

# INTERIM ACCOUNTS

Three months ended 30 June 2010

Lanka ORIX LEASING Company PLC

## BALANCE SHEETS

## Lanka Orix Leasing Company PLC

Unaudited					
Group	Company	As at 30 June		Group	Company
31 Mar 2010	31 Mar 2010	2010	2009	2010	2009
Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Restated Rs.' 000
<b>ASSETS</b>					
2,082,994	420,286	2,500,757	2,156,795	521,362	830,328
87,120	21,990	247,156	101,662	76,561	83,703
11,610,838	4,717,840	11,069,081	3,322,099	3,552,352	1,544,475
2,786,322	1,173,872	2,195,325	6,407,795	865,469	2,971,377
17,831,698	3,382,566	18,618,139	18,931,362	2,449,741	5,779,991
14,766,056	6,578,877	15,955,166	9,119,264	7,744,430	7,596,496
2,168,425	2,168,425	1,812,461	3,423,896	1,812,461	3,423,896
1,251,520	9,415	1,170,345	106,089	18,834	47,366
4,341,962	3,617,045	7,014,232	4,167,668	3,038,057	4,482,630
313,710	-	47,193	-	-	-
506,139	296,670	517,277	162,583	305,575	70,593
22,930	-	22,930	31,144	-	2,148
2,884,583	-	1,302,176	-	-	-
-	-	-	-	-	10,000
3,035,397	555,133	1,899,055	706,878	198,030	278,241
-	3,478,298	-	-	4,707,465	2,998,105
774,500	430,784	773,112	547,613	430,784	539,311
151,415	-	151,415	151,415	-	-
228,019	64,901	208,625	144,207	61,186	46,679
10,245,726	2,821,867	16,030,183	2,868,553	2,962,614	2,488,450
<b>75,089,354</b>	<b>29,737,969</b>	<b>81,534,628</b>	<b>52,349,023</b>	<b>28,744,921</b>	<b>33,193,789</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
2,987,338	1,351,272	2,617,396	4,167,923	1,028,289	2,387,182
10,094,683	-	11,765,913	6,744,388	-	-
35,248,089	21,736,055	35,851,999	30,333,836	20,286,605	23,186,550
197,569	57,192	462,449	198,033	77,992	58,011
5,628,202	1,099,157	7,290,237	3,877,249	1,269,880	2,255,077
442,465	-	750,529	351,417	-	-
273,766	-	292,571	-	-	-
759,560	65,639	785,743	71,716	68,794	52,950
<b>55,631,672</b>	<b>24,309,315</b>	<b>59,816,837</b>	<b>45,744,562</b>	<b>22,731,560</b>	<b>27,939,770</b>
<b>Equity</b>					
475,200	475,200	475,200	475,200	475,200	475,200
765,858	552,292	823,992	554,412	552,292	529,406
6,662,696	4,401,162	7,350,421	5,301,812	4,985,869	4,249,413
7,903,754	5,428,654	8,649,613	6,331,424	6,013,361	5,254,019
11,553,927	-	13,068,178	273,037	-	-
<b>19,457,681</b>	<b>5,428,654</b>	<b>21,717,791</b>	<b>6,604,461</b>	<b>6,013,361</b>	<b>5,254,019</b>
<b>75,089,353</b>	<b>29,737,969</b>	<b>81,534,628</b>	<b>52,349,023</b>	<b>28,744,921</b>	<b>33,193,789</b>
166.32	114.24	182.02	133.24	126.54	110.56

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  
Group Managing Director/CEO

