

# MILESTONES

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## Milestones

### 1980

- The first to introduce leasing to Sri Lanka

### 1992

- Launched its first subsidiary LOFAC

### 1995

- First branch office opened in Kandy
- Negotiated the first long term Rupee loan from FMO

### 1996

- The first to extend Dollar denominated leases to BOI companies

### 1997

- The first to introduce export factoring through LOFAC
- Branch office opened in Matara

### 1998

- Branch offices opened in Badulla and Rathnapura

### 1999

- LOFAC enters into strategic alliance with Dunn and Bradstreet
- Branch office opened in Anuradhapura
- Launched its insurance subsidiary, LOIB

### 2000

- Negotiated the second tranche of long term Rupee loan from FMO
- Branch office opened in Kochchikade

### 2001

- Launched its finance subsidiary, LOFIN
- Branch offices opened in Kurunagala and Kaluthara

### 2002

- The first leasing company to be recognized as a Participating Financial Institution for the Indian Line of Credit
- Branch office opened in Galle

### 2003

- Received the first US Dollar Long-Term Loan from OPEC Fund
- The first to win the leasing category "Award for Excellence in Annual Reports and Accounts" conducted by the institute of Chartered Accountants of Sri Lanka
- Negotiated the third tranche of long term Rupee loan from FMO
- Branch offices opened in Nuwaraeliya and Kiribathgoda

### 2004

- Entered into stock broking through LOSEC
- Launched LOIT, the Information Technology arm
- The first to win the Non Banking Sector Award at South Asian Federation of Accountants (SAFA) best presented accounts competition
- Branch office opened in Gampaha

### 2005

- The first leasing company to be ranked among the top 10 Brands by Sting Consultants Brand Power Index
- Launched LOPD, the project development subsidiary
- LOLC cricket team emerged mercantile 'C' division champions
- Negotiated the second tranche of long term US Dollar loan from OPEC Fund

- Negotiated the fourth tranche of long term Rupee loan from FMO
- Negotiated the long term US Dollar loan from PROPARCO
- Branch offices opened in Kegalle, Embilipitiya and Polonnaruwa

### 2006

- Negotiated the long term US Dollar loan from DEG
- Negotiated the long term US Dollar loan from OPIC
- Branch office opened in Wattala
- The first Regional Expansion to Cambodia through 17.91% holding of PRASAC
- First to introduce a branded product "Guardian" range from an insurance broker, through LOIB
- Won the leasing category "Award for Excellence in Annual Reports and Accounts" conducted by the institute of Chartered Accountants of Sri Lanka for 2005/06

### 2007

- Branch offices opened in Chilaw and Mahiyanganaya
- Ranked among the top 50 brands by Super Brands
- Launched the new Strategic plan for the company and its subsidiaries
- Opened the first Hospital savings center in Oasis
- Opened the first student savings center at Royal college - Polonnaruwa
- LOFIN operations expanded to Wattala, Kegalle, Mahiyanganaya, Mount Lavinia and Chilaw
- Received Cabinet sub committee approval for the project on off shore Sand Mining, Washing, Sieving and Grading to supply construction and related industry
- Signed up with LIOC to establish LOLC sub branches at LIOC filling stations.
- LIOC centers opened in Morawaka and Trincomele
- Set up the Islamic BU with an in house Sharia'h Supervisory Board.
- Dairy farmer loans, cultivation loans, business set up loans and skilled enable loans were introduced.
- Partnered with GTZ for capacity building of the micro finance staff, setting up low cost branch network and development of a micro banking system.

### 2008

- Launched a lottery for customers with a house as the prize
- Launched Western Union Money transfer services at LOLC branches
- Entered into an joint venture agreement with Agri Tec for manufacture of precipitated silica & allied products using rice husk ash
- LIOC centers opened in Pilimathalawa, Seeduwa, Aluthgama, Kadawatha, Ambalangoda, Deberawewa, Beliatta and Thalawakele
- LOLC MF was appointed as the only representative from the private sector to the micro finance steering committee appointed by department of development finance attached to ministry of finance and planning.

