



Prospectus

Evolving opportunities for growth



Prospectus

**Issue of fifty million (50,000,000) rated,
senior, unsecured, redeemable debentures at
a face value of LKR 100/- each**

To be listed on the Colombo Stock Exchange

Rated 'A -' by ICRA Lanka Limited

Issue opens on 18 November 2014

**Managers
to the Issue**



PROSPECTUS

This Prospectus is dated 28 October 2014.

This Prospectus has been prepared by First Capital Limited from the information provided by Lanka ORIX Leasing Company PLC (hereinafter sometimes referred to as 'LOLC' or 'the Company'). The Directors of the Company, collectively and individually, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

While LOLC has taken reasonable care to ensure full and fair disclosure, it does not assume any responsibility for any investment decisions made by the investors based on information contained herein. In making an investment decision, prospective investors must rely on their own examination and assessments of the Company including the risks involved.

No person is authorized to give any information or make any representation in connection with the Debentures other than the information and representations contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

The reporting Accountants and Auditors of LOLC, the Managers to the Issue, Registrars to the Issue, Trustees, Lawyers to the Issue and the Rating Agency have given their written consent for the inclusion of their names and their reports/statements in the Prospectus.

Registration of the Prospectus

A copy of this Prospectus has been registered with the Registrar General of Companies in Sri Lanka in accordance with the Companies Act No. 07 of 2007 (The "Companies Act").

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of LOLC since the date of Prospectus. If you are in any doubt regarding the contents of this document or if you require any clarification or advice you may consult your Stockbroker, Bank Manager, Lawyer or any other Professional Advisor in this regard.

The Colombo Stock Exchange (CSE) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for accuracy of the statements made, opinions expressed or reports included in this Prospectus. The interest rate, redemption and other terms and conditions of the Debentures issued herein have been decided by the Company.

All Applicants should indicate in the application for Debentures, their CDS Account Number.

As per Rule 3.3.13 of the CSE Listing Rules, all Debentures allotted shall be directly uploaded to the CDS.

Applicants who do not have a CDS Account are advised to open a CDS account prior to making the application, in order to facilitate the uploading of allotted Debentures to the CDS.

PLEASE NOTE THAT UPON THE ALLOTMENT OF DEBENTURES UNDER THIS ISSUE THE ALLOTTED DEBENTURES WOULD BE CREDITED TO THE APPLICANT'S CDS ACCOUNT SO INDICATED.

PLEASE NOTE THAT DEBENTURE CERTIFICATES SHALL NOT BE ISSUED.

APPLICATIONS WHICH DO NOT CARRY THE CDS ACCOUNT NUMBER, WHICH IS NOT OPENED AT THE TIME OF THE CLOSURE OF THE SUBSCRIPTION LIST OR WHICH INDICATE AN INCORRECT/ INACCURATE CDS ACCOUNT NUMBER SHALL BE REJECTED, AND NO ALLOTMENT WILL BE MADE.

You can open a CDS Account through any Member/Trading Member of the CSE as set out in Annexure II or any Custodian Banks set out in Annexure III of this Prospectus.

CORPORATE INFORMATION

Issuer	Lanka ORIX Leasing Company PLC
Place of Incorporation	Colombo, Sri Lanka
Legal Form	Lanka ORIX Leasing Company PLC was incorporated in 1980 under the provisions of the Companies Ordinance No. 51 of 1938 and re-registered under the Companies Act No. 7 of 2007 on 15 October 2007. In 1982 the company was listed on the Colombo Stock Exchange
Company Registration Number	PQ 70
Credit Rating	A- by ICRA Ratings Lanka Limited
Head Office and Registered Office	Lanka ORIX Leasing Company PLC No. 100/1 Sri Jayawardenepura Mawatha, Rajagiriya Tel: +94 115 880 880 Fax: +94 112 865 606 Email: lolc@lankaorix.com Web: www.lolc.com
Secretaries to the Company	L O L C Corporate Services (Pvt) Ltd No. 100/1 Sri Jayawardenepura Mawatha, Rajagiriya Tel: +94 115 880848 Fax: +94 112865602
Auditors/Reporting Accountants to the Company	M/s. Ernst & Young Chartered Accountants No. 201, De Saram Place Colombo 10 Tel: +94 112 463 500 Fax: +94 112 697 369
Board of Directors	Mrs. Rohini Lettitia Nanayakkara (Chairperson) Mr. Ishara Chinthaka Nanayakkara (Deputy Chairman) Mr. Waduthanthri Dharshan Kapila Jayawardena (Managing Director) Mrs. Kalsha Upeka Amarasinghe Mr. Minuwanpitiyage Dharmasiri Dayananda Pieris Mr. Ravindra Ajith Fernando Mr. Rajah Mahinda Nanayakkara Mr. Harukazu Yamaguchi Mr. Hiroshi Nishio Mr. Shinji Yamana (Alternative Director) Mrs. Kyoko Mori (Alternative Director)

RELEVANT PARTIES TO THE OFFERING

Managers to the Issue	
<p>First Capital Limited No. 02, Deal Place Colombo 03 Tel: +94 112 639 845/94 Fax: +94 112 639 819</p>	
Bankers to the Issue	Trustees to the Issue
<p>Seylan Bank PLC Millennium Branch Commercial House No. 90, Galle Road, Colombo 03 Tel : +94 112 456 103 Fax: +94 112 452 501</p>	<p>Deutsche Bank AG, Colombo Trustee & Securities Services No 86, Galle Road, Colombo 03 Tel: : +94 112 447 062 Fax : +94 112 447 067</p>
Lawyers to the Issue	Registrars to the Issue
<p>M/s. Nithya Partners Attorneys –at-Law No. 97A, Galle Road Colombo 03 Tel: : +94 114 712 625 Fax: : +94 112 328 817</p>	<p>S S P Corporate Services (Pvt.) Limited 101, Inner Flower Road, Colombo 03. Tel : +94112 573 894 Fax : +94112 573 609</p>

SALIENT FEATURES AT A GLANCE

Issuer	Lanka ORIX Leasing Company PLC
Instrument	Rated, Senior, Unsecured, Redeemable Debentures
Instrument Type	Rated, Senior, Unsecured, Redeemable, Five (05) year (2014/2019) Debentures carrying fixed interest payable quarterly, until the expiry from the date of allotment. These Debentures will be listed on the Colombo Stock Exchange by way of a Public Offering
Number of Debentures to be Issued	Fifty Million (50,000,000)
Face Value	LKR 100/- per each Debenture
Issue Price	LKR 100/- per each Debenture
Total Value of The Issue	Sri Lanka Rupees Five Billion (LKR 5,000,000,000/-)
Tenure of Debentures	Five (05) Years
Issuer Rating	A- by ICRA Lanka Limited
Instrument Rating	A- by ICRA Lanka Limited
Listing	The Debentures will be listed on the Colombo Stock Exchange
Opening Date	18 November 2014
Closing Date	08 December 2014
Interest Rate Option	Fixed interest rate of 9.00%p.a. payable quarterly (AER – 9.31%)
Minimum Subscription	The minimum subscription per application is LKR 10,000/- (i.e. One Hundred (100) Debentures). Applications exceeding the minimum subscription should be in multiples of LKR 10,000/- (i.e. in multiples of One Hundred (100) Debentures)
Redemption/Maturity Date	On completion of Five (05) years from allotment date or on such earlier date on which the Debentures are redeemed or become payable in terms of the Trust Deed, Clause 10
Interest Payment Dates	The interest payments shall be made on 31 March, 30 June, 30 September and 31 December each year from the date of allotment until redemption / maturity. Interest payments will be made within three (03) market days from the due date of interest In the event of the Final Interest, the Final Interest payment will be paid together with the Principal Sum within three (03) Market Days from the date of redemption/maturity
Final Interest payment Date	The Final Interest payment will be paid together with the Principal Sum within three (03) Market Days from the date of redemption/maturity
Mode of Payment	Interest and Capital sum will be paid to Debenture holders by crossed cheques Marked "Account Payee Only" or through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as SLIPS and RTGS
Basis of Allotment	In the event of over subscription, the basis of allotment will be decided by the Board of Directors of the Company within Seven (07) Market days from the Closing date

ABBREVIATIONS USED IN THE PROSPECTUS

AER	-	Annual Effective Rate
ATS	-	Automated Trading System of the Colombo Stock Exchange
AWPLR	-	Average Weighted Prime Lending Rate
Bn	-	Billion
CBSL	-	Central Bank of Sri Lanka
CDS	-	Central Depository Systems (Private) Limited
CSE	-	Colombo Stock Exchange
FYE	-	Financial Year Ended
Issuer	-	Issuer of Debentures/ Lanka ORIX Leasing Company PLC
LKR	-	Sri Lankan Rupees
Mn	-	Million
NIC	-	National Identity Card
POA	-	Power of Attorney
QE	-	Quarter Ended
RTGS	-	Real Time Gross Settlement
SEC	-	Securities & Exchange Commission of Sri Lanka
SIA	-	Securities Investment Account
SLIPS	-	Sri Lanka Inter-Bank Payment System

DEFINITIONS FOR THE TERMS USED IN THE PROSPECTUS

Annual	A period of twelve (12) months
Applicant	Any person who submits an Application Form under this Prospectus
Application Form/ Application	The application form that constitutes part of this Prospectus through which an Applicant may apply for the Debentures in Issue
Articles of Association	Articles of Association of Lanka ORIX Leasing Company PLC
AWPLR	Average Weighted Prime Lending Rate. A rate which is calculated weekly by CBSL, based on Lending Rates offered by Commercial Banks to their prime customers during the week
Date of Allotment	The date on which all the Debentures will be allotted by the Company to Applicants subscribing thereto
Closing Date	The date on which the issue will be closed, which shall be either 08 December 2014 or such earlier date on which the 50,000,000 debentures are fully subscribed
Date of Redemption/ Maturity	The date on which the principal monies are repayable on Debentures referred to in this Prospectus
Debentures	All of the Rated, Senior, Unsecured, Redeemable Debentures issued pursuant to this Prospectus
Debenture Holder(s)	Any person who is for the time being the holder of the Debentures and includes his/her respective successors in title
Directors or Board	Directors of Lanka ORIX Leasing Company PLC from time to time constituted
Entitlement Date	The Market day immediately preceding the Interest Payment Date
Face Value	LKR 100/- per each Debenture
First Interest Payment Period	The period commencing from the date of Allotment and ending on 31 December 2014 (inclusive of the aforementioned commencement date and end date)
Interest Period	For the said Debentures being issued, Interest period means the Three (3) month period from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date)
Interest Payment Dates	For the Debentures being issued, interest payment date will be 31 March, 30 June, 30 September and 31 December of each year from the date of allotment up to the date of redemption/maturity In the event of the Final Interest, the Final Interest payment will be paid together with the Principal Sum within three (03) Market Days from the date of redemption/maturity
Issue	The offer of Debentures pursuant to this Prospectus
Issue Price	LKR 100/- per each Debenture
Final Interest Payment Period	The period commencing from 01 October 2019 and ending on the date immediately preceding the date of redemption/maturity
Market Day	A day on which trading takes place on the Colombo Stock Exchange
Non-Resident(s)	Foreign institutional investors, corporate bodies incorporated outside Sri Lanka, individuals resident outside Sri Lanka and Sri Lankans resident outside Sri Lanka

DEFINITIONS FOR THE TERMS USED IN THE PROSPECTUS

Principal Sum	The product of the Face Value and the number of Debentures allotted
Prospectus	This prospectus dated 28 October 2014 issued by Lanka ORIX Leasing Company PLC
Senior Debt	In relation to the Debentures means that the claims of the Debenture holders shall in the event of winding up of the Company rank in priority to the subordinated creditors of the Company but after the secured creditors of the Company and the preferential claims under Section 365 of the Companies Act No. 07 of 2007 and also in priority to and over the claims and rights of the shareholders of the Company
Trustee	Deutsche Bank AG, Colombo
Trust Deed	Trust Deed between Lanka ORIX Leasing Company PLC and Deutsche Bank AG, Colombo
Unsecured	Repayment of the Principal Sum and payment of interest on the Debentures are not secured by a charge on any assets of LOLC

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1.0 PRINCIPAL FEATURES OF THE ISSUE

1.1 INVITATION TO SUBSCRIBE

Pursuant to the Resolutions passed by the Board of Directors of Lanka ORIX Leasing Company PLC (hereinafter called The Company or LOLC) on 02 June 2014, 30 June 2014, 12 August 2014, 27 August 2014 and 23 October 2014 it was resolved to borrow from the public up to a maximum of Rupees Five Billion (LKR 5,000,000,000/-) by the issue of Rated, Senior, Unsecured, Redeemable Five (05) year (2014/2019) Debentures at a par value of LKR 100/- each payable in full as outlined in this Prospectus. These Debentures will be listed on the Colombo Stock Exchange by way of a public offering.

This Prospectus invites the public to make applications for the purchase of the Debentures, which offer a Fixed interest rate of 9.00% p.a. payable quarterly until the expiry of five (05) years from the date of allotment on the principal sum of the Debentures.

1.2 SUBSCRIPTION LIST

The subscription list for the Rated, Senior, Unsecured, Redeemable Five year (2014/2019) Debentures pursuant to this Prospectus will open at 9.00 a.m. on 18 November 2014 and shall remain open for fourteen (14) market days until closure at 4.30 p.m. on 08 December 2014.

In the event of an over subscription of the Fifty Million (50,000,000) Debentures, the subscription list will close at 4.30 p.m. on the same day on which it is fully subscribed for, with the notification to CSE.

Applications can be made forthwith in the manner set out in **Section 2.0** and duly completed Application Forms will be accepted at any one of the collection points set out in Annexure II of this Prospectus.

1.3 OBJECTIVES OF THE ISSUE

The proceeds of the issue will be utilized to retire short term debt (borrowed at an average of 10%). The short term debt selected are short term loans and commercial paper, due to the high cost of servicing same.

1.4 INTEREST

The Debentures offer a fixed interest rate of 9.00% p.a. payable quarterly from the date of allotment until the expiry of five (05) years on the principal sum of the Debentures (AER-9.31%).

Interest on the Debentures accruing on a daily basis will be paid quarterly each year on 31 March, 30 June, 30 September and 31 December from the Date of Allotment until the date of redemption/maturity on the outstanding Principal Sum. For the above said Debentures, the interest will be payable quarterly within three (03) market days from the end of every Three (03) months. In the event of the Final Interest, the Final Interest payment will be paid together with the Principal Sum within three (03) Market Days from the date of redemption/maturity. The first interest payment will be made on 31 December 2014, being the interest due on account for the period commencing from the date of allotment until the 31 December 2014 (Inclusive of the aforementioned commencement date and end date).

The interest due on the Debentures for a particular Interest Period will be calculated based on the actual number of days in such Interest Period and will be paid not later than Three (03) Market Days from each Interest Payment Date.

The interest for the Final Interest Period will be calculated based on the actual number of days in the Final Interest Period. The Final Interest payment will be paid together with the Principal Sum within three (03) Market Days from the date of redemption/maturity.

1.0 PRINCIPAL FEATURES OF THE ISSUE

For avoidance of doubt, the date of redemption/maturity will not be included or taken into account for purposes of calculating the interest due on the Debentures for the Final Interest Period.