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

12 August 2010  
Rajagiriya.(Greater Colombo)

# INCOME STATEMENTS

# Lanka ORIX LEASING Company PLC

	Group			Company		
	Three months ended		Variance %	Three months ended		Variance %
	30/06/2010 Rs.' 000	30/06/2009 Rs.' 000		30/06/2010 Rs.' 000	30/06/2009 Rs.' 000	
<b>GROSS REVENUE</b>	<b>5,905,868</b>	3,492,287	69	<b>1,677,256</b>	2,261,429	(26)
Revenue	<b>2,961,378</b>	843,314	251	-	843,314	(100)
Less: cost of sales	<b>(2,256,469)</b>	(717,382)	215	-	(717,382)	(100)
<b>Gross profit</b>	<b>704,909</b>	125,932	460	-	125,932	(100)
Income	<b>2,849,441</b>	2,386,300	19	<b>965,505</b>	1,251,376	(23)
Other Income/(expenses)	<b>95,049</b>	262,673	(64)	<b>711,751</b>	166,739	327
Net interest costs	<b>(1,276,163)</b>	(1,663,231)	(23)	<b>(505,958)</b>	(938,660)	(46)
<b>PROFIT BEFORE OPERATING EXPENSES</b>	<b>2,373,236</b>	1,111,674	113	<b>1,171,298</b>	605,387	93
<b>OPERATING EXPENSES</b>						
Direct expenses excluding net interest costs	<b>(347,313)</b>	(66,771)	420	<b>(33,913)</b>	(42,258)	(20)
Provision for bad and doubtful debts	<b>(34,616)</b>	(100,982)	(66)	<b>(46,001)</b>	(22,478)	105
Staff costs	<b>(334,990)</b>	(212,999)	57	<b>(139,244)</b>	(125,533)	11
Depreciation and amortization	<b>(193,316)</b>	(138,703)	39	<b>(162,199)</b>	(122,247)	33
Other operating expenses	<b>(369,290)</b>	(223,754)	65	<b>(164,434)</b>	(130,566)	26
<b>RESULTS FROM OPERATING ACTIVITIES</b>						
	<b>1,093,710</b>	368,465	197	<b>625,507</b>	162,305	285
Share of profit of associate companies	<b>57,276</b>	30,458	88	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>1,150,986</b>	398,923	189	<b>625,507</b>	162,305	285
Taxation	<b>(295,211)</b>	(62,725)	371	<b>(40,800)</b>	(10,000)	308
<b>PROFIT FOR THE PERIOD</b>	<b>855,775</b>	336,198	155	<b>584,707</b>	152,305	284
<b>Attributable to :</b>						
Equity holders of the Company	<b>726,199</b>	331,591	119	<b>584,707</b>	152,305	284
Minority interest	<b>129,576</b>	4,607	2713	-	-	-
<b>PROFIT FOR THE PERIOD</b>	<b>855,775</b>	336,198	155	<b>584,707</b>	152,305	284
<b>Basic/diluted earnings per share (Rs)</b>	<b>15.28</b>	6.98	119			

Figures in brackets indicate deductions

- The Balance Sheets as at 30 June 2010, 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 2010 are drawn up from unaudited accounts of the Company, its subsidiary companies, associate companies, joint venture companies and provide information as requested by the Colombo Stock Exchange and SLAS 35. Further, provisions of the new Companies Act No.7 of 2007 has been considered in preparing the said 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, LOIB Financial Services Ltd., to conform to the current period's presentation.
- Revenue includes revenue from trading, manufacturing, plantation and other activities of the Group.
- 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.
- Other income includes foreign exchange gains, capital gains arising from marked to market valuation of quoted shares held for trading purposes, rent income and dividends
- All expenses related to management expenditure is fully provided for in the accounts.
- There are no significant changes in the nature of the contingent liabilities disclosed in the Annual Report for the year ended 31 March 2009.
- LOLC Leisure Ltd. formerly known as LOLC Securities Ltd., is a subsidiary of Lanka ORIX Leasing Company PLC with a 70% holding and the balance held by Browns Investments Ltd. LOLC Leisure acquired 52% of Confifi Hotels Holdings PLC and 26% of Riverina Hotels PLC during the quarter. The group holds 81% of Confifi Hotel Holdings PLC, 74% of Riverina Hotels PLC and 46% of Eden Hotels Lanka PLC.
- LOLC Insurance Company Ltd., a fully owned subsidiary of LOLC, received approval from the Insurance Board of Sri Lanka to operate as a composite insurer.

