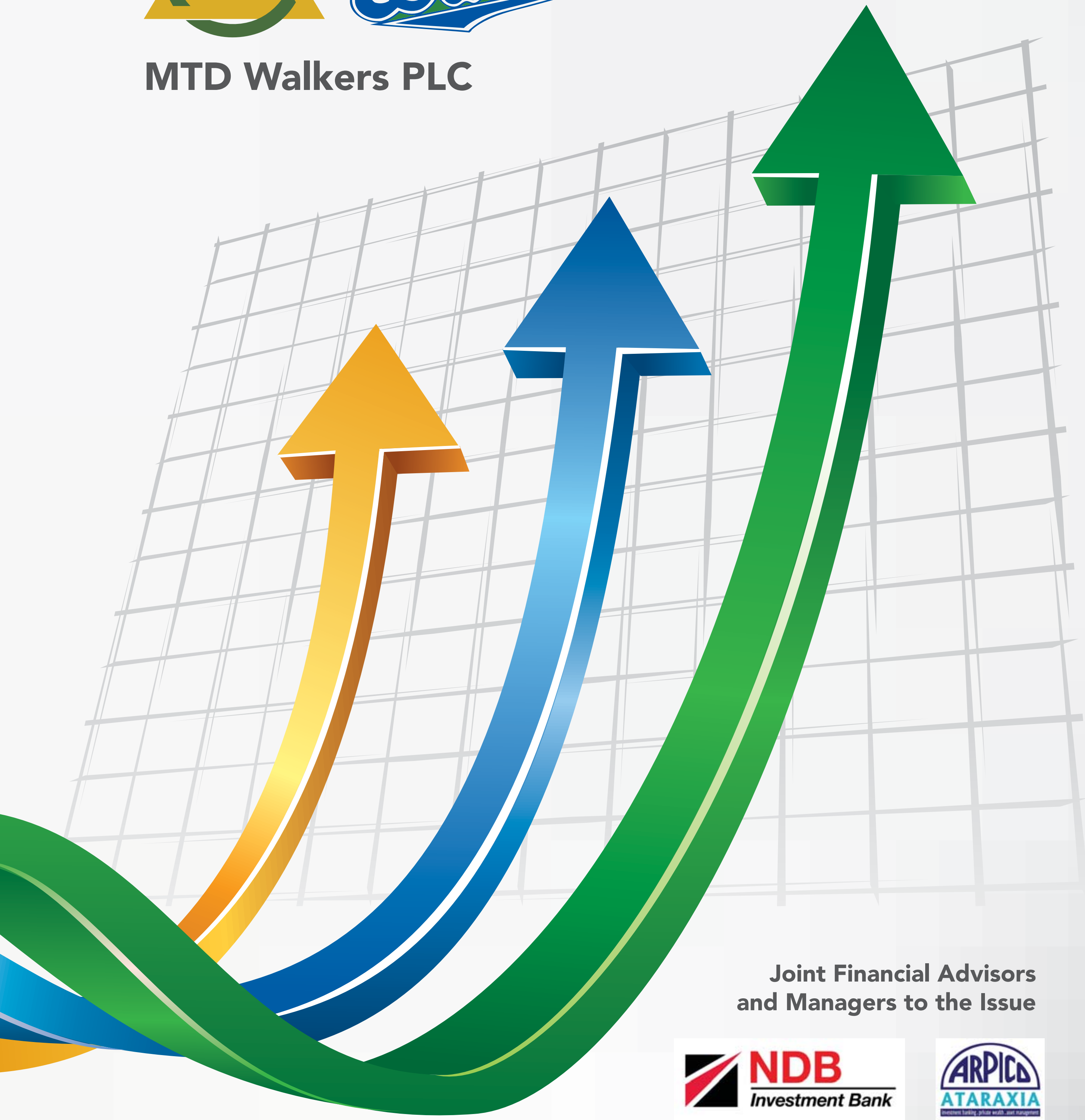
PROSPECTUS

DEBENTURE ISSUE 2015

MTD Walkers PLC



Joint Financial Advisors
and Managers to the Issue

NDB Investment Bank

ARPICO ATARAXIA

M T D WALKERS PLC

PROSPECTUS

AN INITIAL ISSUE OF TWENTY FIVE MILLION (25,000,000) RATED SENIOR UNSECURED REDEEMABLE DEBENTURES AT THE PAR VALUE OF LKR 100/- EACH TO RAISE SRI LANKA RUPEES TWO THOUSAND FIVE HUNDRED MILLON (LKR 2,500,000,000/-)