In order to accommodate the Debenture interest cycles in the Automated Trading System of the CSE, the payment of interest for a particular Interest Payment Date will not include Debenture Holders holding Debentures in the CDS as at the last day of the payment cycle but one day prior to the Interest Payment Date (Entitlement Date). If the entitlement date is a holiday, interest shall be calculated including the entitlement date. Payment of the interest on the Debentures will be made after deducting any taxes and charges thereon (if any) in Sri Lanka Rupees as per the applicable law prevailing at the time of interest payment to the Debenture Holders.

As per Section 9 (o) of the Inland Revenue (Amendment) Act No. 18 of 2013, the interest income from any investment made on or after the January 1, 2013 in corporate debt securities (i.e. Debentures), quoted in any stock exchange licensed by the SEC is exempt from income tax. Furthermore, in terms of Section 13 of the same Act, the profits and income earned from any such investment have also been exempted from income tax.

1.5 REDEMPTION

The Company shall redeem the said Rated, Senior, Unsecured, Redeemable Debentures on the expiry of five (05) years respectively from the dates of allotment in accordance with the provisions contained in the Trust Deed.

The Debenture holders shall not have any right or option to call for redemption of the Debentures before the date of redemption/maturity of such Debentures, except in the circumstances where the Debentures have become immediately payable on the dates mentioned in the Trust Deed, Clause 10. Part redemption of the Debentures will not be possible in accordance with the Trust Deed, Clause 13.

On the date of redemption/maturity of the Debentures, the Company shall in accordance with the provisions contained in the Trust Deed pay to the Debenture holders the principal sum of the Debentures which ought to be redeemed and interest (if any) remaining unpaid up to the date immediately preceding the date of redemption/maturity of the Debentures.

If the Date of Redemption falls on a day which is not a Market Day, then the Date of Redemption shall be the immediately succeeding Market Day and interest shall be paid up to the date immediately preceding such Market Day (including holidays).

1.6 PAYMENT OF PRINCIPAL AND INTEREST

The Company will redeem the Debentures on the respective date of redemption/maturity as specified in Section 1.5 and the interest payments will be made as specified in Section 1.4. The payment of Principal Sum and interest will be made either by crossed cheque marked "Account Payee Only" dispatched by registered post to the addresses provided by the Debenture Holders to the CDS at the risk of the Debenture Holders or through electronic fund transfer mechanism recognized by the banking system of Sri Lanka to a bank account provided to the CDS by the Applicant, such as SLIPS and RTGS.

However, in the event the payment is over the maximum amount accommodated through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka or if the Debenture Holder has not provided to the CDS accurate and correct details of his/her bank account for the payment of Principal Sum and interest, such payment to the Debenture Holder will be made by way of a cheque and sent by post at the risk of the Debenture Holder.

The payment of interest will be made in Sri Lanka Rupees in favour of the Debenture Holders as at the Entitlement Date (in the case of joint Debenture Holders to the one whose name stands first in the register of Debenture Holders). The payment of Principal Sum and unpaid and accrued interest payable on the Redemption of Debentures will be made in Sri Lanka Rupees in favour of the Debenture Holders as at end of trading on the Market Day immediately preceding the date of redemption/maturity (in the case of joint Debenture Holders to the one whose name stands first in the register of Debenture Holders).

1.7 TRUSTEES TO THE ISSUE

Deutsche Bank AG, Colombo branch has agreed to act as the trustee to the Debenture Holders. The Company has entered into an agreement with the trustee (hereinafter called the "Trust Deed"). Debenture Holders in their Application Forms for subscription will be required to authorize the trustee to act as their agent in entering into such deeds, writings, and instruments with the Company and to act as the agent and trustee for the Debenture Holders.

The rights and obligations of the trustee are set out in the Trust Deed and the Debentures will be subject to the terms and conditions incorporated in the said Trust Deed. The fee payable to the trustee will be LKR 300,000.00 per annum payable in monthly installments of LKR 25,000. There is no conflict of interest arising between the Trustee or its Directors and the Entity.

1.8 BENEFITS OF INVESTING IN DEBENTURES

- Provides an opportunity to diversify the investment portfolio of the investor.
- Provides an opportunity to earn a regular cash flow of interest payments on a periodic basis, up to a fixed period of five (05) years.
- As per Section 9 (o) of the Inland Revenue (Amendment) Act No. 18 of 2013, the interest income from any investment made on or after the January 1, 2013 in corporate debt securities (i.e. Debentures), quoted in any stock exchange licensed by the SEC is exempt from income tax. Furthermore, in terms of Section 13 of the same Act, the profits and income earned from any such investment have also been exempted from income tax.
- Opportunity to realize capital gains according to interest rate fluctuations in the financial market. Further if the investment is held to maturity, there will be no capital loss incurred.
- Listed Debentures provide the investor with an exit option through the CSE thereby bringing liquidity to these Debentures.
- These Debentures could be used as collateral to obtain both corporate and personal facilities from financial institutions, subject to the policies of those institutions.

1.9 RIGHTS AND OBLIGATIONS OF DEBENTURE HOLDERS

a) Debenture holders are entitled to the following rights:

- Receiving principal money at maturity and interest at the rate specified in Section 1.4 and Section 1.5 of this Prospectus.
- In accordance with the Listing Rules of the CSE, receiving audited financial statements of the company within a period not exceeding five months from the close of each financial year.
- Ranking equal and pari passu with unsecured creditors in the event of liquidation and above the preference shareholders and ordinary shareholders.
- Call, receive notice and attend and vote at meetings of Debenture holders as stated in the Trust Deed.

b) Debenture holders are not entitled to the following:

- Attending and voting at meetings of holders of shares and other debentures.
- Sharing in the profits of the company.
- Participating in any surplus in the event of liquidation.

c) Each Debenture Holder must ensure that the information in respect of the securities account maintained with the CDS is up to date and accurate. Each Debenture Holder shall absolve the Company from any responsibility or liability in respect of any error or inaccuracy or absence of necessary changes in the information recorded with the CDS. Provided further that the Debenture Holder(s) shall absolve the CSE and the CDS from any responsibility or liability in respect of any error or inaccuracy or absence of necessary changes in the information recorded with the CDS where such errors or inaccuracies or absence of changes are attributable to any act or omission of the Debenture Holder(s).

1.10 RISK FACTORS ASSOCIATED WITH DEBENTURES

Subscribers to Debentures will be exposed to the following risks. However, it should be noted that these risks are not unique to LOLC Debentures, but are common to any unsecured fixed income security, fixed deposit or any other term, savings or call money deposit.

1.0 PRINCIPAL FEATURES OF THE ISSUE

a) Interest Rate Risk

The price of a typical Debenture will change in the opposite direction to a change in the market interest rate (Ceteris Paribus - all other factors being equal) "Market Interest Rate" means the interest rate expected by the investor for a similar maturity and risk profile investment.

As market interest rates rise, the price of the Debentures may fall: as market interest rates fall the price of Debentures may rise. If an investor sells a Debenture prior to maturity when the market interest rate is higher than the LOLC Debenture interest rate, then the investor may incur a capital loss.

Similarly if an investor sells a Debenture prior to maturity when market interest rate is lower than the LOLC Debenture interest rate then the investor may obtain a capital gain. This uncertainty is known as Interest Rate Risk.

b) Re-investment Risk

Interests on the Debentures are payable quarterly. An investor may decide to reinvest this interest payment and earn interest from that point onwards. Depending on the prevailing interest rates at the point of reinvestment, the interest rates at which Debenture Holders will reinvest such interest received being higher or lower than the return offered by the Debentures is known as reinvestment risk.

c) Default Risk

Default risk, also referred to as credit risk, refers to the risk that the issuer of the Debenture may default, i.e. the issuer will not be able to pay the interest and the principal payment on a timely basis. It is advisable for prospective LOLC Debenture investors to take into account the Company's past earnings performance and asset growth performance, present financial strength as reflected in the Balance Sheet of the Company and the Company's highly experienced and skilled directorate and management when forming an opinion on default risk.

d) Liquidity Risk

Liquidity risk depends on the ease with which the Debenture can be sold, after the initial placement. Since the LOLC Debentures are listed on the CSE, investors will be able to sell the LOLC Debentures through the ATS at any given time and convert them to cash and exit from the investment.

e) Call Risk

Call risk refers to the risk that the issuer will retire all or a part of the principal value of the Debentures before maturity. The risk to investor is in that the timing of the call is not known and the investor will be faced with a re-investment risk in the event the call is made at a time when the market interest rates have declined.

Since these Debentures shall not be redeemed by the Company prior to maturity for any reason whatsoever except due to unforeseen circumstances beyond the control of the Company, this risk is minimized.

f) Inflation Risk

The possibility of decline in the real value of cash flows of a Debenture, due to inflation is referred to as inflation risk. Since the coupon rate of a fixed rate Debenture is not adjusted upwards in line with the inflation, Debentures carry an inflation risk.

1.11 CREDIT RATING

ICRA Lanka Limited (ICRA) has assigned rating of 'A-' to the Company's Rated, Senior, Unsecured, Redeemable Debentures. The rating report issued by ICRA is set out in Annexure I.

1.12 PROSPECTUS

This Prospectus is dated 28 October 2014.

The Debentures are issued solely on the basis of the information contained and representations made in this Prospectus. No dealer, sales person or any other person has been authorized to give any information or to make any representation in connection with the Rated, Senior, Unsecured, Redeemable Debenture Issue other than the information and representations

contained in this Prospectus and if given or made, such information or representations must not be relied upon as having been authorized by LOLC.

1.13 TRANSFER OF DEBENTURES

The Debentures will be transferable and transmittable in the manner set out in the Trust Deed, which is reproduced below.

- (a) The Debentures will be freely transferable and registration of such transfer will not be subject to any restriction, save and except to the extent required for compliance with the applicable law. The Debentures will be transferable through the CDS as long as the Debentures are listed in the CSE.

The Company may register without assuming any liability any transfer of Debentures, which are in accordance with the rules and regulations in force for the time being and from time to time as laid down by SEC, CSE and the CDS.

- (b) In the case of the death of a Debenture Holder;
- the survivor where the deceased was a joint holder; and
 - the executors or administrators of the deceased (or where the estate of the deceased is under the administrable value, the heirs of the deceased) where he was the sole or only surviving holder will be the only persons recognized by the Company as having any title to his Debentures but nothing herein contained will release the estate of the deceased holder (whether sole or joint) from any liability in respect of any Debentures solely or jointly held by him.
- (c) Any person becoming entitled to a Debenture in consequence of bankruptcy or winding up of any Debenture Holder, upon producing proper evidence that he/she sustains the character in respect of which he/she proposes to act or his/her title as the Board of Directors of the Company thinks sufficient may in the discretion of the Board be substituted and accordingly registered as a Debenture Holder in respect of such Debenture subject to the applicable laws, rules and regulations of the Company, CDS, SEC and CSE.

1.14 LISTING

The listing of the Rated, Senior, Unsecured, Redeemable Debentures by way of a Public Offering has been approved in principal by the CSE. The Debentures will be issued at a par value of Rs.100 /- each.

The CSE however, assumes no responsibility for the correctness of the statements made or opinions expressed or reports included in this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of LOLC or of the Debentures issued.

1.15 REGISTRATION

A copy of the prospectus has been delivered to the Registrar General of Companies of Sri Lanka for registration in compliance with the provisions of Section 40 of the Companies Act No 07 of 2007.

The following are the documents attached to the copy of the prospectus delivered for registration.

- The written consent of the Banker's to the Offering
- The written consent of the Lawyers to the Offering
- The written consent of the Trustee to the Offering
- The written consent of the Auditors to the Offering
- The written consent of the Registrars to the Offering
- The written consent of the Rating Agency to the Offering
- The written consent of the Managers to the Offering
- The written consent of the Company Secretary for the inclusion of their name in the Prospectus as Company Secretary to the Company
- A declaration by each of the Directors of the Company confirming that each of them have read the provisions of the Companies Act relating to the issue of the Prospectus and that those provisions have been complied with

1.0 PRINCIPAL FEATURES OF THE ISSUE

In terms of Section 39 of the Companies Act No 07 of 2007, The said Auditors and Reporting Accountants to the Company, Lawyers to the Issue, Trustee to the Issue, Bankers to the Issue, Company Secretary, Managers to the Issue, Rating Agency to the Issue and Registrars to the Issue have not, before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies in Sri Lanka withdrawn such consent.

Registration of the Prospectus in Jurisdictions Outside of Sri Lanka

This Prospectus has not been registered with any authority outside of Sri Lanka. Non-Resident investors may be affected by the laws of the jurisdiction of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making the investment.

1.16 BROKERAGE

Brokerage fee of 25 cents (LKR 0.25) per Debenture shall be paid in respect of the number of Debentures allotted on Applications bearing the original seal of any bank operating in Sri Lanka or a member/trading member of the CSE or Managers to the Issue or any other party identified by the Company and/or Managers to the Issue as involved in the Issue.

1.17 OTHER COSTS OF THE ISSUE

The directors estimate that the total other costs of the issue including the cost of brokerage, printing, Managers and Registrars fees and other costs connected with the issue will not exceed a maximum of LKR. 50 million and will be funded by internal funding of LOLC.

1.18 UNDERWRITING

The Debenture issue is not underwritten. In the event the issue is under subscribed, the subscribers shall be allotted in full. The amount raised shall be utilized to meet the Objectives of the issue, Section 1.3 of this Prospectus.

2.0 PROCEDURE FOR APPLICATION

2.1 INSPECTION OF DOCUMENTS

The Articles of Association, Trust deed, Auditor's Reports and Audited Financial Statements for the five (05) financial years ended 31 March (i.e the five (05) financial years immediately preceding the date of this prospectus) and Interim Financial Statements for the Quarter ended 30 June 2014, Issue Rating Report and all other documents referred to in Rule 3.3.11 (a) of the CSE Listing rules, including material contracts and management agreements entered into by the company if any, would be made available seven (07) Market Days prior to the date of opening of the subscription list, for inspection by the public, during normal working hours at the registered office of the company, No.100/1, Sri Jayawardanepura Mawatha, Rajagiriya, Sri Lanka until the date of maturity of the Debentures.

The Prospectus, Trust Deed and Articles of Association of the Company are available on the website of CSE, www.cse.lk and the website of the Company, www.lolc.com from seven (07) Market Days prior to the date of opening of the subscription list until the Date of Redemption of the Debentures as stipulated in Rule 3.3.11 (b) of the CSE Listing Rules.

Furthermore, copies of the Prospectus and Application Forms are available free of charge from the collection points set out in Annexure II of this Prospectus from seven (07) Market Days prior to the date of opening of the subscription list.

