

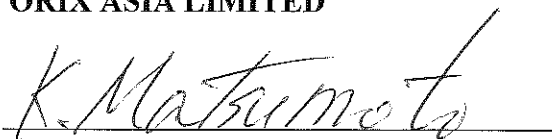
ORIX Asia Limited

**Interim Results**  
**30 September 2014**

**CERTIFIED TRUE COPY:**

FOR AND ON BEHALF OF

**ORIX ASIA LIMITED**

A handwritten signature in cursive script, appearing to read 'K. Matsumoto', is written over a horizontal line.

KATSUMI MATSUMOTO  
MANAGING DIRECTOR

**ORIX Asia Limited**  
**Unaudited Income Statement**  
**For the six months ended 30 September 2014**

	<i>Note</i>	<i>2014</i> US\$	<i>2013</i> US\$
Interest income	4(a)	10,586,192	9,906,145
Interest expense	4(b)	<u>(1,187,672)</u>	<u>(871,578)</u>
<b>Net interest income</b>		<u>9,398,520</u>	<u>9,034,567</u>
Fee and commission income	5(a)	997,640	803,882
Fee and commission expense	5(b)	<u>(1,725,686)</u>	<u>(1,622,769)</u>
<b>Net fee and commission expense</b>		<u>(728,046)</u>	<u>(818,887)</u>
Net trading gain/(loss)	6	352,825	(70,534)
Other operating income	7	<u>409,356</u>	<u>941,179</u>
		<u>762,181</u>	<u>870,645</u>
<b>Operating income</b>		9,432,655	9,086,325
<b>Operating expenses</b>	8	<u>(5,597,072)</u>	<u>(4,941,411)</u>
		3,835,583	4,144,914
Write back of impairment losses on loans and advances	9	<u>153,545</u>	<u>518,040</u>
<b>Profit before taxation</b>		3,989,128	4,662,954
Income tax	10	<u>(658,685)</u>	<u>(768,448)</u>
<b>Profit for the period</b>		<u>3,330,443</u>	<u>3,894,506</u>

ORIX Asia Limited  
Unaudited Statement of Comprehensive Income  
For the six months ended 30 September 2014

	<i>Note</i>	<i>2014</i> US\$	<i>2013</i> US\$
<b>Profit for the period</b>		3,330,443	3,894,506
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>	11		
Available-for-sale financial assets: net movement in the revaluation reserve for available-for-sale financial assets		<u>5,801</u>	<u>(1,092)</u>
<b>Total comprehensive income for the period</b>		<u><u>3,336,244</u></u>	<u><u>3,893,414</u></u>

## ORIX Asia Limited

### Unaudited Statement of Financial Position

#### As at 30 September 2014

	<i>Note</i>	<i>30-9-2014</i> US\$	<i>31-3-2014</i> US\$
<b>Assets</b>			
Cash and balances with banks and other financial institutions	12	46,982,018	44,386,993
Trading assets	13	451,323	105,817
Loans and advances to banks and other financial institutions	14(a)	224,243	275,485
Loans and advances to customers	14(b)	439,983,695	384,393,295
Available-for-sale financial assets	15	10,337,765	10,339,360
Fixed assets	16	476,441	592,225
Tax recoverable	17(a)	-	81,079
Deferred tax assets	17(b)	293,425	298,088
Other assets	18	6,461,965	5,621,705
<b>Total assets</b>		<b>505,210,875</b>	<b>446,094,047</b>
<b>Equity and liabilities</b>			
Deposits and balances from banks and other financial institutions		149,230,842	101,205,209
Deposits from customers	19	58,204,773	51,462,802
Trading liabilities	20	7,033	30,580
Current taxation	17(a)	202,414	-
Other liabilities	21	5,877,830	5,043,717
<b>Total liabilities</b>		<b>213,522,892</b>	<b>157,742,308</b>
<b>Equity</b>			
Share capital	22	32,000,000	32,000,000
Reserves	23	259,687,983	256,351,739
<b>Total equity</b>		<b>291,687,983</b>	<b>288,351,739</b>
<b>Total equity and liabilities</b>		<b>505,210,875</b>	<b>446,094,047</b>

## 1 General information

The Directors of ORIX Asia Limited (“the Company”) are pleased to present the unaudited interim results of the Company for the six months ended 30 September 2014.

The Company is a restricted licence bank incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 30th Floor, United Centre, 95 Queensway, Hong Kong.

The Company primarily provides lease financing and instalment loans to industrial, commercial and personal customers. It also engages in debt and equity investment activities.

The Company is registered as a restricted licence bank under the Hong Kong Banking Ordinance and is an approved seller/servicer of the Hong Kong Mortgage Corporation Limited.

