive income, net of income tax						
Net change in fair value	-	-	-	(23,755,959)	-	(23,755,959)
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	(200,254)	(200,254)
	-	-	-	(23,755,959)	(200,254)	(23,956,213)
Total comprehensive income for the year	-	-	-	(23,755,959)	1,483,381,967	1,459,626,008
Transactions recorded directly in equity						
Transfer to Investment Fund Reserve	-	-	32,935,748	-	(32,935,748)	-
Transferred to retained earnings during the year			(424,786,084)		424,786,084	
Transfer to Statutory Reserve Fund	-	74,179,111	-	-	(74,179,111)	-
Total transactions recorded directly in equity	**-**	**74,179,111**	**(391,850,336)**	**-**	**317,671,225**	**-**
Balance as at 31 March 2015	2,000,000,000	953,676,506	-	86,036,783	4,953,882,436	7,993,595,725

The annexed notes to the financial statements on pages 07 through 63 form an integral part of these financial statements.

Lanka ORIX Finance PLC

CASH FLOW STATEMENT

Year ended 31 March 2015	Note	2015 March Rs.	2014 March Rs.
Cash flows from operating activities			
Profit before income tax expense		2,226,348,846	1,442,423,369
Adjustments for:			
Depreciation	13	12,166,033	3,823,251
Change in fair value of derivatives - forward contracts	4.3	60,242,400	(43,628,499)
Provision for fall / (increase) in value of investments	10.1	200,000	(1,900,000)
Impairment provision for the period	26	631,168,807	199,081,965
Provision for payables to clients	24	16,017,150	67,378,007
Change in fair value of investment property	12	(139,964,690)	(58,361,007)
Provision for defined benefit plans	19.2.a	3,126,017	1,984,811
Investment income	24	(611,873,253)	(637,269,569)
Finance costs	23	4,978,311,703	6,125,280,315
Operating profit before working capital changes		7,175,743,013	7,098,812,644
Change in other receivables		92,623,598	(108,621,552)
Change in inventories		12,080,000	(12,080,000)
Change in real estate stocks		-	2,598,484
Change in trade and other payables		629,027,885	(364,050,705)
Change in amounts due to/ due from related parties		1,806,834,413	583,973,502
Change in factoring receivables		(2,955,425,790)	270,221,432
Change in lease receivables		(1,905,624,582)	(470,506,833)
Change in hire purchase, loans and advances		(8,699,282,677)	(3,741,112,873)
Change in margin trading advances		(32,688,227)	(110,896,376)
Change in fixed deposits from customers		(1,592,806,882)	9,895,048,994
Change in savings deposits from customers		61,342,947	372,420,138
Cash (used in) / generated from operations		(5,408,176,301)	13,415,806,853
Finance cost paid on deposits		(4,269,028,902)	(4,903,855,441)
Gratuity paid	19.2	(962,473)	(1,525,780)
Income tax paid	29.1	(378,278,815)	(203,484,526)
Net cash from / (used in) operating activities		(10,056,446,491)	8,306,941,106
Cash flows from investing activities			
Acquisition of property, plant & equipment		-	(53,966,073)
Net proceeds from investments in term deposits		(294,618,937)	(51,842,724)
Net proceeds from investments in government securities		(987,651,691)	(1,445,932,169)
Interest received		611,873,253	637,269,569
Net cash flows used in investing activities		(670,397,375)	(914,471,397)
Cash flows from financing activities			
Net proceeds from interest bearing loans & borrowings		4,756,448,137	(5,134,816,255)
Proceeds from issue of debentures		5,000,000,000	-
Lease rentals paid - principal		(54,189,936)	(18,678,032)
Finance cost paid on borrowings		(433,388,020)	(998,350,223)
Net cash flows from / (used in) financing activities		9,268,870,181	(6,151,844,510)
Net increase / (decrease) in cash and cash equivalents		(1,457,973,690)	1,240,625,200
Cash and cash equivalents at the beginning of the period		2,100,216,520	859,591,320
Cash and cash equivalents at the end of the period (note 31)		642,242,830	2,100,216,520

The annexed notes to the financial statements on pages 07 through 63 form an integral part of these financial statements.

1. GENERAL

1.1 REPORTING ENTITY

1.1.1 Corporate Information

Lanka ORIX Finance PLC ("the Company") is a quoted public company with limited liability incorporated on 13 December 2001 and domiciled in Sri Lanka. The registered office of the Company is at No.100/1, Sri Jayewardenepura Mawatha, Rajagiriya.

The Company has been registered with the Central Bank of Sri Lanka as a Finance Company under the provisions of the Finance Business Act No. 42 of 2011. The Company has obtained registration from the Securities and Exchange Commission, as a Market Intermediary to perform the functions of a Margin Provider under section 19A of the Securities & Exchange Commission Act No.36 of 1987 as amended by Act Nos. 26 of 1991 & 18 of 2003.

1.1.2 Parent entity and Ultimate Parent Company

The Company's immediate and ultimate parent undertaking and controlling entity is Lanka ORIX Leasing Company PLC, which is incorporated in Sri Lanka.

1.1.3 Principal Activities and Nature of Operations

The principal activities of the Company comprised of leasing, hire purchase, margin trading, loans, property development, mobilization of public deposits and Islamic financing.

There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.1.4 Directors' Responsibility Statement

The Board of Directors takes the responsibility for the preparation and presentation of these Financial Statements as per the provisions of the Companies Act No.07 of 2007 and the Sri Lanka Accounting Standards.

1.1.5 Number of Employees

The staff strength of the Company as at 31 March 2015 was 642 (2014– 563).

1.2 BASIS OF PREPARATION

1.2.1 Statement of Compliance

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL) and comply with the requirements of the Companies Act, No. 7 of 2007, the Regulation of Finance Business Act No.42 of 2011 and the listing rules of the Colombo Stock Exchange.

These Financial Statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company for the year under review;
- a Statement of Financial Position providing the information on the financial position of the Company as at the year-end;
- a Statement of Changes in Equity depicting all changes in shareholders of Changes in Equity and depicting all changes the Company;
- a Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and the needs of entity to utilize those cash flows; and
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

1.2.2 Date of Authorization of Issue

The Financial Statements were authorized for issue by the Board of Directors on 24th June 2015.

1.2.3 Basis of Measurement

These Financial Statements have been prepared on a historical cost basis except for the following material items, which are measured on an alternative basis on each reporting date:

Items	**Measurement basis**	**Note No.**
Derivative financial instruments	Fair value	4
Non-derivative financial instruments at fair value through profit or loss	Fair value	10.1
Available for sale financial assets	Fair value	3.2 / 10.2
Investment property	Fair value	12
Net defined benefit assets/ (liabilities)	Actuarially valued and recognized at the present value	19.2

No adjustments have been made for inflationary factors affecting the Financial Statements.

The Company presents its statement of financial position broadly in order of liquidity.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settled the liability simultaneously.

1.2.4 Materiality and Aggregation

Each material class of similar items is presented separately. Items of dissimilar nature or function are presented separately unless they are immaterial.

1.2.5 Going Concern

The Directors have made an assessment of the company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

1.2.6 Comparative Information

Comparative information has not been re-classified or restated.

1.3 FUNCTIONAL AND PRESENTATION CURRENCY

These Financial Statements are presented in Sri Lankan Rupees (LKR), which is the company's functional and presentation currency.

All financial information has been rounded to the nearest Rupee unless otherwise specifically indicated.

1.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements in conformity with SLFRSs/LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The respective carrying amounts of assets and liabilities are given in the related Notes to the Financial Statements.

Information about critical judgments, estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is included in the following notes:

Critical Accounting estimate / judgment	**Disclosure reference**
	Note
Fair value measurement of financial instruments and investment properties	1.4.1 / 12.1
Financial assets and liability classification	1.4.2
Impairment losses on loans and advances	1.4.3
Impairment losses on available for sale investments	1.4.4
Impairment losses on other assets	1.4.5
Defined benefit obligation	1.4.6
Provisions for liabilities and contingencies	1.4.7

1.4.1 Fair Value Measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Group CFO.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant judgements used in valuation and issues that arises are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values and the fair value measurement level is included in the following notes:

Note 12 – Investment property; and

Note 2.2.7 & 2.25.1 – Financial instruments;

1.4.2 Financial Assets and Liability Classification

The Company's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances.

In classifying financial assets or liabilities into categories, the Company has determined that it meets the description of trading assets and liabilities set out in Note 2.2.1.b. In classifying financial assets as held to maturity, the Company has determined that it has both the positive intention and ability to hold the assets unit their maturity date as required by Note 2.2.1.b

1.4.3 Impairment Losses on Loans and Advances

The Company reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be provided for in the Statement of Profit or Loss and Other Comprehensive Income. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance made.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, by categorizing them into groups of assets with similar risk characteristics, to determine whether a provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio and judgment on the effect of concentrations of risks and economic data

The impairment loss on loans and advances is disclosed in more detail in Note 2.2.8

1.4.4 Impairment Losses on Available for Sale Investments

The Company reviews its debt securities classified as available for sale investments at each reporting date to assess whether they are impaired. This requires similar judgments as applied to the individual assessment of loans and advances. The Company also records impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged decline' in fair value below their cost requires judgment. In making this judgment, the Company evaluates, among other factors, historical price movements and duration and extent to which the fair value of an investment is less than its cost.

The impairment loss on available for sale investments is disclosed in Note 2.2.8

1.4.5 Impairment Losses on Other Assets

The Company assesses whether there are any indicators of impairment for an asset or a cash-generating unit at each Reporting date or more frequently, if events or changes in circumstances necessitate to do so. This requires the estimation of the circumstances that necessitate doing so. Estimating value in use requires management to make an estimate of the expected future cash flows from the asset or the cash-generating unit and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the Company to make estimates about expected future cash flows and discount rates, and hence, they are subject to uncertainty.

Specific Accounting Policies on impairment of Non-financial assets are discussed in Note 2.8.

1.4.6 Defined Benefit Obligation

The cost of the defined benefit plans is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Refer Note 2.9.3 for the assumptions used.

1.4.7 Provisions for Liabilities and Contingencies

The Company receives legal claims against it in the normal course of business. Management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions.

1.5 CHANGES IN ACCOUNTING POLICIES

Except for the impact arising from new accounting standards being effective from 1st January 2014, as explained below, the Company has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements.

The Company has evaluated the following new standards and amendments to standards, including any consequential changes to other standards, with a date of initial application of 1 April 2014.

- Consolidated Financial Statements (SLFRS 10)
- Joint Arrangements (SLFRS 11)
- Disclosure of Interests in Other Entities(SLFRS 12)
- Fair Value Measurement (SLFRS 13)

The nature of the effects of the changes is explained below:

1.5.1 SLFRS 10 Consolidated Financial Statements

SLFRS 10 establishes a single control model that applies to all entities including special purpose entities.

SLFRS 10 replaces the parts of previously existing LKAS 27 Consolidated and Separate Financial Statements that dealt with consolidated Financial Statements and SIC-12 Consolidation – Special Purpose Entities. SLFRS 10 changes the definition of control such that an investor controls an investee has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in SLFRS 10, all three criteria must be met, including:

- an investor has power over an investee;
- the investor has exposure, or rights, to variable returns from its involvement with the investee; and
- the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

SLFRS 10 has had no impact on the Company's financial statements.