2.2 ELIGIBLE APPLICANTS

Applications are invited for the purchase of Lanka ORIX Leasing Company PLC's Rated, Senior, Unsecured, Redeemable Debentures from the following categories of applicants who maintain a valid CDS account at the time of the closure of the subscription list. As per the directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated 22 November 2010 and Circular No. 13/2010 issued by the CDS dated 30 November 2010, all Debentures are required to be directly deposited in to the CDS. To facilitate compliance with this directive, all Applicants are required to indicate their CDS account number. Applicants who are eligible for the subscription of the above said Debentures are as follows:

- Citizens of Sri Lanka, who are resident in Sri Lanka and above eighteen (18) years of age.
- Corporate bodies and societies registered/incorporated /established in Sri Lanka and authorized to invest in Debentures.
- Approved provident funds and contributory pension schemes registered/incorporated established in Sri Lanka and authorized to invest in Debentures. In the case of approved provident funds and approved contributory pension schemes, the application should be in the name of the Trustee / Board of Management.
- Sri Lankan Statutory bodies and Government Corporations.
- Non Residents: Foreign institutional investors, Corporate bodies, incorporated outside Sri Lanka and individual resident outside Sri Lanka and Sri Lankan residents outside Sri Lanka above eighteen (18) years of age.

Applications will not be accepted from individuals and Sri Lankans residing outside of Sri Lanka who are under the age of 18 years, or in the names of sole proprietorships, partnerships or unincorporated trusts.

The Company will comply with Exchange Control Act and all regulations published there under including those contained in Government Gazette Extraordinary No 1681/11 dated 22 November , 2010 and Government Gazette Extraordinary No 1733/19 dated 22 November 2011 when issue Debentures to Non-Residents.

2.3 HOW TO APPLY

- (a) Applications should be made on the Application Forms, which accompany and constitute a part of this Prospectus (exact size photocopies of Application Forms will also be accepted). Care must be taken to follow the instructions given herein and in the Application Form. Applicants using photocopies are requested to inspect the Prospectus which is available for inspection with the Registrar to the Issue and also issued free of charge by the parties listed in Annexure II of this Prospectus.

The Application Form can also be downloaded from the website of CSE, www.cse.lk, the website of LOLC, www.lolc.com and the website of the Managers to the Issue, www.firstcapital.lk until the Closing Date.

The Prospectus is available and can be downloaded from the website of CSE, www.cse.lk and the website of LOLC, www.lolc.com until the Date of Redemption of the Debentures and from the website of the Managers to the Issue, www.firstcapital.lk until the Closing Date.

2.0 PROCEDURE FOR APPLICATION

Applications which do not strictly conform to instructions and other conditions set out herein or which are incomplete or illegible may be rejected.

- (b) Applications should be made for a minimum of One Hundred (100) Debentures (LKR 10, 000/-) each and in multiples of One Hundred (100) Debentures (LKR 10,000/-) thereafter. Applications for less than One Hundred (100) Debentures will be rejected.
- (c) If the ownership of the Debentures is desired in the name of one Applicant, full details should be given only under the heading SOLE/FIRST APPLICANT in the Application Form. In the case of joint Applicants, the signatures and particulars in respect of all Applicants must be given under the relevant headings in the Application Form.
- (d) An Applicant of a joint Application will not be eligible to apply through a separate Application Form either individually or jointly. Such Applicants are also deemed to have made multiple Applications and will be rejected.

In the case of joint Applications, the refunds (if any), interest payments and the Redemption will be remitted in favour of the first Applicant as identified in the Application Form. The Company shall not be bound to register more than three (03) natural persons as joint holders of any Debentures (except in the case of executors, administrators or heirs of a deceased member).

Applicants should note that all parties should either be residents of Sri Lanka or Non-Residents.

- (e) Applications by Companies, Corporate bodies, Societies, approved provident funds, trust funds and approved contributory pension schemes registered/incorporated/established in Sri Lanka should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and should be made under their common seal or in any other manner as provided by their articles of association or such other constitutional documents of such Applicant or as per the statutes governing them. In the case of approved provident funds, trust funds and approved contributory pension schemes, the Applications should be in the name of the Trustee/board of management.
- (f) All Applicants should indicate in the Application for Debentures, their CDS account number. In the event the name, address or NIC number/passport number/company number of the Applicant mentioned in the Application Form differ from the name, address or NIC number/passport number/company number as per the CDS records, the name, address or NIC number/passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such Applicant.

Therefore, Applicants are advised to ensure that the name, address or NIC number/passport number/company number mentioned in the Application Form tally with the name, address or NIC number/passport number/company number given in the CDS account as mentioned in the Application Form. Application Forms stating third party CDS accounts, instead of Applicants' own CDS account numbers, except in the case of margin trading, will be rejected.

- (g) Applicants who wish to apply through their margin trading accounts should submit the Application Form in the name of the "Margin Provider/Applicant's name" signed by the margin provider, requesting a direct deposit of the Debentures to the Applicant's margin trading account in CDS. The margin provider should indicate the relevant CDS account number relating to the margin trading account in the Application Form. A photocopy of the margin trading agreement must be submitted along with the Application.

Margin providers can apply under their own name and such Applications will not be construed as multiple Applications.

- (h) Application Forms may be signed by a third party on behalf of the Applicant(s), provided that such person holds the Power of Attorney (POA) of the Applicant(s). A copy of such POA certified by a Notary Public as "True Copy" should be attached with the Application Form. Original of the POA should not be attached.

- (i) Remittance of Funds for the investments in Debentures and the payment for Debentures by Non-Residents should be made only out of funds received as inward remittances or available to the credit of "Securities Investment Account" (SIA) of the Non-Residents opened and maintained in a licensed commercial bank in Sri Lanka in accordance with directions given by the Controller of Exchange in that regard to licensed commercial banks as per the Government Gazette Extraordinary No1681/11 dated 22 November, 2010.

An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the Applicant maintains the SIA, should be attached to the Application Form to the effect that such payment through cheques/bank draft/bank guarantee/RTGS has been made out of the funds available in the SIA.

- (j) Non-Residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and may be affected by the laws of the jurisdiction of their residence.

If the Non-Resident Applicants wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

Application Forms properly filled in accordance with the instructions thereof together with the remittance for the full amount payable on Application should be enclosed in an envelope marked "LOLC DEBENTURE ISSUE 2014" on the top left hand corner in capital letters and dispatched by post or courier or delivered by hand to the Registrars to the Issue or collection points mentioned in Annexure II.

Applications sent by post or courier or delivered to any collection point set out in Annexure II should reach the office of the Registrars to the Issue, M/S S S P Corporate Services (Private) Limited 101, Inner Flower Road, Colombo 03, at least by 4.30 p.m. on the following Market day immediately upon the Closing Date.

Applications received after the said period will be rejected even though they have been delivered to any of the said collection points prior to the Closing Date or carry a postmark dated prior to the Closing Date. Applications delivered by hand to the Registrars to the Issue after the Closing Date of the Issue will also be rejected.

2.4 MODE OF PAYMENT

- (a) Payment in full for the total value of Debentures applied for should be made separately in respect of each Application either by cheque/bank draft/bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka, as the case may be, subject to (b) below.
- (b) Payments for Applications for values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) should be supported by either
- Multiple bank draft/cheque drawn upon any licensed commercial bank operating in Sri Lanka, each of which should be for a value less than LKR 100,000,000/-; or
 - RTGS transfer with value on the date of opening the Issue.
 - Bank guarantee issued by a licensed commercial bank
- (c) Multiple cheques or RTGS transfers will not be accepted for Application value below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-).

2.0 PROCEDURE FOR APPLICATION

- (d) Cheques or bank drafts should be made payable to "LOLC DEBENTURE ISSUE 2014" and crossed "Account Payee Only", and must be honoured on the first presentation.

In case of bank guarantees, such bank guarantees should be issued by any licensed commercial bank in Sri Lanka in favour of "LOLC DEBENTURE ISSUE 2014" in a manner acceptable to the Company, and be valid for a minimum of one (01) month from the Issue opening Date (i.e. 18 November 2014) Applicants are advised to ensure that sufficient funds are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue. It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

- (e) In case of RTGS transfers (only for Application values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), such transfers should be made to the credit of "LOLC DEBENTURE ISSUE 2014" bearing the account number 0864 33479774 001 at Seylan Bank PLC, Millennium Branch with value on the Issue opening date (i.e. the funds to be made available to the above account on the Issue opening date).
- (f) The Applicant should obtain a confirmation from the Applicant's bank, to the effect that arrangements have been made to transfer payment in full for the total value of Debentures applied for to the credit of "LOLC DEBENTURE ISSUE 2014" bearing the account number 0864 33479774 001 at Seylan Bank PLC, Millennium Branch with value on the date of opening the Issue (i.e. the funds to be made available to the above account on the Issue opening date) and should be attached with the Application Form.

For RTGS/fund transfers above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), the Applicants are entitled to an interest at the rate of 4% per annum from the date of such transfers up to the Date of Allotment. However, no interest will be paid if the RTGS transfers are not realised before the end of the Closing Date. Furthermore, even if such RTGS transfers are effected prior to the Issue opening date, no interest will be paid for the period prior to the Issue opening date.

- (g) Cash will not be accepted.
- (h) Payment for the Debentures by Non-Residents should be made through "Securities Investment Account" (SIA) maintained with any licensed commercial bank in Sri Lanka in accordance with directions given by the Controller of Exchange in that regard to commercial banks.
- (i) The amount payable should be calculated by multiplying the number of Debentures applied for by the Issue price of (LKR 100/-). If there is a discrepancy in the amount payable and the amount specified in the cheque/ bank draft / bank guarantee or in the RTGS transfer, the Application will be rejected.
- (j) In the event that cheques are not realised prior to the date of deciding the basis of allotment, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid.
- (k) All cheques/bank drafts received in respect of the Applications for Debentures will be banked commencing from the Market day immediately following the Closing Date.

2.5 REJECTION OF APPLICATION

Application Forms and the accompanying cheque/ bank draft / bank guarantee or RTGS transfers, which are illegible or incomplete in any way and/or not in accordance with the terms, conditions and instructions, set out in this Prospectus and in the Application Form will be rejected at the sole discretion of LOLC. Applications from individuals and Sri Lankans residing outside of Sri Lanka who are under the age of 18 years or in the names of sole proprietorships, partnerships, unincorporated trusts will also be rejected.

Any Application Form, which does not state a valid CDS account number, will be rejected by the Company. If two or more Application Forms are submitted for the Debentures from a single Applicant, those would be considered as multiple Applications and the Company reserves the right to reject such multiple Applications or suspected multiple Applications.

Any Application Form with more than three (03) natural persons as joint Applicants for the Debentures will be rejected. Applications delivered by hand to the Registrars to the Issue after the subscription list is closed will be rejected. Applications received by post or courier after 4.30 p.m. on the Market day immediately following the Closing Date, will also be rejected even if they carry a post mark dated prior to the Closing Date.

Applications delivered to any place mentioned in Annexure II should also reach the office of the Registrars to the Issue at least by 4.30 p.m. on the Market day immediately following the Closing Date. Applications received after the said duration will be rejected even though they have been delivered to any of the said collection points prior to the Closing Date.

In the event that cheques are not realised prior to the date of deciding the basis of allotment and realised after such date, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid. In the event cheques are dishonoured/returned on first presentation, such Applications will be rejected.

2.6 BANKING OF PAYMENTS

All cheques/ bank drafts / bank guarantees received in respect of Applications will not be banked or called on until the Market day immediately after the Closing Date, in terms of the CSE Listing Rules.

2.7 BASIS OF ALLOTMENT OF DEBENTURES

In the event of an oversubscription, the Board of Directors of the Company will endeavour to decide and announce to the CSE the basis of allotments within seven (07) Market Days from the Closing Date. Further, the Board reserves the right to allocate up to 70% of the issue value on a preferential basis, to investor/s of strategic importance with whom they might partner with in future endeavors. The Board of Directors of LOLC reserves the right to refuse any application or to accept any application in part only, without assigning any reason thereto. Successful applicants will be notified on their allotment within Ten (10) Market days from the Closing Date of the issue.

2.8 ACCEPTANCE AND REFUNDS

Monies will be refunded where;

- an Application is rejected for reasons given in Section 2.5 or otherwise; or
- the Application is accepted only in part.

If the Applicant has provided accurate and complete details of his bank account in the Application, the Bankers to the Issue will make refund payments up to and inclusive of Sri Lanka Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the Applicant, through SLIPS and a payment advice will be sent.

In the event of refunds over Rupees Five Million (LKR 5,000,000/-) or if the Applicant has not provided accurate and correct details of his bank account in the Application or if the Applicant has not provided details of the bank account in the Application Form, the Company will make such refund payment to the Applicant by way of a cheque and sent by post at the risk of the Applicant.

In the case of joint Application, the cheques will be drawn in favour of the Applicant's name appearing first in the Application Form. Applicants can obtain details on bank and branch codes required for providing instructions on SLIPS transfers at the following website;

http://www.lankaclear.com/products_and_services/sl_interbank_payment_system_guideline.php

2.0 PROCEDURE FOR APPLICATION

Refunds on Applications rejected or partly allotted Debentures would be made within ten (10) Market Days excluding the Closing Date. Applicants would be entitled to receive interest at the rate of last quoted Average Weighted Prime Lending Rate (AWPLR) published immediately preceding week by the Central Bank of Sri Lanka or any other authority (in the event that the Central Bank of Sri Lanka ceases to publish the AWPLR) plus five per centum (5.00%) for the delayed period on any refunds not made within this period.

2.9 DIRECT LODGEMENT WITH THE CDS AND TRADING OF DEBENTURES

Debentures allotted will be directly deposited to the respective CDS accounts given in the Application Forms before the expiry of eighteen (18) Market Days, from the Closing Date. A written confirmation of the credit will be sent to the Applicant within two (02) Market Days of crediting the CDS account, by ordinary post to the address provided by each Applicant.

The Company will submit to the CSE a 'Declaration' on direct upload to CDS on the Market Day immediately following the day on which the Applicants' CDS accounts are credited with the Debentures. Trading of Debentures on the secondary market will commence on or before the third (3) Market Day from the receipt of the Declaration by the CSE as per the CSE Listing Rules.

3.0 PROFILE OF THE COMPANY

3.1 PROFILES OF THE GROUP COMPANIES

3.1.1 LANKA ORIX LEASING COMPANY PLC



The company was incorporated on 14 March 1980, with a view of providing finance to the Small and Medium Enterprises (SME) sector that did not have ways and means of acquiring assets due to the collateral required by the banking sector.

Tapping this market LOLC stepped in as a pioneering leasing Company to provide Financial Solutions to those who did not have access to finance from banks and other financial institutions. The Company aggressively promoted growth of the SME sector and stimulated the growth of the economy. In line with the vision of catering to entire value chain of the finance sector, LOLC is specialized in offering financial services beyond leasing, such as factoring, savings and deposits, tailored financial products for the SME sector, microfinance, Islamic financing and foreign currency deposits. Leveraging the synergies from its diversified portfolio, LOLC began to offer services such as fleet management, information technology and vehicle-related services. Ushering in insurance and stock broking in the portfolio this year, it is the largest non-banking financial institution in the country and well positioned for the next step along its growth trajectory.

Over the past year, the Group's strategic direction has evolved from that of being a total financial solution provider to being a diversified conglomerate offering a comprehensive portfolio of products, services and interest that lie within identified national growth sectors. This growth and diversification has led to the molding of the LOLC Conglomerate. LOLC transformed itself into a Holding Company in 2011, whilst leveraging the expertise of its Group Companies to handle the hands-on management of its sector interests. LOLC's main business ventures lie within the Financial Services, Agriculture and Plantations, Renewable Energy, Leisure, Construction, Manufacturing and Trading sectors with expansions into Overseas Investments. Accordingly LOLC owns 85 Subsidiaries, 12 Associates and 19 Joint venture companies.

