

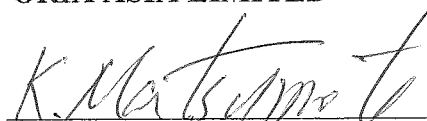
ORIX Asia Limited

**Interim Results**  
**30 September 2013**

**CERTIFIED TRUE COPY:**

FOR AND ON BEHALF OF

**ORIX ASIA LIMITED**



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KATSUMI MATSUMOTO

MANAGING DIRECTOR

## ORIX Asia Limited Unaudited Income Statement For the six months ended 30 September 2013

	<i>Note</i>	2013 US\$	2012 US\$
Interest income	4(a)	9,906,145	9,452,782
Interest expense	4(b)	<u>(871,578)</u>	<u>(1,112,738)</u>
<b>Net interest income</b>		<u>9,034,567</u>	<u>8,340,044</u>
Fee and commission income	5(a)	803,882	1,112,690
Fee and commission expense	5(b)	<u>(1,622,769)</u>	<u>(1,559,990)</u>
<b>Net fee and commission expense</b>		<u>(818,887)</u>	<u>(447,300)</u>
Net trading loss	6	(70,534)	(74,090)
Other operating income	7	<u>941,179</u>	<u>1,114,965</u>
		<u>870,645</u>	<u>1,040,875</u>
<b>Operating income</b>		9,086,325	8,933,619
<b>Operating expenses</b>	8	<u>(4,941,411)</u>	<u>(4,418,974)</u>
		4,144,914	4,514,645
Write back of impairment losses on loans and advances	9	<u>518,040</u>	<u>1,060,924</u>
<b>Operating profit</b>		4,662,954	5,575,569
Net gain on sale of fixed assets		<u>-</u>	<u>1,933</u>
<b>Profit before taxation</b>		4,662,954	5,577,502
Income tax	10	<u>(768,448)</u>	<u>(897,857)</u>
<b>Profit for the period</b>		<u>3,894,506</u>	<u>4,679,645</u>

ORIX Asia Limited  
Unaudited Statement of Comprehensive Income  
For the six months ended 30 September 2013

	<i>Note</i>	<i>2013</i> US\$	<i>2012</i> US\$
<b>Profit for the period</b>		3,894,506	4,679,645
<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>(1,092)</u>	<u>(1,795)</u>
<b>Total comprehensive income for the period</b>		<u><u>3,893,414</u></u>	<u><u>4,677,850</u></u>

## ORIX Asia Limited

### Unaudited Statement of Financial Position

#### As at 30 September 2013

	<i>Note</i>	<i>30-9-2013</i> US\$	<i>31-3-2013</i> US\$
<b>Assets</b>			
Cash and balances with banks and other financial institutions	12	42,045,739	40,383,331
Trading assets	13	36,732	322,046
Loans and advances to banks and other financial institutions	14(a)	324,821	371,970
Loans and advances to customers	14(b)	368,972,724	355,396,101
Available-for-sale financial assets	15	10,345,390	10,336,778
Fixed assets	16	497,314	513,516
Deferred tax assets	17(b)	335,912	369,800
Other assets	18	5,712,070	5,321,985
<b>Total assets</b>		<b>428,270,702</b>	<b>413,015,527</b>
<b>Equity and liabilities</b>			
Deposits and balances from banks and other financial institutions		83,457,464	61,210,995
Deposits from customers	19	49,447,318	53,829,907
Trading liabilities	20	53,481	117
Current taxation	17(a)	882,283	473,197
Other liabilities	21	3,751,108	10,715,677
<b>Total liabilities</b>		<b>137,591,654</b>	<b>126,229,893</b>
<b>Equity</b>			
Share capital	22	32,000,000	32,000,000
Reserves	23	258,679,048	254,785,634
<b>Total equity</b>		<b>290,679,048</b>	<b>286,785,634</b>
<b>Total equity and liabilities</b>		<b>428,270,702</b>	<b>413,015,527</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 2013.

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 and methods of computation used in the preparation of the 2013/14 interim financial statements are consistent with those used and described in the Company’s annual audited financial statements for the year ended 31 March 2013.