## 2 Basis of preparation and accounting policies

Except as described below, the accounting policies and methods of computation used in the preparation of the 2015 interim financial statements are consistent with those used and described in the Company’s annual audited financial statements for the year ended 31 March 2014.

The Company has adopted the following new standards and amendments to standards which had insignificant or no effect on the financial statements:

- Amendments to Hong Kong Accounting Standard (“HKAS”) 32 “Offsetting Financial Assets and Financial Liabilities”
- Amendments to HKAS 39 “Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting”
- Amendments to Hong Kong Financial Reporting Standard (“HKFRS”) 10, HKFRS 12 and HKAS 27 “Investment Entities”
- Amendments to HKAS 36 “Impairment of Assets: Recoverable Amounts Disclosures for Non-Financial Assets”
- Hong Kong (International Financial Reporting Standards Interpretations Committee) “HK(IFRIC)” Interpretation 21 “Levies”

## 3 Financial review

For the six months ended 30 September 2014, the Company recorded a pre-tax profit of US\$4.0 million, representing a decrease of US\$0.7 million or 14% relative to the same period of last year. It was mainly due to increase in operating expenses and decrease in write back of impairment losses on loans and advances.

As at 30 September 2014, the Company’s total assets amounted to US\$505.2 million, representing an increase of US\$59.1 million or 13% over the last financial year as at 31 March 2014. Among this, cash and balances with banks and other financial institutions increased by US\$2.6 million and loans and advances to customers increased by US\$55.6 million as compared with the last financial year.

#### 4 Net interest income

For the six months ended 30 September

##### (a) Interest income

	2014 US\$	2013 US\$
Interest income on deposits to banks and financial institutions	53,079	72,089
Interest income on loans and advances	10,514,588	9,803,952
Interest income on unlisted debt securities	5,333	6,100
Amortisation of discounts on purchased lease and loan contracts	10,668	19,343
Interest income on loans and advances to fellow subsidiaries	2,290	4,512
Other interest income	234	149
	<u>10,586,192</u>	<u>9,906,145</u>
Total interest income on all financial assets	<u>10,586,192</u>	<u>9,906,145</u>

The interest income above represents interest income on financial assets that are not at fair value through profit or loss.

Included in the above is interest income accrued on impaired financial assets of US\$13,535 (2013: US\$21,579) for the six months ended 30 September 2014.

##### (b) Interest expense

	2014 US\$	2013 US\$
Interest expense on borrowings from fellow subsidiaries	270,138	292,573
Deposits from customers, banks and other financial institutions	917,534	579,005
	<u>1,187,672</u>	<u>871,578</u>
Total interest expense on all financial liabilities	<u>1,187,672</u>	<u>871,578</u>

The interest expense above represents interest expense on financial liabilities that are not at fair value through profit or loss.

## 5 Fee and commission income and expenses

For the six months ended 30 September

### (a) Fee and commission income

	2014 US\$	2013 US\$
Credit-related fees and commissions	238,017	184,251
Management fee	759,600	619,600
Others	23	31
	<u>997,640</u>	<u>803,882</u>

### (b) Fee and commission expense

	2014 US\$	2013 US\$
Brokerage fee expenses	1,587,686	1,520,769
Management fee expenses	138,000	102,000
	<u>1,725,686</u>	<u>1,622,769</u>

The credit-related fee and commission income and the brokerage fee expenses are related to financial assets and liabilities not at fair value through profit and loss for the six months ended 30 September 2014.

## 6 Net trading gain/ (loss)

For the six months ended 30 September

	2014 US\$	2013 US\$
Net gain/(loss) from currency derivatives	<u>352,825</u>	<u>(70,534)</u>

## 7 Other operating income

For the six months ended 30 September

	2014 US\$	2013 US\$
Net exchange (loss)/gain	(260,135)	282,441
Penalty income from early termination loans	638,263	633,820
Others	31,228	24,918
	<u>409,356</u>	<u>941,179</u>

## 8 Operating expenses

For the six months ended 30 September

	2014 US\$	2013 US\$
Staff costs		
- Salaries and other benefits	3,126,275	2,701,799
- Contributions to the Mandatory Provident Funds	167,718	121,202
Depreciation	131,088	164,595
Property rentals	808,988	613,866
Other premises and equipment expenses	127,190	127,421
Advertising expenses	2,233	5,702
Auditor's remuneration	110,917	105,543
General and administrative expenses	394,872	377,179
Debt collection expenses	30,121	28,675
Consultancy fee	245,014	207,861
Travelling and transportation	41,410	25,581
Others	411,246	461,987
	<u>5,597,072</u>	<u>4,941,411</u>

