

ORIX Asia Limited

**Interim Results
30 September 2015**

CERTIFIED TRUE COPY:

FOR AND ON BEHALF OF

ORIX ASIA LIMITED



HIROYUKI SAKAI
MANAGING DIRECTOR

ORIX Asia Limited

Unaudited Statement of Profit or Loss

For the six months ended 30 September 2015

	<i>Note</i>	2015 US\$	2014 US\$
Interest income	4(a)	11,923,189	10,586,192
Interest expense	4(b)	<u>(1,782,902)</u>	<u>(1,187,672)</u>
Net interest income		<u>10,140,287</u>	<u>9,398,520</u>
Fee and commission income	5(a)	1,104,173	997,640
Fee and commission expense	5(b)	<u>(1,703,117)</u>	<u>(1,725,686)</u>
Net fee and commission expense		<u>(598,944)</u>	<u>(728,046)</u>
Net trading (loss)/gain	6	(211,524)	352,825
Other operating income	7	<u>948,146</u>	<u>409,356</u>
		<u>736,622</u>	<u>762,181</u>
Operating income		10,277,965	9,432,655
Operating expenses	8	<u>(6,281,954)</u>	<u>(5,597,072)</u>
		3,996,011	3,835,583
Net write back of impairment losses on loans and advances	9	100,414	153,545
Impairment losses of available-for-sale financial asset	15	(24,499)	-
Impairment of other assets		<u>(26,974)</u>	<u>-</u>
Profit before taxation		4,044,952	3,989,128
Income tax	10	<u>(675,635)</u>	<u>(658,685)</u>
Profit for the period		<u>3,369,317</u>	<u>3,330,443</u>

ORIX Asia Limited
Unaudited Statement of Comprehensive Income
For the six months ended 30 September 2015

	<i>Note</i>	<i>2015</i> US\$	<i>2014</i> US\$
Profit for the period		3,369,317	3,330,443
Other comprehensive income for the period (after tax and reclassification adjustments)	11		
Available-for-sale financial assets: net movement in the revaluation reserve for available-for-sale financial assets		<u>(2,219)</u>	<u>5,801</u>
Total comprehensive income for the period		<u>3,367,098</u>	<u>3,336,244</u>

ORIX Asia Limited

Unaudited Statement of Financial Position

As at 30 September 2015

	<i>Note</i>	<i>30-9-2015</i> US\$	<i>31-3-2015</i> US\$
Assets			
Cash and balances with banks and other financial institutions	12	38,760,790	31,545,796
Trading assets	13	6,004	90,998
Loans and advances to banks and other financial institutions	14(a)	144,466	180,697
Loans and advances to customers	14(b)	512,675,167	467,385,646
Available-for-sale financial assets	15	10,323,380	10,345,788
Property, plant and equipment	16	451,335	449,900
Deferred tax assets	17(b)	253,257	281,109
Other assets	18	6,316,756	6,407,621
Total assets		568,931,155	516,687,555
Equity and liabilities			
Deposits and balances from banks and other financial institutions		162,642,887	119,053,647
Deposits from customers	19	16,088,538	11,838,970
Deposits from fellow subsidiaries		66,338,530	66,323,480
Loans from ultimate holding company	20	38,712,675	38,695,198
Trading liabilities	21	190,573	112,202
Current taxation	17(a)	738,624	573,488
Other liabilities	22	6,964,536	6,202,876
Total liabilities		291,676,363	242,799,861
Equity			
Share capital	23	32,000,000	32,000,000
Reserves	24	245,254,792	241,887,694
Total equity		277,254,792	273,887,694
Total equity and liabilities		568,931,155	516,687,555

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 2015.

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

The accounting policies applied in preparing this interim financial report are the same as those applied in preparing the financial statements for the year ended 31 March 2015, as disclosed in the Annual Report and Financial Statements for 2015.

No new accounting standards and amendments to standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) were adopted by the Company in preparing this interim financial report.

3 Financial review

For the six months ended 30 September 2015, the Company recorded a pre-tax profit of US\$4.0 million, maintaining a stable growth as compared with the same period of last year.