3.1.2 FINANCIAL SERVICES SECTOR

Lanka ORIX Finance Company PLC



Lanka ORIX Finance Company PLC (LOFC) was incorporated in December 2001 as a wholly owned subsidiary of Lanka ORIX Leasing Company PLC (LOLC), and started commercial operations on 05 June 2003. This is a public limited liability company incorporated under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 on 27 March 2008. The company was listed in the Colombo Stock Exchange and trading commenced on the 07 July 2011.

As a Registered Finance Company (RFC), LOFC is principally engaged in Finance Business which includes approval as a deposit taking institution permitting its customers to maintain Savings and Term Deposits. The total deposit base consists of Fixed Deposits, Savings Deposits, Mudarabah Deposits and Foreign Currency deposits.

Commercial Leasing & Finance PLC



Commercial Leasing & Finance PLC (CLC) was incorporated on 22 April 1988 and was listed on the CSE in June 1992. The LOLC Group acquired 60% of CLC in May 2008. Subsequently LOLC made a mandatory offer to purchase the balance shares of CLC, which resulted in LOLC gaining 100% control of the company. With this CLC was delisted from CSE on 01 July 2009 but was relisted again in 2011.

CLC has been granted approval to operate as a Finance Company by the Central Bank of Sri Lanka in 2012. Since then it has become one of the flagship entities of the LOLC Group and has propelled to the forefront in the industry by having a strong presence in vehicle/equipment leasing. As one of the largest finance companies in the country, CLC is distinguished for its lending portfolio consisting of loan, hire purchase and factoring receivables, coupled with its competitive rates, flexibility and superior customer service.

LOLC Micro Credit Limited



In line with its strategic focus on Agro and Micro Finance sector the Company incorporated a separate legal entity on 16 May 2008, in partnership with a AAA rated (by Standard & Poor's) international partner, The Netherlands Development Finance Company (FMO). This is the first micro credit Company in the country to have an international presence in its equity structure and to be regulated by the Central Bank of Sri Lanka (CBSL).

Paving new opportunities for growth, LOLC Micro Credit Ltd. is a specialised micro-finance company, dedicated to supporting the micro and lower end SME sector with full collaboration of leading foreign lending agencies. Since its inception, LOMC has filled the void in micro credit as a strong provider of financing, especially in the rural areas of the country. The company has provided unparalleled services to over 200,000 active borrowers, and prides itself in being Sri Lanka's leading micro-finance provider in the private sector. Having widened its footprint over the years, LOMC has a strong national focus, featuring more than 120 service points in 23 districts around the country.

3.0 PROFILE OF THE COMPANY

LOLC Insurance Company Limited



LOLC established a fully-fledged Insurance company on 03 March 2010. It's primary focus is to provide a full range of insurance products to the SME and Micro sector. The LOLC Insurance Company Ltd. (LOIC), is a registered insurance company offering a composite insurance portfolio of Life and Non-Life products. During the initial period of its operations, the Company's focus is to capitalize on the existing business leads from the LOLC Group, both for Life and General insurance. We will primarily concentrate on the retail market during the initial phase.

LOLC Factors Limited



After having pioneered Leasing, the Company together with International Finance Corporation (IFC), introduced another innovative product, Factoring, to the Sri Lankan market through Lanka ORIX Factoring Company. Catering to the growing demand of working capital, the factoring portfolio offers a range of services through discounting cheques and financing credit invoices.

LOLC Securities Limited



A Member of the Colombo Stock Exchange (CSE), LOLC Securities Ltd (LOSEC), operates with a team of stock brokers who have successfully structured and executed many strategic transactions in the CSE. Empowering individuals to become seasoned investors in the stock market, we offer comprehensive facilities such as stock broking services, online share trading and stock market research, with the aim of encouraging the masses to take up the practice of investing for future development.

PRASAC



LOLC acquired a stake of 22.5% of PRASAC Micro Finance Company of Cambodia in 2006, together with FMO, BIO, Oikocredit and Dragon Capital Group of Vietnam, in its pursuit to expand business operations in the region. Transforming from a NGO to a commercial private institution PRASAC remains the largest micro finance Company in Cambodia, and offers sustainable financial services to rural households and small and medium size enterprises. The Company carries out its operations through its network of 182 branches with 3,400 staff. It has a client base of 231,000 and a loan book of USD 485 Million.

Seylan Bank PLC



Seylan Bank PLC was founded in 1987 and opened its doors for business on 24 March 1988, in Colombo Fort, the traditional banking district of Sri Lanka's largest city. The Bank's workforce increased steadily from an original staff of 72 to a companywide total of 3,049 employees. A single head office location grew into a network of 151 outlets - based, from 1997 onward, in a new headquarters, Ceylinco Seylan Towers. Presently it is the 4th largest commercial Bank in the country.

LOLC Myanmar Microfinance Company



In 2013 LOMC Myanmar Microfinance Company licensed by the Myanmar Microfinance Supervisory Enterprises was incorporated in line with its vision to diversify micro finance investments. It is the first fully owned overseas subsidiary of LOLC with a USD 2 Million investment thus far. Started operations in September 2013 and in less than one year of operations outreach exceeded 6000 borrowers along with 3 branches.

BRAC Lanka Finance PLC



In 2013 LOMI ventured in to a strategic alliance with BRAC, one of the world's largest micro financing institution to acquire the controlling interest of Nanda Investments and Finance PLC and it was renamed as BRAC Lanka Finance PLC. In 2014 August CLC fully acquired BRAC under proposed consolidation plan by CBSL. Currently BRAC Lanka Finance PLC holds 11 branches and 87 service centers with total staff of 613 and the loan portfolio is USD 12 Million.

Thaneakea Phum (Cambodia), Ltd



Thaneakea Phum (Cambodia), Ltd. ("TPC") is a rapidly growing, regulated microfinance institution with a focus on serving low-income families in rural Cambodia. It was established in 1994 to enable rural women to gain access to financial services that they could use to finance their microenterprises. In September 2014 LOLC acquired 60% stake for an investment of USD 20.3Mn through LOMI. TPC is currently the 5th largest MFI in Cambodia with a gross loan book of USD 100 Million and 170,000 borrower and equipped with 52 branches, with a total staff of 1,100 personnel.

LOLC Micro Investments Limited

LOLC Micro Investments Limited (LOMI) is incorporated as the micro finance investing arm of LOLC in 2011. It is a wholly owned subsidiary of LOLC with the purpose of exploiting investment opportunities available in the micro finance sector in homeland and in the Asia Pacific region. Idea is to have a holding company that has different micro finance investments in different countries. To this effect, LOMI ventured in to a strategic alliance with BRAC, one of the world's largest micro financing institution to acquire the controlling interest of Nanda Investments and Finance PLC. In 2013 LOMC Myanmar Microfinance Company (LOMM); licensed by the Myanmar Microfinance Supervisory Enterprises was incorporated in line with its vision to diversify micro finance investments.

LOLC Investments Ltd.



LOLC Investments Ltd. strives to broaden the Group's interest in diverse sectors through successful investments and acquisitions by expanding significantly into newly opened regional economies and areas of national economic growth. The key initiative of the Company is based on the driving principle that expansion into new areas will define

the Group's specialisation and competitiveness. It is this strategy that has enabled the Group to sustain professionalism, technological expertise, innovative products and services and a dynamic corporate culture.

3.1.3 LEISURE SECTOR

Browns Hotels and Resorts Limited (formerly LOLC Leisure Ltd)



Seizing the opportunity presented by a resurging post war Sri Lanka, in June 2010 the LOLC Group expanded its horizons by investing in the Leisure Industry which was fast becoming a sector filled with lucrative opportunities. This decision was taken in the aftermath of peace being achieved after 3 decades of Civil War which had ravaged the economy and particularly the Tourist Industry.

The investment centred around the acquisition of 4 prestigious Resort hotels located on the South Western coast of Sri Lanka at a location called Kaluwamodera which is in the centre of the internationally famed 'Golden Mile' in Beruwela. In geographic terms it is approximately an hour and a half by road from Colombo. The hotels named as the Eden Resort and Spa with 158 rooms classed as a 5* Resort, The Riverina Hotel with 192 rooms classed as a 4* Resort, the Club Palm Garden with 140 rooms classed as a 3* resort and the Tropical Villas with 50 rooms classed as a 3 star resort hotel.

The Company has further diversified its interests by investing in the purchase of a pristine block of land in Passikudah at East Coast of Sri Lanka. The land extent is approximately 30 acres and it is envisaged to build a four star resort hotel with 71 rooms. An extent of another 10 acres of land has been purchased in Kosgoda on the Southern coast. Construction is underway for a five star resort with 172 rooms. It is the fervent intent of the Company to increase its room strength in different parts of the island by building a series of internationally renowned standard hotels in these exotic locations.

Eden Hotels Lanka PLC



The Eden Resort and Spa is a Five Star hotel with 158 furnished rooms on 4.4 acres beach front land. In November 2008, The Eden Resort & Spa won the Sri Lanka National Business Excellence Award for Hospitality. A major refurbishment programme was carried out last year to keep the resort at the cutting edge of hospitality standards in the coming years.

Dickwella Resorts and Spa



Located in the far South of Sri Lanka, uniquely positioned on a peninsula, Dickwella Beach Resort offers an unsurpassed surrounding view of the Indian Ocean. Nested between two bays, amid tropical gardens, a constant sea breeze keeps the climate pleasant all year round. The eight distinct residences that each have different styled rooms, give the Resort its intimate and tranquil atmosphere.

The Paradise Resort



The Paradise Resort is located in Dambulla across 14-acre land. The resort offers 67 ecologically appointed villas comprising 40 Superior Duplex, 10 Garden suites, and 17 Deluxe rooms. Located within the cultural triangle and closer proximity to number of historical pilgrims and natural sites such as Sigiriya and Habarana Eco Park, it is becoming a popular tourist destination in the area.

3.0 PROFILE OF THE COMPANY

The Riverina Hotel

In 2013, LOLC launched a mega hotel project to combine Riverina, Club Palm Garden and Tropical villas and build the country's largest five star beach resort; an upper scale resort with 363 rooms in Beruwala along the 'Golden Mile' stretch. This is proposed to be completed by November 2016 and will be managed by an international hotel brand.

Leisure Holdings of Browns Group

The Company also operates premier destination management companies: Browns Tours and BG Air Services, which hold the general sales agency for Austrian Airlines and Scandinavian Airlines, whilst the tour arm operates in both inbound and outbound categories. To fulfill the role of a total Destination management company it has now ventured into handling MICE activity through its latest brand 'Browns Tours Events'. The Browns Group has made notable strides in the Sri Lankan travel sector with plans to further strengthening and expanding its portfolio of leisure brands.

3.1.4 RENEWABLE ENERGY SECTOR

LOLC Eco Solutions Limited



This Company was incorporated to expand business in the areas of sustainable development mainly focusing on renewable energy production. As its first investment the company invested in United Dendro (pvt) Limited where 6 MW bio mass power using Glidicidia will be produced.

Hydro Power Free Lanka Ltd



Since the year 2000, HPFL has engaged in renewable energy development with the commissioning of its two Mini Hydro Plants of Sanguhar and Delta, which have a combined capacity of 3.2 MW. With recent expansion drive, HPFL has already started construction on two other Mini Hydro Plants, both worth 2 MW with more Mini Hydro Plants in the pipe line. HPFL hails as one of the accredited projects for the Certified Emission Reduction programme, which is registered with UNFCCC.

3.1.5 AGRICULTURE AND PLANTATIONS SECTOR

Maturata and Pussallawa Plantations



LOLC bought the equity holding of a company that deals in tea and rubber plantation in Sri Lanka which has a suitable setup to produce over 30 MW of Hydroelectricity. This project qualify for carbon trading and is the only hydro project in the country with CDM registration. These are two of the 22 Sri Lanka's privatized state plantation companies and produce over 8 Mn kg of tea and 3 Mn kg of rubber for export markets.

Agstar PLC



Agstar PLC is a subsidiary company of Sierra Holdings and is engaged in the business of Fertilizer. Agstar PLC is a leading supplier of agri inputs, marketing a wide range of innovative products, custom blended fertilizer, seeds and planting material, crop care and other specialty agro products. LOLC group has invested over 675 million aiming synergy effects through its Micro Finance Business.

Galoya Plantations Limited



Galoya Plantations (Pvt) Limited, (GPPL) was formed in 2006 for the purpose of revitalization former Hingurana Sugar Industries (Pvt) Ltd, that was closed down since 1997 in partnership with the government. Galoya has the capacity to process over 20 Metric Tons of raw sugarcane per day. Out of the 4,800 hectares of cultivable land, Galoya Plantation has successfully planted 3600 hectares giving direct and indirect income for over 10,000 families.

3.1.6 TRADING SECTOR

Brown and Company PLC



Brown & Company PLC is a diversified conglomerate with operations in seven key industry sectors – Investments, Agriculture and Plantation, Power generation, Home and office solutions, Marine and Manufacture, Veterinary and pharmaceuticals, Travel and Leisure. Browns & Company PLC is a listed company that has been in business for Over 135 years.

Browns Investments PLC



Browns Investment PLC is one of the subsidiaries of Brown and Company PLC, mainly focusing on Investment activities. The company has made investments in Seylan Bank PLC (10%) and together with this LOLC Group is in control of 20% of Seylan Bank PLC.

LOLC Motors Company Limited



LOLC invested in a vehicle servicing facility in Sri Lanka with modern facilities like water recycling, rain water harvesting etc. The state-of-the-art eco-friendly motor garage and vehicle service centre, LOLC Motors, is newest addition to core business. This facility can handle 100 vehicles per day and is an invaluable complement to the fleet management activities. This is the largest facility in the country with a capacity of 100 vehicles at any given time. This facility caters for all LOLC Group operating lease and fleet management vehicles.

3.1.7 CONSTRUCTION SECTOR

Sierra Constructions (Pvt.) Ltd



LOLC ventured into the construction sector through its investment in Sierra Constructions and Sierra Holdings. This investment is timely and in accordance with our strategic direction of alignment with growth sectors in the country.

Sierra Constructions (Pvt.) Ltd. was established in 1981 and today it is the 4th largest construction company in Sri Lanka. It has evolved to great heights handling large construction projects relating to water supply and sewerage, power, roads, buildings, irrigation and piling besides civil and telecommunication. The Company has businesses established in India, Maldives, Qatar, Saudi Arabia and Australia.

3.1.8 INFORMATION SERVICES

LOLC Technologies Ltd



LOLC Technologies Ltd. is incorporated as a fully owned subsidiary of LOITS. The company collaborates with principles such as Oracle, Microsoft and IBM to provide integrated solutions as a service provider while maintaining strategic alliances with other delivery partners in the region. With a strategic focus on Enterprise Resource Planning (ERP) and Oracle ERP,

LOLC Technologies also provides consultancy services in ICT Strategy development, disaster recovery management, IT project management, and hosted application services.