## 9 Impairment losses on loans and advances

For the six months ended 30 September

	2014 US\$	2013 US\$
Individually assessed		
- new provisions	347,019	118,801
- releases	<u>(523,769)</u>	<u>(598,034)</u>
	----- (176,750)	----- (479,233)
Collectively assessed		
- new provisions	23,205	-
- releases	<u>-</u>	<u>(38,807)</u>
	----- 23,205	----- (38,807)
Net release to the income statement	<u>(153,545)</u>	<u>(518,040)</u>



## 10 Income tax

For the six months ended 30 September

*Taxation in the income statement represents:*

	2014 US\$	2013 US\$
<b>Current tax - Hong Kong Profits Tax</b>		
Provision for the period	655,206	734,203
<b>Deferred tax</b>		
Origination and reversal of temporary differences (note 17(b))	3,479	34,245
Income tax charge	658,685	768,448

The provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the six months period ended 30 September 2014.

## 11 Other comprehensive income

For the six months ended 30 September

### (a) Tax effects relating to each component of other comprehensive income

	2014			2013		
	Before-tax amount US\$	Tax benefit/ (expense) US\$	Net-of-tax amount US\$	Before-tax amount US\$	Tax benefit/ (expense) US\$	Net-of-tax amount US\$
Available-for-sale financial assets: net movement in available-for-sale fair value reserve	6,985	(1,184)	5,801	(1,449)	357	(1,092)
Other comprehensive income	6,985	(1,184)	5,801	(1,449)	357	(1,092)

## 11 Other comprehensive income (Continued)

For the six months ended 30 September

### (b) *Reclassification adjustments relating to components of other comprehensive income*

	2014 US\$	2013 US\$
<b>Available-for-sale financial assets:</b>		
Changes in fair value recognised during the period	5,801	(1,092)
Reclassification adjustments for amounts transferred to the income statement		
– gains on disposal	-	-
Net movement in the revaluation reserve for available-for-sale financial assets during the period recognised in other comprehensive income	5,801	(1,092)

## 12 Cash and balances with banks and other financial institutions

	30-9-2014 US\$	31-3-2014 US\$
Cash in hand	644	645
Balances with banks and authorised institutions with remaining maturity of		
– within one month	46,981,374	44,386,348
	46,982,018	44,386,993

## 13 Trading assets

	30-9-2014 US\$	31-3-2014 US\$
Positive fair values of derivatives (note 24(b))	451,323	105,817

**14 Loans and advances to banks and other financial institutions/Loans and advances to customers**

**(a) Loans and advances to banks and other financial institutions**

	30-9-2014 US\$	31-3-2014 US\$
Gross loans and advances to banks and other financial institutions	224,958	276,424
Less: Collectively assessed impairment allowances (note 14(c))	(715)	(939)
	224,243	275,485

**(b) Loans and advances to customers**

	30-9-2014 US\$	31-3-2014 US\$
Gross loans and advances to customers	441,526,978	386,119,503
Less: Impairment allowances		
–individually assessed (note 14(c))	(700,972)	(915,500)
–collectively assessed (note 14(c))	(799,951)	(777,574)
Unearned discount on purchased lease and loan contracts	(42,360)	(33,134)
	439,983,695	384,393,295

**14 Loans and advances to banks and other financial institutions/Loans and advances to customers (continued)**

**(c) Movement in impairment allowances on loans and advances**

	<u>30-9-2014</u>		
	<i>Collectively assessed</i>	<i>Individually assessed</i>	<i>Total</i>
	US\$	US\$	US\$
At 1 April 2014	778,513	915,500	1,694,013
New provisions	23,205	347,019	370,224
Releases	-	(523,769)	(523,769)
Recoveries	-	55,510	55,510
Amounts written off	-	(92,646)	(92,646)
Exchange adjustments	(1,052)	(642)	(1,694)
At 30 September 2014	<u>800,666</u>	<u>700,972</u>	<u>1,501,638</u>
Deducted from:			
- Advances to banks and other financial institutions (note 14(a))	715	-	715
- Advances to customers (note 14(b))	799,951	700,972	1,500,923
	<u>800,666</u>	<u>700,972</u>	<u>1,501,638</u>
	<u>31-3-2014</u>		
	<i>Collectively assessed</i>	<i>Individually assessed</i>	<i>Total</i>
	US\$	US\$	US\$
At 1 April 2013	865,785	4,198,858	5,064,643
New provisions	-	439,290	439,290
Releases	(86,579)	(733,262)	(819,841)
Recoveries	-	52,971	52,971
Amounts written off	-	(3,043,259)	(3,043,259)
Exchange adjustments	(693)	902	209
At 31 March 2014	<u>778,513</u>	<u>915,500</u>	<u>1,694,013</u>
Deducted from:			
- Advances to banks and other financial institutions (note 14(a))	939	-	939
- Advances to customers (note 14(b))	777,574	915,500	1,693,074
	<u>778,513</u>	<u>915,500</u>	<u>1,694,013</u>

**14 Loans and advances to banks and other financial institutions/Loans and advances to customers (continued)**

**(d) Loans and advances to customers analysed by industry sector**

The analysis of gross loans and advances to customers by industry sector is based on the categories and definitions used by the Hong Kong Monetary Authority (“HKMA”).