As at 30 September 2015, the Company’s total assets amounted to US\$568.9 million, representing an increase of US\$52.2 million or 10% over the last financial year as at 31 March 2015. Among this, cash and balances with banks and other financial institutions increased by US\$7.2 million and loans and advances to customers increased by US\$45.3 million as compared with the last financial year.

4 Interest income and interest expense

For the six months ended 30 September

(a) *Interest income*

	2015 US\$	2014 US\$
Interest income on deposits to banks and financial institutions	54,137	53,079
Interest income on loans and advances	11,849,249	10,514,588
Interest income on unlisted debt securities	1,360	5,333
Amortisation of discounts on purchased lease and loan contracts	16,031	10,668
Interest income on loans and advances to fellow subsidiaries	2,269	2,290
Other interest income	143	234
Total interest income on all financial assets	11,923,189	10,586,192

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\$20,661 (2014: US\$13,535) for the six months ended 30 September 2015.

(b) *Interest expense*

	2015 US\$	2014 US\$
Interest expense on borrowings from fellow subsidiaries and ultimate holding company	790,626	270,138
Interest expense on deposits from customers, banks and other financial institutions	992,276	917,534
Total interest expense on all financial liabilities	1,782,902	1,187,672

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

	2015 US\$	2014 US\$
Credit-related fees and commissions	224,128	238,017
Management fee	880,040	759,600
Others	5	23
	<u>1,104,173</u>	<u>997,640</u>

(b) Fee and commission expense

	2015 US\$	2014 US\$
Brokerage fee expenses	1,541,117	1,587,686
Management fee expenses	162,000	138,000
	<u>1,703,117</u>	<u>1,725,686</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 2015.

6 Net trading (loss)/gain

For the six months ended 30 September

	2015 US\$	2014 US\$
Net (loss)/gain from currency derivatives	<u>(211,524)</u>	<u>352,825</u>

7 Other operating income

For the six months ended 30 September

	2015 US\$	2014 US\$
Net exchange gain/(loss)	161,579	(260,135)
Penalty income from early termination loans	673,435	638,263
Others	113,132	31,228
	<u>948,146</u>	<u>409,356</u>

8 Operating expenses

For the six months ended 30 September

	2015 US\$	2014 US\$
Staff costs		
– Salaries and other benefits	3,729,624	3,126,275
– Contributions to the Mandatory Provident Funds	192,328	167,718
Depreciation	171,923	131,088
Property rentals	786,480	808,988
Other premises and equipment expenses	145,877	127,190
Advertising expenses	16,716	2,233
Auditor's remuneration	113,924	110,917
General and administrative expenses	423,631	394,872
Debt collection expenses	22,277	30,121
Consultancy fee	209,938	245,014
Travelling and transportation	25,445	41,410
Others	443,791	411,246
	<u>6,281,954</u>	<u>5,597,072</u>

9 Impairment losses on loans and advances

For the six months ended 30 September

	2015 US\$	2014 US\$
Individually assessed		
– new provisions	241,277	347,019
– releases	(285,610)	(523,769)
	<u>(44,333)</u>	<u>(176,750)</u>
Collectively assessed		
– new provisions	-	23,205
– releases	(56,081)	-
	<u>(56,081)</u>	<u>23,205</u>
Net release to the statement of profit or loss	<u>(100,414)</u>	<u>(153,545)</u>

10 Income tax

For the six months ended 30 September

Taxation in the statement of profit or loss represents:

	2015 US\$	2014 US\$
Current tax - Hong Kong Profits Tax		
Provision for the period	647,359	655,206
Deferred tax		
Origination and reversal of temporary differences (note 17(b))	28,276	3,479
Income tax charge	675,635	658,685

The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the six months period ended 30 September 2015.