1.5.2 SLFRS 11 Joint Arrangements

SLFRS 11 replaces LKAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities Non-monetary Contributions by Ventures. SLFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under SLFRS 11 must be accounted for using the equity method.

SLFRS 11 has had no impact on the Company's financial statements.

1.5.3 SLFRS 12 Disclosure of Interests in Other Entities

SLFRS 12 requires that an entity disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining:

- that it has control of another entity
- that is has joint control of an arrangement or significant influence over another entity
- the type of joint arrangement (i.e. joint operation or joint venture) when the arrangement has been structured through a separate vehicle

An entity must disclose, for example, significant judgements and assumptions made in determining that

- it does not control another entity even though it holds more than half of the voting rights of the other entity
- it controls another entity even though it holds less than half of the voting rights of the other entity
- it is an agent or principal as defined by SLFRS 10

- it does not have significant influence even though it holds 20 per cent or more of the voting rights of another entity
- it has significant influence even though it holds less than 20 per cent of the voting rights of another entity

The Company does not have any interest in unconsolidated structured entities. Interests in such entities require the disclosures under SLFRS 12. Accordingly, SLFRS 12 has had no impact on the Company's financial statements.

1.5.4 SLFRS 13 Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted.

The application of SLFRS 13 has not materially impacted the fair value measurements carried out by the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

Index	Accounting policy
2.1	Foreign currency
2.2	Financial assets and financial liabilities
2.3	Investment Property
2.4	Real Estate Stocks
2.5	Inventories
2.6	Leased assets – Lessee
2.7	Property Plant and Equipment
2.8	Impairment - Non-financial assets
2.9	Employee benefits
2.10	Provisions
2.11	Interest income and interest expense
2.12	Fees, commission and other income
2.13	Dividends
2.14	Expenditure Recognition
2.15	Lease payments
2.16	Income tax expense
2.17	Cash Flow Statements
2.18	Related Party Transactions
2.19	Earnings per share
2.20	Operating Segments
2.21	Capital Commitments and Contingencies
2.22	Events Occurring after the Reporting Date
2.23	New accounting standards issued but not effective as the reporting date.

2.1 Foreign currency transactions

Sri Lankan rupee is the functional currency of the Company. Transactions in foreign currencies are translated into the functional currency of the Company at the spot exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognized in profit or loss. However, foreign currency differences arising from the retranslation of the available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss) are recognized in other comprehensive income.

STATEMENT OF FINANCIAL POSITION

2.2 Financial assets and financial liabilities
2.2.1 Non-derivative financial assets

2.2.1.a Initial recognition of financial assets

The Company initially recognizes loans and receivables and deposits with other financial institutions on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition.

2.2.1.b Classification of financial assets

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available- for-sale financial assets.

2.2.1.c Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification.

Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company's investment strategy. Attributable transaction costs are recognized in Statement of Profit or Loss and Other Comprehensive Income as incurred.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income.

Financial assets designated at fair value through profit or loss comprises of quoted equity instruments unless otherwise have been classified as available-for-sale.

Held-to-maturity financial assets

Financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the company has the positive intention and ability to hold it to maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortization is included in finance income in the Statement of Profit or Loss and Other Comprehensive Income. The losses arising from impairment are recognized as finance cost in the Statement of Profit or Loss and Other Comprehensive Income.

The Company has not classified any instrument as held to maturity.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of cash and cash equivalents, deposits with banks and other financial institutions, investments in REPOs, lease receivables, hire purchase receivables, advances and other loans granted, factoring receivables, amount due from related parties and other receivables.

- *Cash and cash equivalents*

  Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

- *Finance leases and hire purchase*

  When the Company is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognized. Amounts receivable under finance leases are included under “Rentals receivable on Leased Assets”. Leasing balances are stated in the Statement of Financial Position after deduction of initial rentals received, unearned lease income and the provisions for rentals doubtful of recovery.

- *Advances and other loans to customers*

  Advances and other loans to customers comprised of revolving loans and loans with fixed installment

  Loans to customers are reflected in the Statement of Financial Position at amounts disbursed less repayments and provision for impairment losses.

- *Financial guarantees*

  Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The Company in its normal course of the business issues guarantees on behalf of the depositors, holding the deposit as collateral.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses on available-for sale equity instruments, are recognized in other comprehensive income and presented within equity in the available for sale reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the Statement of Profit or Loss and Other Comprehensive Income.

Available-for-sale financial assets comprise of Treasury Bills and Bonds.

2.2.2 Non-derivative financial liabilities

The Company initially recognizes non-derivative financial liabilities on the date that they are originated.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise of bank overdrafts, interest bearing borrowings, customer deposits, trade payables, accruals & other payables and amounts due to related parties:

Bank overdrafts

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Deposits and bank borrowings - classified as other financial liabilities carried at amortized cost

Deposits and bank borrowings are the Company's sources of debt funding.

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Subsequent to initial recognition deposits and bank borrowings are measured at their amortized cost using the effective interest method.

2.2.3 Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency risk exposures.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

2.2.4 Derecognition

The Company derecognizes a financial asset when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either.

(a) The Company has transferred substantially all the risks and rewards of the asset, or

(b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of;

(i) The consideration received (including any new asset obtained less any new liability assumed) and

(ii) Any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

2.2.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.2.6 Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

2.2.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, i.e. without modification or repackaging, or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the transaction is closed out.

Valuation of Financial Instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 – Quoted market price (unadjusted) in an active market of an identical instrument.

Level 2 – Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices), this category included instruments valued using: quoted market prices in active markets similar instruments; quoted prices for identical or similar instruments in markets are considered less than active: or other valuation techniques where all significant inputs are directly observable from market data.

Level 3 – Valuation techniques use significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation.

2.2.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an impairment allowance account against loans and receivables. Interest on the impaired asset continues to be recognized. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying losses accumulated in the AFS reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income, If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

2.3 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use.

2.4 Real Estate Stocks

Real estate stocks represent the purchase value of properties acquired and any subsequent expenditure incurred on such for development less any impairment losses (if any).

2.5 Inventories

Inventories includes vehicles purchased to be leased out and are carried at lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.6 Leased assets – Lessee

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date.

Finance Leases

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance cost in the Statement of Profit or Loss and Other Comprehensive Income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating Leases

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

2.7 Property Plant and Equipment

2.7.1 Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognized in other income/other expenses in profit or loss.

2.7.2 Subsequent costs

The cost of replacing a component of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

2.7.3 Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current year are as follows:

Motor vehicles	4-8 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

2.8 Impairment - Non-financial assets

The carrying amounts of the company's non-financial assets, other than, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognized in the Statement of Profit or Loss and Other Comprehensive Income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), if any, and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.9 Employee benefits

2.9.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.9.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available All employees of the Company are members of the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF), to which the Company contributes 12% and 3% of employee salaries respectively.

2.9.3 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that amount to determine its present value. The calculation is performed annually by a qualified independent actuary using the projected unit credit method.

The Company recognizes all actuarial gains and losses / remeasurement component arising from defined benefit plans immediately in Other Comprehensive Income

The obligation is not externally funded.

2.10 Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

2.11 Interest income and interest expense

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the Statement of Profit or Loss and Other Comprehensive Income includes the interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis.

2.11.1 Income from leases, hire purchases and term loans

The excess of aggregated contract receivable over the cost of the assets constitutes the total unearned income at the commencement of a contract. The unearned income is recognized as income over the term of the facility commencing with the month that the facility is executed in proportion to the declining receivable balance, so as to produce a constant periodic rate of return on the net investment.

2.11.2 Factoring

Revenue is derived from two sources, Funding and providing Sales Ledger Related Services.

Funding - Discount income relating to factoring transactions is recognized at the end of a given accounting month. In computing this discount, a fixed rate agreed upon at the commencement of the factoring agreement is applied on the daily balance in the Client’s Current Account.

Sales Ledger Related Services - A service charge is levied as stipulated in the Factoring Agreement.

Income is accounted for on an accrual basis and deemed earned on disbursement of advances for invoices factored.

2.12 Fees, commission and other income

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees are recognized as the related services are performed.

Profit or loss on contracts terminated, collections on contracts written off, interest on overdue rentals, interest on revolving loans, interest earned on property sale and buy back agreements are accounted for on cash basis.

2.13 Dividends

Dividend income is recognized when the right to receive income is established.

2.14 Expenditure Recognition

Expenses are recognized in the Statement of Profit or Loss and Other Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

2.14.1 Value Added Tax (VAT) on Financial Services

The base for the computation of Value Added Tax on Financial Services is the accounting profit before income tax adjusted for the economic depreciation and emoluments of employees computed on the prescribed rate.

The VAT on Financial service is recognized as expense in the period it becomes due.

2.15 Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.16 Income tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Note 30.0 represent the major components of income tax expense to the financial statements.

2.16.1 Current tax expense

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2.16.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The relevant disclosures are given in Note 30.2 to the Financial Statements.

2.17 Cash Flow Statements

The Cash Flow Statement has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Cash Flow Statements.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

2.18 Related Party Transactions

Transactions with related parties are conducted in the normal course of business. The relevant disclosures are given in Note 34 to the Financial Statements.

2.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Specific disclosures included in Note 30.1. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees. The relevant disclosures are given in 30.2 to the Financial Statements.

2.20 Operating Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components, whose operating results are reviewed regularly by the Board of Directors (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

The Company has four reportable segments, Leases, Hire Purchases, Loans and Treasury, which are the Company's strategic products / divisions. Those offer different products and services, and are managed separately based on the Company's management and internal reporting structure. For each of the strategic divisions, the Company's Board of Directors reviews internal management reports on a monthly basis.

Information regarding the results of each reportable segment is included in Note 36. Performance is measured based on segment profit before tax. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

2.21 Capital Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote. The relevant disclosures are given in Note 37.1 and 37.2 to the Financial Statements.

2.22 Events Occurring after the Reporting Date

Events after the reporting period are those events, favourable and unfavourable, that occur between the Reporting date and the date when the Financial Statements are authorized for issue.

All material post Reporting Date events have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the Financial Statements.

2.23 New accounting standards issued but not effective as the reporting date.

A number of new standards and amendments to standards which have been issued but not yet effective as at the Reporting date have not been applied in preparing these Financial Statements. An analysis of the possible effect from those standards is given below.

Standards issued but not yet adopted which may have an impact

New or amended standards	**Summary of the requirements**	**Possible impact on Financial Statements**
SLFRS 9 Financial Instruments	SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39. SLFRS 9 is effective from 01st January 2018, with early adoption permitted.	The Company is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 9. Given the nature of the Company's operations, this standard is expected to have a pervasive impact on the Company's financial statements. In particular calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

SLFRS 15 Revenue from Contracts with Customers	SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18, Revenue, LKAS 11 Construction Contacts and IFRIC 13 Customer Loyalty Programs. SLFRS 15 is effective from 01st January 2017, with early adoption permitted.	The Company is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 15.

Standards issued but not yet adopted which is not expected to have an impact

The following new or amended standards are not expected to have an impact on the Company's financial statements.