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new Hong Kong Financial Reporting Standards (“HKFRSs”, a collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) and amendments to HKFRSs, that are first effective for the current accounting period of the Company. Of these, the following developments are relevant to the Company’s financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income (“OCI”)*, requires entities to aggregate items presented in OCI on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendments do not have any material impact on the Company.
- Amendments to HKFRS 7, *Financial instruments: Disclosures – Disclosures – Offsetting financial assets and financial liabilities*, issued in December 2011 requires disclosures about the effect or potential effects of offsetting financial assets and financial liabilities and related arrangements on an entity’s financial position. There is no material impact to the financial statements of the Company as a result of this amendment.
- HKFRS 13, *Fair value measurement*, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. There is no material impact to the financial statements of the Company as a result of this standard.

## 2 Basis of preparation and accounting policies (Continued)

— *Annual Improvements to HKFRSs 2009-2011 Cycle*, contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. The amendment does not have any impact on the segment disclosure of the Company because the Company does not have any reportable segments with total assets or total liabilities materially different from the amounts reported in the last annual financial statements.

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

— Amendments to HKAS 32, *Financial instruments: Presentation—Offsetting financial assets and financial liabilities*, issued in December 2011 clarified the requirements for offsetting financial instruments and addressed inconsistencies in current practice when applying the offsetting criteria in HKAS 32, *Financial Instruments: Presentation*. The amendments are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted and are required to be applied retrospectively. There is no material impact to the financial statements of the Company as a result of this amendment.

— HKFRS 9, *Financial Instruments*, addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in the income statement, unless this creates an accounting mismatch. The Company is in the process of making an assessment on the impact and so far has not decided to early adopt the standard, which shall be effective for the financial year beginning on or after 1 January 2015.

### 3 Financial review

For the six months ended 30 September 2013, the Company recorded a pre-tax profit of US\$4.7 million, representing a decrease of US\$0.9 million or 16% 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 2013, the Company's total assets amounted to US\$428.3 million, representing an increase of US\$15.3 million or 4% over the last financial year as at 31 March 2013. Among this, cash and balances with banks and other financial institutions increased by US\$1.7 million and loans and advances to customers increased by US\$13.6 million as compared with the last financial year.

### 4 Net interest income

For the six months ended 30 September

#### (a) Interest income

	2013 US\$	2012 US\$
Interest income on deposits to banks and financial institutions	72,089	145,734
Interest income on loans and advances	9,803,952	9,276,331
Interest income on unlisted debt securities	6,100	5,517
Amortisation of discounts on purchased lease and loan contracts	19,343	20,461
Interest income on loans and advances to fellow subsidiaries	4,512	4,620
Other interest income	149	119
	<u>9,906,145</u>	<u>9,452,782</u>
Total interest income on all financial assets	<u>9,906,145</u>	<u>9,452,782</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\$21,579 (2012: US\$43,001) for the six months ended 30 September 2013.

**4 Net interest income (continued)**

For the six months ended 30 September

**(b) Interest expense**

	2013 US\$	2012 US\$
Interest expense on borrowings from fellow subsidiaries	292,573	251,138
Deposits from customers, banks and other financial institutions	579,005	861,600
Total interest expense on all financial liabilities	871,578	1,112,738

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**

	2013 US\$	2012 US\$
Credit-related fees and commissions	184,251	243,004
Management fee	619,600	869,641
Others	31	45
	803,882	1,112,690

**(b) Fee and commission expense**

	2013 US\$	2012 US\$
Brokerage fee expenses	1,520,769	1,463,990
Management fee expenses	102,000	96,000
	1,622,769	1,559,990

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 2013.