	30-9-2014		31-3-2014	
	Gross loans and advances to customers US\$	% of gross loans and advances covered by collateral	Gross loans and advances to customers US\$	% of gross loans and advances covered by collateral
<b>Gross loans and advances for use in Hong Kong</b>				
Industrial, commercial and financial				
– Property development	-	-	17,335	100
– Property investment	1,202,539	100	1,560,900	100
– Wholesale and retail trade	12,943,321	77	14,151,521	82
– Manufacturing	25,664,598	50	26,024,619	52
– Transport and transport equipment	224,739,144	99	188,436,668	99
– Others	67,598,749	85	56,416,192	81
Individuals				
– Loans and advances for the purchase of other residential properties	898,873	100	996,088	100
– Others	33,994,297	76	28,769,517	85
	367,041,521	90	316,372,840	90
<b>Gross loans and advances for use outside Hong Kong</b>	74,485,457	94	69,746,663	94
Gross loans and advances to customers	441,526,978	91	386,119,503	91

**14 Loans and advances to banks and other financial institutions/Loans and advances to customers (continued)**

**(d) Loans and advances to customers analysed by industry sector (continued)**

For each industry sector reported above with loan balance constituting 10% or more of the total balance of advances to customers, the attributable amount of impaired loans, overdue loans, and individually and collectively assessed loan impairment allowances are as follows:

	30-9-2014				
	<i>Gross loans and advances</i> US\$	<i>Impaired loans and advances</i> US\$	<i>Overdue loans and advances</i> US\$	<i>Individually assessed impairment allowance</i> US\$	<i>Collectively assessed impairment allowance</i> US\$
<b>Loans and advances for use in Hong Kong</b>					
Industrial, commercial and financial					
- Transport and transport equipment	224,739,144	332,680	174,291	263,114	183,371
- Others	67,598,749	24,617	-	24,617	193,677
<b>Loans and advances for use outside Hong Kong</b>					
Industrial, commercial and financial					
- Manufacturing	<u>72,641,713</u>	<u>1,103,865</u>	<u>1,086,474</u>	<u>392,673</u>	<u>212,215</u>

**14 Loans and advances to banks and other financial institutions/Loans and advances to customers (continued)**

**(d) Loans and advances to customers analysed by industry sector (continued)**

	31-3-2014				
	<i>Gross loans and advances</i> US\$	<i>Impaired loans and advances</i> US\$	<i>Overdue loans and advances</i> US\$	<i>Individually assessed impairment allowance</i> US\$	<i>Collectively assessed impairment allowance</i> US\$
<b>Loans and advances for use in Hong Kong</b>					
Industrial, commercial and financial					
– Transport and transport equipment	188,436,668	138,305	129,334	121,664	173,097
– Others	56,416,192	-	-	-	170,148
<b>Loans and advances for use outside Hong Kong</b>					
Industrial, commercial and financial					
– Manufacturing	67,970,642	1,367,556	1,150,637	707,791	225,898

**14 Loans and advances to banks and other financial institutions/Loans and advances to customers (continued)**

**(e) Non-bank Mainland China exposures**

The total direct non-bank Mainland China exposures are as follows:

	30-9-2014		<i>Total</i> US\$
	<i>On-balance sheet exposure</i> US\$	<i>Off-balance sheet exposure</i> US\$	
<u>Type of counterparties</u>			
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	435,346	-	435,346
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	993,301	-	993,301
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	70,650,415	172,878	70,823,293
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,592,923	-	2,592,923
	74,671,985	172,878	74,844,863
 Total assets after provision	 505,210,875		
 On-balance sheet exposures as percentage of total assets	 14.78%		



**14 Loans and advances to banks and other financial institutions/Loans and advances to customers (continued)**

*(e) Non-bank Mainland China exposures (continued)*

	<u>31-3-2014</u>		<i>Total</i> US\$
	<i>On-balance</i> <i>sheet</i> <i>exposure</i> US\$	<i>Off-balance</i> <i>sheet</i> <i>exposure</i> US\$	
<u>Type of counterparties</u>			
Central government, central government-owned entities and their subsidiaries and JVs	677,990	-	677,990
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	457,670	-	457,670
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	67,546,311	2,433,216	69,979,527
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>1,997,048</u>	<u>-</u>	<u>1,997,048</u>
	<u>70,679,019</u>	<u>2,433,216</u>	<u>73,112,235</u>
Total assets after provision	<u>446,094,047</u>		
On-balance sheet exposures as percentage of total assets	<u>15.84%</u>		