- SLFRS 14 Regulatory Deferral Accounts – effective from 01st January 2016
- Agriculture: Bearer Plants (Amendments to LKAS 16 and LKAS 41) – effective from 01st January 2016

2.24 Financial risk management

2.24.1 Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

2.24.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Integrated Risk Management Committee (IRMC), which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. All the Company level risks are escalated to the parent company IRMC and the Board. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Audit Committee oversees the reports submitted by the Enterprise Risk Management and monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

2.24.3 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations. Credit risk is mainly arising from Company's receivable from customers

2.24.3.1 Management of credit risk

1. Facilities granted to customers (Lease / Hire purchase / Loans)

The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit department. Credit department, reporting to the Credit Committee, is responsible for management of the Company's credit risk, including:

1. Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.

2. Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by the Chief Credit Officer, CEO and the Board of Directors as appropriate.

3. Reviewing and assessing credit risk. The credit department assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

4. Monitoring limiting concentrations of exposure to counterparties, geographies and industries

5. Developing and maintaining a risk grading for significant clients in order to categories exposures according to the degree of risk of financial loss faced and to focus management on the associated risks.

6. Reviewing compliance of business units with agreed exposure limits, including those for selected industries, and product types.

7. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

2) Allowances for impairment

The Company establishes an allowance for impairment losses on assets carried at amortized cost that represents its estimate of incurred losses in its lease and loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and, for assets measured at amortized cost, a collective loan loss allowance established for groups of homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired.

3) Write-off policy

The Company writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when the Board of Directors determines that the loan or security is uncollectible. This determination is made after considering information such as occurrence of significant changes in the borrower’s/issuer’s financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, write-off decisions generally are based on a product-specific past due status.

The Company holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral usually is not held against investment securities, and no such collateral was held at 31 March 2015 (2014: no collateral held).

Credit quality by class of financial assets *(In Rs'mn)*

	Leases		Hire Purchases		Mortgage Loans		Other Loans and Advances		Margin Trading		Factoring Receivables		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Carrying amount	**13,150**	**10,837**	**88**	**444**	**618**	**996**	**35,941**	**27,389**	**294**	**123**	**6,200**	**3,280**	**56,291**	**43,068**
Assets at amortized cost														
Individually impaired - Gross amount	289	230	2	2	141	188	959	763	-	150	-	-	1,391	1,332
Less : Allowance for impairment	(249)	(146)	(1)	(1)	-	(3)	(414)	(563)	-	(138)	-	-	(664)	(850)
Carrying amount	**40**	**84**	**1**	**1**	**141**	**185**	**545**	**199**	**-**	**13**	**-**	**-**	**727**	**482**
Portfolio subject to collective impairment - Gross amount	13,177	10,968	88	459	558	843	36,075	27,659	294	111	6,359	3,404	56,552	43,444
Less : Allowance for impairment	(67)	(216)	(1)	(16)	(82)	(32)	(679)	(469)	-	-	(159)	(124)	(988)	(856)
Carrying amount	**13,110**	**10,752**	**87**	**443**	**477**	**811**	**35,396**	**27,190**	**294**	**111**	**6,200**	**3,280**	**55,564**	**42,587**

An estimate made at the time of borrowing / at the time of impairment evaluation, of the fair value of collateral and other security enhancements held against loans and advances to customers is shown below;

(In Rs'mn)	**2015**	**2014**
Against individually impaired customers :		
Property	1,548	425
Vehicles	167	143
Shares	-	13

(In Rs'mn)	**2015**	**2014**
Against Collectively impaired customers :		
Vehicles	49,535	44,660
Others	73,950	67,035

Details of non-financial assets obtained by the Company by taking possession of collateral held as security against loans and advances as well as calls made on credit enhancements during the period and held at the year ended 31 March are shown below;

(In Rs'mn)	**2015**	**2014**
Property	788	154
Vehicles	167	143

The Company's policy is to pursue timely realization of the collateral in an orderly manner. The properties has been considered as Investment Properties of the Company

Age analysis of facilities considered for collective impairment as at 31st March 2015

Rs' Mn

Category	**Leases**	**Hire Purchases**	**Mortgage Loans**	**Other Loans and Advances**	**Margin Trading**	**Factoring Receivables**	**Total**
Not due / current	8,376	45	216	25,155	294	5,583	39,667
Overdue :							
Less than 30 days	2,963	27	87	6,657	-	422	10,156
31 - 60 days	938	4	2	2,080	-	78	3,103
61 - 90 days	405	4	31	750	-	71	1,261
91 - 120 days	229	1	7	209	-	18	465
121 - 150 days	61	2	3	176	-	12	255
151 - 180 days	53	1	-	45	-	12	111
above 180 days	152	4	211	1,003	-	163	1,534
Total	**13,177**	**88**	**558**	**36,075**	**294**	**6,359**	**56,552**

Age analysis of facilities considered for collective impairment as at 31st March 2014 ***Rs' Mn***

Category	**Leases**	**Hire Purchases**	**Mortgage Loans**	**Other Loans and Advances**	**Margin Trading**	**Factoring Receivables**	**Total**
Not due / current	6,339	237	441	20,673	111	2,794	30,595
Overdue :							
Less than 30 days	3,094	146	203	4,255	-	289	7,988
31 - 60 days	756	37	9	1,344	-	95	2,241
61 - 90 days	328	12	12	429	-	17	799
91 - 120 days	116	4	1	125	-	18	265
121 - 150 days	78	2	-	94	-	12	186
151 - 180 days	42	4	-	58	-	5	109
above 180 days	215	18	176	680	-	173	1,261
Total	**10,968**	**459**	**843**	**27,659**	**111**	**3,404**	**43,444**

Other than the lending portfolio reflected above no other financial assets shown in note 2.25 was subject to impairment.

5) Concentrations of credit risk

The Company monitors concentrations of credit risk by sector to which the lending was made. The analysis is provided in Note 6.4 to the financial statements

2.24.4 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

2.24.4.1 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking the financial position of the Company while maintaining regulatory requirements and debt covenants agreed with the fund providers. The treasury manages the liquidity position as per the treasury policies and procedures and regulatory requirements.

The treasury receives information from the business regarding the liquidity profile of the financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, funding arrangements, to ensure that sufficient liquidity is maintained within the Company.

The liquidity requirements of business units are discussed at the ALCO meetings (Asset Liability Committee) and are arranged by the Treasury.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Company. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

The Company relies on deposits from customers and bank borrowings as its primary sources of funding. The deposits from customers and banks largely have shorter maturities. The short-term nature of these deposits increases the Company's liquidity risk and the Company actively manages this risk through maintaining competitive pricing and constant monitoring of market trends.

The maturity analysis of financial liabilities based on undiscounted gross outflow is reflected below

In Rs'Mn

	Carrying amounts	Gross nominal outflow / (inflow)	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years
As at 31st March 2015							
Bank overdraft	2,333	2,333	2,333	-	-	-	-
Borrowings	11,040	13,008	4,533	1,024	1,303	6,148	-
Deposits from customers	41,310	47,427	11,452	15,092	10,360	10,523	-
Trade payables	646	646	646	-	-	-	-
Accruals and other payables	649	649	617	32	-	-	-
Derivative liabilities	58	1,211	590	621	-	-	-
Amount due to related companies	2,453	2,453	2,453	-	-	-	-
Total liabilities	**58,489**	**67,727**	**22,624**	**16,769**	**11,663**	**16,671**	**-**
As at 31st March 2014							
Bank overdraft	1,136	1,136	1,136	-	-	-	-
Borrowings	824	940	139	397	368	36	-
Deposits from customers	42,618	51,387	12,261	19,487	4,724	14,916	-
Trade payables	329	329	329	-	-	-	-
Accruals and other payables	494	494	423	71	-	-	-
Derivative liabilities	8	1,761	28	1,733	-	-	-
Amount due to related companies	649	649	649	-	-	-	-
Total liabilities	**46,059**	**56,696**	**14,965**	**21,688**	**5,092**	**14,951**	**-**

The maturity analysis of financial assets based on undiscounted gross inflows / (outflows) is reflected below

In Rs'mn

As at 31st March 2015	**Carrying amount**	**Gross nominal inflow / (outflow)**	**Up to 3 Months**	**3 to 12 Months**	**1 to 3 Years**	**3 to 5 Years**	**More than 5 Years**
Cash and cash equivalents	2,975	2,975	2,975	-	-	-	-
Deposits with banks and other financial institutions	761	766	497	269	-	-	-
Investment in government securities	5,901	6,403	4,400	338	206	1,139	319
Derivative assets	3	(382)	-	(382)	-	-	-
Rentals receivable on leased assets	13,150	17,868	1,731	4,519	7,954	3,096	568
Hire purchases, loans and advances	36,647	43,720	4,192	9,485	15,072	14,197	774
Factoring receivable	6,200	6,200	6,200	-	-	-	-
Margin trading receivables	294	294	294	-	-	-	-
Other receivables	187	287	13	40	104	88	42
Investments in shares	9	9	-	9	-	-	0
Amount due from related companies	3	3	3	-	-	-	-
	66,130	**78,143**	**20,306**	**14,278**	**23,337**	**18,519**	**1,703**
As at 31st March 2014							
Cash and cash equivalents	3,236	3,236	3,236	-	-	-	-
Deposits with banks and other financial institutions	466	468	468	-	-	-	-
Investment in government securities	4,937	5,489	1,868	1,942	197	1,131	351
Derivative assets	14	(329)	(329)	-	-	-	-
Rentals receivable on leased assets	10,837	15,890	1,511	4,216	7,906	1,673	584
Hire purchases, loans and advances	28,828	33,648	3,778	8,121	12,890	8,616	244
Factoring receivable	3,280	3,280	3,280	-	-	-	-
Margin trading receivables	123	123	123	-	-	-	-
Other receivables	1,130	1,203	982	24	98	65	34
Investments in shares	9	9	-	9	-	-	0
Amount due from related companies	6	6	6	-	-	-	-
	52,866	**63,024**	**14,923**	**14,311**	**21,091**	**11,485**	**1,214**

Contractual Maturities of Commitments & Contingencies

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

As at 31-3-2015 (In Rs'Mn)

Item	On demand	Within 3 months	3-12 months	1-5 years	over 5 years	Total
Contingent liabilities						
Guarantees issued to banks and other institutions - backed by deposits held with the company	636	-	-	-	-	636
Total	**636**	**-**	**-**	**-**	**-**	**636**
Commitments						
Unutilized loan facilities & letter of credit	5,824	31	-	-	-	5,855
Total	**5,824**	**31**	**-**	**-**	**-**	**5,855**

As at 31-3-2014 (In Rs'Mn)

Item	On demand	Within 3 months	3-12 months	1-5 years	over 5 years	Total
Contingent liabilities						
Guarantees issued to banks and other institutions - backed by deposits held with the company	622	-	-	-	-	622
Total	**622**	**-**	**-**	**-**	**-**	**622**
Commitments						
Unutilized loan facilities & letter of credit	4,062	29	-	-	-	4,091
Total	**4,062**	**29**	**-**	**-**	**-**	**4,091**

2.24.5 Market risk

The Company is exposed to the market risk due to changes in market, such as Foreign exchange rates, Interest rate, and equity prices.