## 6 Net trading loss

For the six months ended 30 September

	<i>2013</i>	<i>2012</i>
	US\$	US\$
Net loss from currency derivatives	<u>70,534</u>	<u>74,090</u>

## 7 Other operating income

For the six months ended 30 September

	<i>2013</i>	<i>2012</i>
	US\$	US\$
Net exchange gain	282,441	585,008
Penalty income from early termination loans	633,820	507,994
Others	<u>24,918</u>	<u>21,963</u>
	<u>941,179</u>	<u>1,114,965</u>

## 8 Operating expenses

For the six months ended 30 September

	<i>2013</i>	<i>2012</i>
	US\$	US\$
Staff costs		
– Salaries and other benefits	2,701,799	2,638,201
– Contributions to the Mandatory Provident Funds	121,202	(39,609)
Depreciation	164,595	82,260
Property rentals	613,866	604,583
Other premises and equipment expenses	127,421	145,251
Advertising expenses	5,702	6,351
Auditor's remuneration	105,543	99,956
General and administrative expenses	377,179	365,456
Debt collection expenses	28,675	(8,762)
Consultancy fee	207,861	21,569
Travelling and transportation	25,581	20,713
Others	<u>461,987</u>	<u>483,005</u>
	<u>4,941,411</u>	<u>4,418,974</u>

## 9 Impairment losses on loans and advances

For the six months ended 30 September

	2013 US\$	2012 US\$
Individually assessed		
– new provisions	118,801	147,948
– releases	<u>(598,034)</u>	<u>(1,075,811)</u>
	----- (479,233)	----- (927,863)
Collectively assessed		
– releases	<u>(38,807)</u>	<u>(133,061)</u>
Net release to the income statement	<u><u>(518,040)</u></u>	<u><u>(1,060,924)</u></u>

## 10 Income tax

For the six months ended 30 September

*Taxation in the income statement represents:*

	2013 US\$	2012 US\$
<b>Current tax - Hong Kong Profits Tax</b>		
Provision for the period	734,203	834,436
<b>Deferred tax</b>		
Origination and reversal of temporary differences (note 17(b))	<u>34,245</u>	<u>63,421</u>
Income tax charge	<u><u>768,448</u></u>	<u><u>897,857</u></u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the six months period ended 30 September 2013.

## 11 Other comprehensive income

For the six months ended 30 September

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

	2013			2012		
	<i>Before-tax amount</i>	<i>Tax benefit</i>	<i>Net-of-tax amount</i>	<i>Before-tax amount</i>	<i>Tax benefit</i>	<i>Net-of-tax amount</i>
	US\$	US\$	US\$	US\$	US\$	US\$
Available-for-sale financial assets: net movement in available-for-sale fair value reserve	(1,449)	357	(1,092)	(1,795)	-	(1,795)
Other comprehensive income	(1,449)	357	(1,092)	(1,795)	-	(1,795)

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

	2013 US\$	2012 US\$
<b>Available-for-sale financial assets:</b>		
Changes in fair value recognised during the period	(1,092)	(1,795)
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	(1,092)	(1,795)

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

	30-9-2013 US\$	31-3-2013 US\$
Cash in hand	645	644
Balances with banks and authorised institutions with remaining maturity of		
- within one month	42,045,094	40,382,687
	42,045,739	40,383,331

**13 Trading assets**

	30-9-2013 US\$	31-3-2013 US\$
Positive fair values of derivatives (note 24(b))	<u>36,732</u>	<u>322,046</u>

**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*

	30-9-2013 US\$	31-3-2013 US\$
Gross loans and advances to banks and other financial institutions	326,004	373,479
Less: Collectively assessed impairment allowances (note 14(c))	<u>(1,183)</u>	<u>(1,509)</u>
	<u>324,821</u>	<u>371,970</u>

*(b) Loans and advances to customers*

	30-9-2013 US\$	31-3-2013 US\$
Gross loans and advances to customers	371,197,048	360,502,189
Less: Impairment allowances		
–individually assessed (note 14(c))	(1,374,644)	(4,198,858)
–collectively assessed (note 14(c))	(826,041)	(864,276)
Unearned discount on purchased lease and loan contracts	<u>(23,639)</u>	<u>(42,954)</u>
	<u>368,972,724</u>	<u>355,396,101</u>