WITH AN OPTION TO ISSUE UP TO A FURTHER FIVE MILLION (5,000,000) OF SAID DEBENTURES TO RAISE UP TO SRI LANKA RUPEES FIVE HUNDRED MILLION (LKR 500,000,000/-)

AT THE DISCRETION OF THE COMPANY IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE

TO BE LISTED ON THE COLOMBO STOCK EXCHANGE

Rated "(SL) BBB+ with a stable outlook" by ICRA Lanka Limited

ISSUE OPENS ON

28th September 2015

Joint Financial Advisors and Managers to the Issue

This Prospectus is dated 17th September 2015

The delivery of this Prospectus will not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus.

If you are in doubt regarding the contents of this document, you should consult your stockbroker, bank manager, lawyer or any other professional advisor.

Responsibility for the Content of the Prospectus

This Prospectus has been prepared from information provided by MTD Walkers PLC (hereinafter referred to as the "Company", "MTD" or the "Issuer") and from publicly available sources.

The Directors of the Company have seen and approved this Prospectus and collectively and individually, accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquires 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 MTD have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to MTD and making assumptions that are considered to be reasonable at the present point in time in their best judgment.

MTD accepts responsibility for the information contained in this Prospectus. While the Company has taken reasonable care to ensure full and fair disclosure of information, prospective investors are advised to carefully read this Prospectus and rely on their own examination and assessment of the Company including the risks involved prior to making any investment decision.

FOR ENQUIRIES, PLEASE CONTACT THE JOINT FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE

Registration of the Prospectus

A copy of the Prospectus has been delivered to the Registrar of Companies for registration in compliance with the provisions of Section 40 of the Companies Act No. 7 of 2007. The following are the documents attached to the copy of the Prospectus delivered to the Registrar of Companies for registration pursuant to Section 40 (1) of the Companies Act.

a) The written consent of the Auditors and Reporting Accountants to the Issue and to the Company for the inclusion of their name in the Prospectus as Auditors and Reporting Accountants to the Issue and to the Company.

b) The written consent of the Lawyers to the Issue for the inclusion of their name in the Prospectus as Lawyers to the Issue.

c) The written consent of the Trustee to the Issue for the inclusion of their name in the Prospectus as Trustee to the Issue.

d) The written consent of the Bankers to the Issue for the inclusion of their name in the Prospectus as Bankers to the Issue.

e) The written consent of the Company Secretary for the inclusion of his/her name in the Prospectus as Company Secretary to the Company.

f) The written consent of the Joint Financial Advisors and Managers to the Issue for the inclusion of their name in the Prospectus as Joint Financial Advisors and Managers to the Issue.

g) The written consent of the Registrars to the Issue for the inclusion of their name in the Prospectus as Registrars to the Issue.

h) The written consent of the Rating Agency to the Issue for the inclusion of their name in the Prospectus as Rating Agency to the Issue.

i) The declaration made and subscribed to, by each of the Directors of the Company herein named as a Director, jointly and severally confirming that each of them have read the provisions of the Companies Act and the CSE Listing Rules relating to the Issue of the Prospectus and that those provisions have been complied with.

The said Auditors and Reporting Accountants to the Issue and to the Company, Lawyers to the Issue, Trustee to the Issue, Bankers to the Issue, Company Secretary, Joint Financial Advisors and Managers to the Issue, Registrars to the Issue and Rating Agency to the Issue and to the Company 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.

Representation

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 authorised to give any information or to make any representations in connection with the 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 authorised by the Company.

Forward Looking Statements

Any statements included in this Prospectus that are not statements of historical fact constitute “Forward Looking Statements”. These can be identified by the use of forward looking terms such as “expect”, “anticipate”, “intend”, “may”, “plan to”, “believe”, “could” and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, interest rate volatilities, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements.

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.

Presentation of Currency Information and Other Numerical Data

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to "LKR", "Rupees" or "Rs." are to the lawful currency of Sri Lanka.

Certain numerical figures in the Prospectus have been subject to rounding adjustments, accordingly numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

All Applicants should indicate in the Application for Debentures, their Central Depository Systems (Private) Limited (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.

As per the directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated 22nd November 2010 and Circular No. 13/2010 issued by the CDS dated 30th 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.

In line with this directive, THE DEBENTURES ALLOTTED TO AN APPLICANT WILL BE DIRECTLY DEPOSITED IN THE CDS ACCOUNT OF SUCH APPLICANT, the details of which is indicated in his/her Application Form.