Company is exposed to foreign currency risk mainly due to the foreign currency borrowings. The Company manages its exposure to the foreign exchange rates by entering in to forward rate contracts with the banks. In this way the Company eliminates substantial exposure on foreign currency risk.

The Company ensures the mix of variable and fixed rate borrowings to manage any exposure due to interest rate movement in the market. These are monitored by the treasury division.

An analysis of the Company's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows.

Sensitivity analysis as at 31st March 2015 *In Rs'Mn*

Item	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31.03.15
Interest earning assets						
Deposits with banks and other financial institutions	494	267	-	-	-	761
Investment in government securities	4,358	240	-	1,026	277	5,901
Rentals receivable on leased assets	1,565	3,038	5,912	2,516	435	13,467
Hire purchases, loans and advances	4,669	7,476	12,033	13,036	610	37,824
Factoring receivable	6,359	-	-	-	-	6,359
Margin trading receivables	294	-	-	-	-	294
Total interest earning assets	**17,739**	**11,021**	**17,945**	**16,578**	**1,322**	**64,606**
Interest bearing liabilities						
Bank overdraft	2,333	-	-	-	-	2,333
Interest bearing borrowings	4,523	615	276	5,626	-	11,040
Deposits from customers	11,300	14,285	8,242	7,483	-	41,310
Total interest bearing liabilities	**18,156**	**14,900**	**8,518**	**13,109**	**-**	**54,683**
Gap in interest earning assets and interest bearing liabilities - net assets / (liabilities)	(417)	(3,879)	9,427	3,470	1,322	9,923
Effect on profitability by 1 percent increase in interest rates - increase / (decrease) in profits - annualized effect	(4)	(39)	94	35	13	
Effect on profitability by 1 percent decrease in interest rates - increase / (decrease) in profits - annualized effect	4	39	(94)	(35)	(13)	

Sensitivity analysis as at 31st March 2014 *In Rs'Mn*

Item	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31.03.14
Interest earning assets						
Deposits with banks and other financial institutions	466					466
Investment in government securities	1,781	1,942	-	926	288	4,937
Rentals receivable on leased assets	1,401	2,889	5,208	1,187	512	11,198
Hire purchases, loans and advances	3,553	6,528	11,172	8,671	138	30,061
Factoring receivable	3,404	-	-	-	-	3,404
Margin trading receivables	111	-	-	-	-	111
Total interest earning assets	**10,716**	**11,359**	**16,380**	**10,784**	**938**	**50,177**
Interest bearing liabilities						
Bank overdraft	1,136					1,136
Interest bearing borrowings	116	343	365	-	-	824
Savings						-
Deposits from customers	12,205	17,594	2,801	10,019	-	42,618
Total interest bearing liabilities	**13,457**	**17,937**	**3,165**	**10,019**	**-**	**44,578**
Gap in interest earning assets and interest bearing liabilities - net assets / (liabilities)	(2,741)	(6,577)	13,215	766	938	5,599
Effect on profitability by 1 percent increase in interest rates - increase / (decrease) in profits - annualized effect	(27)	(66)	132	8	9	
Effect on profitability by 1 percent decrease in interest rates - increase / (decrease) in profits - annualized effect	27	66	(132)	(8)	(9)	

2.24.6 Capital Management

The Company's capital management is performed primarily considering regulatory capital.

The Company's lead regulator, the Central Bank of Sri Lanka (CBSL) sets and monitors capital requirements for the Company.

The Company is required to comply with the provisions of the Finance Companies (Capital Funds) Direction No.01 of 2003, Finance Companies (Risk Weighted Capital Adequacy Ratio) Direction No.02 of 2006 and Finance Companies (Minimum Core Capital) Direction No.01 of 2011 in respect of regulatory capital.

The Company's regulatory capital consists of tier 1 capital, which includes ordinary share capital, retained earnings and statutory reserves. Other negative reserves are included under prudence basis. Tier II capital includes unsecured subordinated debentures, which is included in the capital base consequent to obtaining the approval of CBSL.

The Company's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Company recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Company's regulatory capital under the CBSL guidelines is as follows;

In Rs'mn

Capital element	**As at 31.03.2015**	**As at 31.03.2014**
Ordinary share capital	2,000	2,000
Statutory Reserve	954	880
Retained earnings	4,954	3,153
Other negative reserves	-	-
Tier I capital	**7,908**	**6,033**
Unsecured subordinated debentures	3,016	-
Tier II capital	**3,016**	**-**
Total capital	**10,924**	**6,033**

2.25 Financial assets and liabilities

2.25.1 Accounting classifications and fair values

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

In Rs' Mn

As at 31st March 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	-	-	-	2,975	2,975	2,975	
Deposits with banks	-	-	-	761	761	761	
Investment in government securities	-	-	-	-	-	-	
- Measured at fair value	-	-	2,285	-	2,285	2,285	Level 1
- Measured at amortized cost	-	-	-	3,616	3,616	3,616	
Derivative assets	3	-	-	-	3	3	Level 2
Investment in shares	-	9	-	-	9	9	Level 1
Rentals receivable on leased assets	-	-	-	13,150	13,150	13,765	Level 2
Hire purchases, loans and advances	-	-	-	36,647	36,647	37,325	Level 2
Factoring receivable	-	-	-	6,200	6,200	6,200	
Margin trading receivables	-	-	-	294	294	294	
Amount due from related companies	-	-	-	3	3	3	
Other financial assets	-	-	-	187	187	187	
Total financial assets	**3**	**9**	**2,285**	**63,834**	**66,130**	**67,423**	
Bank overdraft	-	-	-	2,333	2,333	2,333	
Interest bearing borrowings	-	-	-	11,040	11,040	10,122	Level 2
Deposits from customers	-	-	-	41,310	41,310	40,698	Level 2
Trade payables	-	-	-	646	646	646	
Accruals and other payables	-	-	-	649	649	649	
Derivative liabilities	58	-	-	-	58	58	
Amount due to related companies	-	-	-	2,453	2,453	2,453	
Total financial liabilities	**58**	**-**	**-**	**58,431**	**58,489**	**56,959**	

In Rs' Mn

As at 31st March 2014	Fair value – derivatives	Fair value - held for trading	Fair value through other comprehensive income – available for sale	Amortized cost - Loans and receivable	Total Carrying amount	Fair Value	Fair value measurement level
Cash and cash equivalents	-	-	-	3,236	3,236	3,236	
Deposits with banks	-	-	-	466	466	466	
Investment in government securities							
- Measured at fair value	-	-	4,442	-	4,442	4,442	Level 1
- Measured at amortized cost	-	-	-	495	495	495	
Derivative assets	14	-	-	-	14	14	Level 2
Investment in shares	-	9	-	-	9	9	Level 1
Rentals receivable on leased assets	-	-	-	10,837	10,837	11,021	Level 2
Hire purchases, loans and advances	-	-	-	28,828	28,828	29,170	Level 2
Factoring receivable	-	-	-	3,280	3,280	3,280	
Margin trading receivables	-	-	-	123	123	123	
Amount due from related companies	-	-	-	6	6	6	
Other financial assets	-	-	-	1,130	1,130	1,130	
Total financial assets	**14**	**9**	**4,442**	**48,401**	**52,866**	**53,392**	
Bank overdraft	-	-	-	1,136	1,136	1,136	
Interest bearing borrowings	-	-	-	824	824	845	Level 2
Deposits from customers	-	-	-	42,618	42,618	42,915	Level 2
Trade payables	-	-	-	329	329	329	
Accruals and other payables	-	-	-	494	494	494	
Derivative liabilities	8	-	-	-	8	8	
Amount due to related companies	-	-	-	649	649	649	
Total financial liabilities	**8**	**-**	**-**	**46,050**	**46,059**	**46,377**	

2.25.2 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.

	2015 Rs.	2014 Rs.
3. INVESTMENT IN GOVERNMENT SECURITIES		
Financial instruments classified as loans and receivables (note 3.1)	3,616,000,000	495,000,000
Financial instruments classified as available for sale - carried at fair value (note 3.2)	2,284,717,853	4,441,822,120
	5,900,717,853	4,936,822,120

	2015		2014	
	Carrying value Rs.	Fair value Rs.	Carrying value Rs.	Fair value Rs.
3.1 Financial instruments classified as loans and receivables				
Investment in REPOs	3,616,000,000	3,616,000,000	495,000,000	495,000,000
3.2 Financial instruments classified as available for sale - carried at fair value				
Investment in Treasury Bills	981,724,999	981,724,999	3,015,784,999	3,015,784,999
Investment in Treasury Bonds	1,302,992,854	1,302,992,854	1,426,037,122	1,426,037,122
	2,284,717,853	2,284,717,853	4,441,822,120	4,441,822,120

	2015 Rs.	2014 Rs.
3.3 Fair value adjustments recognized in other comprehensive income - current period (net of transfers to P&L)		
Investment in Treasury Bills	(33,329,374)	34,784,264
Investment in Treasury Bonds	9,573,415	77,125,270
	(23,755,959)	111,909,534
3.4 Fair value adjustments recognized in other comprehensive income - cumulative		
Investment in Treasury Bills	(1,389,895)	31,939,478
Investment in Treasury Bonds	87,426,678	77,853,264
	86,036,783	109,792,742
4. DERIVATIVES HELD FOR RISK MANAGEMENT		
Net Derivative Assets / (Liabilities)		
Derivative assets (note 4.1)	2,740,000	13,571,650
Derivative liabilities (note 4.2)	57,514,900	8,104,150
	(54,774,900)	5,467,500
4.1 Derivative Assets		
Forward contracts	2,740,000	13,571,650
4.2 Derivative Liabilities		
Forward contracts	57,514,900	8,104,150
4.3 Change in fair value during the period - recognized in (profit & loss)	(60,242,400)	43,628,499
5. RENTALS RECEIVABLE ON LEASED ASSETS		
Rentals receivable	19,066,313,886	16,078,939,029
Unearned income	(4,897,416,672)	(4,163,770,153)
Net rentals receivable (note 5.1)	14,168,897,214	11,915,168,876
Deposits received from lessees	(702,104,944)	(717,095,250)
Allowance for impairment (note 5.2)	(316,416,427)	(361,570,335)
	13,150,375,843	10,836,503,291

5. RENTALS RECEIVABLE ON LEASED ASSETS (Cont...)

5.1 Net Rentals Receivable

	2015 Rs.	2014 Rs.
Receivable from one to five years		
Rentals receivable	12,380,272,055	9,806,096,073
Unearned income	(2,815,295,106)	(2,219,686,132)
	9,564,976,948	7,586,409,942
Receivable within one year		
Rentals receivable	6,236,705,658	5,871,503,703
Unearned income	(2,082,121,566)	(1,944,084,021)
	4,154,584,093	3,927,419,681
Overdue		
Rentals receivable	449,336,173	401,339,253
	449,336,173	401,339,253
	14,168,897,214	11,915,168,876

5.2 Allowance for impairment

	2015 Rs.	2014 Rs.
Balance as at 1st of April	361,570,335	195,733,620
Provision for the year	(45,153,908)	165,836,715
Balance as at 31st March	316,416,427	361,570,335

5.2.1 Individual impairment

	2015 Rs.	2014 Rs.
Balance as at 1st of April	145,886,358	108,828,007
Provision for the year	103,295,178	37,058,351
Balance as at 31st March	249,181,536	145,886,358