**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>30-9-2013</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	-	118,801	118,801
Releases	(38,807)	(598,034)	(636,841)
Recoveries	-	35,453	35,453
Amounts written off	-	(2,381,639)	(2,381,639)
Exchange adjustments	246	1,205	1,451
At 30 September 2013	<u>827,224</u>	<u>1,374,644</u>	<u>2,201,868</u>
Deducted from:			
- Advances to banks and other financial institutions (note 14(a))	1,183	-	1,183
- Advances to customers (note 14(b))	826,041	1,374,644	2,200,685
	<u>827,224</u>	<u>1,374,644</u>	<u>2,201,868</u>
	<u>31-3-2013</u>		
	<i>Collectively assessed</i>	<i>Individually assessed</i>	<i>Total</i>
	US\$	US\$	US\$
At 1 April 2012	1,013,409	5,746,658	6,760,067
New provisions	-	754,596	754,596
Releases	(146,076)	(2,047,924)	(2,194,000)
Recoveries	-	348,383	348,383
Amounts written off	-	(604,660)	(604,660)
Exchange adjustments	(1,548)	1,805	257
At 31 March 2013	<u>865,785</u>	<u>4,198,858</u>	<u>5,064,643</u>
Deducted from:			
- Advances to banks and other financial institutions (note 14(a))	1,509	-	1,509
- Advances to customers (note 14(b))	864,276	4,198,858	5,063,134
	<u>865,785</u>	<u>4,198,858</u>	<u>5,064,643</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”).

	30-9-2013		31-3-2013	
	<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\$	
<b>Gross loans and advances for use in Hong Kong</b>				
Industrial, commercial and financial				
– Property development	51,465	99	87,771	99
– Property investment	1,887,046	100	1,974,591	100
– Financial concerns	7,415,096	100	10,760,369	99
– Wholesale and retail trade	15,433,779	86	17,850,091	83
– Manufacturing	24,992,333	45	24,600,553	51
– Transport and transport equipment	171,257,851	99	153,150,822	99
– Others	49,915,524	68	38,160,414	80
Individuals				
– Loans and advances for the purchase of other residential properties	1,058,039	100	1,105,840	100
– Others	30,017,031	88	30,086,868	89
	302,028,164	88	277,777,319	90
<b>Gross loans and advances for use outside Hong Kong</b>	69,168,884	90	82,724,870	92
Gross loans and advances to customers	371,197,048	88	360,502,189	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:

	30-9-2013				
	<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\$
<b>Loans and advances for use in Hong Kong</b>					
Industrial, commercial and financial					
– Transport and transport equipment	171,257,851	223,348	140,977	166,200	154,721
– Others	49,915,524	-	-	-	171,669
<b>Loans and advances for use outside Hong Kong</b>					
Industrial, commercial and financial					
– Manufacturing	67,335,901	1,800,785	1,660,588	1,122,354	235,759

**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)*

	31-3-2013				
	<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	153,150,822	192,789	192,789	130,674	134,544
– Others	38,160,414	-	-	-	143,968
<b>Loans and advances for use outside Hong Kong</b>					
Industrial, commercial and financial					
– Manufacturing	<u>80,353,584</u>	<u>4,576,161</u>	<u>3,824,038</u>	<u>3,919,991</u>	<u>301,034</u>



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

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

The total direct non-bank Mainland exposures and the individual impairment allowances are as follows:

	<u>30-9-2013</u>			
	<i>On-balance sheet exposure US\$</i>	<i>Off-balance sheet exposure US\$</i>	<i>Total US\$</i>	<i>Individually assessed impairment US\$</i>
<u>Type of counterparties</u>				
Mainland entities	1,452,441	-	1,452,441	-
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	66,630,331	661,001	67,291,332	1,122,354
Other counterparties the exposures to whom are considered to be non-bank Mainland exposures	2,273,026	-	2,273,026	-
	<u>70,355,798</u>	<u>661,001</u>	<u>71,016,799</u>	<u>1,122,354</u>