**14 Loans and advances to banks and other financial institutions/Loans and advances to customers (continued)**

*(f) Geographical analysis of loans and advances to customers*

	<u>30-9-2014</u>				
	<i>Gross loans and advances US\$</i>	<i>Overdue loans and advances US\$</i>	<i>Impaired loans (individually determined) US\$</i>	<i>Individually assessed impairment allowances US\$</i>	<i>Collectively assessed impairment allowances US\$</i>
Hong Kong	421,897,014	790,787	973,792	566,027	744,224
Others	<u>19,629,964</u>	<u>490,544</u>	<u>507,935</u>	<u>134,945</u>	<u>55,727</u>
	<u>441,526,978</u>	<u>1,281,331</u>	<u>1,481,727</u>	<u>700,972</u>	<u>799,951</u>
	<u>31-3-2014</u>				
	<i>Gross loans and advances US\$</i>	<i>Overdue loans and advances US\$</i>	<i>Impaired loans (individually determined) US\$</i>	<i>Individually assessed impairment allowances US\$</i>	<i>Collectively assessed impairment allowances US\$</i>
Hong Kong	372,018,744	807,072	938,334	583,203	724,348
Others	<u>14,100,759</u>	<u>560,178</u>	<u>653,572</u>	<u>332,297</u>	<u>53,226</u>
	<u>386,119,503</u>	<u>1,367,250</u>	<u>1,591,906</u>	<u>915,500</u>	<u>777,574</u>

The above geographical analysis is classified by the location of the borrowers after taking into account the transfer of risk. In general, risk transfer applies when a loan is guaranteed by a party situated in an area different from the counterparty.

**14 Loans and advances to banks and other financial institutions/Loans and advances to customers (continued)**

**(g) Impaired, overdue and rescheduled assets**

**(i) Impaired loans**

	30-9-2014 US\$	31-3-2014 US\$
Gross impaired loans and advances to customers	1,481,727	1,591,906
Impairment allowance - individually assessed	(700,972)	(915,500)
	780,755	676,406
As a percentage of total loans and advances to customers		
- Gross impaired loans and advances	0.34%	0.41%

Impaired loans and advances are individually assessed loans with objective evidence of impairment on an individual basis.

Individually assessed impairment allowance were made after taking into account the realisable value of collateral in respect of such loans and advances of US\$763,367 (31 March 2014: US\$624,188) for the Company. This collateral mainly comprised mortgages over residential properties and cash on deposit with the Company.

There were no impaired loans and advances to banks and other financial institutions as at 30 September 2014 and 31 March 2014.

**14 Loans and advances to banks and other financial institutions/Loans and advances to customers (continued)**

**(g) Impaired, overdue and rescheduled assets (continued)**

**(ii) Overdue loans and advances to customers**

	30-9-2014		31-3-2014	
	Amount	% of total	Amount	% of total
	US\$	advances to	US\$	advances to
		customers		customers
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:				
- six months or less but over three months	105,214	0.02%	69,236	0.02%
- one year or less but over six months	20,566	0.01%	430,780	0.11%
- Over one year	<u>1,155,551</u>	0.26%	<u>867,235</u>	0.22%
	<u>1,281,331</u>	0.29%	<u>1,367,251</u>	0.35%
Current market value of collateral held against the covered portion of overdue loans and advances	<u>554,616</u>		<u>737,196</u>	
Covered portion of overdue loans and advances	<u>551,125</u>		<u>643,230</u>	
Uncovered portion of overdue loans and advances	<u>730,206</u>		<u>724,021</u>	
Individual impairment allowances made on overdue loans and advances	<u>517,967</u>		<u>748,534</u>	

**14 Loans and advances to banks and other financial institutions/Loans and advances to customers (continued)**

**(g) Impaired, overdue and rescheduled assets (continued)**

**(iii) Rescheduled loans and advances to customers**

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Company. Rescheduled loans and advances to customers are stated net of any loans and advances to customers that have subsequently become overdue for over three months and reported as overdue loans and advances in note 14(g)(ii). The amount of rescheduled loans and advances to customers is not material as at 30 September 2014 and 31 March 2014.

There are no loans and advances to banks and other financial institutions which are overdue for more than three months or rescheduled as at 30 September 2014 and 31 March 2014.