11 Other comprehensive income

For the six months ended 30 September

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

	2015			2014		
	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	(2,643)	424	(2,219)	6,985	(1,184)	5,801
Other comprehensive income	(2,643)	424	(2,219)	6,985	(1,184)	5,801

11 Other comprehensive income (continued)

For the six months ended 30 September

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

	2015 US\$	2014 US\$
Available-for-sale financial assets:		
Changes in fair value recognised during the period	(2,219)	5,801
Reclassification adjustments for amounts transferred to the statement of profit or loss	-	-
Net movement in the revaluation reserve for available-for-sale financial assets during the period recognised in other comprehensive income	(2,219)	5,801

12 Cash and balances with banks and other financial institutions

	30-9-2015 US\$	31-3-2015 US\$
Cash in hand	645	645
Balances with banks and authorised institutions with remaining maturity of		
- within one month	38,760,145	31,545,151
	38,760,790	31,545,796

13 Trading assets

	30-9-2015 US\$	31-3-2015 US\$
Positive fair values of derivatives (note 25(b))	6,004	90,998

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

	30-9-2015 US\$	31-3-2015 US\$
Gross loans and advances to banks and other financial institutions	144,892	181,247
Less: Collectively assessed impairment allowances (note 14(c))	(426)	(550)
	144,466	180,697

(b) Loans and advances to customers

	30-9-2015 US\$	31-3-2015 US\$
Gross loans and advances to customers	514,428,810	469,318,014
Less: Impairment allowances		
-individually assessed (note 14(c))	(892,061)	(999,198)
-collectively assessed (note 14(c))	(793,125)	(848,710)
Unearned discount on purchased lease and loan contracts	(68,457)	(84,460)
	512,675,167	467,385,646

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>30-9-2015</u>		
	<i>Collectively assessed</i>	<i>Individually assessed</i>	<i>Total</i>
	US\$	US\$	US\$
At 1 April 2015	849,260	999,198	1,848,458
New provisions	-	241,277	241,277
Releases	(56,081)	(285,610)	(341,691)
Recoveries	-	75,933	75,933
Amounts written off	-	(139,148)	(139,148)
Exchange adjustments	372	411	783
At 30 September 2015	<u>793,551</u>	<u>892,061</u>	<u>1,685,612</u>
Deducted from:			
- Advances to banks and other financial institutions (note 14(a))	426	-	426
- Advances to customers (note 14(b))	793,125	892,061	1,685,186
	<u>793,551</u>	<u>892,061</u>	<u>1,685,612</u>
	<u>31-3-2015</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	71,262	830,564	901,826
Releases	-	(688,165)	(688,165)
Recoveries	-	128,474	128,474
Amounts written off	-	(187,426)	(187,426)
Exchange adjustments	(515)	251	(264)
At 31 March 2015	<u>849,260</u>	<u>999,198</u>	<u>1,848,458</u>
Deducted from:			
- Advances to banks and other financial institutions (note 14(a))	550	-	550
- Advances to customers (note 14(b))	848,710	999,198	1,847,908
	<u>849,260</u>	<u>999,198</u>	<u>1,848,458</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”).

	30-9-2015		31-3-2015	
	<i>Gross loans and advances to customers</i>	<i>% of gross loans and advances covered by collateral</i>	<i>Gross loans and advances to customers</i>	<i>% of gross loans and advances covered by collateral</i>
	US\$		US\$	
Gross loans and advances for use in Hong Kong				
Industrial, commercial and financial				
– Property investment	957,192	100	1,023,583	100
– Wholesale and retail trade	16,820,680	82	16,538,464	79
– Manufacturing	23,280,896	53	23,666,979	54
– Transport and transport equipment	301,555,134	99	252,392,493	99
– Others	67,404,935	87	65,766,821	83
Individuals				
– Loans and advances for the purchase of other residential properties	665,905	100	707,357	100
– Others	27,301,112	70	30,697,274	71
	437,985,854	93	390,792,971	91
Gross loans and advances for use outside Hong Kong	76,442,956	97	78,525,043	96
Gross loans and advances to customers	514,428,810	93	469,318,014	92

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:

	30-9-2015				
	<i>Gross loans and advances</i>	<i>Impaired loans and advances</i>	<i>Overdue loans and advances</i>	<i>Individually assessed impairment allowance</i>	<i>Collectively assessed impairment allowance</i>
	US\$	US\$	US\$	US\$	US\$
Loans and advances for use in Hong Kong					
Industrial, commercial and financial					
– Transport and transport equipment	301,555,134	624,238	601,913	471,374	219,848
– Others	67,404,935	61,924	61,924	61,697	191,766
Loans and advances for use outside Hong Kong					
Industrial, commercial and financial					
– Manufacturing	75,290,917	439,975	382,306	286,640	209,278