	<u>31-3-2013</u>			
	<i>On-balance sheet exposure US\$</i>	<i>Off-balance sheet exposure US\$</i>	<i>Total US\$</i>	<i>Individually assessed impairment US\$</i>
<u>Type of counterparties</u>				
Mainland entities	796,104	-	796,104	-
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	80,679,977	260,080	80,940,057	3,919,991
	<u>81,476,081</u>	<u>260,080</u>	<u>81,736,161</u>	<u>3,919,991</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>30-9-2013</i>				
	<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	356,363,381	1,397,904	1,770,183	1,152,650	760,851
Others	14,833,667	491,184	578,261	221,994	65,190
	<u>371,197,048</u>	<u>1,889,088</u>	<u>2,348,444</u>	<u>1,374,644</u>	<u>826,041</u>
	<i>31-3-2013</i>				
	<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	342,185,724	1,413,915	2,344,415	1,623,398	786,024
Others	18,316,465	2,690,505	2,814,441	2,575,460	78,252
	<u>360,502,189</u>	<u>4,104,420</u>	<u>5,158,856</u>	<u>4,198,858</u>	<u>864,276</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**

	30-9-2013 US\$	31-3-2013 US\$
Gross impaired loans and advances to customers	2,348,444	5,158,856
Impairment allowance - individually assessed	<u>(1,374,644)</u>	<u>(4,198,858)</u>
	<u>973,800</u>	<u>959,998</u>
As a percentage of total loans and advances to customers		
- Gross impaired loans and advances	<u>0.63%</u>	<u>1.43%</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\$1,396,445 (31 March 2013: US\$1,120,203) 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 2013 and 31 March 2013.

**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**

	30-9-2013		31-3-2013	
	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	373,934	0.10%	149,077	0.04%
– one year or less but over six months	149,678	0.04%	60,753	0.02%
– Over one year	<u>1,365,476</u>	0.37%	<u>3,894,589</u>	1.08%
	<u>1,889,088</u>	0.51%	<u>4,104,419</u>	1.14%
Current market value of collateral held against the covered portion of overdue loans and advances	<u>732,610</u>		<u>412,169</u>	
Covered portion of overdue loans and advances	<u>588,398</u>		<u>330,830</u>	
Uncovered portion of overdue loans and advances	<u>1,300,690</u>		<u>3,773,589</u>	
Individual impairment allowances made on overdue loans and advances	<u>1,292,273</u>		<u>3,741,642</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**

	30-9-2013		31-3-2013	
	Amount US\$	% of total advances to customers	Amount US\$	% of total advances to customers
Rescheduled loans and advances to customers	<u>87</u>	0.01%	<u>313</u>	0.01%

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).

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 2013 and 31 March 2013.

**(h) Repossessed assets**

	30-9-2013 US\$	31-3-2013 US\$
Reposessed assets	<u>4</u>	<u>54</u>

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

	<i>30-9-2013</i>	<i>31-3-2013</i>
	US\$	US\$
<b>At fair value:</b>		
Unlisted debt securities	10,320,184	10,309,412
Unlisted equity securities	<u>25,206</u>	<u>27,366</u>
	<u>10,345,390</u>	<u>10,336,778</u>
Issued by		
- Corporate entities	25,206	27,366
- Sovereigns	<u>10,320,184</u>	<u>10,309,412</u>
	<u>10,345,390</u>	<u>10,336,778</u>

## 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 2013	882,985	2,737,086	97,290	3,717,361
Additions	-	148,393	-	148,393
Disposals	-	(12,700)	-	(12,700)
At 30 September 2013	<u>882,985</u>	<u>2,872,779</u>	<u>97,290</u>	<u>3,853,054</u>
<b>Accumulated depreciation:</b>				
At 1 April 2013	753,576	2,435,676	14,593	3,203,845
Charge for the period	64,710	90,155	9,730	164,595
Disposals	-	(12,700)	-	(12,700)
At 30 September 2013	<u>818,286</u>	<u>2,513,131</u>	<u>24,323</u>	<u>3,355,740</u>
<b>Net book value:</b>				
At 30 September 2013	<u>64,699</u>	<u>359,648</u>	<u>72,967</u>	<u>497,314</u>
	<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 2012	810,115	2,437,842	102,629	3,350,586
Additions	72,870	299,680	97,290	469,840
Disposals	-	(436)	(102,629)	(103,065)
At 31 March 2013	<u>882,985</u>	<u>2,737,086</u>	<u>97,290</u>	<u>3,717,361</u>
<b>Accumulated depreciation:</b>				
At 1 April 2012	633,055	2,363,706	102,629	3,099,390
Charge for the year	120,521	72,406	14,593	207,520
Disposals	-	(436)	(102,629)	(103,065)
At 31 March 2013	<u>753,576</u>	<u>2,435,676</u>	<u>14,593</u>	<u>3,203,845</u>
<b>Net book value:</b>				
At 31 March 2013	<u>129,409</u>	<u>301,410</u>	<u>82,697</u>	<u>513,516</u>