**(h) Repossessed assets**

	30-9-2014	31-3-2014
	US\$	US\$
Repossessed assets	-	10,153

**15 Available-for-sale financial assets**

	<i>30-9-2014</i>	<i>31-3-2014</i>
	US\$	US\$
<b>At fair value:</b>		
Unlisted debt securities	10,306,091	10,314,861
Unlisted equity securities	31,674	24,499
	10,337,765	10,339,360
Issued by		
– Corporate entities	31,674	24,499
– Sovereigns	10,306,091	10,314,861
	10,337,765	10,339,360
 Individually impaired equity securities	 31,674	 24,499

## 16 Fixed assets

	<i>Leasehold improvements</i> US\$	<i>Furniture and equipment</i> US\$	<i>Motor vehicles</i> US\$	<i>Total</i> US\$
<b>Cost:</b>				
At 1 April 2014	937,579	3,048,179	97,290	4,083,048
Additions	-	15,304	-	15,304
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014	937,579	3,063,483	97,290	4,098,352
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation:</b>				
At 1 April 2014	855,443	2,601,329	34,051	3,490,823
Charge for the period	13,689	107,670	9,729	131,088
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014	869,132	2,708,999	43,780	3,621,911
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>				
At 30 September 2014	68,447	354,484	53,510	476,441
	<hr/>	<hr/>	<hr/>	<hr/>
	<i>Leasehold improvements</i> US\$	<i>Furniture and equipment</i> US\$	<i>Motor vehicles</i> US\$	<i>Total</i> US\$
<b>Cost:</b>				
At 1 April 2013	882,985	2,737,086	97,290	3,717,361
Additions	95,825	326,540	-	422,365
Disposals	(41,231)	(15,447)	-	(56,678)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2014	937,579	3,048,179	97,290	4,083,048
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation:</b>				
At 1 April 2013	753,576	2,435,676	14,593	3,203,845
Charge for the year	140,176	181,100	19,458	340,734
Disposals	(38,309)	(15,447)	-	(53,756)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2014	855,443	2,601,329	34,051	3,490,823
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>				
At 31 March 2014	82,136	446,850	63,239	592,225
	<hr/>	<hr/>	<hr/>	<hr/>

## 17 Income tax in the statement of financial position

### (a) Current taxation in the statement of financial position represents:

	30-9-2014 US\$	31-3-2014 US\$
Provision for Hong Kong Profits Tax	655,206	1,033,138
Provisional Profits Tax paid	<u>(452,792)</u>	<u>(1,114,217)</u>
Tax payable/(recoverable)	<u>202,414</u>	<u>(81,079)</u>

### (b) Deferred tax assets recognised:

The components of deferred tax assets recognised in the statement of financial position and the movements during the period/year are as follows:

	<i>Depreciation in excess of related depreciation allowances</i> US\$	<i>Impairment allowance</i> US\$	<i>Revaluation of available- for-sale investment</i> US\$	<i>Total</i> US\$
<b>Deferred tax arising from:</b>				
At 1 April 2014	(169,633)	(128,455)	-	(298,088)
Charged to income statement	7,134	(3,655)	-	3,479
Charged to revaluation reserve for available-for-sale securities	-	-	1,184	1,184
At 30 September 2014	<u>(162,499)</u>	<u>(132,110)</u>	<u>1,184</u>	<u>(293,425)</u>
At 1 April 2013	(226,945)	(142,855)	-	(369,800)
Charged to income statement	57,312	14,400	-	71,712
At 31 March 2014	<u>(169,633)</u>	<u>(128,455)</u>	<u>-</u>	<u>(298,088)</u>

## 18 Other assets

	30-9-2014 US\$	31-3-2014 US\$
Interest receivable	256,209	253,020
Amounts due from fellow subsidiaries	394,801	405,942
Others	<u>5,810,955</u>	<u>4,962,743</u>
	<u>6,461,965</u>	<u>5,621,705</u>



**19 Deposits from customers**

	30-9-2014 US\$	31-3-2014 US\$
Amounts due to fellow subsidiaries	46,282,697	40,311,020
Time, call and notice deposits	11,922,076	11,151,782
	58,204,773	51,462,802

**20 Trading liabilities**

	30-9-2014 US\$	31-3-2014 US\$
Negative fair value of derivatives (note 24(b))	7,033	30,580
	7,033	30,580

**21 Other liabilities**

	30-9-2014 US\$	31-3-2014 US\$
Interest payable	159,369	81,629
Amounts due to fellow subsidiaries	1,371,079	545,424
Other liabilities and accrued charges	4,347,382	4,416,664
	5,877,830	5,043,717

**22 Share capital**

	30-9-2014 US\$	31-3-2014 US\$
<b>Ordinary shares, issued and fully paid:</b>		
16,000,000 ordinary shares	32,000,000	32,000,000
	32,000,000	32,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## 23 Reserves

(a)

	<i>Revaluation reserve for available- for-sale financial assets</i> US\$	<i>Retained profits</i> US\$	<i>Total</i> US\$
<b>Balance at 1 April 2014</b>	466	256,351,273	256,351,739
Total comprehensive income for the period	5,801	3,330,443	3,336,244
<b>Balance at 30 September 2014</b>	6,267	259,681,716	259,687,983
<b>Balance at 1 April 2013</b>	136	254,785,498	254,785,634
Dividend approved in respect of prior year and paid during the year	-	(4,031,000)	(4,031,000)
Total comprehensive income for the year	330	5,596,775	5,597,105
<b>Balance at 31 March 2014</b>	466	256,351,273	256,351,739

(b) *Nature and purpose of reserves*

(i) Revaluation reserve

The revaluation reserve for available-for-sale financial assets comprises the cumulative net change in the fair value of available-for-sale financial assets until the financial assets are derecognised.