5.2.2 Collective impairment

	2015 Rs.	2014 Rs.
Balance as at 1st of April	215,683,977	86,905,613
Provision for the year	(148,449,086)	128,778,363
Balance as at 31st March	67,234,891	215,683,977

6. HIRE PURCHASES, LOANS AND ADVANCES

	2015 Rs.	2014 Rs.
Hire Purchases (note 6.1)	88,409,064	443,501,932
Mortgage Loans (note 6.2)	617,640,169	995,557,925
Sundry Loans (note 6.3)	35,941,279,635	27,389,374,947
	36,647,328,869	28,828,434,804

6.1 Hire Purchases

	2015 Rs.	2014 Rs.
Rentals receivable	98,183,447	518,956,649
Unearned income	(7,349,396)	(58,395,583)
Net rentals receivable (note 6.1.1)	90,834,051	460,561,066
Allowance for impairment (note 6.1.2)	(2,424,986)	(17,059,134)
	88,409,064	443,501,932

6. HIRE PURCHASES, LOANS AND ADVANCES (Contd...)

6.1.1 Net rentals receivable - Hire Purchases

	2015	2014
	Rs.	Rs.
Receivable from one to five years		
Rentals receivable	14,846,275	123,137,075
Unearned income	(1,178,700)	(10,919,280)
	13,667,575	112,217,795
Receivable within one year		
Rentals receivable	71,609,693	367,320,092
Unearned income	(6,170,696)	(47,476,303)
	65,438,996	319,843,789
Overdue		
Rentals receivable	11,727,479	28,499,482
	90,834,051	460,561,066

6.1.2 Allowance for impairment - Hire Purchases

	2015	2014
Balance as at 1st of April	17,059,134	23,576,018
Provision/(Reversal) for the year	(14,634,147)	(6,516,885)
Balance as at 31st March	2,424,986	17,059,134

6.1.2.a Individual impairment

	2015	2014
Balance as at 1st of April	1,069,639	-
Provision for the year	287,389	1,069,639
Balance as at 31st March	1,357,028	1,069,639

6.1.2.b Collective impairment

	2015	2014
Balance as at 1st of April	15,989,495	23,576,018
Reversal for the year	(14,921,537)	(7,586,524)
Balance as at 31st March	1,067,958	15,989,495

6.2 Mortgage Loans

	2015	2014
Rentals receivable	880,061,288	1,356,445,125
Unearned income	(180,849,498)	(326,181,110)
Net rentals receivable (note 6.2.1)	699,211,790	1,030,264,015
Allowance for impairment (note 6.2.2)	(81,571,621)	(34,706,089)
	617,640,169	995,557,925

6.2.1 Net rentals receivable - Mortgage Loans

	2015	2014
Receivable from one to five years		
Installments receivable	488,744,139	686,226,237
Unearned income	(102,998,513)	(206,655,520)
	385,745,627	479,570,717
Receivable within one year		
Installments receivable	210,193,268	344,834,746
Unearned income	(77,850,985)	(119,525,590)
	132,342,282	225,309,156
Overdue		
Installments receivable	181,123,881	325,384,141
	699,211,790	1,030,264,015

		2015	2014
6.	**HIRE PURCHASES, LOANS AND ADVANCES (Contd...)**	**Rs.**	**Rs.**
6.2.2	**Allowance for impairment - Mortgage Loans**		
	Balance as at 1st of April	34,706,089	13,860,719
	Provision for the year	46,865,531	20,845,371
	Balance as at 31st March	81,571,621	34,706,089
6.2.2.a	**Individual impairment**		
	Balance as at 1st of April	2,557,913	3,068,293
	Reversal for the year	(2,557,913)	(510,380)
	Balance as at 31st March	-	2,557,913
6.2.2.b	**Collective impairment**		
	Balance as at 1st of April	32,148,177	10,792,426
	Provision for the year	49,423,444	21,355,751
	Balance as at 31st March	81,571,621	32,148,177
6.3	**Sundry Loans**		
	Total receivable	43,083,043,311	33,768,160,202
	Unearned income	(6,048,827,694)	(5,346,344,422)
	Net receivable (note 6.3.1)	37,034,215,617	28,421,815,780
	Allowance for impairment (note 6.3.2)	(1,092,935,982)	(1,032,440,834)
		35,941,279,635	27,389,374,947
6.3.1	**Net receivable - Sundry Loans**		
	Receivable from one to five years		
	Installments receivable	28,587,956,109	23,450,893,156
	Unearned income	(3,279,289,996)	(2,602,307,127)
		25,308,666,113	20,848,586,030
	Receivable within one year		
	Installments receivable	13,508,052,092	9,491,774,170
	Unearned income	(2,769,537,698)	(2,744,037,295)
		10,738,514,395	6,747,736,875
	Overdue		
	Installments receivable	987,035,110	825,492,876
		37,034,215,617	28,421,815,780
6.3.2	**Allowance for impairment - Sundry Loans**		
	Balance as at 1st of April	1,032,440,834	822,509,359
	Provision for the year	60,495,148	209,931,474
	Balance as at 31st March	1,092,935,982	1,032,440,834
6.3.2.a	**Individual impairment**		
	Balance as at 1st of April	563,398,934	467,915,540
	Provision for the year	(149,035,080)	95,483,393
	Balance as at 31st March	414,363,854	563,398,934
6.3.2.b	**Collective impairment**		
	Balance as at 1st of April	469,041,900	354,593,819
	Provision for the year	209,530,228	114,448,081
	Balance as at 31st March	678,572,128	469,041,900

6. HIRE PURCHASES, LOANS AND ADVANCES (Contd...)

		2015 Rs.	2014 Rs.
6.4	**Concentration of Credit risk**		
	Leases, Hire Purchase, Loans and Advances Analyzed by Industry (*Portfolio before provisions* ***)***		
	Agriculture	4,401,047,025	3,418,997,897
	Manufacturing	6,254,708,088	5,192,041,859
	Economics And Social	1,034,271,827	266,152,416
	Trade	16,435,846,064	13,964,572,868
	Tourism	958,279,700	829,321,601
	Services	10,044,760,265	9,548,505,481
	Transportation	4,459,685,609	3,925,721,470
	Construction	2,851,866,731	2,734,802,488
	Mining and Quarrying	404,836,371	390,585,193
	Others	4,445,752,048	840,013,214
	-	51,291,053,728	41,110,714,487
6.5	**Product wise analysis of portfolio**		
	Lease receivables	11,494,359,048	10,026,907,041
	Hire Purchase receivables	90,834,051	460,561,066
	Loans & Advances	32,500,743,023	25,387,520,567
	Islamic business portfolio - Ijarah receivables	1,972,433,222	1,171,166,585
	Islamic business portfolio - Other receivables (Murabaha, Musharakah etc.)	5,232,684,384	4,064,559,228
	Gross portfolio	51,291,053,728	41,110,714,486
	Less : Impairment provision	(1,493,349,016)	(1,445,776,392)
	Net portfolio (note 6.5.1)	49,797,704,711	39,664,938,095
6.5.1	**Net portfolio**		
	Rentals receivable on Leased Assets (note 5)	13,150,375,843	10,836,503,291
	Hire Purchases, Loans and Advances (note 6)	36,647,328,869	28,828,434,804
		49,797,704,711	39,664,938,095
7.	**FACTORING RECEIVABLES**		
	Gross receivable	6,359,079,938	3,403,654,148
	Allowance for impairment (note 7.1)	(158,878,197)	(123,723,527)
		6,200,201,741	3,279,930,621
7.1	**Allowance for impairment**		
	Balance as at 1st of April	123,723,527	475,190,543
	Provision / (reversal) for the year	35,154,670	(351,467,016)
	Balance as at 31st March	158,878,197	123,723,527
7.1.a	**Individual impairment**		
	Balance as at 1st of April	-	313,147,797
	Provision/(Reversal) for the year	-	(313,147,797)
	Balance as at 31st March	-	-
7.1.b	**Collective impairment**		
	Balance as at 1st of April	123,723,527	162,042,747
	Provision/(Reversal) for the year	35,154,670	(38,319,219)
	Balance as at 31st March	158,878,197	123,723,527

		2015	2014
8.	**MARGIN TRADING RECEIVABLES**	**Rs.**	**Rs.**
	Gross amount outstanding at year end	293,711,960	261,023,733
	Allowance for impairment (note 8.1)	-	(137,615,343)
	Net balance on margin trading	293,711,960	123,408,390
8.1	**Allowance for impairment**		
	Balance as at 1st of April	137,615,343	-
	Provision/(Reversal) for the year	(137,615,343)	137,615,343
	Balance as at 31st March	-	137,615,343
8.1.a	**Individual impairment**		
	Balance as at 1st of April	137,615,343	-
	Provision for the year	(137,615,343)	137,615,343
	Balance as at 31st March	-	137,615,343
9.	**OTHER RECEIVABLES**		
	Financial Assets		
	Staff loans	187,184,897	155,344,615
	Other receivables	686,056,855	974,305,342
	Provision for other receivables	(686,056,855)	-
		187,184,897	1,129,649,957
	Non Financial Assets		
	VAT receivable	195,505,346	136,411,060
	Prepaid staff cost	75,443,991	73,388,076
	Miscellaneous receivables	181,218,085	78,583,679
		452,167,422	288,382,815
	Total Other receivables	639,352,319	1,418,032,772
10.	**INVESTMENT IN SHARES**		
10.1	**Investments held for trading**		
	Expo Lanka Holdings PLC		
	Original cost	18,000,000	18,000,000
	Carrying amount as at 1st April	8,700,000	6,800,000
	Adjustment for change in fair value - recognized in profits	(200,000)	1,900,000
	Carrying amount as at 31st March	8,500,000	8,700,000
10.2	**Available for sale investments carried at cost**		
	Credit Information Bureau Ltd.		
	Cost / Carrying amount	343,275	343,275
	Total investments	8,843,275	9,043,275
11.	**AMOUNTS DUE FROM RELATED COMPANIES**		
	LOLC Factors Ltd	-	3,988,592
	EDEN Resorts Ltd	141,994	-
	Commercial Leasing and Finance PLC	2,653,108	-
	LOLC Insurance Ltd	-	503,104
	LOLC Securities Ltd	39,429	-
	LOLC Micro Credit Ltd	-	1,338,097
	Dickwella Resorts Ltd	3,645	-
	LOLC Technologies Ltd	44,334	91,515
	United Dendro Energy Ltd	-	8,958
		2,882,510	5,930,266

12. INVESTMENT PROPERTIES

	2015 Rs.	2014 Rs.
Balance as at 1st April	215,173,229	71,500,000
Additions to Investment Properties from foreclosure of contracts	787,662,081	85,312,223
Change in fair value	139,964,690	58,361,006
Balance as at 31st March	1,142,800,000	215,173,229

- Investment Properties includes bare lands and land and buildings acquired by the company from clients who defaulted on accomodations granted. These properties are held by the Company for capital appreciation.
- The Company did not incur any operational expenses to maintain the property or generate any rental income during the current financial period.
- Changes in fair values are recognised as gains in profit or loss and included in 'Net other operating income'. All gains are unrealised.