## 17 Income tax in the statement of financial position

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

	30-9-2013 US\$	31-3-2013 US\$
Provision for Hong Kong Profits Tax		
- current year	734,203	1,451,148
- prior year	473,197	-
Provisional Profits Tax paid	<u>(325,117)</u>	<u>(977,951)</u>
Tax payable	<u>882,283</u>	<u>473,197</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 2013	(226,945)	(142,855)	-	(369,800)
Charged to income statement	27,882	6,363	-	34,245
Credited to revaluation reserve for available-for- sale securities	-	-	(357)	(357)
At 30 September 2013	<u>(199,063)</u>	<u>(136,492)</u>	<u>(357)</u>	<u>(335,912)</u>
At 1 April 2012	(338,481)	(167,212)	19,231	(486,462)
Charged to income statement	111,536	24,357	-	135,893
Credited to revaluation reserve for available-for- sale securities	-	-	(19,231)	(19,231)
At 31 March 2013	<u>(226,945)</u>	<u>(142,855)</u>	<u>-</u>	<u>(369,800)</u>



**18 Other assets**

	30-9-2013 US\$	31-3-2013 US\$
Interest receivable	264,558	350,176
Amounts due from fellow subsidiaries	410,847	407,911
Others	5,036,665	4,563,898
	<u>5,712,070</u>	<u>5,321,985</u>

**19 Deposits from customers**

	30-9-2013 US\$	31-3-2013 US\$
Amounts due to fellow subsidiaries	38,265,101	42,236,641
Time, call and notice deposits	11,182,217	11,593,266
	<u>49,447,318</u>	<u>53,829,907</u>

**20 Trading liabilities**

	30-9-2013 US\$	31-3-2013 US\$
Negative fair value of derivatives (note 24(b))	53,481	117
	<u>53,481</u>	<u>117</u>

**21 Other liabilities**

	30-9-2013 US\$	31-3-2013 US\$
Interest payable	62,450	48,776
Amounts due to fellow subsidiaries	1,111,577	6,912,512
Other liabilities and accrued charges	2,577,081	3,754,389
	<u>3,751,108</u>	<u>10,715,677</u>

## 22 Share capital

	30-9-2013 US\$	31-3-2013 US\$
<b>Authorised, issued and fully paid:</b>		
1,400,000 ordinary shares of HK\$10 each and 14,600,000 ordinary shares of US\$2 each	32,000,000	32,000,000

## 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 2013</b>	136	254,785,498	254,785,634
Total comprehensive income for the period	(1,092)	3,894,506	3,893,414
<b>Balance at 30 September 2013</b>	(956)	258,680,004	258,679,048
<b>Balance at 1 April 2012</b>	98,424	246,644,947	246,743,371
Total comprehensive income for the year	(98,288)	8,140,551	8,042,263
<b>Balance at 31 March 2013</b>	136	254,785,498	254,785,634

(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 held at the reporting period.

(ii) Regulatory reserve

A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Company will or may occur on loans and advances in addition to impairment losses recognised. Movements in the reserve are earmarked directly through retained earnings and in consultation with the HKMA. As at 30 September 2013, a regulatory reserve of US\$4.14 million (31 March 2013: US\$3.92 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.