# INVESTOR INFORMATION

## 1. SHAREHOLDING INFORMATION

### 1.1 Shareholding as at 31 March

	2008		2007	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Residents	33,070,268	69.60	33,207,804	69.88
ORIX Corporation	14,256,000	30.00	14,256,000	30.00
Other foreign investors	193,732	0.40	56,196	0.12
<b>Total</b>	<b>47,520,000</b>	<b>100.00</b>	<b>47,520,000</b>	<b>100.00</b>

### 1.2 Analysis of Ordinary Shares as at 31 March

Range		2008			2007		
		No. of Shareholders	No. of Shares	% of Shares	No. of Shareholders	No. of Shares	% of Shares
1	- 1,000	1,156	337,813	0.71	1,098	318,443	0.67
1,001	- 5,000	356	840,803	1.77	314	717,470	1.51
5,001	- 10,000	76	567,067	1.19	64	461,582	0.97
10,001	- 50,000	72	1,415,907	2.98	72	1,505,695	3.17
50,001	- 100,000	10	733,228	1.55	6	398,924	0.84
100,001	- 500,000	10	1,952,394	4.11	9	1,964,998	4.14
500,001	- 1,000,000	1	800,200	1.68	-	-	-
Over 1,000,000 Shares		6	40,872,588	86.01	7	42,152,888	88.7
		<b>1,687</b>	<b>47,520,000</b>	<b>100.00</b>	<b>1,570</b>	<b>47,520,000</b>	<b>100.00</b>

### 1.3 Categories of Shareholders as at 31 March

Range		2008					
		Resident			Non-Resident		
		No. of Shareholders	No. of Shares	% of Shares	No. of Shareholders	No. of Shares	% of Shares
1	- 1,000	1,140	331,525	0.70	16	6,288	0.01
1,001	- 5,000	350	824,483	1.74	6	16,320	0.03
5,001	- 10,000	72	534,431	1.12	4	32,636	0.07
10,001	- 50,000	69	1,361,719	2.87	3	54,188	0.11
50,001	- 100,000	9	648,928	1.37	1	84,300	0.18
100,001	- 500,000	10	1,952,394	4.11	0	0	0.00
500,001	- 1,000,000	1	800,200	1.68	0	0	0.00
Over 1,000,000 Shares		5	26,616,588	56.01	1	14,256,000	30.00
		<b>1,656</b>	<b>33,070,268</b>	<b>69.60</b>	<b>31</b>	<b>14,449,732</b>	<b>30.40</b>

Range		2007					
		Resident			Non-Resident		
		No. of Shareholders	No. of Shares	% of Shares	No. of Shareholders	No. of Shares	% of Shares
1	- 1,000	1,081	311,931	0.66	17	6,512	0.01
1,001	- 5,000	308	704,910	1.48	6	12,560	0.03
5,001	- 10,000	62	447,146	0.94	2	14,436	0.03
10,001	- 50,000	70	1,483,007	3.12	2	22,688	0.05
50,001	- 100,000	6	398,924	0.84	-	-	-
100,001	- 500,000	9	1,964,998	4.14	-	-	-
500,001	- 1,000,000	-	-	-	-	-	-
Over 1,000,000 Shares		6	27,896,888	58.70	1	14,256,000	30.00
		<b>1,542</b>	<b>33,207,804</b>	<b>69.88</b>	<b>28</b>	<b>14,312,196</b>	<b>30.12</b>

## INVESTOR INFORMATION

### 1.4 Categories of Shareholders as at 31 March

	2008			2007		
	No. of Shareholders	No. of Shares	% of Shares	No. of Shareholders	No. of Shares	% of Shares
Individual	1,537	17,419,631	36.66	1,413	16,988,672	35.75
Institutions	150	30,100,369	63.34	157	30,531,328	64.25
Total	1,687	47,520,000	100	1,570	47,520,000	100

