

# INTERIM ACCOUNTS

Three months ended 30 June 2009



Lanka ORIX LEASING Company PLC

## BALANCE SHEETS

Lanka ORIX LEASING Company PLC

Audited		As at 30 June	Group		Company	
Group	Company		2009	2008	2009	2008
31 Mar 2009 Rs.' 000	31 Mar 2009 Rs.' 000		Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
<b>ASSETS</b>						
1,832,565	552,835	Cash and cash equivalents	<b>2,156,795</b>	1,116,302	<b>827,125</b>	467,979
920,295	13,351	Short- term investments	<b>101,662</b>	1,180,577	<b>83,691</b>	64,053
17,193,230	6,497,920	Rentals receivable on leased assets/hire purchase/others	<b>18,931,362</b>	21,423,291	<b>5,779,991</b>	11,652,463
13,252,912	10,487,198	Advances and other loans	<b>10,601,974</b>	8,457,984	<b>10,026,699</b>	6,552,918
1,897,171	1,138,142	Factoring receivables	<b>1,880,686</b>	1,105,861	<b>993,695</b>	1,105,861
19,572	-	Inventories	<b>106,089</b>	19,701	<b>47,366</b>	-
124,122	3,135	Real estate stocks	<b>123,134</b>	161,436	<b>2,148</b>	38,667
51,070	-	Advances for margin trading	<b>60,500</b>	83,072	-	-
2,423,498	3,636,304	Other current assets	<b>4,167,668</b>	3,159,131	<b>4,481,933</b>	1,063,247
292,712	289,966	Investment securities	<b>3,322,099</b>	404,027	<b>1,409,287</b>	392,214
3,864,491	2,281,454	Investments in term deposits	<b>6,407,795</b>	4,463,561	<b>2,971,378</b>	4,338,416
548,735	539,311	Deferred tax asset	<b>547,613</b>	563,105	<b>539,311</b>	562,231
-	10,000	Investment in joint venture	-	-	<b>10,000</b>	125,000
676,421	278,191	Investment in equity accounted investees	<b>706,878</b>	516,888	<b>278,241</b>	278,191
-	2,997,495	Investments in subsidiary companies	-	-	<b>2,998,105</b>	2,014,039
151,415	-	Goodwill	<b>151,415</b>	217,025	-	-
144,207	-	Intangible assets	<b>144,207</b>	-	-	-
2,969,650	2,603,966	Property, plant and equipment	<b>2,939,146</b>	2,521,511	<b>2,605,604</b>	2,163,261
<b>46,362,066</b>	<b>31,329,268</b>	<b>Total assets</b>	<b>52,349,023</b>	45,393,472	<b>33,054,574</b>	30,818,540
<b>LIABILITIES AND EQUITY</b>						
<b>Liabilities</b>						
2,750,580	1,909,632	Bank overdrafts	<b>4,167,923</b>	1,851,889	<b>2,253,875</b>	1,393,283
5,303,921	-	Deposits from customers	<b>6,744,388</b>	3,989,452	-	-
9,792,088	7,525,260	Short-term borrowings	<b>10,617,781</b>	12,642,040	<b>7,866,559</b>	9,759,550
612,755	612,755	Finance lease liabilities	<b>541,526</b>	879,036	<b>541,526</b>	879,036
165,528	113,855	Provision for taxation	<b>198,033</b>	68,098	<b>132,241</b>	29,200
6,676,896	4,442,166	Long term borrowings - current	<b>4,005,775</b>	4,708,103	<b>4,005,775</b>	3,917,475
2,611,689	1,212,463	Trade and other payables	<b>3,877,249</b>	3,817,725	<b>2,175,280</b>	1,461,003
11,931,366	10,359,947	Long term borrowings - non current	<b>15,168,754</b>	11,741,146	<b>10,772,690</b>	8,656,508
351,417	-	Deferred-taxation	<b>351,417</b>	96	-	-
74,348	51,819	Retirement benefit obligation	<b>71,716</b>	61,806	<b>49,299</b>	48,260
<b>40,270,588</b>	<b>26,227,897</b>	<b>Total liabilities</b>	<b>45,744,562</b>	39,759,391	<b>27,797,245</b>	26,144,315
<b>Equity</b>						
475,200	475,200	Stated capital(47,520,000 shares)	<b>475,200</b>	475,200	<b>475,200</b>	475,200
554,412	529,406	Reserves	<b>554,412</b>	506,196	<b>529,407</b>	494,396
<b>4,981,858</b>	<b>4,096,765</b>	Retained earnings	<b>5,301,812</b>	4,131,820	<b>4,252,722</b>	3,704,629
6,011,470	5,101,371	Equity attributable to equity holders of the Company	<b>6,331,424</b>	5,113,216	<b>5,257,329</b>	4,674,225
80,008	-	<b>Minority interest</b>	<b>273,037</b>	520,865	-	-
<b>6,091,478</b>	<b>5,101,371</b>	<b>Total equity</b>	<b>6,604,461</b>	5,634,081	<b>5,257,329</b>	4,674,225
<b>46,362,066</b>	<b>31,329,268</b>	<b>Total liabilities and equity</b>	<b>52,349,023</b>	45,393,472	<b>33,054,574</b>	30,818,540
128.19	107.35	<b>Net asset value per share (Rs.)</b>	<b>138.98</b>	118.56	<b>110.63</b>	98.36