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)

	31-3-2015				
	<i>Gross loans and advances</i>	<i>Impaired loans and advances</i>	<i>Overdue loans and advances</i>	<i>Individually assessed impairment allowance</i>	<i>Collectively assessed impairment allowance</i>
	US\$	US\$	US\$	US\$	US\$
Loans and advances for use in Hong Kong					
Industrial, commercial and financial					
– Transport and transport equipment	252,392,493	752,835	497,781	623,937	234,194
– Others	65,766,821	63,882	60,267	63,522	194,336
Loans and advances for use outside Hong Kong					
Industrial, commercial and financial					
– Manufacturing	75,265,674	715,121	715,121	307,378	223,379

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

(e) Non-bank Mainland China exposures

The analysis of non-bank Mainland China exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA return of Mainland Activities. This analysis includes the exposures extended by the Company only.

	30-9-2015		<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\$	
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,009,580	-	4,009,580
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	68,594,282	10,600,280	79,194,562
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	4,252,168	-	4,252,168
	76,856,030	10,600,280	87,456,310
Total assets after provision	568,942,526		
On-balance sheet exposures as percentage of total assets	13.51%		

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

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

	<u>31-3-2015</u>		<i>Total</i> US\$
	<i>On-balance sheet exposure</i> US\$	<i>Off-balance sheet exposure</i> US\$	
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	187,355	-	187,355
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,094,137	-	5,094,137
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	67,053,895	1,536,959	68,590,854
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>4,601,909</u>	<u>-</u>	<u>4,601,909</u>
	<u>76,937,296</u>	<u>1,536,959</u>	<u>78,474,255</u>
Total assets after provision	<u>516,696,699</u>		
On-balance sheet exposures as percentage of total assets	<u>14.89%</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

	<i>30-9-2015</i>				
	<i>Gross loans and advances</i> US\$	<i>Overdue loans and advances</i> US\$	<i>Impaired loans (individually determined)</i> US\$	<i>Individually assessed impairment allowances</i> US\$	<i>Collectively assessed impairment allowances</i> US\$
Hong Kong	490,170,109	1,096,649	1,176,643	870,325	717,497
Others	24,258,701	22,017	22,017	21,736	75,628
	<u>514,428,810</u>	<u>1,118,666</u>	<u>1,198,660</u>	<u>892,061</u>	<u>793,125</u>
	<i>31-3-2015</i>				
	<i>Gross loans and advances</i> US\$	<i>Overdue loans and advances</i> US\$	<i>Impaired loans (individually determined)</i> US\$	<i>Individually assessed impairment allowances</i> US\$	<i>Collectively assessed impairment allowances</i> US\$
Hong Kong	444,025,348	938,764	1,197,434	888,270	772,809
Others	25,292,666	354,994	354,994	110,928	75,901
	<u>469,318,014</u>	<u>1,293,758</u>	<u>1,552,428</u>	<u>999,198</u>	<u>848,710</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

	30-9-2015 US\$	31-3-2015 US\$
Gross impaired loans and advances to customers	1,198,660	1,552,428
Impairment allowance - individually assessed	(892,061)	(999,198)
	<u>306,599</u>	<u>553,230</u>
As a percentage of total loans and advances to customers		
- Gross impaired loans and advances	<u>0.23%</u>	<u>0.33%</u>

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\$254,064 (31 March 2015: US\$550,546) 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 2015 and 31 March 2015.

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

	30-9-2015		31-3-2015	
	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	180,802	0.04%	380,830	0.08%
– one year or less but over six months	376,928	0.07%	107,918	0.02%
– Over one year	560,936	0.11%	805,010	0.17%
	<u>1,118,666</u>	0.22%	<u>1,293,758</u>	0.27%
Current market value of collateral held against the covered portion of overdue loans and advances	<u>2,012,573</u>		<u>2,046,509</u>	
Covered portion of overdue loans and advances	<u>891,305</u>		<u>895,063</u>	
Uncovered portion of overdue loans and advances	<u>227,361</u>		<u>398,695</u>	
Individual impairment allowances made on overdue loans and advances	<u>801,199</u>		<u>798,073</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 2015 and 31 March 2015.