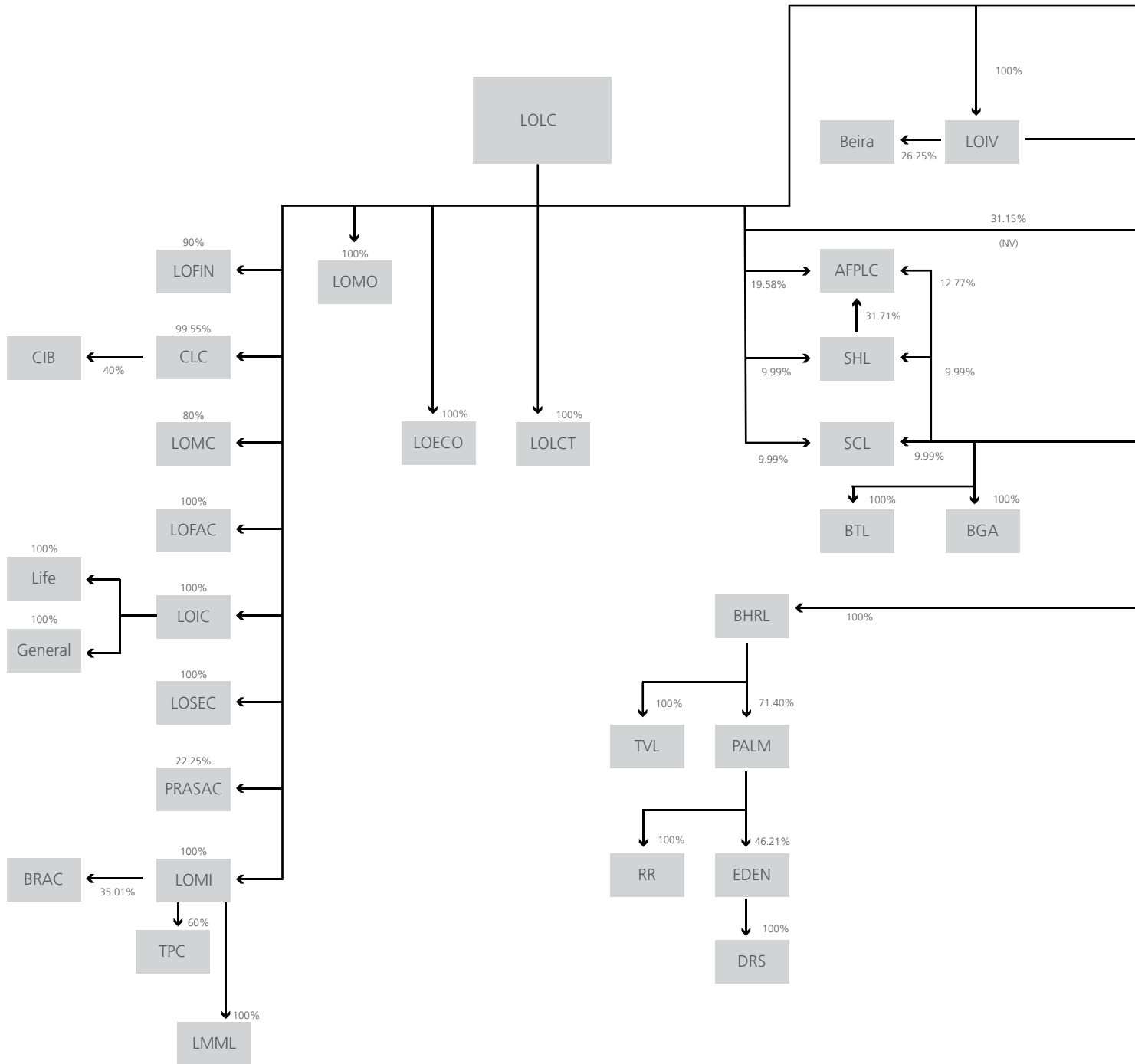
Lanka ORIX Information Technology Services Ltd

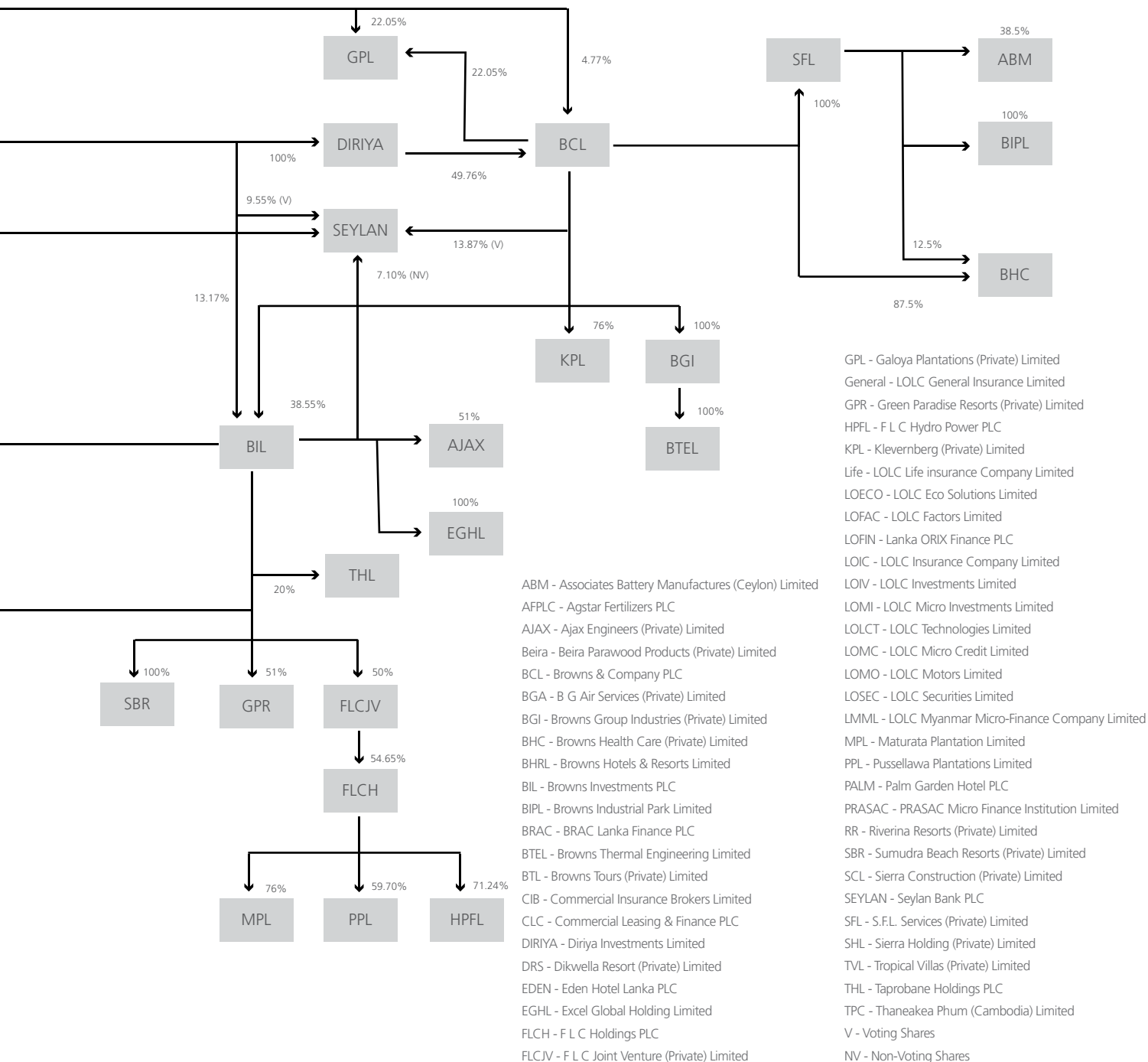


LOITS is a wholly-owned subsidiary of Lanka ORIX Leasing Company PLC (LOLC). LOITS was incorporated as a BOI venture to provide Information and Communications Technology (ICT) related services while focusing on the Financial Services Industry (FSI). With the flagship product of FUSION Financial Solution Suite (FUSION FSS®), LOITS provides Business Intelligence (BI) and financial services applications support. The company obtained ISO/ IEC 27001:2005 certifications for the Enterprise Data Center, and is the first ISO 27001 certified data center in the banking and financial services sector in Sri Lanka.

3.0 PROFILE OF THE COMPANY

3.2 SHAREHOLDING AND GROUP STRUCTURE





3.0 PROFILE OF THE COMPANY

3.3 STATED CAPITAL

Description	30 June 2013	30 June 2014	31 August 2014
Stated Capital (LKR)	475,200,000	475,200,000	475,200,000
Number of shares in issue	475,200,000	475,200,000	475,200,000

3.4 MAJOR SHAREHOLDERS

The ten (10) largest shareholders of LOLC as at 31 August 2014 are given in the table below.

	Shareholder	No. of Shares	% of Issued Capital
1	Mr. R M Nanayakkara	172,492,292	36.30
2	ORIX Corporation	142,560,000	30.00
3	Mr. I C Nanayakkara	59,895,500	12.61
4	Mrs. K U Amarasinghe	23,760,000	5.00
5	Employees Provident Fund	15,182,259	3.20
6	HSBC Intl Nom Ltd - BBH - Mathews International Funds	12,121,473	2.55
7	HSBC Intl Nom Ltd - State Street Luxembourg C/O SSBT-ABN	6,937,775	1.46
8	Dr. R R De Silva	4,319,369	0.91
9	Employees Trust Fund Board	3,407,737	0.72
10	Mrs. I Nanayakkara	2,827,948	0.60

3.5 DETAILS OF THE DIRECTORS

MRS. R L NANAYAKKARA

Mrs Rohini Nanayakkara was appointed to the Board of Directors of the Company as an independent Non-Executive Director in August 2004 and assumed duties as Chairperson of LOLC and its subsidiaries. She holds a second Class BA Honours Degree from the University of Peradeniya, Sri Lanka. She also holds a Diploma in French from the Chamber of Commerce, Brussels. She is a Fellow of the Institute of Management and the Institute of Bankers, Sri Lanka. She was also a Past President of the Sri Lanka Banks Association, Association of Professional Bankers, a member of the Commission of the University of Colombo, Sri Lanka and of the Task Force setup by the Government for Tsunami re-construction.

She was the first woman executive to join a Commercial Bank, namely Bank of Ceylon, with the rare distinction of becoming the first woman General Manager/CEO of a Bank in Sri Lanka and the Asian Region.

She was also Chairperson/Director of several financial institutions such as the National Development Bank PLC, DFCC Bank, Merchant Bank of Sri Lanka PLC and the First Capital Group of Companies. She has served as Director/General Manager/CEO of one of the largest private banks namely, Seylan Bank PLC.

She is presently the Chairperson of Taprobane Holdings Ltd and subsidiary companies of the Browns Group. She is also a Director of Overseas Realty (Ceylon) PLC, Mireka Homes (Pvt.) Ltd and Eastern Merchants PLC. She is a trustee of National Trust of Sri Lanka.

MR. I C NANAYAKKARA

Mr. Ishara Nanayakkara joined the Board of Lanka ORIX Leasing Company PLC (LOLC) in 2002 and is, presently the Deputy Chairman of LOLC and Lanka ORIX Finance Company PLC. He is also the Chairman of Commercial Leasing and Finance PLC, a leading Finance company in the country.

Mr. Nanayakkara is the Chairman of LOLC Micro Credit Limited, the micro finance arm of LOLC Group. He also serves on the Board of PRASAC Micro Finance Institute; one of the largest Micro Finance institutions in Cambodia. His enduring interest in microfinance was further evident by his latest initiative and LOLC's first overseas investment - LOLC Myanmar Micro Finance Company Ltd in which he is the founding Chairman. He was also instrumental in the joint venture between BRAC and LOLC to form BRAC Lanka Finance PLC.

Mr. Nanayakkara is the Deputy Chairman of Seylan Bank PLC, a premier commercial bank in the country. His strategic participation in general, life and micro insurance through LOLC Insurance Company Ltd, factoring and working capital through LOLC Factors Ltd, stock brokering and securities through LOLC Securities Ltd, Islamic finance through LOLC Al-falaah, SME financing in addition to conventional lending and deposit product knowhow, reflects his vivid exposure in the financial services arena.

He is also the Executive Chairman of Brown & Company PLC and Browns Investments PLC. The Browns Group is a renowned conglomerate with leading market position in trade, leisure, manufacturing, consumer appliances and agriculture equipment and Browns Investments is the strategic investing arm of Browns that consists a portfolio of Leisure, Plantation, construction, agriculture inputs and banking.

Mr. Nanayakkara also serves on the Boards of Sierra Constructions Ltd, Free Lanka Holdings PLC, Lanka Century Investment PLC, Associated Battery Manufacturers (Ceylon) Ltd and Agstar Fertilizer PLC. He holds a diploma in Business Accounting from Australia.

MR. W D K JAYAWARDENA

Kapila Jayawardena counts over thirty two years' experience in Banking, Financial Management and Corporate Management. Mr. Jayawardena was appointed as the Group Managing Director/CEO of Lanka ORIX Leasing Co., PLC in 2007. He was the former CEO/Country Head of Citibank Sri Lanka & Maldives.

Mr. Jayawardena has played a pivotal role in the banking sector contributing to the financial market reforms, development and regularly advising regulators on prudential requirements and has widespread experience in introducing innovative financial service products to the market.

LOLC Group is one of the largest conglomerates in Sri Lanka with presence in diversified industries such as Financial Services, Trading, Manufacturing, Construction, Leisure and Renewable Energy.

As an individual with extensive International and domestic financial experience, Mr. Jayawardena was a key member of the following committees.

- Chairman Sri Lanka Bank's Association (SLBA) 2003/2004
- Member of the Financial Services Reforms Committee (FSRC) 2003/ 2004
- Director of Lanka Clear and was instrumental in completing the automated clearing project for the Sri Lankan banking industry 2004
- President of the American Chamber of Commerce Sri Lanka 2006/2007
- Member of the inaugural Sovereign ratings team for Sri Lanka
- Member of the National Council of Economic Development (NCED)
- Board Member of the United States - Sri Lanka Fulbright Commission

Presently, Mr. Jayawardena holds Chairmanship/directorship in the following companies:

- Lanka ORIX Leasing Company PLC – Group Managing Director/CEO
- Lanka ORIX Finance Company PLC- Chairman
- Lanka ORIX Insurance Company Limited - Chairman
- Lanka ORIX Securities Limited - Chairman
- Eden Hotel PLC - Chairman
- Speed Italia (Pvt) Ltd - Chairman
- United Dendro Energy Solutions (Pvt) Ltd - Chairman
- Palm Garden Hotels PLC – Chairman
- LOLC General Insurance Ltd – Chairman
- LOLC Life Insurance Ltd - Chairman
- Lanka ORIX Micro Credit Ltd - Director
- Commercial Leasing & Finance PLC - Director
- Brown & Co., PLC - Director
- Browns Investments PLC – Director
- Seylan Bank PLC – Director
- BRAC Lanka Finance PLC – Director
- Riverina Resorts (Pvt) Ltd - Director

Qualifications : Master of Business Administration, American University of Asia
Fellow of the Institute of Bankers, Sri Lanka
Associate of the Institute of Cost and Executive Accountants, London.