12.1 Measurement of fair values

1.) Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property portfolio every year and the latest valuation was done on 31st March 2015.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

2.) Valuation technique

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation Technique	Significant unobservable inputs	Interrelationship between key unobservable input and fair value measurement
Market comparison method - value derived based on recent transactions of similar properties	Per perch value was derived based on similar property values. The value of a perch in the property portfolio ranges from Rs.5,000,000 to Rs.7,000,000 in the Colombo area and Rs.150,000 to Rs.1,500,000 outside the Colombo area.	The estimated fair value would increase (decrease) if: - Per perch value was higher / (lesser)
Depreciated replacement cost method	Value per square feet determined based on similar properties value and depreciated for period used.	The estimated fair value would increase (decrease) if: - Depreciation rate was lesser / (higher) - Square feet value was higher / (lesser)

13. PROPERTY, PLANT AND EQUIPMENT

	2015 Rs.	2014 Rs.
Assets hired out on operating leases		
Cost/Valuation		
Balance as at 01 April	53,966,073	-
Additions	98,567,892	53,966,073
Balance as at 31 March	152,533,965	53,966,073
Accumulated Depreciation		
Balance as at 01 April	3,823,251	-
Charge for the year	12,166,033	3,823,251
Balance as at 31 March	15,989,284	3,823,251
Carrying Amount		
As at 31 March	136,544,681	50,142,822

14. INTEREST BEARING BORROWINGS	**2015 Rs.**	**2014 Rs.**
Short-term loans	4,691,000,000	-
Finance leases (note 14.2)	527,769,416	649,527,463
Long-term borrowings (note 14.1)	764,975,600	120,297,403
Debentures (note 14.3)	4,950,000,000	-
Total borrowings	10,933,745,016	769,824,865
Interest payable	106,282,962	54,012,891
Liability recognized in statement of financial position	**11,040,027,979**	**823,837,756**

14.1 Long-term Borrowings

Balance at the beginning of the year	649,527,463	1,301,382,918
Loans obtained during the year	500,000,000	200,000,000
Repaid during the year	(384,551,863)	(851,855,455)
Balance at the end of the year	**764,975,600**	**649,527,463**
Long-term borrowings - current	216,875,600	384,551,863
Long-term borrowings - non-current (note 14.1.a)	548,100,000	264,975,600
	764,975,600	**649,527,463**

14.1.a Analysis of non-current portion of long-term borrowings

Repayable within 1-3 years	48,100,000	264,975,600
Repayable after 3 years	500,000,000	-
	548,100,000	**264,975,600**

14.2 Finance Leases

Gross lease rentals payable as at 1 April	163,773,482	122,810,037
Lease obtained during the year	590,297,840	77,297,018
Lease rentals paid during the year	(88,259,093)	(36,333,574)
Gross lease rentals payable as at 31 March	665,812,229	163,773,482
Less: Interest in suspense	(138,042,813)	(43,476,079)
Balance at the end of the year / present value of minimum lease payments	**527,769,416**	**120,297,403**

14.2.1 Analysis of finance leases

Repayable within one year (note 14.2.1.a)	107,459,448	24,561,636
Repayable within 1-5 years (note 14.2.1.b)	420,309,968	95,735,766
	527,769,416	**120,297,403**

14.2.1.a Repayable within one year

Gross lease rentals payable	162,809,173	42,750,523
Less: interest in suspense	(55,349,725)	(18,188,887)
	107,459,448	**24,561,636**

14.2.1.b Repayable within 1-5 years

Gross lease rentals payable	503,003,056	121,022,959
Less: interest in suspense	(82,693,088)	(25,287,192)
	420,309,968	**95,735,766**

14.3 Debentures

Balance at the beginning of the year	-	-
Debenture issued during the year (net of transaction cost)	4,950,000,000	-
Balance at the end of the year	**4,950,000,000**	**-**

During the year the company issued fifty million (50,000,000) rated unsecured subordinated redeemable debentures at a value of Rs.100 each, totalling to Rs. 5Bn, with a 5 year maturity. These debentures are listed in the Colombo Stock Exchange. A transaction cost of Rs. 50Mn was incurred on the issue of these debentures.

Interest on these debentures is payable annually at a rate of 9.25% p.a

		2015 Rs.	2014 Rs.
15.	**DEPOSITS FROM CUSTOMERS**		
	Customer deposits	39,756,130,956	41,287,594,891
	Interest / Profit payable		
	Interest payable on deposits	1,485,523,342	1,257,068,111
	Profits payable to IBU deposit holders	68,306,173	73,136,694
		1,553,829,515	1,330,204,805
	Deposit liability recognized in Statement of Financial Position	41,309,960,471	42,617,799,696
15.1	**Analysis of Customer Deposits Based on Nature**		
	Fixed deposits - Conventional	31,744,365,457	33,905,735,150
	Fixed deposits - Islamic - Mudharabah	4,034,438,048	2,778,460,796
	Fixed deposits - Islamic - Wakala	780,000,000	1,668,500,000
	Fixed deposits - Foreign Currency	1,499,733,592	1,735,035,933
	Fixed deposit bonds	436,387,900	-
	Savings deposits - Conventional	749,347,623	572,739,992
	Savings deposits - Islamic	384,263,173	344,202,671
	Savings deposits - Foreign Currency	127,595,163	282,920,349
	Total deposits	39,756,130,956	41,287,594,891
15.2	**Deposits based on maturity**		
	Deposits maturing within one year	24,476,945,707	28,826,985,045
	Deposits maturing after one year	15,279,185,249	12,460,609,846
		39,756,130,956	41,287,594,891
16.	**TRADE PAYABLES**		
	Creditors for lease equipment	645,905,072	328,986,492
17.	**ACCRUALS AND OTHER PAYABLES**		
	Excess payments received from clients	90,097,189	-
	Insurance payable	36,932,014	22,841,453
	VAT / other tax payable	132,298,954	49,055,773
	Other miscellaneous creditors	248,190,355	258,325,136
	Payable on matured deposits	266,022,493	155,252,311
	Stamp duty payable	16,567,230	4,907,685
	IBU charity fund	32,332,380	3,931,802
		822,440,615	494,314,160
18.	**AMOUNTS DUE TO RELATED COMPANIES**		
	Lanka Orix Leasing Company PLC	1,882,124,255	559,389,394
	Lanka Orix Leasing Company PLC-Refinance Loans	67,656,218	86,710,001
	Dickwella Resorts Ltd	-	921,594
	Commercial Leasing and Finance PLC	-	274,383
	LOLC Insurance Ltd	82,332	-
	LOLC Micro Credit Ltd	65,381,543	-
	LOLC Factors Ltd	411,632,609	-
	LOLC Motors Ltd	26,220,059	1,848,414
	Speed Italia Ltd	-	166,573
		2,453,097,016	649,310,359

19. EMPLOYEE BENEFITS

19.1 Defined contribution plans

Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.

	2015 Rs.	2014 Rs.
Employees' Provident Fund		
Employers' contribution	16,757,650	11,841,245
Employees' contribution	11,171,767	7,933,408
Employees' Trust Fund	4,189,413	2,960,311

19.2 Defined benefit plan

As at 31 March,	2015 Rs.	2014 Rs.
Movement in the present value of the defined benefit obligation		
Defined benefit obligation as of 01 April	8,008,415	4,550,471
Expense included in Personnel Expenses	3,126,017	1,984,811
Remeasurement Component	278,131	2,998,913
	3,404,148	4,983,724
Benefits paid	(962,473)	(1,525,780)
Defined benefit obligation as at 31st March	**10,450,090**	**8,008,415**

19.2.a Expense included in Personnel Expenses

	2015 Rs.	2014 Rs.
Current Service Cost	2,325,176	1,380,947
Interest Cost	800,841	603,864
	3,126,017	**1,984,811**

19.2.b Actuarial gains and losses recognised in other comprehensive income

	2015 Rs.	2014 Rs.
Cumulative loss as at 1st April	4,034,724	1,035,811
Loss recognised during the period	278,131	2,998,913
Cumulative loss as at 31st March	**4,312,855**	**4,034,724**

Acturial valuation for defined benefit obligation was carried out as at 31 March 2015 by Mr. P.S. Goonatilleke, a Fellow of the Society of Actuaries (USA). The valuation method used by the actuaries to value the obligation is the "Projected Unit Credit Method", a method recommended by the Sri Lanka Accounting Standard - LKAS 19 on "Employee Benefits".

19.2.c Key assumptions used in the above valuation are as follows:

	2015	2014
Discount Rate	9.50%	10.00%
Salary Increment Rate	8.50%	9.00%
Retirement Age	55	55
Staff Turnover	2.5% - 15%	2.5% - 15%

The Defined Benefit Plan entitles a retired employee to receive a payment equal to half of the last drawn monthly salary multiplied by the number of completed years of service. However, as per the Statute, the company is liable to pay gratuity only upon the completion of continuous 5 Years of service.

Assumptions regarding future mortality are based on published statistics and mortality tables.
The plan is not externally funded.

19.2.d Sensitivity analysis of the defined benefit obligation

The effect on the defined benefit obligation at the year end, as a result of changes in the actuarial assumptions used, is shown below

As at 31 March,	2015 Rs'	2014 Rs'
The defined benefit obligation under current assumptions	10,450,090	8,008,415
The defined benefit obligation if the discount rate increased by 100 basis points	9,436,882	7,294,129
The defined benefit obligation if the discount rate reduced by 100 basis points	11,637,369	8,845,994
The defined benefit obligation if the salary increment rate increased by 1%	11,688,134	8,833,552
The defined benefit obligation if the salary increment rate reduced by 1%	9,378,762	7,291,471
The change in the defined benefit obligation if the discount rate increased by 100 basis points	(1,013,208)	(714,286)
The change in the defined benefit obligation if the discount rate reduced by 100 basis points	1,187,279	837,579
The change in the defined benefit obligation if the salary increment rate increased by 1%	1,238,044	825,137
The change in the defined benefit obligation if the salary increment rate reduced by 1%	(1,071,328)	(716,944)

	2015		2014	
20. STATED CAPITAL	**Number of shares**	**Rs.**	**Number of shares**	**Rs.**
Balance at the beginning of the year	2,800,000,000	2,000,000,000	2,800,000,000	2,000,000,000
Balance at the end of the year	2,800,000,000	2,000,000,000	2,800,000,000	2,000,000,000

Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to have one vote per individual present at meetings of the shareholders or one vote per share in case of a poll. They are entitled to participate in any surplus assets of the Company in winding up. There are no preferences or restrictions on Ordinary Shares.

21. RESERVES	**2015 Rs.**	**2014 Rs.**
Statutory Reserve (Note 21.1)	953,676,506	879,497,395
Investment Fund Reserve (Note 21.2)	-	391,850,336
Available for Sale Investment Reserve (Note 21.3)	86,036,783	109,792,742
Retained Earnings (Note 21.4)	4,953,882,436	3,152,829,244
	5,993,595,725	4,533,969,716

21.1 Statutory Reserve

Balance at the beginning of the Year	879,497,395	679,437,533
Transferred during the Year	74,179,111	200,059,862
Balance at the end of the Year	953,676,506	879,497,395

The reserve is created according to Direction No.1 of 2003 issued under the Finance Business Act No.42 of 2011. The Company transferred 5% (2013/14 - 20%) of its annual net profit after tax to this reserve in compliance with this direction.