(iv) Overdue loans and advances to banks and other financial institutions

There are no loans and advances to banks and other financial institutions which are overdue for more than three months as at 30 September 2015 and 31 March 2015.

(v) Rescheduled loans and advances to banks and other financial institutions

There are no rescheduled loans and advances to banks and other financial institutions as at 30 September 2015 and 31 March 2015.

(vi) Other overdue assets

There are no other assets which are overdue for more than three months as at 30 September 2015 and 31 March 2015.

(h) Repossessed assets

	30-9-2015	31-3-2015
	US\$	US\$
Repossessed assets	40,648	12,898

15 Available-for-sale financial assets

	30-9-2015 US\$	31-3-2015 US\$
At fair value:		
Unlisted debt securities	10,323,380	10,318,719
Unlisted equity securities	-	27,069
	<u>10,323,380</u>	<u>10,345,788</u>
Issued by		
- Corporate entities	-	27,069
- Sovereigns	10,323,380	10,318,719
	<u>10,323,380</u>	<u>10,345,788</u>
Individually impaired equity securities	<u>-</u>	<u>27,069</u>

As at the end of reporting period, the Company's available-for-sale equity securities were individually determined to be impaired. Impairment losses on these investments were recognised in the statement of profit or loss.

16 Property, plant and equipment

	<i>Leasehold improvements</i> US\$	<i>Furniture and equipment</i> US\$	<i>Motor vehicles</i> US\$	<i>Total</i> US\$
Cost:				
At 1 April 2015	937,579	3,121,324	97,290	4,156,193
Additions	16,068	157,290	-	173,358
	<u>937,579</u>	<u>3,121,324</u>	<u>97,290</u>	<u>4,156,193</u>
At 30 September 2015	953,647	3,278,614	97,290	4,329,551
	<u>953,647</u>	<u>3,278,614</u>	<u>97,290</u>	<u>4,329,551</u>
Accumulated depreciation:				
At 1 April 2015	882,822	2,769,962	53,509	3,706,293
Charge for the period	15,985	146,209	9,729	171,923
	<u>882,822</u>	<u>2,769,962</u>	<u>53,509</u>	<u>3,706,293</u>
At 30 September 2015	898,807	2,916,171	63,238	3,878,216
	<u>898,807</u>	<u>2,916,171</u>	<u>63,238</u>	<u>3,878,216</u>
Net book value:				
At 30 September 2015	54,840	362,443	34,052	451,335
	<u>54,840</u>	<u>362,443</u>	<u>34,052</u>	<u>451,335</u>

	<i>Leasehold improvements</i> US\$	<i>Furniture and equipment</i> US\$	<i>Motor vehicles</i> US\$	<i>Total</i> US\$
Cost:				
At 1 April 2014	937,579	3,048,179	97,290	4,083,048
Additions	-	136,866	-	136,866
Disposals	-	(63,721)	-	(63,721)
	<u>937,579</u>	<u>3,048,179</u>	<u>97,290</u>	<u>4,083,048</u>
At 31 March 2015	937,579	3,121,324	97,290	4,156,193
	<u>937,579</u>	<u>3,121,324</u>	<u>97,290</u>	<u>4,156,193</u>
Accumulated depreciation:				
At 1 April 2014	855,443	2,601,329	34,051	3,490,823
Charge for the year	27,379	232,354	19,458	279,191
Disposals	-	(63,721)	-	(63,721)
	<u>855,443</u>	<u>2,601,329</u>	<u>34,051</u>	<u>3,490,823</u>
At 31 March 2015	882,822	2,769,962	53,509	3,706,293
	<u>882,822</u>	<u>2,769,962</u>	<u>53,509</u>	<u>3,706,293</u>
Net book value:				
At 31 March 2015	54,757	351,362	43,781	449,900
	<u>54,757</u>	<u>351,362</u>	<u>43,781</u>	<u>449,900</u>