3.0 PROFILE OF THE COMPANY

MRS. K U AMARASINGHE

Mrs. Kalsha Amarasinghe was appointed to the Board in August 2002. She holds an Honours Degree in Economics.

She serves on the Boards of Lanka ORIX Finance PLC, LOLC Micro Credit Ltd, LOLC Insurance Co. Ltd, United Dendro Energy (Pvt) Ltd, Palm Garden Hotels PLC and Eden Hotel Lanka PLC. She also serves as a Director on the Boards of Commercial Leasing & Finance PLC, Brown & Company PLC and Browns Investments PLC.

MR. R M NANAYAKKARA

Mr. Rajah Nanayakkara is the founder and Executive Chairman of Ishara Traders (Pvt) Ltd., a business which pioneered the import and sale of new and reconditioned motor vehicles. Thirty years later, this organization remains an industry leader. He was also the founder Chairman of the Motor Vehicle Importers Association of Sri Lanka, and continues to play a significant role.

Mr. Nanayakkara is also the Chairman of Ishara Plantations (Pvt) Ltd - an Award Winning Estate of Tea and Spices - and Chairman of Ishara Property Development, a company which has been involved in construction for the past 18 years.

Mr. Nanayakkara is also on the Board of Brown & Company PLC.

DESAMANYA M D D PIERIS

Desamanya Dharmasiri Pieris is a graduate of the University of Ceylon (Peradeniya); Fellow of the Chartered Management Institute, UK and has been conferred the Degree of Doctor of Letters (Honoris Causa) by the University of Colombo and the title of Honorary Senior Fellow by the Postgraduate Institute of Medicine.

Desamanya Pieris is an illustrious retired civil servant, who in the course of his distinguished career in the public service has held several important posts, including that of Secretary to the Prime Minister; Secretary, Ministry of Public Administration, Provincial Councils and Home Affairs; Secretary, Ministry of Agriculture, Food and Co-operatives; Secretary, Ministry of Education and Higher Education and Chairman and Director General of Broadcasting.

He has also acted on several occasions in addition to his duties, in the posts of Secretary to the Ministry of Defence and External Affairs and Secretary to the Ministry of Trade and Shipping.

He has at various times been the Chairman of the National Institute of Education; Chairman – Board of Management of the Sri Lanka Institute of Development Administration; and Chairman of the Agrarian Research and Training Institute.

He has also served on the Governing Councils or Boards of Management of several Universities and Postgraduate Institutes.

He has been a Director of the Peoples' Bank, the People's Merchant Bank and a member of the Rural Credit Advisory Committee of the Central Bank of Sri Lanka.

He has served as a member of the National Salaries Commission and as a member of the Presidential Commission on Finance and Banking.

Within the LOLC Group, he has also served as Director on the Board of Lanka ORIX Finance PLC, as well as some subsidiaries of the LOLC Group. He also serves on the Risk Management Committee, Audit Committee and the Remuneration Committee, whilst Chairing the Corporate Governance Committee and the Nomination Committee.

Currently, he also serves as Deputy Chairman - Mercantile Merchant Bank Ltd and as member of the Board of MMBL Logistics (Pvt) Ltd, MMBL Money Transfer (Pvt) Ltd., Mountain Hawk Express (Pvt) Ltd and Pathfinder Holdings (Pvt) Ltd.

Desamanya Pieris also serves on the Boards of a few Postgraduate Institutes of Universities and is the Chairman Pro-tem of the S.W.R.D. Bandaranaike National Memorial Foundation responsible for the management of the B.M.I.C.H./B.C.I.S. Complex. He is also currently a member of the Board of the Sri Lanka Foundation Institute and the Director to the Governing Board of the Regional Centre for Strategic Studies.

MR. R A FERNANDO

Mr. Ravi Fernando is a MBA from the University of Colombo and is a Fellow of the Chartered Institute of Marketing (UK). He holds a Diploma in International Management and completed the Advanced Management Program at the INSEAD Business School in (France) .He is an Alumni of the University of Cambridge Programme for Sustainable Leadership having Completed the Climate Leadership Programme in 2007, the Postgraduate Certificate in Sustainable Business at Cambridge University in 2008 with Distinction and Master's in Sustainable Leadership at Cambridge University in 2013.

He is Operations Director – Malaysian Blue Ocean Strategy Institute since December 2011.

His career with Multinationals – Unilever, Sterling Health, SmithKline Beecham International and covered Africa, Middle East and Asia in CEO/Marketing Management positions. He was the first CEO SLINTEC (Sri Lanka Institute of Nanotechnology) in 2008-2010.

In Academia, he was a faculty member of the INSEAD Advanced Management Program from 2005-2010 and an Executive in Residence at the INSEAD Social Innovation Centre from September 2010. He is also a visiting faculty member at the Deusto Business School in Spain and the University of Colombo MBA Programmes. In September 2007, he won a “Global Strategy Leadership Award” at the World Strategy Summit for his work on Ethical Branding for the Sri Lankan Apparel and Tea sectors.

MR. HARUKAZU YAMAGUCHI

Mr. Yamaguchi joined ORIX in 1990. He served as head of various overseas operations including Indonesia and Thailand. After being a Chairman & CEO of ORIX Auto Leasing (Thailand) Co., Ltd. in April 2008, Mr. Yamaguchi was appointed a President of Thai ORIX Leasing Co., Ltd. in January 2010.

In February 2011, He was appointed an Executive Vice President of Global Business and Alternative Investment Headquarters, ORIX Corporation.

MR. HIROSHI NISHIO

Mr. Hiroshi Nishio joined ORIX in 1991. He served as head of various overseas operations including Malaysia and the USA. After serving as General Manager of ORIX Real Estate Corporation, he was appointed President & CEO of ORIX Asset Management Corporation in January 2013.

In January 2014, he was made an Executive Officer and was appointed a Deputy Head of Global Business and Alternative Investment Headquarters of ORIX Corporation.

4.0 STATUTORY AND GENERAL INFORMATION

4.1 FINANCIAL YEAR

The financial year of the Company commences on 01 April and ends on 31 March in the following year.

4.2 LITIGATION, DISPUTES AND CONTINGENT LIABILITIES

CONTINGENT LIABILITIES AS AT 31 MARCH 2014

As at 31 March	Group		Company	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
Guarantees issued to banks and other institutions	4,057,251	1,603,016	109,648	43,579
Corporate guarantees given to foreign funding agencies to grant loans to micro finance clients	-	601,194	-	601,194
Corporate guarantees given to subsidiary companies to obtain loans	6,084,250	6,084,250	6,084,250	6,084,250
Stumpage payables (note 1)	50,800	50,800	-	-
	10,192,301	8,339,260	6,193,898	6,729,023

Note 1

Stumpage payables - Pussellawa Plantations Limited

Forest Department has imposed Rs. 50,800,000 as the stumpage payable to the Government by Pussellawa Plantations Ltd for harvesting of Forest Department's Pinus Trees at Delta Estate by the Timber Lake Company. However, the Company has requested Forest Department to re-consider the stumpage calculation, as the said fee is more than the market value of the Timber and is not keeping in the line with the Supreme Court judgement. Therefore, the amount of liability and the date of liability are uncertain and will depend on the response of the Forest Department.

CONTINGENT LIABILITIES AS AT 31 AUGUST 2014

There are no significant changes in the nature of the contingent liabilities disclosed in the Financial Statements for the year ended 31 March 2014.

4.3 LITIGATION AGAINST THE COMPANY

There are no legal, arbitration or mediation proceedings, which may have or have had in the recent past significant effects on the Company's financial position or profitability except for the details mentioned in section 4.2 above.

4.4 PARTICULARS OF DEBT AND LOAN CAPITAL

- Particulars of the long term borrowings of LOLC as at 31 August 2014

Outstanding Borrowings	LKR
Balance as at 01 April 2014	2,351,846,750
New Borrowings/Settlements	(452,191,702)
Balance as at 30 August 2014	1,899,655,048

2. The borrowings of LOLC as at 31 August 2014, comprise of the following categories of borrowings;

Outstanding Borrowings	LKR
Commercial Papers & Promissory notes	2,538,018,080
Short Term Loans & Others	6,983,000,000
Debentures	4,250,000,000
Finance Lease Liabilities	360,784,036
Long Term Borrowings	1,899,655,048
Total	16,031,457,165

3. Details of Debentures of LOLC in issue as at 31 August 2014

Debenture Details	Value (LKR)
Senior, Non-Listed, Rated, Unsecured, Redeemable	500,000,000
Senior, Listed, Rated, Unsecured, Redeemable	140,000,000
Senior, Listed, Rated, Unsecured, Redeemable	610,000,000
Senior, Non-Listed, Unsecured	3,000,000,000

Rights of above mentioned Debenture holders are as follows;

- Receiving the Principal Sum at maturity and interest on the Debentures.
- Ranking above the Shareholders of LOLC in the event of liquidation
- Receiving the Annual Report and interim financial statements in terms of Listing Rules of the Colombo Stock Exchange and the Companies Act, as applicable.
- Calling and attending meetings of the Debenture Holders
- In the event of liquidation or winding up, the claims of the Debenture holders will rank after all the claims of the secured creditors of LOLC and the preferential claims under Section 365 of the Companies Act No.7 of 2007 but in priority to and over the claims and rights of the subordinated creditors and Shareholders of LOLC.

4. The Company has no material assets pledged as collateral as at 31 August 2014, which require adjustments to or disclosure in the financial statements.
5. There are no outstanding Debt Securities convertible to equity as at 31 August 2014.

5.0 STATUTORY DECLARATIONS

5.1 STATUTORY DECLARATION BY THE DIRECTORS

This Prospectus has been seen and approved by the directors of the Entity and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the CSE Listing Rules and of the Companies Act No. 07 of 2007 and any amendments to it from time to time have been complied with and after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Entity have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Entity and making assumptions that are considered to be reasonable at the present point in time in the best judgment of the directors.

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing of all securities in a particular class issued by the Entity and those Securities of the same class which are the subject of this issue. Such permission will be granted when the Securities are listed on the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of the Entity or of the Securities issued.

Name of Director	Signature
Mrs. Rohini L. Nanayakkara	Sgd
Mr. Ishara C. Nanayakkara	Sgd
Mr. W. D. K. Jayawardena	Sgd
Mr. Harukazu Yamaguchi	Sgd
Mr. Hiroshi Nishio	Sgd
Mrs. Kalsha U. Amarasinghe	Sgd
Desamanya M. D. D. Pieris	Sgd
Mr. Ravi A. Fernando	Sgd
Mr. Rajah M. Nanayakkara	Sgd

5.2 STATUTORY DECLARATION BY THE MANAGERS TO THE ISSUE

We, First Capital Limited of No. 02, Deal Place, Colombo 03 being Managers to the Debenture Issue of LOLC, hereby declare and confirm to the best of our knowledge and belief that this prospectus constitutes full and true disclosure of all material facts about the issue and issuer, whose Rated, Senior, Unsecured, Redeemable 5 year (2014/2019) Debentures are being issued.

Sgd
Director

Sgd
Director



2. Financial Statements

2.1 Five-Year Summary of Audited Financial Statements

A summary of the Income Statements and Statement of Financial Position of Lanka ORIX Leasing Company PLC and a summary of consolidated Income Statements and Statement of Financial Position of the Company and its subsidiaries for the financial years ended 31 March 2010 to 31 March 2014, based on the audited financial statements are set out in Section 6.1 and 6.2 of the Prospectus.

2.2 Audited Financial Statements for the Year Ended 31 March 2014

Our audit report on the Financial Statements for the year ended 31 March 2014 together with such financial statements comprising Income Statements, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statements of Cash Flow along with the accounting policies and notes thereon, is available on the websites of CSE, www.cse.lk.

2.3 Audit Reports

We have audited the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the years ended 31 March 2010 to 31 March 2014. Unqualified audit opinions have been issued for the said financial years by our reports dated 22 July 2010, 09 June 2011, 25 June 2012, 31 July 2013 and 16 June 2014 respectively.

2.4 Accounting Policies

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the years ended 31 March 2010 to 31 March 2014 comply with Sri Lanka Accounting Standards.

The accounting policies of the Company and Group are stated in detail in the audited financial statements of Lanka ORIX Leasing Company PLC for the year ended 31 March 2014. There were no material changes in the accounting policies of the Company and the Group, except for adoption of revised Sri Lanka Accounting Standards during the period 31 March 2010 to 31 March 2014.

First-time adoption of Sri Lanka Accounting Standards ("SLFRS/LKAS")

For all periods up to and including the year ended 31st March 2011, the Company has prepared its financial statements in accordance with previous Sri Lanka Accounting Standards (SLASs). The financial statements, for the year ended 31st March 2012 are the first Company has prepared in accordance with revised Sri Lanka Accounting Standards comprising SLFRS and LKAS effective for the period beginning on or after 1st April 2011.

2.5 Dividends

The Company has declared and paid dividends in respect of Ordinary Voting Shares for the years ended 31 March 2010 to 31 March 2014 in the following manner.

	Dividend Paid (Rs.)	Dividend per Share (Rs.)
2009/10	-	-
2010/11	-	-
2011/12	-	-
2012/13	237,600,300	0.50
2013/14	-	-

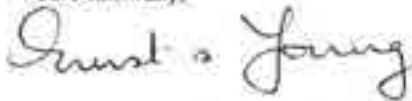
2.6 Events Occurring After the Reporting Date

There were no significant events that occurred after the last balance sheet date that require adjustments to or disclosures in the financial statements.

2.7 Restriction on Use

This report is made solely for the purpose of the Board of Directors of Lanka ORIX Leasing Company PLC in usage in the application for the purpose of offering of LKR 5,000,000,000/- Listed, Rated, Senior, Unsecured, Redeemable, 'A(-)' rated five Year Debentures 2014/2019, at a Par value of LKR 100/-. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressee, for our audit work, for this report we have formed. This report should not to be used, circulated, quoted or otherwise referred to for any other purpose.