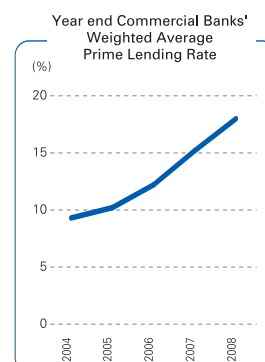
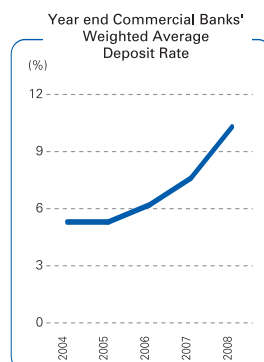
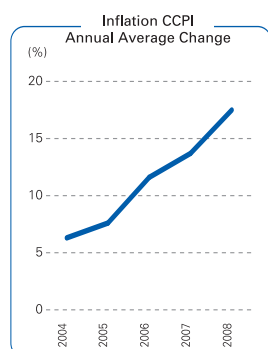
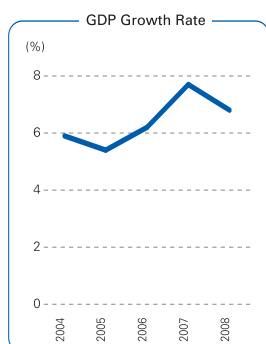
	2008		2007	
	No. of Shares	% of Stated Capital	No. of Shares	% of Stated Capital
1 ORIX Corporation	14,256,000	30.00	14,256,000	30.00
2 Seylan Bank - R.M. Nanayakkara	12,019,708	25.29	12,019,708	25.29
3 Mr. I.C. Nanayakkara	5,989,550	12.60	5,989,550	12.60
4 Mrs. K.U. Amarasinghe	5,243,200	11.03	5,243,200	11.03
5 Mr. R.M. Nanayakkara	2,122,114	4.47	2,122,114	4.47
6 Sri Lanka Insurance Corporation - Life Fund	1,242,016	2.61	1,438,216	3.03
7 DPMC Financial Services (Pvt) Ltd. (A/C No. 01)	800,200	1.68	1,084,100	2.28
8 Mrs. I. Nanayakkara	456,402	0.96	314,902	0.66
9 Mr. G.G. Ponnambalam	208,992	0.44	208,992	0.44
10 Swastika Mills Ltd.	200,000	0.42	211,200	0.44
11 HSBC - Mr. C.P. de Silva	200,000	0.42	200,000	0.42
12 HSBC - Mr. R.C. de Silva	200,000	0.42	200,000	0.42
13 HSBC - Mr. C.L. de Silva	200,000	0.42	200,000	0.42
14 Mr. M. Radhakrishnan	150,000	0.32	150,000	0.32
15 DPMC Financial Services (Pvt) Ltd (A/C No. o2)	128,700	0.27	16,000	0.03
16 Employees Trust Fund Board	107,900	0.23	27,500	0.05
17 Mr S G Karunagoda	100,400	0.21	-	-
18 Mr K P S D Karunagoda	97,200	0.20	-	-
19 Mr D J Wilson	85,216	0.18	82,216	0.17
20 Galleon International Master Fund, SPC Ltd	84,300	0.18	-	-
	<b>43,891,898</b>	<b>92.35</b>		

# ECONOMIC AND FINANCIAL INDICATORS

December	2003	2004	2005	2006	2007
<b>Economic Growth</b>					
GDP at Current Market Prices (Rs. Bn.)	1,822	2,091	2,453	2,939	3,578
GDP Growth Rate %	5.9	5.4	6.2	7.7	6.8
<b>External Finance</b>					
Trade Balance - US \$ Mn.	-1,539	-2,243	-2,516	-3,371	-3,560
Balance of Payment (Rs. Mn)	48.6	-7.5	48.1	33.5	60.0
<b>Exchange Rates - Rs. US \$</b>					
Annual Average	96.52	101.19	100.5	103.96	110.62
Year End	96.74	104.61	102.12	107.71	108.72
<b>Rate of Inflation</b>					
CCPI* Annual Average Change %	6.3	7.6	11.6	13.7	17.5
<b>Money Supply - Percentage change Dec. to Dec.</b>					
Narrow Money - M1 %	16.0	16.6	22.4	12.6	2.7
Broad Money - M2b %	15.3	19.6	19.1	17.8	16.6
<b>Interest Rates - Per cent per annum at year end</b>					
Repurchase Rate - Overnight %	7.0	7.5	8.8	10.0	10.5
Reverse Repurchase Rate - Overnight %	8.5	9.0	10.3	11.5	12.0
<b>Treasury Bill Rate</b>					
91 Days %	7.35	7.25	10.10	12.76	21.30
364 Days %	7.24	7.65	10.37	12.96	19.66
CB's** Weighted Average Deposit Rate %	5.3	5.3	6.2	7.6	10.3
CB's** Weighted Average Prime Lending Rate %	9.3	10.2	12.2	15.2	18.0
<b>Share Market</b>					
All Share Price Index - ASPI	1,062.10	1,506.90	1,922.20	2,722.40	2,541.00
Market Capitalisation Rs. Bn.	262.8	382.1	584.0	834.8	820.7