21.2 Investment Fund Reserve

Balance at the beginning of the year	391,850,336	287,762,044
Transferred during the year	32,935,748	104,088,292
Transferred to retained earnings during the year	(424,786,084)	-
Balance at the end of the year	-	391,850,336

The reserve was created in accordance with the Central Bank of Sri Lanka (CBSL) guidelines issued to create an Investment Fund Reserve. 8% of the profits liable for VAT on Financial Services and 5% of the profits liable for self assessment income tax payable was transferred to this reserve when the payment of such taxes became due. The period for which such a reserve was to be built up lapsed during the current financial year and in line with the directive issued by CBSL the balance was transferred to retained earnings.

In accordance with the guidelines issued, the company had granted facilities and maintained long term and short term government securities equivalent to the value of the reserve. These are included in the amounts presented in the statement of financial position. At the end of the current period such requirements does not exist thus no assets are maintained for that purpose.

21. RESERVES (Contd...)

	2015 Rs.	2014 Rs.
21.3 Available for Sale Investment Reserve		
Balance at the beginning of the year	109,792,742	(2,116,792)
Fair value changes during the year - increase / (decrease)	(23,755,959)	113,725,676
Transfers of (gains) / losses to profits on disposal of investments	-	(1,816,142)
Balance at the end of the Year	86,036,783	109,792,742

This reserve is maintained to recognize the fair value changes of Available for Sale Financial Assets.

	2015 Rs.	2014 Rs.
21.4 Retained Earnings		
Balance at the beginning of the Year	3,152,829,244	2,458,547,280
Profit for the year	1,483,582,221	1,000,299,308
Remeasurements of defined benefit liability - gain / (loss)	(200,254)	(1,869,190)
Transfer to Investment Fund Account	(32,935,748)	(104,088,292)
Transferred to retained earnings during the year	424,786,084	-
Transfer to Statutory Reserve Fund	(74,179,111)	(200,059,862)
Balance at the end of the Year	4,953,882,436	3,152,829,244

22. INTEREST INCOME

	2015 Rs.	2014 Rs.
Interest on leases	2,385,531,572	2,494,449,835
Interest on hire purchases	39,378,078	159,522,264
Interest on loans	6,437,056,647	6,165,384,805
Factoring income	790,918,262	769,437,480
Interest on margin trading	31,354,285	5,647,586
Income from operating lease and hire	22,396,462	6,838,550
Interest on overdue rentals and others	1,164,591,596	914,530,842
	10,871,226,902	10,515,811,362

23. INTEREST EXPENSE

	2015 Rs.	2014 Rs.
Interest on fixed deposits	3,896,412,257	4,581,308,072
Interest on savings deposits	34,027,508	31,066,299
Profit distributed to mudharabah deposit holders	469,765,238	448,614,792
Interest on foreign currency deposits	92,448,609	106,214,460
Interest on re-red refinancing	6,747,174	10,288,628
Finance lease interest	34,069,157	17,933,370
Interest on short term loan & bank overdraft	444,841,760	929,854,694
	4,978,311,703	6,125,280,315

24. NET OTHER OPERATING INCOME

	2015 Rs.	2014 Rs.
Sundry income	341,446,351	285,607,702
Collections from contracts written off	179,814,249	118,421,256
Fair value change in investment properties	139,964,690	58,361,006
Royalty income, treasury management & intercompany interest	-	1,572,849
Interest income and capital gain on government securities	611,873,253	568,095,578
Interest income on term deposits	42,593,333	81,286,396
Change in fair value of derivatives - forward contracts (note 4.3)	(60,242,400)	43,628,499
Net exchange loss	(32,222,568)	(159,656,553)
Provision for payables to clients	(16,017,150)	(67,378,007)
Adjustment for increase/(decrease) in value of investments (note10.1)	(200,000)	1,900,000
Dividend income	36,000	346,014
Interest income from staff loan	62,785,030	39,404,072
	1,269,830,788	971,588,812

25. DIRECT EXPENSES EXCLUDING INTEREST COST

	2015 Rs.	2014 Rs.
Factored insurance	83,643,256	75,682,008
VAT on general expenses	83,402,364	23,253,979
Portfolio handling fee	255,788,870	198,176,881
Others	6,057,200	426,502
	428,891,690	297,539,370

26. ALLOWANCE FOR IMPAIRMENT & WRITE OFFS

	2015 Rs.	2014 Rs.
Impairment provision/(reversal) for lease rentals receivable (Note 5.2)	(45,153,908)	165,836,715
Impairment provision/(reversal) for receivables from hire purchases (Note 6.1.2)	(14,634,147)	(6,516,885)
Impairment provision/(reversal) for mortgage loan (Note 6.2.2)	46,865,531	20,845,371
Impairment provision/(reversal) for receivables from sundry loans (Note6.3.2)	60,495,148	209,931,474
Impairment provision/(reversal) for factoring receivables (Note 7.1)	35,154,670	(351,467,016)
Impairment provision/(reversal) for margin trading receivables (Note 8.1)	(137,615,343)	137,615,343
Impairment provision/(reversal) for other receivables	686,056,855	22,836,963
Written-off during the year	866,133,510	1,172,264,134
	1,497,302,317	1,371,346,099

27. PROFIT FROM OPERATIONS

Profit from operations is stated after charging all expenses including the following,

		2015 Rs.	2014 Rs.
Directors' emoluments		37,831,375	28,780,097
Audit fees and expenses	- Audit Services	1,850,000	1,700,000
	- Audit Related Services	861,000	820,000
	- Non Audit Services	Nil	Nil
Depreciation on property, plant and equipment		12,166,033	3,823,251

27.1 Personnel expenses

	2015 Rs.	2014 Rs.
- Salaries, wages & other related cost	873,290,880	670,319,507
- Defined contribution plans - EPF & ETF	20,947,063	14,801,556
- Defined benefit plan cost	3,126,017	1,984,811
	897,363,959	687,105,875

28. MATURITY OF ASSETS AND LIABLITIES

28.1 An analysis of the total assets of the Company as at the year end based on the remaining period at the reporting date to the respective contractual maturity dates is given below:

	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31.03.15	Total as at 31.03.14
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	2,975,305,230	-	-	-	-	2,975,305,230	3,236,379,885
Deposits with banks and other financial institutions	493,933,510	267,161,781	-	-	-	761,095,291	466,476,354
Investment in government securities	4,357,675,000	240,050,000	-	1,026,221,117	276,771,735	5,900,717,852	4,936,822,120
Derivative assets	-	2,740,000	-		-	2,740,000	13,571,650
Rentals receivable on leased assets	1,565,647,428	3,038,272,837	5,911,581,602	2,515,927,266	435,363,137	13,466,792,270	11,198,073,626
Allowance for impairment	-	-	-	-	-	(316,416,427)	(361,570,335)
Hire purchases, loans and advances	4,669,193,787	7,475,853,959	12,033,065,179	13,036,158,541	609,989,991	37,824,261,458	29,912,640,861
Allowance for impairment	-	-	-	-	-	(1,176,932,589)	(1,084,206,057)
Factoring receivable	6,359,079,938	-	-	-	-	6,359,079,938	3,403,654,148
Allowance for impairment	-	-	-	-	-	(158,878,197)	(123,723,527)
Margin trading receivables	293,711,960	-	-	-	-	293,711,960	261,023,733
Allowance for impairment	-	-	-	-	-	-	(137,615,343)
Other receivables	405,513,476	30,101,173	84,765,726	78,520,780	40,451,165	639,352,320	1,418,032,772
Investments in shares	-	8,500,000	-	-	343,275	8,843,275	9,043,275
Amount due from related companies	2,882,510	-	-	-	-	2,882,510	5,930,266
Inventories	-	-	-	-	-	-	12,080,000
Investment properties	-	-	1,142,800,000	-	-	1,142,800,000	215,173,229
Property plant and equipment	-	-	-	-	136,544,681	136,544,681	50,142,822
Total Assets as at 31.03.2015	**21,122,942,840**	**11,062,679,750**	**19,172,212,507**	**16,656,827,704**	**1,499,463,984**	**67,861,899,570**	
Total Assets as at 31.03.2014	**15,321,181,357**	**11,402,339,601**	**16,543,037,131**	**10,849,394,975**	**1,023,091,678**	**53,431,929,480**	**53,431,929,480**

28.2 An analysis of the total liabilities of the Company as at the year end based on the remaining period at the reporting date to the respective contractual maturity dates is given below:

	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31.03.15	Total as at 31.03.14
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank overdraft	2,333,062,400	-	-	-	-	2,333,062,400	1,136,163,365
Interest bearing borrowings	4,523,222,949	615,357,735	275,695,216	5,625,752,079	-	11,040,027,979	823,837,756
Deposits from customers	11,299,862,041	14,284,815,558	8,242,229,451	7,483,053,421	-	41,309,960,472	42,617,799,696
Trade payables	645,905,072	-	-	-	-	645,905,072	328,986,492
Accruals and other payables	790,108,233	32,332,381	-	-	-	822,440,614	494,314,160
Derivative liabilities	41,621,400	15,893,500	-	-	-	57,514,900	8,104,150
Amount due to related companies	2,453,097,016	-	-	-	-	2,453,097,016	649,310,359
Current tax payable	-	434,425,679	-	-	-	434,425,679	282,717,688
Deferred tax liability	-	-	761,419,624	-	-	761,419,624	548,717,682
Employee benefits	-	-	-	10,450,090	-	10,450,090	8,008,415
Stated capital	-	-	-	-	2,000,000,000	2,000,000,000	2,000,000,000
Statutory reserve	-	-	-	-	1,176,213,839	1,176,213,839	879,497,395
Investment fund reserve	-	-	-	-	-	-	391,850,336
Available for sale investment reserve	63,538,089	3,500,105	-	14,963,055	4,035,534	86,036,783	109,792,742
Retained earnings	-	-	-	-	4,731,345,102	4,731,345,102	3,152,829,244
Total Liabilities & Equity as at 31.03.2015	**22,150,417,200**	**15,386,324,957**	**9,279,344,292**	**13,134,218,645**	**7,911,594,476**	**67,861,899,570**	
Total Liabilities & Equity as at 31.03.2014	**14,860,747,667**	**18,296,470,849**	**3,714,097,381**	**10,026,643,866**	**6,533,969,716**	**53,431,929,480**	**53,431,929,480**

29. INCOME TAX EXPENSE

The major components of income tax expense for the year ended 31 March are as follows:	2015 Rs.	2014 Rs.
Current tax		
Current tax charge	526,979,445	298,609,642
Under provision of current taxes in respect of prior years	3,007,361	9,174,623
	529,986,806	307,784,265
Deferred Tax		
Deferred tax charge (29.2)	212,779,819	134,339,797
Income tax expense reported in statement of profit or loss	**742,766,624**	**442,124,062**
Deferred tax charge / (reversal) recognized in OCI	(77,877)	(1,129,723)

29.1 Current tax payable

	2015 Rs.	2014 Rs.
Tax payable as at 1st April	282,717,688	178,417,948
Current tax expense for the year	529,986,806	307,784,265
Tax paid during the year	(378,278,815)	(203,484,526)
Tax payable as at 31st March	**434,425,679**	**282,717,688**