Yours faithfully,



6.0 FINANCIAL INFORMATION

6.2 FIVE YEAR FINANCIAL SUMMARY – GROUP RESULTS

INCOME STATEMENT

For the year ended 31 March (Rs. '000)	GROUP				
	2014	2013	2012	2011	2010
	Current SLFRS*			Previous SLAS	
Revenue	14,081,434	16,988,149	16,849,174	14,288,492	3,571,367
Cost of sales	(8,245,684)	(10,721,916)	(10,958,288)	(9,911,222)	(2,869,272)
Income	27,571,520	22,890,876	18,020,866	11,943,300	9,941,904
Other income/(expenses)	3,354,824	2,512,150	662,714	5,845,535	1,388,560
Interest costs	(16,408,947)	(14,527,658)	(9,345,806)	(6,420,588)	(6,178,137)
Profit before operating expenses	20,353,147	17,141,601	15,228,660	15,745,517	5,854,422
Other operating expenses	(17,908,960)	(15,182,502)	(11,345,046)	(7,913,591)	(4,386,721)
Results from operating activities	2,444,187	1,959,099	3,883,615	7,831,926	1,467,701
Negative goodwill	493,586	1,500,943	2,914,536	271,911	1,423,837
Profit/(loss) on disposal of subsidiaries and associates	79,845	-	-	-	(167,088)
Share of profit of associate companies	1,497,381	246,129	269,649	178,522	116,337
Profit before tax	4,514,999	3,706,171	7,067,801	8,282,359	2,840,787
Income tax expense	(1,407,093)	(1,153,884)	(1,364,033)	(1,259,279)	(455,382)
Net profit after tax	3,107,906	2,552,287	5,703,768	7,023,080	2,385,405

STATEMENT OF FINANCIAL POSITION

As at 31 March (Rs.'000)	2014	2013	2012	2011	2010
	Current SLFRS*				Previous SLAS
ASSETS					
Cash in hand and favorable bank balances	5,362,900	6,591,389	4,029,190	5,089,161	2,082,994
Trading assets - fair value through profit or loss	1,017,080	1,737,830	6,258,670	4,476,639	2,873,442
Investment securities	16,288,214	13,145,210	10,390,921	11,919,263	11,610,836
Finance lease receivables, hire purchases and operating leases	36,259,242	38,090,460	40,129,060	29,167,572	17,831,698
Advances and other loans	54,285,641	49,724,225	38,984,825	29,401,501	17,252,988
Insurance premium receivables	449,589	303,431	239,616	-	-
Inventories	2,191,924	2,798,388	3,198,362	1,555,414	1,251,520
Current tax assets	1,122,555	981,897	774,148	531,783	-
Trade and other current assets	7,231,989	6,663,993	7,817,006	5,822,063	4,086,755
Prepaid lease rentals on leasehold properties	287,654	289,185	297,362	305,539	313,710
Investment properties	7,159,771	6,339,688	5,155,894	1,122,794	451,744
Real estate stocks	-	2,599	16,449	16,262	22,930
Biological assets (Bearer & Consumable)	6,684,432	6,489,182	6,148,175	5,916,278	4,922,582
Investments in group of companies;			-	-	-
Subsidiary companies	-	-	-	-	-
Joint venture companies	-	-	-	-	-
Equity accounted investees - Associates	13,472,318	10,105,241	3,540,812	2,768,501	3,035,397
Deferred tax assets	390,619	508,992	355,925	388,090	774,500
Intangible assets	739,386	769,453	644,523	563,357	379,434
Property, plant and equipment	22,599,854	18,440,368	17,223,236	14,026,428	8,480,788
Total assets	175,543,168	162,981,531	145,204,176	113,070,643	75,371,319

6.0 FINANCIAL INFORMATION

As at 31 March (Rs.'000)	2014	2013	2012	2011	2010
	Current SLFRS*				Previous SLAS
LIABILITIES AND EQUITY					
Liabilities					
Bank overdrafts	2,934,398	6,875,475	4,011,455	4,036,677	2,987,338
Trading liabilities - fair value through profit or loss	405,434	627,652	5,156	258,712	-
Deposits liabilities	49,614,880	35,397,144	26,233,015	17,899,089	10,094,683
Interest bearing borrowings	66,286,716	66,070,984	61,413,966	45,219,073	35,248,089
Insurance provision - life	271,792	116,139	47,571	-	-
Insurance provision - general	1,248,685	928,051	326,060	-	-
Current tax payables	1,082,927	983,976	774,540	688,364	197,569
Trade and other payables	4,670,380	5,164,051	6,325,016	7,738,698	5,628,202
Deferred tax liabilities	2,762,477	2,155,855	1,633,311	1,284,994	442,465
Deferred income	259,285	292,717	268,771	244,858	273,766
Retirement benefit obligations	1,151,932	996,729	951,963	885,345	759,560
Total liabilities	130,688,906	119,608,773	101,990,824	78,255,809	55,631,672
Equity					-
Stated capital	475,200	475,200	475,200	475,200	475,200
Reserves	5,357,905	2,268,778	2,391,125	2,369,225	765,858
Retained earnings	17,069,012	18,144,262	16,702,750	10,212,522	6,662,696
Equity attributable to shareholders of the Company	22,902,117	20,888,240	19,569,075	13,056,948	7,903,755
Non-controlling interests	21,952,145	22,484,518	23,644,277	21,757,886	11,835,893
Total equity	44,854,262	43,372,758	43,213,352	34,814,834	19,739,648
Total liabilities & equity	175,543,168	162,981,531	145,204,176	113,070,643	75,371,319

6.3 FIVE YEAR FINANCIAL SUMMARY – COMPANY RESULTS

INCOME STATEMENT

For the year ended 31 March (Rs. '000)	2014	2013	2012	2011	2010
	Current SLFRS*			Previous SLAS	
Income	2,111,378	3,541,670	3,016,783	3,511,733	4,722,479
Other income/(expenses)	3,349,180	1,141,958	4,544,494	2,832,627	1,022,138
Interest costs	(2,720,484)	(3,464,147)	(2,571,566)	(2,384,015)	(3,090,912)
Profit before operating expenses	2,740,074	1,219,481	4,989,712	3,960,346	2,653,705
Other operating expenses	(2,051,032)	(1,151,579)	(1,917,994)	(2,062,356)	(2,162,578)
Profit before tax	689,042	67,902	3,071,718	1,897,989	491,127
Income tax expense	5,218	(33,718)	(94,464)	(374,646)	(164,187)
Net profit after tax	694,260	34,184	2,977,254	1,523,343	326,940

STATEMENT OF FINANCIAL POSITION

As at 31 March	2014	2013	2012	2011	2010
	Current SLFRS*				Previous SLAS
Cash in hand and favorable bank balances	94,205	730,311	250,012	392,012	420,286
Trading assets - fair value through profit or loss	536,325	812,241	2,459,362	1,723,283	1,195,862
Investment securities	382,733	487,119	1,645,252	2,188,119	4,717,840
Finance lease receivables, hire purchases and operating leases	1,069	50,352	56,650	1,790,917	3,382,564
Advances and other loans	1,513,662	2,726,748	5,870,408	9,416,359	9,065,810
Inventories	44,435	-	-	1,750	9,415
Current tax assets	186,559	154,185	35,775	74,558	-
Trade and other current assets	2,826,612	8,398,264	11,275,806	1,549,925	3,361,838
Investment properties	331,500	412,500	412,500	247,500	242,274
Subsidiary companies	32,624,979	29,796,324	28,176,191	28,832,267	3,478,298
Joint venture companies	14,298	14,298	14,298	136,384	-
Equity accounted investees - Associates	7,009,249	6,746,789	4,738,511	4,405,090	555,133
Deferred tax assets	-	65,178	98,896	110,280	430,784
Intangible assets	142,276	95,433	47,677	61,011	64,901
Property, plant and equipment	3,546,245	2,749,598	2,947,115	3,283,496	2,812,962
Total assets	49,254,147	53,239,340	58,028,455	54,212,952	29,737,969
Liabilities and equity					
Liabilities					
Bank overdrafts	399,689	1,374,998	1,603,899	2,094,425	1,351,272
Trading liabilities - fair value through profit or loss	6,443	125,204	-	114,161	-
Deposits liabilities	-	-	-	-	-
Interest bearing borrowings	13,853,920	18,362,624	22,202,862	20,141,270	21,736,055
Current tax payables	179,186	132,397	179,411	182,900	57,192
Trade and other payables	529,238	426,688	704,623	990,038	1,099,157
Deferred tax liabilities	7,282	-	-	-	-
Retirement benefit obligations	149,112	96,841	85,997	80,123	65,639
Total liabilities	15,124,870	20,518,752	24,776,791	23,602,917	24,309,315
Equity					
Stated capital	475,200	475,200	475,200	475,200	475,200
Reserves	1,509,262	767,952	1,367,968	1,721,453	552,292
Retained earnings	32,144,815	31,477,436	31,408,496	28,413,382	4,401,162
Equity attributable to shareholders of the Company	34,129,277	32,720,588	33,251,664	30,610,035	5,428,654
Total equity	34,129,277	32,720,588	33,251,664	30,610,035	5,428,654
Total liabilities & equity	49,254,147	53,239,340	58,028,455	54,212,952	29,737,969

6.0 FINANCIAL INFORMATION

6.4 FINANCIAL INFORMATION

The following financial information of LOLC is available on the website of CSE (www.cse.lk) and the website of the Company (www.lolc.lk):

- Audited financial statements of the Company for the financial year ended 31 March 2014
- Interim financial statements of the Company for the period ended 30 June 2014

Annexure I Rating Report



Ref No: BFI/TR/14/02

August 19, 2014

Mr. Kapila Jayawardena
Group MD & CEO
Lanka ORIX Leasing Company PLC
100/1 Sri Jayawardanapura Mawatha
Rajagiriya.

TRUE COPY
ICRA LANKA CORPORATE SERVICES (PRIVATE) LIMITED

Secretaries

Dear Mr Jayawardena,

**ICRA Lanka Credit Rating for the proposed Rs.7,000 Mn
Senior Unsecured Redeemable Listed Debentures**

Please refer to your Rating Requisition dated July 22, 2014 and the subsequent Rating Agreement of August 06, 2014 for carrying out the rating of the aforesaid debt programme, with provision for the amount to be increased to Rs 12,000 Mn in the event of oversubscription. The Rating Committee of ICRA Lanka, after due consideration, has assigned a "[SL] A-" [pronounced as S L A Minus] rating to the captioned debt programme. Instruments with this rating are considered to have adequate-credit-quality and the rated instrument carries average credit risk. In any of your publicity material or other document wherever you are using our above rating, it should be stated as "[SL]A-".

We would appreciate if you can sign on the duplicate copy of this letter and send it to us within 7 days from the date of this letter as confirmation about the use of the assigned rating. The rationale for assigning the above rating will be sent to you on receipt of your confirmation about the use of our rating, as above. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you.

This rating is specific to the terms and conditions of the issue as was indicated to us by you and any change would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice. If there is any such change after the rating is assigned by us and confirmed to use by you, it would be subject to our review and may result in change in the rating assigned.

ICRA Lanka reserves the right to suspend, withdraw or revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA Lanka believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the debentures issued by you.

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World Trade Center, Colombo 01, Sri Lanka.
Tel : +94 11 4339907 - 10 Fax : + 94 11 2313307
E - mail : info@icralanka.com, Web : www.icralanka.com



You are required to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing. You are also required to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s).

You are required to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

Yours faithfully,

ICRA LANKA LIMITED

W. DON BARNABAS
MANAGING DIRECTOR/CEO

TRUE COPY

ICRA LANKA LIMITED

Secretaries

We accept the terms and condition contained in this agreement:

Kapila Jayawardena
Group Managing Director / CEO

Kapila Jayawardena
GROUP MANAGING DIRECTOR/CEO

Date: 19/8/14



ICRA Lanka assigns "[SL] A-" rating with a stable outlook to the proposed Senior Unsecured debenture programme of Lanka ORIX Leasing Company

August 22, 2014

Instrument	Amount	Rating Action
Long Term Unsecured Redeemable Debenture Programme	LKR 7 Bn (with provision for the amount to be increased to LKR 12 Bn)	[SL]A- (Stable);assigned

ICRA Lanka has assigned the [SL] A- (pronounced SL A minus) rating with a stable outlook to the proposed LKR 7 Bn (with provision for the amount to be increased to LKR 12 Bn) Long Term Senior Unsecured, to be Listed, Redeemable Debenture Programme of Lanka ORIX Leasing Company PLC (LOLC or the HoldCo). ICRA Lanka already has an outstanding Issuer rating of [SL] A- for LOLC. The company's existing senior unsecured debentures of LKR 1.25 Bn is also rated at [SL] A-; the ratings carry a stable outlook. Given the significant operational and financial linkages with the subsidiaries (especially pertaining to financial services), ICRA Lanka continues to take a consolidated rating view of the HoldCo and the key asset financing subsidiaries.

The rating factors in LOLC Group's long track record in the retail finance sector, its leadership position in the Sri Lankan retail finance market, professional and experienced management team and adequate risk management systems with a strong retail franchise. The rating also derives support from the committed support and oversight from its Key investor—ORIX Corporation of Japan (rated Baa2 with stable outlook by Moody's), which has a 30% stake in the entity. ICRA Lanka notes that the said debentures would be used to re-finance existing short term debt at the HoldCo level, which would improve the overall liquidity and cost of funds. The HoldCo's moderate earnings profile and the contribution from non-financial service businesses to the group level profitability are limiting factors to the rating.

LOLC Group mainly operates in the area of leasing and hire purchase of automobiles (with over 80% share in total portfolio) and its largest customer segment comprises of small and medium business enterprises for working capital finance. As part of the organisational restructuring, fresh retail business is originated by LOLC's operational financial services subsidiaries, whereas the remaining portfolio in LOLC is expected to run-down over the next 2 years. Over the past 2 years, the Group has diversified its presence across leisure and energy ventures, but the financial services are likely to remain the group's mainstay over the medium term.

LOLC's group level asset quality has improved marginally from the Jun-13 levels when the reported Gross NPA ratio stood at 4.94% (3.36% - Mar-13) to 4.85% as of Mar-14. Lanka Orix Finance PLC (LOFC) and Commercial Leasing and Finance PLC (CLC), the two key financial entities in the group, witnessed moderation in the incremental slippages and carried out substantial recoveries during FY2014 resulting in improvements in the overall Gross NPA and Net NPA Ratios. The said Companies also carried out write offs during the same period (20% of the opening NPAs and slippages for FY2014 for LOFC and 61% of the opening NPAs and slippages for FY2014 for CLC) in order to clear out longstanding NPAs. ICRA Lanka takes note of the decline in overall slippages recorded by the two LFCS over the past FY and



expects the overall asset quality profile to improve further in FY2015 with the stability observed in the operating environment. Further improvements in the overall group's asset quality profile, through effective management of incremental slippages and focused recovery initiatives would be key rating sensitivities.

LOLC group's earning profile has strengthened during FY2014 with improved profitability indicators of the financial services subsidiaries and contributions to underlying profitability from non-financial services businesses as well. Overall decline in funding costs due to the prevailing low interest rate scenario and the resultant increase in NIM has contributed to the financial services profitability. Although group level operating costs remained constant, credit costs remained significantly higher at 2.06% of Average Total Assets as of end Mar-14 (1.36% - Mar-13). Improved financial services profitability indicators provide comfort to the Holdco as the financial services subsidiaries has the highest contribution to the Group profitability. RONW for the group improved to 7.05% (Mar-14) compared as 5.9% (Mar-13). The Holdco's standalone earnings comprise mainly of shared services fees and interest income charged from on-lending to subsidiaries. The Holdco profitability levels improved during in FY 2014 owing mainly to profit from sale of investments accounting for Rs 945 Mn. Consequently the Holdco ROAA improved to 1.35% for FYE Mar-14 compared to 0.06% reported for FYE Mar-13.

LOLC Group's insurance business reported steady growth in its overall business and profitability levels during the FYE Mar-14, but accounts for a small portion of the group's profits. LOLC's non-financial services businesses also registered recovery during the same period with the leisure business cutting the losses by 63% (Rs 904Mn – Mar-13 to Rs 335 Mn – Mar-14) during FYE Mar-14. The trading segment of the group also reported improvement in overall profitability at PBT levels (Rs 148 Mn – Mar-13 to Rs 542 Mn – Mar-14) supported by gain from sale of investments (12 % of the profits in FYE Mar-14). LOLC's power segment reported losses while the plantation segment reported marginal profits for the FYE Mar-14.