# CASH FLOW STATEMENTS

Lanka ORIX LEASING Company PLC

For the three months ended 30 June	Group		Company	
	2010	2009	2010	2009
	Rs.' 000	Rs.' 000	Rs.' 000	Restated Rs.' 000
Net Profit before taxation	1,150,986	398,923	625,507	162,305
<b>Adjustment for:</b>				
(Profit)/loss on sale of property, plant and equipment	(2,546)	(17,309)	(1,872)	(17,309)
Depreciation and amortisation	193,316	138,703	162,199	122,247
Provision for defined benefit plans	43,128	1,512	3,377	1,378
Allowances for doubtful debts	34,616	100,982	46,001	22,478
Provision for fall/(Increase) in value of investments	(8,980)	(90,322)	(7,026)	(90,322)
Capital gain on treasury bond	21,665	-	23,389	-
Investment income	(10,534)	(69)	-	(69)
Finance cost	1,276,163	1,663,231	512,083	938,660
Interest income	(144,326)	(24,966)	(6,125)	(24,966)
(Profit)/Loss on sale of investments	52,718	-	(561,760)	-
Share of profit of equity accounted investees	(57,276)	-	-	-
	<b>1,397,944</b>	<b>1,771,762</b>	<b>170,266</b>	<b>952,097</b>
<b>Operating profit before working capital change</b>	<b>2,548,930</b>	<b>2,170,685</b>	<b>795,773</b>	<b>1,114,402</b>
(Increase)/Decrease in trade and other receivables	(2,605,864)	(1,750,391)	578,988	(836,428)
Change in inventories	1,201,846	-	(9,420)	(47,366)
Increase/(Decrease) in trade and other payables	1,021,995	1,265,561	242,321	967,913
(Increase)/Decrease in real estate stocks	-	988	-	987
(Increase)/Decrease Investment in leases	(786,441)	(1,738,132)	781,573	717,929
(Increase)/Decrease in factoring account receivable	(188,941)	16,485	(266,263)	144,447
(Increase)/Decrease Investment in advances and other loans/Instalment sales	(1,000,169)	2,650,939	(438,075)	460,499
	<b>191,356</b>	<b>2,616,135</b>	<b>1,684,897</b>	<b>2,522,383</b>
<b>Finance cost paid</b>	<b>(1,276,163)</b>	<b>(1,663,231)</b>	<b>(579,430)</b>	<b>(938,660)</b>
Income tax paid	(33,218)	-	(17,707)	-
Defined benefit plan costs paid	(17,389)	(3,898)	(222)	(3,898)
Net cash used in operating activities	<b>(1,135,413)</b>	<b>949,006</b>	<b>1,087,538</b>	<b>1,579,825</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment in subsidiary companies	-	-	(1,275,936)	(610)
Net cash & cash equivalents on acquisition of subsidiary	(1,463,669)	-	-	-
Investment in equity accounted investees	-	(30,458)	-	(50)
Investment in joint venture	-	-	-	-
Acquisition of property, plant and equipment	(352,858)	(26,526)	(328,942)	(18,585)
Acquisition of intangible assets	(19,394)	-	3,715	-
Acquisition of investment properties	(18,984)	-	(8,905)	-
Net proceeds from short term investments	(900,647)	818,633	(54,571)	(70,352)
Net additions to investments	2,185,454	(3,029,387)	2,131,119	(1,254,509)
Increase in investment in term deposits	537,249	(2,543,304)	308,403	(689,924)
Proceeds from the sale of property, plant and equipment	89,137	(17,309)	4,960	(17,309)
Interest received	105,776	24,966	6,125	24,966
Dividend received	-	69	-	69
Investment income received	-	-	-	-
Net cash flow from investing activities	<b>162,065</b>	<b>(4,803,316)</b>	<b>785,968</b>	<b>(2,026,304)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net cash proceeds from short term interest bearing loans and borrowings	89,823	825,693	(507,426)	341,299
Principle repayment under finance lease liabilities	(72,677)	(71,229)	(61,363)	(71,229)
Net proceeds from customer deposits	1,471,213	1,440,467	-	-
Proceeds from long term interest bearing loans and borrowings	2,227,847	1,539,254	591,097	949,340
Repayments of long term interest bearing loans and borrowings	(1,955,153)	(972,988)	(1,471,756)	(972,988)
Dividends paid	-	-	-	-
<b>Net cash generated from financing activities</b>	<b>1,761,053</b>	<b>2,761,197</b>	<b>(1,449,448)</b>	<b>246,422</b>
<b>Net increase/(decrease) in cash and cash equivalents during the year</b>	<b>787,705</b>	<b>(1,093,113)</b>	<b>424,058</b>	<b>(200,057)</b>
Cash and cash equivalents at the beginning of the year	(904,344)	(918,015)	(930,985)	(1,356,797)
Cash and cash equivalents at the end of the year	<b>(116,639)</b>	<b>(2,011,128)</b>	<b>(506,927)</b>	<b>(1,556,854)</b>
<b>Analysis of Cash and Cash Equivalents at the end of the year</b>				
Cash at banks and in hand	2,500,757	2,156,795	521,362	830,328
Bank overdraft	(2,617,396)	(4,167,923)	(1,028,289)	(2,387,182)
	<b>(116,639)</b>	<b>(2,011,128)</b>	<b>(506,927)</b>	<b>(1,556,854)</b>