17 Income tax in the statement of financial position

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

	30-9-2015 US\$	31-3-2015 US\$
Provision for Hong Kong Profits Tax	647,359	1,125,875
Provisional Profits Tax paid	-	(776,191)
	<u>647,359</u>	<u>349,684</u>
Balance of Profit Tax provision relating to prior years	91,265	223,804
	<u>91,265</u>	<u>223,804</u>
Tax payable	<u>738,624</u>	<u>573,488</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\$
Deferred tax arising from:				
At 1 April 2015	(141,405)	(140,128)	424	(281,109)
Charged to statement of profit or loss (note 10)	19,084	9,192	-	28,276
Charged to revaluation reserve for available-for-sale financial assets (note 11(a))	-	-	(424)	(424)
At 30 September 2015	<u>(122,321)</u>	<u>(130,936)</u>	<u>-</u>	<u>(253,257)</u>
At 1 April 2014	(169,633)	(128,455)	-	(298,088)
Charged/(credited) to statement of profit or loss	28,228	(11,673)	-	16,555
Charged to revaluation reserve for available-for-sale financial assets	-	-	424	424
At 31 March 2015	<u>(141,405)</u>	<u>(140,128)</u>	<u>424</u>	<u>(281,109)</u>

18 Other assets	<i>30-9-2015</i> US\$	<i>31-3-2015</i> US\$
Interest receivable	276,142	286,007
Amounts due from fellow subsidiaries	406,536	403,807
Others	5,634,078	5,717,807
	<u>6,316,756</u>	<u>6,407,621</u>
19 Deposits from customers	<i>30-9-2015</i> US\$	<i>31-3-2015</i> US\$
Time, call and notice deposits	<u>16,088,538</u>	<u>11,838,970</u>
20 Loans from ultimate holding company		
The balance represents loans from the ultimate holding company amounting to US\$38,712,675 (31 March 2015: US\$38,695,198). The loans are unsecured, interest bearing and repayable after one year.		
21 Trading liabilities	<i>30-9-2015</i> US\$	<i>31-3-2015</i> US\$
Negative fair value of derivatives (note 25(b))	<u>190,573</u>	<u>112,202</u>
22 Other liabilities	<i>30-9-2015</i> US\$	<i>31-3-2015</i> US\$
Interest payable	350,461	203,318
Amounts due to fellow subsidiaries	1,137,432	925,284
Other liabilities and accrued charges	5,476,643	5,074,274
	<u>6,964,536</u>	<u>6,202,876</u>

23 Share capital

	30-9-2015		31-3-2015	
	No. of shares	US\$	No. of shares	US\$
Ordinary shares, issued and fully paid:				
Ordinary shares	<u>16,000,000</u>	<u>32,000,000</u>	<u>16,000,000</u>	<u>32,000,000</u>

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. For the year ended 31 March 2015 and for the period ended 30 September 2015, ordinary shares of HK\$10 and of US\$2 rank pari passu in all respects.

24 Reserves

(a)

	<i>Revaluation reserve for available- for-sale financial assets</i> US\$	<i>Retained profits</i> US\$	<i>Total</i> US\$
Balance at 1 April 2015	2,256	241,885,438	241,887,694
Total comprehensive income for the period	<u>(2,219)</u>	<u>3,369,317</u>	<u>3,367,098</u>
Balance at 30 September 2015	<u>37</u>	<u>245,254,755</u>	<u>245,254,792</u>
Balance at 1 April 2014	466	256,351,273	256,351,739
Dividend approved in respect of prior year and paid during the year	-	(20,000,000)	(20,000,000)
Total comprehensive income for the year	<u>1,790</u>	<u>5,534,165</u>	<u>5,535,955</u>
Balance at 31 March 2015	<u>2,256</u>	<u>241,885,438</u>	<u>241,887,694</u>

24 Reserves (continued)

(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 2015, a regulatory reserve of US\$ 6.05 million (31 March 2015: US\$5.37 million) was earmarked in the retained profits in consultation with the HKMA.

25 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.

	30-9-2015	31-3-2015
	US\$	US\$
Currency derivatives		
- Forwards and futures	<u>257,500,000</u>	<u>261,747,795</u>

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

	30-9-2015			31-3-2015		
	Fair value		Credit risk weighted amount	Fair value		Credit risk weighted amount
	Assets	Liabilities		Assets	Liabilities	
	US\$	US\$	US\$	US\$	US\$	US\$
Currency derivatives	<u>6,004</u>	<u>(190,573)</u>	<u>516,201</u>	<u>90,998</u>	<u>(112,202)</u>	<u>590,009</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.