(ii) Regulatory reserve

A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes to set aside amounts in respect of losses which the Company may incur on the loans and advances in addition to the impairment allowances made under HKFRS. As at 30 September 2014, a regulatory reserve of US\$5.09 million (31 March 2014: US\$4.41 million) was earmarked in the retained profits in consultation with the HKMA.

## 24 Derivatives

### (a) *Notional amount of derivatives*

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices. The notional amounts of these instruments indicate the volume of outstanding transactions and do not represent amounts at risk. All derivatives are trading.

	30-9-2014	31-3-2014
	US\$	US\$
Currency derivatives		
– Forwards and futures	<u>267,198,335</u>	<u>257,500,000</u>

### (b) *Fair values and credit risk weighted amounts of derivatives*

	30-9-2014			31-3-2014		
	<i>Fair value</i>		<i>Credit risk</i>	<i>Fair value</i>		<i>Credit risk</i>
	<i>Assets</i>	<i>Liabilities</i>	<i>weighted</i>	<i>Assets</i>	<i>Liabilities</i>	<i>weighted</i>
	US\$	US\$	amount	US\$	US\$	amount
	US\$	US\$	US\$	US\$	US\$	US\$
Currency derivatives	<u>451,323</u>	<u>(7,033)</u>	<u>626,397</u>	<u>105,817</u>	<u>(30,580)</u>	<u>536,163</u>

The tables above give the notional amounts, fair value and credit risk weighted amounts of derivative transactions. The fair value is calculated for the purposes of deriving the credit risk weighted amounts. These are assessed in accordance with the Banking (Capital) Rules.

The Company did not enter into any bilateral netting arrangements during the period and accordingly these amounts are shown on a gross basis.

### (c) *Remaining life of derivatives*

The following table provides an analysis of the notional amount of derivatives of the Company by relevant maturity grouping based on the remaining periods to settlement at the end of reporting period.

	30-9-2014	31-3-2014
	US\$	US\$
Currency derivatives		
– Notional amounts with remaining life of one year or less	<u>267,198,335</u>	<u>257,500,000</u>

## 25 Contingent liabilities and commitments

### *Contingent liabilities and commitments to extend credit*

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

	<i>30-9-2014</i>	<i>31-3-2014</i>
	US\$	US\$
Trade-related contingencies	1,937,365	4,850,776
Other commitments		
- with an original maturity of under one year or which are unconditionally cancellable	<u>45,219,078</u>	<u>41,574,636</u>
	<u>47,156,443</u>	<u>46,425,412</u>

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the clients default. As the facilities may expire without being drawn upon, the contractual amounts do not represent expected future cash flows.

The credit risk weighted amount of credit commitments is US\$387,473 (31 March 2014: US\$970,155).

## 26 Cross border claims

Cross border claims are on-balance sheet exposures of counterparties based on the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, amounting to 10% or more of the aggregate cross border claims are shown as follows:

	<i>30-9-2014</i>		
	<i>Banks and other financial institutions</i>	<i>Other</i>	<i>Total</i>
	US\$	US\$	US\$
Asia Pacific excluding Hong Kong	9,389,284	18,901,792	28,291,076
- of which China	-	16,494,403	16,494,403
- of which Japan	9,297,906	1,976,995	11,274,901
- of which Taiwan	91,378	-	91,378
Others	-	1,223,633	1,223,633
	-	1,223,633	1,223,633

	<i>31-3-2014</i>		
	<i>Banks and other financial institutions</i>	<i>Other</i>	<i>Total</i>
	US\$	US\$	US\$
Asia Pacific excluding Hong Kong	3,752,151	14,242,604	17,994,755
- of which China	-	11,365,144	11,365,144
- of which Japan	3,629,966	2,699,787	6,329,753
- of which Taiwan	122,185	-	122,185
Others	-	346,824	346,824
	-	346,824	346,824

## 27 Currency risk

The Company's foreign currency positions arise from foreign exchange transactions. All foreign currency positions are managed by the treasury department within limits approved by the Board.