**SEGMENTAL INFORMATION**
**Lanka ORIX LEASING Company PLC**

For the three months ended 30 June 2010	Financial Services Rs. '000	Insurance Broking Rs. '000	Trading Rs. '000	Leisure Rs. '000	Plantation Rs. '000	Power & Energy Rs. '000	Others Rs. '000	Total Rs. '000
Total revenue	3,548,546	18,295	1,846,217	8,568	902,136	10,587	(428,481)	5,905,868
Net interest cost	(1,205,454)	(82)	(47,126)	-	(4,690)	-	(18,811)	(1,276,163)
Cost of sales	-	-	(1,418,137)	(401)	(638,351)	-	(199,580)	(2,256,469)
Profit before operating expenses	2,343,092	18,213	380,954	8,167	259,095	10,587	(646,872)	2,373,236
Operating expenses	(848,287)	(19,038)	(267,194)	(735)	(65,303)	(9,373)	(69,596)	(1,279,526)
Results from operating activities	1,494,805	(825)	113,760	7,432	193,792	1,214	(716,468)	1,093,710
Share of profit of associate companies	-	-	-	-	-	-	-	57,276
Profit before taxation	1,494,805	(825)	113,760	7,432	193,792	1,214	(716,468)	1,150,986

  

For the three months ended 30 June 2009	Financial Services Rs. '000	Insurance Broking Rs. '000	Trading Rs. '000	Leisure Rs. '000	Plantation Rs. '000	Power & Energy Rs. '000	Others Rs. '000	Total Rs. '000
Total revenue	3,439,282	32,969	-	-	-	-	20,036	3,492,287
Net interest cost	(1,663,132)	(83)	-	-	-	-	(16)	(1,663,231)
Cost of sales	(716,066)	-	-	-	-	-	(1,316)	(717,382)
Profit before operating expenses	1,060,084	32,886	-	-	-	-	18,704	1,111,674
Operating expenses	(676,407)	(27,958)	-	-	-	-	(38,844)	(743,209)
Results from operating activities	383,677	4,928	-	-	-	-	(20,140)	368,465
Share of profit of associate companies	-	-	-	-	-	-	-	30,458
Profit before taxation	383,677	4,928	-	-	-	-	(20,140)	398,923

  

For the three months ended 30 June 2010	Financial Services Rs. '000	Insurance Broking Rs. '000	Trading Rs. '000	Leisure Rs. '000	Plantation Rs. '000	Power & Energy Rs. '000	Others Rs. '000	Total Rs. '000
Capital expenditure	242,121	-	92	-	110,330	-	315	352,858
Depreciation and amortisation of property, plant & equipment	175,002	-	1,173	210	420	3,648	12,863	193,316
Provision for doubtful debts & bad debts written off	9,787	-	1,000	-	22,891	-	938	34,616
Total assets (as at 30.06.2010)	56,786,908	131,850	8,955,289	4,774,053	7,976,175	328,442	2,581,912	81,534,629
Total liabilities (as at 30.06.2010)	53,141,799	51,591	2,442,200	715,154	2,416,109	69,974	980,010	59,816,837

  

For the three months ended 30 June 2009	Financial Services Rs. '000	Insurance Broking Rs. '000	Trading Rs. '000	Leisure Rs. '000	Plantation Rs. '000	Power & Energy 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
Total assets (as at 30.06.2009)	51,029,936	174,009	-	-	-	-	1,145,078	52,349,023
Total liabilities (as at 30.06.2009)	45,305,650	128,006	-	-	-	-	310,906	45,744,562