25 Derivatives (continued)

(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.

	30-9-2015 US\$	31-3-2015 US\$
Currency derivatives		
– Notional amounts with remaining life of one year or less	<u>257,500,000</u>	<u>261,747,795</u>

26 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:

	30-9-2015 US\$	31-3-2015 US\$
Trade-related contingencies	-	4,100,362
Other commitments		
– with an original maturity of under one year or which are unconditionally cancellable	<u>41,758,740</u>	<u>36,945,696</u>
	<u>41,758,740</u>	<u>41,046,058</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 Company does not have any credit risk weighted amount arising from trade-related contingencies as at 30 September 2015 (31 March 2015: US\$820,072).

27 International claims

The Company analyses international claims by exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. The transfer of risk from one country to another is recognised if the claims against a counterparty are guaranteed by another party in a different country or if the claims are on an overseas branch of a bank whose head office is located in a different country. Those areas which contribute 10% or more of the aggregate international claims are as follows:

	<u>30-9-2015</u>				<i>Total</i> US\$
	<i>Banks</i> US\$	<i>Official</i> <i>sector</i> US\$	<i>Non-bank</i> <i>financial</i> <i>institutions</i> US\$	<i>Non-financial</i> <i>private sector</i> US\$	
Developed countries	2,743,298	-	-	1,121,527	3,864,825
Offshore centres	29,957	-	-	4,631,720	4,661,677
– of which: Hong Kong	-	-	-	2,644,125	2,644,125
Developing Asia Pacific	139,627	-	-	21,607,674	21,747,301
– of which: China	-	-	-	21,607,674	21,607,674
	<u>2,912,882</u>	<u>-</u>	<u>-</u>	<u>27,360,921</u>	<u>30,273,803</u>

	<u>31-3-2015</u>				<i>Total</i> US\$
	<i>Banks</i> US\$	<i>Official</i> <i>sector</i> US\$	<i>Non-bank</i> <i>financial</i> <i>institutions</i> US\$	<i>Non-financial</i> <i>private sector</i> US\$	
Developed countries	2,899,092	-	-	1,522,699	4,421,791
Offshore centres	29,994	-	397,618	3,434,619	3,862,231
– of which: Hong Kong	-	-	397,618	3,037,833	3,435,451
Developing Asia Pacific	115,635	-	-	22,763,367	22,879,002
– of which: China	-	-	-	21,842,543	21,842,543
	<u>3,044,721</u>	<u>-</u>	<u>397,618</u>	<u>27,720,685</u>	<u>31,163,024</u>

28 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.

	<i>30-9-2015</i>		
	<i>USD equivalents</i>		
	<i>HK dollars</i>	<i>Japanese Yen</i>	<i>Total</i>
Spot assets	536,420,738	5,783,886	542,204,624
Spot liabilities	(255,330,566)	(5,201,156)	(260,531,722)
Forward purchases	-	-	-
Forward sales	(257,755,265)	-	(257,755,265)
Net long non-structural position	<u>23,334,907</u>	<u>582,730</u>	<u>23,917,637</u>

	<i>31-3-2015</i>		
	<i>USD equivalents</i>		
	<i>HK dollars</i>	<i>Japanese Yen</i>	<i>Total</i>
Spot assets	486,437,757	2,742,407	489,180,164
Spot liabilities	(208,757,705)	(2,228,070)	(210,985,775)
Forward purchases	2,133,116	201,797	2,334,913
Forward sales	(259,739,726)	(201,797)	(259,941,523)
Net long non-structural position	<u>20,073,442</u>	<u>514,337</u>	<u>20,587,779</u>

The Company does not have any structural position as at 30 September 2015 (31 March 2015: nil).