The Board of Directors is responsible for the preparation and presentation of these financial statements. The Chief Financial Officer -LOLC Group certifies that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

(Sgd.) I. C. Nanayakkara  
Deputy Chairman

(Sgd.) W.D.K. Jayawardena  
Managing Director/Group CEO

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

7 August 2009  
Rajagiriya. (Greater Colombo)

# INCOME STATEMENTS

Lanka ORIX LEASING Company PLC

	Group			Company		
	Three months ended 30/06/2009 Rs.' 000	30/06/2008 Rs.' 000	Variance %	Three months ended 30/06/2009 Rs.' 000	30/06/2008 Rs.' 000	Variance %
<b>GROSS REVENUE</b>	<b>3,492,287</b>	1,947,457	79	<b>2,263,600</b>	1,402,930	61
<b>REVENUE</b>						
Revenue from instalment sales	843,314	-	-	843,314	-	-
Less: cost of sales	(717,382)	-	-	(717,382)	-	-
Gross profit	<b>125,932</b>	-	-	<b>125,932</b>	-	-
<b>INCOME(Note 4)</b>	<b>2,386,300</b>	1,912,387	25	<b>1,251,376</b>	1,435,292	(13)
<b>OPERATING EXPENSES</b>						
Direct expenses excluding net interest costs	(66,771)	(94,029)	(29)	(42,258)	(63,719)	(34)
Provision for bad and doubtful debts	(100,982)	(72,847)	39	(22,477)	(56,620)	(60)
Staff costs	(212,999)	(166,292)	28	(125,533)	(95,804)	31
Depreciation	(138,703)	(96,802)	43	(122,247)	(88,054)	39
Other operating expenses	(223,754)	(169,744)	32	(132,738)	(119,262)	11
<b>OPERATING PROFIT BEFORE NET INTEREST COSTS</b>	<b>1,769,023</b>	1,312,673	35	<b>932,055</b>	1,011,833	(8)
Net interest costs	(1,663,231)	(1,178,277)	41	(938,660)	(912,204)	3
<b>RESULTS FROM OPERATING ACTIVITIES</b>	<b>105,792</b>	134,396	(21)	<b>(6,605)</b>	99,629	(107)
Other Income/(expenses)	262,673	35,070	649	168,910	(32,362)	-
Share of profit of associate companies	30,458	24,303	25	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>398,923</b>	193,769	106	<b>162,305</b>	67,267	141
Taxation	(62,725)	(48,053)	31	(10,000)	(20,461)	(51)
<b>PROFIT FOR THE PERIOD</b>	<b>336,198</b>	145,716	131	<b>152,305</b>	46,806	225
<b>Attributable to :</b>						
Equity holders of the Company	331,591	123,714	168	152,305	46,806	225
Minority interest	4,607	22,002	(79)	-	-	-
<b>PROFIT FOR THE PERIOD</b>	<b>336,198</b>	145,716	131	<b>152,305</b>	46,806	225
<b>Basic/diluted earnings per share (Rs.)</b>	<b>6.98</b>	2.60	168	-	-	-