**STATEMENTS OF CHANGES IN EQUITY**
**Lanka ORIX LEASING Company PLC**
**Attributable to Equity Holders of the Company**

For the three months ended 30 June 2010 Group	Stated Capital	Capital Reserves	Revenue Reserves	Minority Interest	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31.03.09	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)
Balance as at 30.06.09	475,200	554,412	5,301,812	273,037	6,604,461
Profit for the period	-	-	1,521,855	350,567	1,872,422
Revaluations	-	50,476	-	227,171	277,647
Acquisition of subsidiaries and associates	-	-	-	10,700,874	10,700,874
Transfers during the period	-	160,970	(160,970)	2,277	2,277
Balance as at 31.03.10	475,200	765,858	6,662,697	11,553,926	19,457,681
Profit for the period	-	-	726,199	129,576	855,775
Acquisition of subsidiaries and associates	-	-	19,659	1,384,676	1,404,335
Transfers during the period	-	58,134	(58,134)	-	-
<b>Balance as at 30.06.10</b>	<b>475,200</b>	<b>823,992</b>	<b>7,350,421</b>	<b>13,068,178</b>	<b>21,717,791</b>

**Attributable to Equity Holders of the Company**

For the three months ended 30 June 2010 Company	Stated Capital	Capital Reserves	Revenue Reserves	Minority Interest	Total
	Rs '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31.03.09	475,200	529,406	4,097,108	-	5,101,714
Profit for the period	-	-	152,305	-	152,305
Balance as at 30.06.09	475,200	529,406	4,249,413	-	5,254,019
Profit for the period	-	-	174,635	-	174,635
Transfers during the period	-	22,886	(22,886)	-	-
Balance as at 31.03.10	475,200	552,292	4,401,162	-	5,428,654
Profit for the period	-	-	584,707	-	584,707
<b>Balance as at 30.06.10</b>	<b>475,200</b>	<b>552,292</b>	<b>4,985,869</b>	<b>-</b>	<b>6,013,361</b>

Market prices of shares recorded during the quarter ended	30-Jun-10	30-Jun-09
-Highest price (Rs.)	300.25	121.75
-Lowest price (Rs.)	175.00	70.00
-Last traded price (Rs.)	286.25	105.00

Lanka ORIX LEASING Company PLC,100/1,Sri Jayewardenepura Mawatha,Rajagiriya,Sri Lanka

**Lanka ORIX LEASING Company PLC**

**DIRECTORS' SHAREHOLDINGS AS AT 30TH JUNE 2010**

Directors 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. R. A. Fernando	1,500	0.003
Mrs. K. U. Amarasinghe	5,243,200	11.03
Mr. R. M. Nanayakkara	14,664,824	30.86
Mr. R. N. Asirwatham	500	0.001
Mr. W. D. K. Jayawardena <i>Managing Director / Group CEO</i>	-	-
Mr. M. Inoue	-	-
Mr. H. Ichida	-	-

**TOP 20 SHAREHOLDERS AS AT 30TH JUNE 2010**

	Shareholder	No. of Shares	% of Issued Capital
1	ORIX Corporation	14,256,000	30.00
2	R.M. Nanayakkara	14,143,322	29.76
3	Mr. I.C. Nanayakkara	5,989,550	12.60
4	Mrs. K.U. Amarasinghe	5,243,200	11.03
5	Perpetual Asset Management (Pvt) Limited	1,290,500	2.72
6	Sri Lanka Insurance Corporation - Life Fund	1,242,016	2.61
7	Mrs. I. Nanayakkara	521,502	1.10
8	Mr G G Ponnambalam	208,992	0.44
9	HSBC - Mr. C.P. de Silva	200,000	0.42
10	HSBC - Mr. R.C. de Silva	200,000	0.42
11	National Savings Bank	195,000	0.41
12	DPMC Financial Services (Pvt) Ltd. (A/C No. 01)	166,200	0.35
13	Mr M Radhakrishnan	150,000	0.32
14	Swastika Mills Ltd.	140,000	0.29
15	J B Cocosell (Pvt) Ltd	120,900	0.25
16	HSBC - Mr. C.L. de Silva	100,000	0.21
17	Mrs S N Fernando	81,844	0.17
18	Mrs.F.A.J.A.Cader	75,900	0.16
19	Mr S. Nadesan	66,000	0.14
20	Suchar(Private) Limited	55,704	0.12
		<b>44,446,630</b>	<b>93.52</b>

The Public Shareholding as at 30th June 2010 was 15.51%