	30-9-2013	31-3-2013
	US\$	US\$
Currency derivatives		
- Forwards and futures	<u>257,500,000</u>	<u>257,622,735</u>

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

	30-9-2013			31-3-2013		
	<i>Fair value</i>		<i>Credit risk weighted amount</i>	<i>Fair value</i>		<i>Credit risk weighted amount</i>
	<i>Assets</i>	<i>Liabilities</i>		<i>Assets</i>	<i>Liabilities</i>	
	US\$	US\$	US\$	US\$	US\$	
Currency derivatives	<u>36,732</u>	<u>(53,481)</u>	<u>522,346</u>	<u>322,046</u>	<u>(117)</u>	<u>580,338</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.

	30-9-2013	31-3-2013
	US\$	US\$
Currency derivatives		
- Notional amounts with remaining life of one year or less	<u>257,500,000</u>	<u>257,622,735</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:

	30-9-2013 US\$	31-3-2013 US\$
Trade-related contingencies	2,752,824	1,548,757
Other commitments		
- with an original maturity of under one year or which are unconditionally cancellable	<u>25,730,082</u>	<u>28,532,623</u>
	<u><u>28,482,906</u></u>	<u><u>30,081,380</u></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\$550,565 (31 March 2013: US\$309,751).

## 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>30-9-2013</i>		
	<i>Banks and other financial institutions</i>	<i>Other</i>	<i>Total</i>
	US\$	US\$	US\$
Asia Pacific excluding Hong Kong	6,911,464	14,929,954	21,841,418
- of which China	-	10,887,620	10,887,620
- of which Japan	6,834,725	3,775,551	10,610,276
Others	-	397,107	397,107
	-	397,107	397,107

	<i>31-3-2013</i>		
	<i>Banks and other financial institutions</i>	<i>Other</i>	<i>Total</i>
	US\$	US\$	US\$
Asia Pacific excluding Hong Kong	4,635,905	17,034,655	21,670,560
- of which China	-	11,754,658	11,754,658
- of which Japan	2,579,499	3,838,038	6,417,537
- of which Taiwan	2,056,406	1,208,606	3,265,012
Others	-	1,779,084	1,779,084
	-	1,779,084	1,779,084

## 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>30-9-2013</u>		
	<u>USD equivalents</u>		
	<i>HK dollars</i>	<i>Japanese Yen</i>	<i>Total</i>
Spot assets	386,132,149	7,704,467	393,836,616
Spot liabilities	(115,911,070)	(7,368,333)	(123,279,403)
Forward purchases	-	-	-
Forward sales	(257,540,968)	-	(257,540,968)
Net long non-structural position	<u>12,680,111</u>	<u>336,134</u>	<u>13,016,245</u>

	<u>31-3-2013</u>		
	<u>USD equivalents</u>		
	<i>HK dollars</i>	<i>Japanese Yen</i>	<i>Total</i>
Spot assets	374,486,221	5,880,085	380,366,306
Spot liabilities	(108,241,067)	(5,625,180)	(113,866,247)
Forward purchases	61,323	-	61,323
Forward sales	(257,207,139)	-	(257,207,139)
Net long non-structural position	<u>9,099,338</u>	<u>254,905</u>	<u>9,354,243</u>

The Company does not have any structural position as at 30 September 2013 (31 March 2013: nil).

## 28 Liquidity ratio

	<i>30-9-2013</i>	<i>30-9-2012</i>
Average liquidity ratio for the six months ended	<u>563.60%</u>	<u>812.20%</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 adequacy ratio

	<i>30-9-2013</i>	<i>31-3-2013</i>
Total capital ratio	73.27%	74.91%
Tier 1 capital ratio	72.13%	73.77%
Common Equity Tier 1 capital ratio	<u>72.13%</u>	<u>73.77%</u>

Capital adequacy ratios were compiled on the solo basis as specified by the HKMA for its regulatory purposes, and in accordance with the Banking (Capital) Rules issued by the HKMA. The ratios as of 30 September 2013 and 31 March 2013 were compiled in accordance with the amended Banking (Capital) Rules effective from 1 January 2013 for the implementation of the "Basel III" capital accord. 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 2013 and for the six month ended 30 September 2013, 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 section 22(1)(a) and (b) of the Banking (Capital) Rules. Hence, the Company was exempted from the calculation of market risk.

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 2013 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.