Figures in brackets indicate deductions

## Notes:

- The Balance Sheets as at 30 June 2009, the Income Statements, Cash Flow Statements and Statements of Changes in Equity of the Company and the Group for the three months ended 30 June 2009 are drawn up from unaudited Accounts of the Company, its Subsidiary Companies, Associate companies, joint venture company and provide information as required by the Colombo Stock Exchange and SLAS 35. Further, provisions of the new Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements of the Company and of the Group.
- Accounting policies and methods of computation as stated in the Annual Report 2008/09 are followed in the preparation of these Interim Accounts.
- Comparative figures have been re-stated in view of the merger of the fully owned subsidiary, Lanka ORIX Factors Ltd., to conform to the current period's presentation.
- Income represents the income receivable for the period on all performing contracts, rentals on operating leases, income on factoring of client debtors, commission earned on insurance premiums and IT service fees. It includes all income related to operations such as interest on overdue rentals, profit/loss on leases and loans terminated and collections on contracts written off.
- Investment in Lanka ORIX Securities (Pvt) Ltd. was divested during the quarter and capital gain arising from the disposal is reflected under other income. Other income also includes exchange gain or loss and appreciation in market value of shares.
- All expenses related to management expenditure is fully provided for in the accounts.

# CASH FLOW STATEMENTS

Lanka ORIX LEASING Company PLC

*For the three months ended 30 June*

## CASH FLOW FROM OPERATING ACTIVITIES

Net Profit before taxation

**Adjustment for:**

(Profit)/loss on sale of property, plant and equipment

Depreciation of property, plant and equipment

Provision for gratuity

Provision/(reversal) for doubtful debts

Provision for fall/(increase) in value of investments

Investment income

Interest cost

Interest income

(Profit)/loss on sale of investments

Share of profit of equity accounted investees

## Operating profit before working capital change

Change in accounts receivables and others

Change in inventories

Change in accounts payables

Change in real estate stocks

Change in net investment in leases

Change in factoring accounts receivable

Change in net investment in advances and other loans

Interest paid

Income tax paid

Gratuity paid

Net cash used in operating activities

## CASH FLOW FROM INVESTING ACTIVITIES

Investment in subsidiary companies

Acquisition of subsidiary net of cash acquired

Investment in equity accounted investees

Investment in joint venture

Acquisition of property, plant and equipment

Acquisition of short term investments

Net additions to investment

Increase in investment in term deposits

Proceeds from the sale of property, plant and equipment

Interest received

Dividend received

Net cash used in investing activities

## CASH FLOW FROM FINANCING ACTIVITIES

Net proceeds from short term borrowings

Net increase/(decrease) in finance lease liability

Net proceeds from customer deposits

Proceeds from long- term loans

Repayment of long- term loans

Dividends paid

Net cash generated from financing activities

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

## Analysis of Cash and Cash Equivalents at the end of the period

Cash at banks and in hand

Bank overdraft

	Group		Company	
	2009	2008	2009	2008
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Net Profit before taxation	398,923	193,769	162,305	67,267
<b>Adjustment for:</b>				