The Company seeks to match closely its foreign currency denominated assets with corresponding liabilities in the same currencies. The Company also uses foreign currency forward contracts to manage foreign currency risk.

The net positions in foreign currencies are disclosed when each currency constitutes 10% or more of the respective total net position in all foreign currencies.

	<u>30-9-2014</u>		
	<u>USD equivalents</u>		
	<i>HK dollars</i>	<i>Japanese Yen</i>	<i>Total</i>
Spot assets	463,383,482	6,566,761	469,950,243
Spot liabilities	(188,421,895)	(5,836,785)	(194,258,680)
Forward purchases	1,114,416	-	1,114,416
Forward sales	(258,248,917)	-	(258,248,917)
Net long non-structural position	<u>17,827,086</u>	<u>729,976</u>	<u>18,557,062</u>
	<u>31-3-2014</u>		
	<u>USD equivalents</u>		
	<i>HK dollars</i>	<i>Japanese Yen</i>	<i>Total</i>
Spot assets	409,253,771	7,285,662	416,539,433
Spot liabilities	(137,351,457)	(6,592,165)	(143,943,622)
Forward purchases	-	-	-
Forward sales	(257,403,308)	-	(257,403,308)
Net long non-structural position	<u>14,499,006</u>	<u>693,497</u>	<u>15,192,503</u>

The Company does not have any structural position as at 30 September 2014 (31 March 2014: nil)

## 28 Liquidity ratio

	<u>30-9-2014</u>	<u>30-9-2013</u>
Average liquidity ratio for the six months ended	<u>219.59%</u>	<u>563.60%</u>

The average liquidity ratio for the period is the simple average of each calendar month's average liquidity ratio, computed on the solo basis, which is the basis of computation agreed with the HKMA and has been computed in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

## 29 Capital and capital adequacy

The Banking (Capital) (Amendment) Rules 2012, effective from 1 January 2013, stipulates the first phase of Basel III requirements to be applied in Hong Kong.

	30-9-2014	31-3-2014
<b>Capital ratio:</b>		
Common Equity Tier 1 (“CET1”) Capital Ratio	60.86%	68.44%
Tier 1 Capital Ratio	60.86%	68.44%
Total Capital Ratio	62.02%	69.59%

The capital adequacy ratios were calculated in accordance with the Banking (Capital) Rules. The Company has adopted the “basic approach” for the calculation of the risk-weighted assets for credit risk and “basic indicator approach” for the calculation of operational risk.

During the year ended 31 March 2014 and for the six month ended 30 September 2014, market risk arising from the Company’s trading book is minimal. The Company has been granted exemption by the HKMA as it can fulfil the exemption criteria set out in sections 22(l)(a) and (b) of the Banking (Capital) Rules. Hence, the Company was exempted from the calculation of market risk.

The components of total capital before and after deductions are shown below:

	30-9-2014 US\$	31-3-2014 US\$
<b>CET1 Capital:</b>		
CET1 Capital instruments	32,000,000	32,000,000
Retained earnings	259,681,716	256,351,273
Disclosed reserves	6,267	466
CET1 Capital before deductions	291,687,983	288,351,739
<b>Regulatory deductions to CET1 capital:</b>		
Regulatory reserve for general banking risks	5,085,101	4,407,558
Net deferred tax assets	293,425	298,088
<b>Total CET1 Capital</b>	286,309,457	283,646,093
<b>Additional Tier 1 (“AT1”) Capital</b>	-	-
<b>Total Tier 1 (“T1”) Capital</b>	286,309,457	283,646,093

## 29 Capital and capital adequacy (Continued)

The components of total capital before and after deductions are shown below: (continued)

	<i>30-9-2014</i>	<i>31-3-2014</i>
	US\$	US\$
<b>Tier 2 (“T2”) Capital</b>		
Qualifying Tier 2 capital instruments plus any related share premium	-	-
Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	5,455,836	4,759,425
<b>Total T2 Capital</b>	5,455,836	4,759,425
<b>Total Capital</b>	291,765,293	288,405,518

For the purposes of compliance with the Banking (Disclosure) Rules, the Company has established a new section on the Company’s website. Additional information relating to the Company’s regulatory capital and other disclosures can be found in this section of the Company’s website, accessible through the “Regulatory Disclosure” link on the home page of the Company’s website at [www.orix.com.hk](http://www.orix.com.hk) or at the following direct link: [www.orix.com.hk/en/regulatory.php](http://www.orix.com.hk/en/regulatory.php).

## 30 Interim disclosure statement and statement of compliance

This interim financial disclosure statement for the six months ended 30 September 2014 is the Interim Disclosure Statement of the Company prepared in accordance with the requirements set out in the Banking (Disclosure) (Amendment) Rules 2013 issued by the HKMA. The Company has fully complied with such disclosure requirements.