29 Liquidity maintenance ratio/liquidity ratio

	<i>Six months ended 30-9-2015</i>	<i>Six months ended 30-9-2014</i>	<i>Year ended 31-3-2015</i>
Liquidity maintenance ratio (“LMR”)	249.43%	n/a	80.94%
Liquidity ratio	<u>n/a</u>	<u>219.59%</u>	<u>n/a</u>

Liquidity risk is the risk that the Company is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured, or even secured basis at an acceptable price to fund actual or proposed commitments.

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion. To manage liquidity risk, the Company has established a liquidity risk management policy which is reviewed by management and approved by the Directors. The Company measures liquidity through statutory liquidity ratios, loan to deposit ratio and maturity mismatch within its portfolio.

Management closely monitors the liquidity of the Company on a daily basis to ensure that the liquidity structure of Company’s assets, liabilities and commitments can meet its funding needs and that the statutory liquidity ratio is always complied with. The Company’s average liquidity ratio for the six/twelve months of the financial year was well above the statutory minimum requirement of 25%.

The LMR and liquidity ratio are calculated as the simple average of each calendar month’s average liquidity ratio of the Company for the six/twelve months of the financial year, computed on the solo basis. The LMRs are computed in accordance with the Banking (Liquidity) Rules effective from 1 January 2015. The liquidity ratios are computed with reference to the methods set out in the Fourth Schedule of the Hong Kong Banking Ordinance prior to 2015.

30 Capital and capital adequacy

	30-9-2015	31-3-2015
Capital ratio:		
Common Equity Tier 1 (“CET1”) Capital Ratio	49.50%	53.97%
Tier 1 Capital Ratio	49.50%	53.97%
Total Capital Ratio	50.67%	55.13%

The capital adequacy ratio represents the solo basis of the Company computed on Basel III basis 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 2015 and for the six month ended 30 September 2015, 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(1)(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:

	30-9-2015	31-3-2015
	US\$	US\$
CET1 Capital:		
CET1 Capital instruments	32,000,000	32,000,000
Retained earnings	245,254,755	241,885,438
Disclosed reserves	37	2,256
CET1 Capital before deductions	277,254,792	273,887,694

Regulatory deductions to CET1 capital:

Regulatory reserve for general banking risks	6,054,514	5,369,261
Net deferred tax assets	253,257	281,109
Total CET1 Capital	270,947,021	268,237,324
Additional Tier 1 (“AT1”) Capital	-	-
Total Tier 1 (“T1”) Capital	270,947,021	268,237,324

30 Capital and capital adequacy (continued)

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

	30-9-2015	31-3-2015
	US\$	US\$
Tier 2 (“T2”) Capital		
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	6,403,714	5,784,611
Total T2 Capital	6,403,714	5,784,611
Total Capital	277,350,735	274,021,935

For the purposes of compliance with the Banking (Disclosure) Rules, additional information relating to the Company’s regulatory capital and other related disclosures is published in the Company’s website at www.orix.com.hk and is accessible at the following direct link: www.orix.com.hk/en/regulatory.php or www.orix.com.hk/en/regulatory-disclosures.php

31 Leverage ratio

	30-9-2015	31-3-2015
Leverage ratio	47.52%	51.57%

The disclosure on leverage ratio is effective since 31 March 2015 and is computed on the solo basis as specified in a notice from the HKMA in accordance with section 3C of the Banking (Capital) Rules.

For the purpose of compliance with the Banking (Disclosure) Rules, additional information relating to the Company’s leverage ratio and other related disclosures is published in the Company’s website at www.orix.com.hk and is accessible at the following direct link: www.orix.com.hk/en/regulatory.php or www.orix.com.hk/en/regulatory-disclosures.php

32 Countercyclical Capital Buffer Ratio

There is no information disclosed relating to the Countercyclical capital buffer ratio pursuant to section 24B of the Banking (Disclosure) Rules for this period because the applicable JCCyB ratio for Hong Kong and for jurisdiction outside Hong Kong are at 0% before 1 January, 2016 according to section 3P and section 3Q of the Capital Rules.

33 Interim disclosure statement and statement of compliance

This interim financial disclosure statement for the six months ended 30 September 2015 is the Interim Disclosure Statement of the Company prepared in accordance with the requirements set out in the Banking (Disclosure) Rules issued by the HKMA. The Company has fully complied with such disclosure requirements.