(Profit)/loss on sale of property, plant and equipment	(17,309)	2,732	(17,309)	2,732
Depreciation of property, plant and equipment	138,703	96,802	122,247	88,054
Provision for gratuity	1,512	12,036	1,378	9,342
Provision/(reversal) for doubtful debts	100,982	72,847	22,477	49,933
Provision for fall/(increase) in value of investments	(90,322)	29,625	(90,322)	29,625
Investment income	(69)	(243)	(69)	(243)
Interest cost	1,663,231	1,178,277	938,660	912,204
Interest income	(24,966)	(72,815)	(24,966)	(72,815)
(Profit)/loss on sale of investments	-	6,069	-	6,069
Share of profit of equity accounted investees	-	(24,303)	-	-
	<b>1,771,762</b>	<b>1,301,027</b>	<b>952,096</b>	<b>1,024,901</b>
<b>Operating profit before working capital change</b>	<b>2,170,685</b>	<b>1,494,796</b>	<b>1,114,401</b>	<b>1,092,168</b>
Change in accounts receivables and others	(1,750,391)	(224,338)	(836,428)	46,060
Change in inventories	-	1,183	(47,366)	-
Change in accounts payables	1,265,560	(172,933)	962,817	511,087
Change in real estate stocks	988	(678)	987	623
Change in net investment in leases	(1,738,132)	(1,973,059)	717,929	(1,718,065)
Change in factoring accounts receivable	16,485	49,526	144,447	-
Change in net investment in advances and other loans	2,650,939	104,922	460,499	463,324
	<b>2,616,134</b>	<b>(720,581)</b>	<b>2,517,286</b>	<b>395,197</b>
Interest paid	(1,663,231)	(1,178,277)	(938,660)	(912,204)
Income tax paid	-	(15,647)	-	-
Gratuity paid	(3,898)	(300)	(3,898)	(160)
Net cash used in operating activities	<b>949,005</b>	<b>(1,914,805)</b>	<b>1,574,728</b>	<b>(517,167)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment in subsidiary companies	-	-	(610)	(1,102,793)
Acquisition of subsidiary net of cash acquired	-	(909,606)	-	-
Investment in equity accounted investees	(30,458)	(24,303)	(50)	-
Investment in joint venture	-	-	-	(25,000)
Acquisition of property, plant and equipment	(26,526)	(180,970)	(18,585)	(156,564)
Acquisition of short term investments	818,633	(317,220)	(70,340)	114,786
Net additions to investment	(3,029,387)	(33,302)	(1,119,321)	(28,831)
Increase in investment in term deposits	(2,543,304)	(100,938)	(689,924)	(98,862)
Proceeds from the sale of property, plant and equipment	(17,309)	5,416	(17,309)	5,416
Interest received	24,966	72,815	24,966	72,815
Dividend received	69	243	69	243
Net cash used in investing activities	<b>(4,803,315)</b>	<b>(1,487,865)</b>	<b>(1,891,103)</b>	<b>(1,218,790)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net proceeds from short term borrowings	825,693	1,331,388	341,299	1,602,502
Net increase/(decrease) in finance lease liability	(71,229)	(82,767)	(71,229)	(82,115)
Net proceeds from customer deposits	1,440,467	649,788	-	-
Proceeds from long- term loans	1,539,254	2,592,850	949,340	1,277,724
Repayment of long- term loans	(972,988)	(1,673,848)	(972,988)	(1,673,595)
Dividends paid	-	(133,056)	-	(133,056)
Net cash generated from financing activities	<b>2,761,197</b>	<b>2,684,355</b>	<b>246,422</b>	<b>991,460</b>
Net increase/(decrease) in cash and cash equivalents	<b>(1,093,113)</b>	<b>(718,315)</b>	<b>(69,953)</b>	<b>(744,497)</b>
Cash and cash equivalents at the beginning of the period	<b>(918,015)</b>	<b>(17,272)</b>	<b>(1,356,797)</b>	<b>(180,807)</b>
Cash and cash equivalents at the end of the period	<b>(2,011,128)</b>	<b>(735,587)</b>	<b>(1,426,750)</b>	<b>(925,304)</b>
<b>Analysis of Cash and Cash Equivalents at the end of the period</b>				
Cash at banks and in hand	2,156,795	1,116,302	827,125	467,979
Bank overdraft	(4,167,923)	(1,851,889)	(2,253,875)	(1,393,283)
	<b>(2,011,128)</b>	<b>(735,587)</b>	<b>(1,426,750)</b>	<b>(925,304)</b>