A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	2015		2014	
	%	Rs.	%	Rs.
Accounting profit before income tax		2,226,348,846		1,442,423,370
Tax effect at the statutory income tax rate of 28%	28%	623,377,677	28%	403,878,544
Tax effect of other allowable credits	-7%	(158,453,355)	0%	(4,606,017)
Tax effect of non deductible expenses	12%	274,834,942	2%	33,676,912
Under / (over) provision in the previous years	0%	3,007,361	1%	9,174,623
Income tax expense	33%	742,766,624	31%	442,124,062

29.2 Deferred Taxation

Recognized deferred tax assets and liabilities are attributable to the following

	Statement of Financial Position		Statement of Profit or loss and Other Comprehensive Income	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Deferred tax liability - recognized in profit or loss - expense / (reversal)				
Lease receivables	843,296,720	568,186,748	275,109,972	140,793,988
Net forward exchange contracts	-	1,530,900	(1,530,900)	1,530,900
	843,296,720	569,717,648	273,579,072	142,324,888
Deferred tax assets - recognized in profit or loss - expense / (reversal)				
Defined benefit plans	1,718,426	1,112,633	(605,792)	161,498
Net forward exchange contracts	15,336,972	-	(15,336,972)	10,611,020
Finance lease liability	63,614,099	18,757,610	(44,856,489)	(18,757,610)
	80,669,497	19,870,243	(60,799,253)	(7,985,092)
Deferred tax assets - recognized in OCI				
Defined benefit plans	1,207,599	1,129,723	(77,877)	(1,129,723)
Deferred tax expense / (reversal) for the current year - recognized in profit or loss			**212,779,819**	**134,339,797**
Deferred tax expense / (reversal) for the current year - recognized in OCI			**(77,877)**	**(1,129,723)**
Net deferred tax liability	**761,419,624**	**548,717,682**		

29.2.a Movement in temporary differences

	2015 Rs.	2014 Rs.
Taxable temporary differences		
Lease receivables	3,011,774,001	2,029,238,386
Forward exchange contracts (net)	-	5,467,500
	3,011,774,001	2,034,705,886
Deductible temporary differences		
Defined benefit plans - recognized in profit or loss	6,137,235	3,973,691
Defined benefit plans - recognized in OCI	4,312,855	4,034,724
Forward exchange contracts (net)	54,774,900	-
Finance lease liability	227,193,210	66,991,464
	292,418,200	74,999,879
Net taxable temporary differences	**2,719,355,800**	**1,959,706,007**

30. EARNINGS PER SHARE

30.1 Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the Basic Earnings Per Share computations.

	2015 Rs.	2014 Rs.
Amounts used as the numerator:		
Profit attributable to ordinary shareholders for basic earnings per share	1,483,582,221	1,000,299,308

	2015 No.	2014 No.
Number of ordinary shares used as the denominator:		
Ordinary shares in issue at the beginning of the year	2,800,000,000	2,800,000,000
Weighted average number of ordinary shares in issue applicable to basic earnings per share	2,800,000,000	2,800,000,000
Basic earnings per share (Rs.)	**0.53**	**0.36**

30.2 Diluted Earnings Per Share

There were no potential dilution at the year end. Therefore, diluted earnings/ (loss) per share is the same as basic earnings/ (loss) per share shown above.

31. CASH AND CASH EQUIVALENTS

	2015 Rs.	2014 Rs.
31.1 Favourable cash & cash equivalents balance		
Cash in hand and at bank	2,975,305,230	3,236,379,885
31.2 Unfavourable cash & cash equivalent balances		
Bank overdraft	(2,333,062,400)	(1,136,163,365)
Total cash and cash equivalents for the purpose of cash flow statement	**642,242,830**	**2,100,216,520**

32. COMPARATIVE FIGURES

Comparative information has not been reclassified or restated

33. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged 2015 Rs.	Carrying Amount Pledged 2014 Rs.
Leased assets	Short term borrowing	1,572,508,215	2,496,436,128

34. RELATED PARTY DISCLOSURES

34.1 Parent and Ultimate Controlling Party

The Company's immediate and ultimate controlling party is Lanka ORIX Leasing Company PLC.

34.2 Transactions with Key Management Personnel (KMPs)

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities directly or indirectly. Accordingly the KMP include members of the Board of Directors and General Managers and Deputy General Managers of the Company and its ultimate Parent Company Lanka ORIX Leasing Co. PLC . Close Family Members (CFM) of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the Company.

34.2.1 Compensation of KMPs

	2015	**2014**
	Rs.	**Rs.**
Short term employment benefits	53,142,480	32,396,432
Post employment benefits	-	1,599,750
Total	53,142,480	33,996,182

The short term employement benefits include only the directors fees and emoluments paid to Directors & KMPs.

34.2.2 Transactions, arrangements and agreements involving KMPs, and their close family members (CFMs)

CFMs of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMPs domestic partner and children, children of the KMPs domestic partner and dependents of the KMP or the KMPs domestic partner. The transactions are carried out on an arms length basis. The details of the transactions are as follows :

	2015	**2014**
	Rs.	**Rs.**
Deposits held with the Company	724,402,049	708,231,789
Interest paid / charge	134,974,177	172,436,396
Interest payable	11,648,649	10,696,509
Loans granted (excluding Directors)	14,516,954	10,300,000
Capital outstanding on facilities granted to KMP (excluding Directors)	21,940,078	13,591,243

34. RELATED PARTY DISCLOSURES (Contd...)

34.3 Transactions with related parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) - 24, Related Party Disclosures, on an arms length basis. Details of related party transactions are reported below. (For information regarding outstanding balances (receivables / payables) at 31 March 2015 and 2014, refer notes no.11 and 18 accordingly).

Relationship	Nature of Transactions	Transaction value 2015 Rs.	Transaction value 2014 Rs.
Parent Company	Inter company fund utilised	763,267,839	349,352,582
	Shared expenses (including vat)	1,251,656,237	63,353,267
	Asset hire charges	121,534,520	57,790,273
	Interest on re-red refinancing	6,747,174	10,288,628
	Royalty / treasury management fee	283,000,000	122,169,830
	Fund transfer interest	40,663,758	13,046,884
	Charges for service provided	120,000,000	-
Fellow Subsidiaries	Portfolio transfer	-	763,410,924
	Deposits held with the company	219,877,919	26,405,928
	Interest paid/charge	5,760,057	1,073,956
	Interest payable	3,338,378	106,520
	IT service fee	120,000,000	155,000,000
	Portfolio handling fee	375,788,870	198,176,881
	Supply of leased vehicles	281,650,671	176,994,972
	Yard fee	13,418,572	6,597,507
	Loan/ lease granted	253,030,258	508,177,062
	Rental collections	276,867,747	598,015,468
	Interest income	183,265,876	203,243,143
	Capital outstanding on facilities granted	949,236,810	952,952,546
Other Related Companies/Affiliates	Supply of leased vehicles	72,932,141	47,363,389
	Debentures issued	2,745,000,000	-
	Deposits held with the company	-	300,000,000
	Interest paid/charge	-	74,907,936
	Interest payable	-	731,555
	Rental collections	107,915,781	14,787,613
	Interest income	17,760,491	10,642,405
	Capital outstanding on facilities granted	50,380,100	61,373,717
Other Related Organizations	Deposits held with the company	43,843,776	38,217,509
	Interest paid/charge	2,121,703	1,378,257
	Interest payable	392,326	130,206

35. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustment to or disclosure in the financial statements.

SEGMENTAL INFORMATION

Year ended 31 March 2015

36. OPERATING SEGMENTS

	Operating Segment					
	Leasing	**Hire Purchase**	**Loans**	**Treasury**	**Others**	**Total**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
For the year ended 31st March 2015						
Total revenue	2,849,989,047	67,797,936	8,346,202,212	644,456,686	232,611,808	12,141,057,690
External revenue	**2,849,989,047**	**67,797,936**	**8,346,202,212**	**644,456,686**	**232,611,808**	**12,141,057,690**
Net interest cost	(1,168,607,727)	(27,799,823)	(3,422,271,536)	(264,252,617)	(95,380,000)	(4,978,311,703)
Profit before operating expenses	**1,681,381,321**	**39,998,113**	**4,923,930,676**	**380,204,069**	**137,231,808**	**7,162,745,987**
Operating expenses	(1,154,810,912)	(31,316,544)	(3,278,957,530)	(169,798,404)	(61,287,460)	(4,696,170,850)
Value added tax on financial services	-	(1,261,171)	(238,965,120)	-	-	(240,226,291)
Results from operating activities	526,570,409	7,420,398	1,406,008,026	210,405,666	75,944,348	2,226,348,846
For the year ended 31st March 2014						
Total revenue	2,919,878,946	224,766,077	7,660,688,080	639,872,687	42,194,384	11,487,400,175
External revenue	**2,919,878,946**	**224,766,077**	**7,660,688,080**	**639,872,687**	**42,194,384**	**11,487,400,175**
Net interest cost	(1,556,929,920)	(119,849,157)	(4,084,811,288)	(341,191,176)	(22,498,775)	(6,125,280,315)
Profit before operating expenses	**1,362,949,027**	**104,916,920**	**3,575,876,793**	**298,681,511**	**19,695,609**	**5,362,119,860**
Operating expenses	(1,164,722,922)	(81,300,141)	(2,340,304,069)	(132,519,618)	(31,575,551)	(3,750,422,300)
Value added tax on financial services	-	(3,174,829)	(166,099,360)	-	-	(169,274,189)
Results from operating activities	198,226,105	20,441,950	1,069,473,364	166,161,893	(11,879,942)	1,442,423,369
For the year ended 31st March 2015						
Provision for / (reversal of provision for) doubtful debts and bad debts written off	403,909,259	13,453,464	1,079,939,594	-	-	1,497,302,317
As at 31-03-2015						
Total assets	13,150,375,843	150,155,442	42,991,087,127	6,673,396,419	4,896,884,740	67,861,899,570
Total liabilities	12,500,837,249	142,738,790	38,514,932,034	6,681,059,764	2,028,736,008	59,868,303,846
As at 31-03-2014						
Total assets	10,836,503,291	443,501,932	31,788,271,883	5,425,913,399	4,937,738,974	53,431,929,480
Total liabilities	10,421,776,353	426,528,542	29,644,574,341	5,071,322,582	1,333,757,945	46,897,959,764

		2015	2014
37.	**COMMITMENTS AND CONTINGENCIES**	**Rs.**	**Rs.**
37.1	**Contingent Liabilities**		
	Guarantees issued to banks and other institutions	636,345,074	622,447,394
37.2	**Commitments**		
	Forward exchange contracts- (commitment to purchase)	1,593,024,850	2,089,991,100
	Unutilised loan facilities	5,824,041,685	4,061,635,800
	Letter of credit	31,148,950	29,454,945

On the commitment to purchase the foreign currencies the company will receive USD 5,000,000, EUR 1,500,000 , GBP 1,425,000, AUD 3,260,000.

38. OTHERS

An imposition of a Super Gains Tax has been recommended for the approval of Parliament as per a Bill dated 27 March 2015. Since the Bill had not been approved by the parliament as at the reporting date, and the basis of calculation of such tax has not been finalized, the Company has not provided for any potential liability arising from such, in the Financial Statements for the year ended 31 March 2015.