The Holdco's trading investment portfolio has been scaled down over the FYE Mar-14. The trading and investments securities portfolio declined to around Rs. 900 Mn as at end Mar-14 from Rs 1,200 Mn reported as at end Mar-13. During the FYE Mar-14 the Holdco increased its stake in its key financial services subsidiary CLC from 90% (Mar-13) to 99% (Mar-14). At Group level, the incremental investments have been mostly in government securities, which accounted for 31% of the total investments in Mar-14 as compared to 22% in Mar-13 and, the composition of equity investments have declined during the FYE Mar-14.

ICRA Lanka notes that the group has been able to secure longer tenure borrowings at favourable rates, which is expected to support the overall liquidity profile and profitability going forward. Group level earnings recovered during the FYE Mar-14 with the ROAA improving to 1.84% from 1.66% in FYE Mar-13 largely on account of improved margins in the financial services subsidiaries and improved financial performances of the non-financial services businesses.



ICRA Lanka takes note of the consistent progress made by the management to de-leverage the Holdco from the reported gearing levels of 0.6 times as on end Mar-13 to 0.4 times by end Mar-14 through the transfer of the residual lending portfolio to its financial services subsidiary and further reducing intra-group exposures. ICRA Lanka notes that the overall group level gearing indicators have increased over the past 2 FYs from 2.16 times as of end Mar-12 to 2.65 times as on end Mar-14. ICRA Lanka would be monitoring the ability of the LOLC group to improve on their operating margins while reducing the standalone leverage which would be a key rating sensitivity.

Company Profile

Setup in 1980, Lanka ORIX Leasing Company PLC (LOLC) is a leading player in leasing and other lending activities with ORIX Corporation holding 30% of LOLC since its inception. With the group diversifying into other interests including leisure and energy in the past few years, LOLC surrendered its Specialized Leasing Company (SLC) license from CBSL and has transformed itself into a holding company by transferring all operations to its subsidiaries. At the end of March 2014, financial services contributed 91% of PBT of the group while interests in leisure and power reported losses.

During the year ended March 2014, LOLC group reported net profit of Rs. 3.1 Bn on a total income of Rs. 35 Bn compared to net profit of Rs. 2.5 Bn on a total income of Rs. 32 Bn in the corresponding period of the previous fiscal.

August 2014

For further details please contact:

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Ref No: BFI/IR/14/02

October 17, 2014

Mr. Kapila Jayawardena
Group MD & CEO
Lanka ORIX Leasing Company PLC
100/1 Sri Jayawardanapura Mawatha
Rajagiriya.

Dear Sir,

**ICRA Lanka Credit Rating for the proposed
Senior Unsecured Redeemable Listed Debentures**

We refer to your letter dated October 13, 2014 informing us that the amount of Debenture Programme has been reduced from Rs 7,000Mn (with option to increase up to Rs 12,000 Mn) to Rs 5,000 Mn. The Rating Committee of ICRA Lanka, after due consideration, has reaffirmed the "[SL] A-" [pronounced as S L A Minus] rating to the captioned Debt Programme. Instruments with this rating are considered to have adequate credit quality and the rated instrument carries average credit risk. In any of your publicity material or other document wherever you are using our above rating, it should be stated as "[SL]A-".

All other terms and conditions of our letter dated August 19, 2014 communicating the Rating remain unchanged.

We thank you for your kind co-operation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

Yours faithfully,

ICRA LANKA LIMITED

W. Don Barnabas

MANAGING DIRECTOR/CEO

We accept the terms and condition contained in this agreement

Authorised Signatory

Date: 17th October 2014
Kapila Jayawardena

GROUP MANAGING DIRECTOR/CEO

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E-mail: info@icrolanka.com, Web: www.icrolanka.com

Annexure II

Collection Points

COPIES OF THE PROSPECTUS CAN BE OBTAINED FREE OF CHARGE FROM THE FOLLOWING COLLECTION POINTS

Company Registered Office

Lanka ORIX Leasing Company PLC
No. 100/1 Sri Jayawardenepura Mawatha
Rajagiriya
Tel: 0115 880 880

Managers to the Issue

First Capital Limited
No. 02, Deal Place
Colombo 3
Tel: 0112 639816/65

Managers to the Issue - Branches

Kandy

No.213-215, Peradeniya Road, Kandy.
Tel : +94 81 2 236 010 / +94 777 590 521

Matara

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E.H.Cooray Building,
Anagarika Dharmapala Mawatha,
Matara.
Tel : +94 41 2 222 988 / +94 777 572 279

Kurunegala

No. 06, 1st Floor, Union Assurance Building,
Rajapihilla Mawatha,
Kurunegala.
Tel : +94 37 2 222 930 / +94 773 596 443

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Bartleet Religare Securities (Pvt) Limited

Level "G", "Bartleet House",
65, Braybrooke Place, Colombo 2.
Tel:+94 11 5 220 200
Fax: +94 11 2 434 985
E-mail: info@bartleetstock.com
Website: www.bartleetstock.com

Acuity Stockbrokers (Pvt) Ltd.

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No. 53, Dharmapala Mawatha, Colombo 3.
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E-mail: sales@acuitystockbrokers.com
Website: www.acuity.lk

John Keells Stock Brokers (Pvt) Ltd.

186, Vauxhall Street, Colombo 2.
Tel: +94 (0) 11 2 306 250, 2 342 066-7
Fax: +94 (0) 11 2 342 068,
E-mail: jkstock@keells.com
Website: www.jksb.com

Asha Phillip Securities Ltd.

2nd Floor, Lakshmans Building, No.321, Galle Road,
Colombo - 03.
Tele : +94 11 2 429 100
Fax : +94 11 2 429 199
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Website:www.ashaphillip.net

Assetline Securities (Pvt) Ltd.

No.120, 120A, Pannipitiya Road,
Battaramulla.
Tel: +94 11 4 700 111, 2 307 366
Fax: +94 11 4 700 112, 2 307 365
E-mail:colombo.dpglobal@dpmcfs.com
Website:http://www.assetline.lk/stock_brokering.html

Somerville Stockbrokers (Pvt) Ltd.

137, Vauxhall Street, Colombo 2.
Tel: +94 11 2 329 201-5, 2 332 827, 2 338 292-3
Fax: +94 11 2430829,
E-Mail: ssb-web@sltnet.lk

J B Securities (Pvt) Ltd.

150, St. Joseph Street, Colombo 14.
Tel:+94 11 2 490 900, 077 2 490 900, 077 2 490 901
Fax:+94 11 2 430 070, 2 446 085, 2 447 875
E-mail: jbs@jb.lk Website:www.jbs.lk

Lanka Securities (Pvt) Ltd.

228/1, Galle Road, Colombo 04.
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Fax:+94 11 4706767
E-mail: lankasec@sltnet.lk
Website: www.lsl.lk

Asia Securities (Pvt) Ltd.

Level 21, West Tower, World Trade Centre,
Echelon Square, Colombo 1.
Tel:+94 11 2 423 905, 5 320 000
Fax:+94 11 2 336 018
E-mail: enquiry@asiacapital.lk
Website: www.asiacapital.lk

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E-mail: info@nlequities.com
Website: www.nlequities.com

Capital Trust Securities (Pvt) Ltd.

42, Mohamed Macan Markar Mawatha, Colombo 3.
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Website: www.capitaltrust.lk

S C Securities (Pvt) Ltd.

2nd Floor, 55, D.R. Wijewardena Mawatha, Colombo 10.
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E-mail:ceo@sampathsecurities.lk
Website: www.sampathsecurities.lk

CTCLSA Securities (Pvt) Limited

4-14, Majestic City, 10, Station Road, Colombo 4.
Tel. +94 11 2 552 290 - 4
Fax: +94 11 2 552 289
E-mail: ctssales@sltnet.lk
Website: www.ctsmith.lk

First Capital Equities (Pvt) Ltd.

No.01, Level 2, Lake Crescent, Colombo 02.
Tel:+94 11 2145000
Fax:+94 11 5736264.
E-mail: inquiries@firstcapital.lk
Website: www.firstcapital.lk

NDB Securities (Pvt) Ltd.

5th Floor, NDB Building, 40, Navam Mawatha,
Colombo 2.
Tel:+94 11 2 314 170 to 2 314 178
Fax:+94 11 2 314 180
E-mail: mail@ndbs.lk
Website: www.ndbs.lk

TRADING MEMBERS DEBT AND EQUITY

Capital Alliance Securities (Pvt) Ltd.

Level 5, "Millennium House", 46/58 Navam Mawatha,
Colombo 2.
Tel: +94 11 2 317 777
Fax: +94 11 2 3177 88
E-mail: general@capitalalliance.lk
Website: www.capitalalliance.lk

SMB Securities (Pvt) Ltd.

No. 102/1, Dr. N.M. Perera Mawatha (formerly Cotta Road),
Colombo 08.
Tel: +94 114-388138
Fax: +94 2670294
E-mail: admin@smbsecurities.lk
Website: www.smb.lk.com

First Guardian Equities (Pvt) Ltd.

32nd Floor, East Tower, World Trade Centre,
Echelon Square, Colombo 1.
Tel: +94 11 5 884 400 (Hunting)
Fax: +94 11 5 884 401
E-mail: info@firstguardianequities.com
Website: www.firstguardianequities.com

Taprobane Securities (Pvt) Ltd.

2nd Floor, No. 10, Gothami Road, Colombo 08.
Tel: +94 11 5 328 200
Fax: +94 11 5 328 277
E-mail: info@taprobane.lk,
Website: www.taprobanestocks.com

Candor Equities Ltd..

Level 8, South Wing, Millennium House,
46/58 Nawam Mawatha, Colombo 02.
Tel: +94 11 2 359 100
Fax: +94 11 2 305 522
E-mail: info@cel@candorh.com
Website: www.candorh.com

Serendib Stock Brokers (Pvt) Ltd.

Level 15, East Tower, World Trade Center,
Echelon Square, Colombo 01.
Tele: +94 11 550 0600, +94 11 550 0698
Fax: + 94 11 550 0699
E-mail: info@serendibsb.com
Website: www.serendibsb.com

Enterprise Ceylon Capital (Pvt) Ltd.

27th Floor, East Tower, World Trade Centre,
Echelon Square, Colombo 1
Tel: +94 11 2 333 000
Fax: +94 11 2 333 383
E-mail: info.ceylon@iiflcap.com

TKS Securities (Pvt) Ltd.

4th Floor, No. 245, Dharmapala Mawatha, Colombo 7.
Tel: +94 11 7 857 799
Fax: +94 11 7 857 857
E-mail: info@tks.lk Website: www.tks.lk

Richard Pieris Securities (Pvt) Ltd.

55/20, Vauxhall Lane, Colombo 2.
Tel: +94 11 5900800
Fax: +94 11 2330711
E-mail: jayantha@rpsecurities.com

Claridge Stockbrokers (Pvt) Ltd.

No.10 Gnanartha Pradeepa Mawatha,
Colombo 8.
Tel: +94 11 2 697 974
Fax: +94 11 2689250
E-mail: csb@mackwoods.com

Navara Securities (Pvt) Ltd

2nd Floor, 45/2, Braybrooke Street, Colombo 2.
Tel: +94 11 2 358 700 / 20
Fax: +94 11 2 358 701
Email: viraj@nws.lk
Website: www.nws.lk

Softlogic Stockbrokers (Pvt) Ltd

No.06, 37th Lane, Queens Road, Colombo 03
Telephone : 011 7277000,
Fax : 011 7277099
Email: info@equity.softlogic.lk
Website: www.softlogicequity.lk

LOLC Securities Limited

Level 18, West Tower,
World Trade Centre, Echelon Square. Colombo 1.
Tel: +94 11 7 880 880
Fax: +94 11 2 434 771

First Capital Markets Limited

No. 2, Deal Place, Colombo 03.
Tel: +94 11 2 639 898, +94 11 2 681 888
Fax: +94 11 2 639 899, +94 11 2 681 460
E-Mail: info@firstcapital.lk
Web site: www.firstcapital.lk

Capital Alliance Limited

Level 5, Millennium House, 46/58,
Nawam Mawatha,
Colombo 02.
Tel. : 2317777
Fax: 2317788

Wealthtrust Securities Limited

No. 32, Castle Street, Colombo 08.
Tel: +94 11 2 689 823
Fax: +94 11 2 689 605

Perpetual Treasuries Limited

Level 3, Prince Alfred Tower,
No 10, Alfred House Gardens,
Colombo 03.
Tel : +94 11 2206123, +94 11 2206107
Fax : +94 11 2206110

Annexure III

Custodian Banks

Bank of Ceylon

Head Office, 11th Floor,
04, Bank of Ceylon Mawatha,
Colombo 01
Tel: 011 2317777, 011 2448348

C/O Hatton National Bank PLC

Cinnamon Garden Branch,
251, Dharmapala Mawatha,
Colombo 07
Tel: 011 268 6537, 011 268 9176

Citi Bank

65 C, Dharmapala Mawatha,
P.O. Box 888,
Colombo 07
Tel: 011 244 7316/8, 011 244 7318

Commercial Bank of Ceylon PLC

Commercial House, 21, Bristol Street,
P.O. Box 853,
Colombo 01
Tel: 011 244 5010-15, 011 238 193-5

Deutsche Bank

No. 86, Galle Road,
Colombo 03
Tel: 011 244 7062, 011 243 8057

Standard Chartered Bank

37, York Street,
Colombo 01
Tel: 011 479 4400, 011 248 0000

State Bank of India

16, Sir Baron Jayathilake Mawatha,
Colombo 01
Tel: 011 232 6133-5, 011 243 9405-6

Union Bank

No 15A, Alfred Place,
Colombo 03
Tel: 011 2 370 870

The Hong Kong and Shanghai Banking Corp. Ltd

24, Sir Baron Jayathilake Mawatha,
Colombo 01
Tel: 011 232 5435, 011 244 6591

People's Bank

Head Office, 5th Floor,
Sir Chittampalam A Gardiner Mawatha
Colombo 02
Tel: 011 278 1481, 011 2446316

Pan Asia Bank

450, Galle Road
Colombo 03
Tel: 011 2 565565

Sampath Bank PLC

110, Sir James Peiris Mawatha,
Colombo 02
Tel: 011 533 1458

Seylan Bank PLC

Level 8, Ceylinco Seylan Towers,
90, Galle Road, Colombo 03
Tel: 011 245 6789, 011 470 1812

Hatton National Bank PLC

HNB Towers, 479, T.B. Jayah Mawatha,
Colombo 10
Tel: 011 266 4664

Nations Trust Bank PLC

242, Union Place,
Colombo 02
Tel: 0114 313131

National Savings Bank

Savings House
255, Galle Road, Colombo 03
Tel: 5 730081-5



Lanka ORIX Leasing Company PLC
No. 100/1, Sri Jayawardenepura Mawatha, Rajagiriya.
Tel: +94 115 880 880
Fax: +94 112 865 606
Email: lolc@lankaorix.com
Web: www.lolc.com