# STATEMENTS OF CHANGES IN EQUITY

Lanka ORIX LEASING Company PLC

## Attributable to Equity Holders of the Company

For the three months ended 30 June 2009					
Group	Stated Capital	Capital Reserves	Revenue Reserves	Minority Interest	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31.03.08	475,200	506,206	4,142,814	53,649	5,177,869
Profit for the period	-	-	123,714	22,002	145,716
Addition to minority through acquisition of subsidiary	-	-	-	445,214	445,214
Dividends paid (F/Y2008/09)	-	-	(134,718)	-	(134,718)
Balance as at 30.06.08	475,200	506,206	4,131,810	520,865	5,634,081
Profit for the period	-	-	930,439	1,023	931,462
Reduction in minority interest	-	-	-	(441,880)	(441,880)
Transfers during the period	-	48,206	(48,206)	-	-
Transferred from the retained earnings	-	-	(32,185)	-	(32,185)
Balance as at 31.03.09	475,200	554,412	4,981,858	80,008	6,091,478
Profit for the period	-	-	331,591	4,607	336,198
Net movement in minority interest	-	-	-	188,422	188,422
Reduction in long term investment	-	-	(11,637)	-	(11,637)
<b>Balance as at 30.06.09</b>	<b>475,200</b>	<b>554,412</b>	<b>5,301,812</b>	<b>273,037</b>	<b>6,604,461</b>

## Attributable to Equity Holders of the Company

For the three months ended 30 June 2009					
Company	Stated Capital	Capital Reserves	Revenue Reserves	Minority Interest	Total
	Rs '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31.03.08	475,200	494,396	3,792,541	-	4,762,137
Profit for the period	-	-	46,806	-	46,806
Dividends paid (F/Y2008/09)	-	-	(134,718)	-	(134,718)
Balance as at 30.06.08	475,200	494,396	3,704,629	-	4,674,225
Profit for the period	-	-	457,146	-	457,146
Transfers during the period	-	35,010	(35,010)	-	-
Transferred from retained earnings	-	-	(30,000)	-	(30,000)
Balance as at 31.03.09	475,200	529,406	4,096,765	-	5,101,371
Effects of correction of prior periods	-	-	3,653	-	3,653
Profit for the period	-	-	152,305	-	152,305
<b>Balance as at 30.06.09</b>	<b>475,200</b>	<b>529,406</b>	<b>4,252,723</b>	<b>-</b>	<b>5,257,329</b>

Market prices of shares recorded during the quarter ended		
	30-Jun-09	30-Jun-08
-Highest price (Rs.)	121.75	125.75
-Lowest price (Rs.)	70.00	111.00
-Last traded price (Rs.)	105.00	112.50

## SEGMENTAL INFORMATION

Lanka ORIX LEASING Company PLC

For the three months ended 30 June 2009	Leasing Hire Purchase and Other products Rs. '000	Insurance Broking Rs. '000	Others Rs. '000	Total Rs. '000
Operating profit before net interest cost	1,779,560	9,642	(20,179)	1,769,023
Net interest cost	(1,663,215)		(16)	(1,663,231)
Other income/(expenses)	261,396	1,222	55	262,673
Share of profit of associate companies	-	-	-	30,458
<b>Profit before taxation</b>	<b>377,741</b>	<b>10,864</b>	<b>(20,140)</b>	<b>398,923</b>

For the three months ended 30 June 2008	Leasing Hire Purchase and other products Rs. '000	Insurance Broking Rs. '000	Others Rs. '000	Total Rs. '000
Operating profit before net interest cost	1,319,815	8,156	(15,298)	1,312,673
Net interest cost	(1,174,694)	(7)	(3,576)	(1,178,277)
Other income/(expenses)	(2,007)	1,433	35,644	35,070
Share of profit of associate companies	-	-	-	24,303
<b>Profit before taxation</b>	<b>143,114</b>	<b>9,582</b>	<b>16,770</b>	<b>193,769</b>