\*CCPI - Colombo Consumers Price Index

\*\* CB - Commercial Bank



# GLOSSARY

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## TERMS

Term	Meaning
Accrual Basis	Recognising the effects of transactions and events when they occur without waiting for receipt or payment of cash or cash equivalent.
Associate Company	A company other than a subsidiary in which the holding company has significant influence over its financial and operating policy decisions.
Cash Basis	Recognising the effects of transactions and events when receipt or payment of cash or cash equivalent occurs.
Cash Equivalents	Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk in change in value.
Consolidated Financial Statements	Financial statements of a group presented as those of a single company.
Corporate Governance	The process by which corporate entities are governed. It covers the way in which power is exercised over the management and direction of entity, the supervision of Executive actions and accountability to owners and others.
Executions	Advances granted to customers under leasing, hire purchase and loan facilities.
Finance Lease	A lease that transfers substantially all the risk and rewards incident to ownership of the asset to the lessee. Title may or may not eventually be transferred.
Gross Dividend	The proportion of profit distributed to shareholders inclusive of tax withheld.
Gross Portfolio	Total rental receivable of the advances granted to customers under leasing, hire purchase and loan facilities.
Hire Purchase	A Hire Purchase is a contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.
Interest Cost	The sum of monies accrued and payable to the sources of borrowed working capital.
Interest in Suspense	Interest income of non-performing portfolio; these interests are accrued but not considered as part of income.
Lease	A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.
Minority Interest	Part of the net results of operations and of net assets of a subsidiary attributable to interests who are not owned, directly or indirectly through subsidiaries, by the parent.
Net Portfolio	Total rental receivable excluding interest of the advances granted to customers under leasing, hire purchase and loan facilities.
Non-Performing Portfolio	Facilities granted to customers which are in default for more than six months.

## GLOSSARY

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Operating Lease	An operating lease is a lease other than a finance lease.
Provision	Amounts set aside against possible losses on net receivable of facilities granted to customers as a result of them becoming partly or wholly uncollectible.
Related Parties	Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.
Related Party Transactions	A transfer of resources or obligations between related parties, regardless of whether a price is charged.
Residual Value	The estimated amount that is currently realisable from disposal of the asset, after deducting estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.
Revenue Reserve	Reserves set aside for future distribution and reinvestment.
Segmental Analysis	Analysis of information by segments of an enterprise specifically the different industries and the different geographical areas in which it operates.
Shareholders' Funds (Equity)	Total of issued and fully paid ordinary share capital and reserves.
Stated Capital	All amounts received by the Company or due and payable to the Company (a) in respect of the issue of shares (b) in respect of calls on shares.
Subsidiary Company	Subsidiary is a Company that is controlled (power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities) by another Company known as the parent.
Substance Over Form	The consideration that the accounting treatment and the presentation in Financial Statements of transactions and the events should be governed by their substance and financial reality and not merely by legal form.
Value Addition	Value of wealth created by providing leasing and other related services considering the cost of providing such services.

## GLOSSARY

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### RATIOS

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Ratio	Method of Computation and Indicates
Cost to Income Ratio	Operating expenses excluding provision for bad and doubtful debts as a percentage of total operating income, net of interest cost. Efficiency of cost management in generating income.
Debt to Equity (Gearing) Ratio	Total debts divided by equity. The extent to which debt contributes to fund total assets, compared to the contribution from equity.
Dividend Cover	Profit attributable to ordinary shareholders divided by gross dividends of ordinary shares. Number of times dividend is covered by current year's distributable profits.
Dividend Per Share (DPS)	Value of the dividend proposed and paid out to ordinary shareholders divided by the number of ordinary shares in issue. Share of current year's dividend distributable to an ordinary share in issue.
Earnings Per Share (EPS)	Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue. Share of current year's earnings attributable to a ordinary share in issue.
Interest Cover	Earnings before interest and tax divided by interest charges. Ability to cover or service interest charges of the debt holders.
Market Capitalisation	No. of ordinary shares in issue multiplied by market value of a share. Total market value of all ordinary shares in issue.
Net Asset Value per Ordinary Share	Ordinary shareholders' funds divided by the number of ordinary shares in issue. Book value of an ordinary share.
Non-Performing Facilities Ratio	Total gross non-performing portfolio divided by total gross portfolio. Percentage of total gross non-performing portfolio against the total gross portfolio.
Price Earning Ratio (PE Ratio)	Market price of a share divided by Earnings Per Share (EPS). Number of years that would be taken to recoup shareholders' capital outlay in the form of earnings.
Return on Assets (ROA)	Net profits expressed as a percentage of average total assets. Overall effectiveness in generating profits with available assets; earning power of invested total capital.
Return on Equity (ROE)	Net profit, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' funds. Earning power on shareholders' book value of investment (equity).