For the three months ended 30 June 2009	Leasing Hire Purchase and other products Rs. '000	Insurance Broking Rs. '000	Others Rs. '000	Total Rs. '000
Capital expenditure	26,526	-	-	26,526
Depreciation of property, plant & equipment	137,517	8	1,178	138,703
Provision for doubtful debts & bad debts written off	100,982	-	-	100,982
<b>Total assets (as at 30.06.2009)</b>	<b>51,028,862</b>	<b>175,083</b>	<b>1,145,078</b>	<b>52,349,023</b>
<b>Total liabilities (as at 30.06.2009)</b>	<b>45,366,234</b>	<b>67,422</b>	<b>310,906</b>	<b>45,744,562</b>

For the three months ended 30 June 2008	Leasing Hire Purchase and other products Rs. '000	Insurance Broking Rs. '000	Others Rs. '000	Total Rs. '000
Capital expenditure	179,939	-	1,031	180,970
Depreciation of property, plant & equipment	93,740	975	2,087	96,802
Provision for doubtful debts & bad debts written off	72,847	-	-	72,847
<b>Total assets (as at 30.06.2008)</b>	<b>43,912,456</b>	<b>157,592</b>	<b>1,323,424</b>	<b>45,393,472</b>
<b>Total liabilities (as at 30.06.2008)</b>	<b>39,222,437</b>	<b>69,206</b>	<b>467,748</b>	<b>39,759,391</b>

## Lanka ORIX LEASING Company PLC

**DIRECTORS' SHAREHOLDINGS AS AT 30th JUNE 2009**

Director's Name	No of shares	%
Mrs. R. L. Nanayakkara <i>Chairperson</i>	-	-
Mr. I. C. Nanayakkara <i>Deputy Chairman</i>	5,989,550	12.60
Deshamanya M. D. D. Pieris	-	-
Mr. M. T. L. Fernando	-	-
Mr. R. A. Fernando	1,500	0.003
Mrs. K. U. Amarasinghe	5,243,200	11.03
Mr. R. M. Nanayakkara	14,143,322	29.76
Mr. W. D. K. Jayawardena <i>Managing Director / Group CEO</i>	-	-
Mr. M. Inoue	-	-
Mr. H. Ichida	-	-

**TOP 20 SHAREHOLDERS AS AT 30th JUNE 2009**

Shareholder	No. of Shares	% of Issued Capital
1. ORIX Corporation	14,256,000	30.00
2. Mr.R.M. Nanayakkara - through Margin trading Account - in his own name	12,019,708 2,123,614	25.29 4.47
3. Mr. I.C. Nanayakkara	5,989,550	12.60
4. Mrs. K.U. Amarasinghe	5,243,200	11.03
5. Sri Lanka Insurance Corporation - Life Fund	1,242,016	2.61
6. DPMC Financial Services (Pvt) Ltd. (A/C No. 01)	808,500	1.70
7. Mrs. I. Nanayakkara	517,402	1.09
8. DPMC Financial Services (Pvt) Ltd. (A/C No. 02)	342,200	0.72
9. Employees Trust Fund Board	252,800	0.53
10. Mr. G. G. Ponnambalam	208,992	0.44
11. HSBC - Mr. C.P. de Silva	200,000	0.42
12. HSBC - Mr. R.C. de Silva	200,000	0.42
13. HSBC - Mr. C.L. de Silva	200,000	0.42
14. Swastika Mills Ltd.	195,000	0.41
15. Capital Alliance Holdings Ltd	169,300	0.36
16. Mr. M. Radhakrishnan	150,000	0.32
17. Mr. D. J. Wilson	85,216	0.18
18. Mrs. S. N. Fernando	81,844	0.17
19. J B Cocoshell (Pvt) Ltd	79,800	0.17
20. Miss. F. A. J. A. Cader	75,900	0.16
	<b>44,441,042</b>	<b>93.52</b>

The Public Shareholding as at 30th June 2009 was 15.33%