PLEASE NOTE THAT DEBENTURE CERTIFICATES WILL NOT BE ISSUED.

Debentures will not be allotted to Applicants who have not indicated their CDS account details in the Application Form. Applications which do not specify a CDS account number will be rejected.

Applicants who wish to open a CDS account, may do so through a Member/Trading Member of the CSE as set out in Annexure II or through any Custodian Bank as set out in Annexure III of this Prospectus.

If the CDS account number indicated in the Application Form is found to be inaccurate/ incorrect or there is no CDS number indicated, the Application will be rejected and no allotments will be made.

ISSUE AT A GLANCE

<table>
<tr><td>Issuer</td><td>MTD Walkers PLC</td></tr>
<tr><td>Instrument</td><td>Rated Senior Unsecured Redeemable Debentures</td></tr>
<tr><td>Listing</td><td>The Debentures will be listed on the Colombo Stock Exchange</td></tr>
<tr><td>Number of Debentures to be Issued</td><td>An initial Issue of Twenty Five Million (25,000,000) Rated Senior Unsecured Redeemable Debentures with an option to issue up to a further Five Million (5,000,000) of said Debentures, at the discretion of the Company, in the event of an oversubscription of the initial Issue</td></tr>
<tr><td>Amount to be Raised</td><td>Sri Lanka Rupees Two Thousand Five Hundred Million (LKR 2,500,000,000/-) with an option to raise up to a further Sri Lanka Rupees Five Hundred Million (LKR 500,000,000/-), at the discretion of the Company, in the event of an oversubscription of the initial Issue</td></tr>
<tr><td>Company Rating</td><td>"(SL) BBB+ with a stable outlook" by ICRA Lanka Limited</td></tr>
<tr><td>Issue Rating</td><td>"(SL) BBB+ with a stable outlook" by ICRA Lanka Limited</td></tr>
<tr><td>Issue Price</td><td>LKR 100/- per each Debenture</td></tr>
<tr><td>Par Value</td><td>LKR 100/- per each Debenture</td></tr>
<tr><td>Details of Debentures (Fixed Rate Debentures)</td><td>
<table>
<tr><th>Type of Debentures</th><th>Interest Rate (per annum)</th><th>Annual Effective Rate (AER) (per annum)</th><th>Redemption (from the Date of Allotment)</th></tr>
<tr><td>Type A</td><td>9.75%
payable semi-annually</td><td>9.99 %</td><td>36 Months
(3 Years)</td></tr>
<tr><td>Type B</td><td>10.25%
payable semi-annually</td><td>10.51%</td><td>60 Months
(5 Years)</td></tr>
</table>
</td></tr>
<tr><td>Number of Debentures to be Subscribed</td><td>Applicants are allowed to invest in either;
▪ Debentures of Type A; and/or
▪ Debentures of Type B

A minimum of One Hundred (100) Debentures (LKR 10,000/-) and in multiples of One Hundred (100) Debentures (LKR 10,000/-) thereafter</td></tr>
<tr><td>Interest Payment Date(s)</td><td>The dates on which payments of interest in respect of the Debentures shall fall due, which shall be six months from the Date of Allotment and every six months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.</td></tr>
</table>

ISSUE AT A GLANCE

Mode of Payment of Principal Sum and Interest	By cheque marked "Account Payee Only" or through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS and RTGS RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers (i.e. LKR 5,000,000/- as of the date of this Prospectus)
Issue Opening Date	28th September 2015
Closure Date of the Subscription List	15th October 2015 or such earlier date on which; ▪ The maximum of 30,000,000 Debentures are fully subscribed; or ▪ The Board of Directors of the Company decides to close the Issue upon the initial Issue of 25,000,000 Debentures becoming fully subscribed or such other higher amount less than the maximum amount of 30,000,000 Debentures becoming fully subscribed with the notification to the CSE on the occurrence of the above
Date of Allotment	The date on which the Debentures will be allotted by the Company to Applicants subscribing thereto
Basis of Allotment	In the event of an oversubscription, the Board of Directors of MTD will endeavour to decide the basis of allotment of the Debentures in a fair manner as soon as practicable so as to ensure compliance with the CSE Listing Rules. Upon the allotments being decided, an announcement will be made to the CSE The Board however shall reserve the right to allocate up to 70% of the Number of Debentures to be Issued under this Prospectus on a preferential basis, to identified institutional investor/s of strategic and operational importance with whom the Company might have mutually beneficial relationships in the future The number of Debentures to be issued under Debentures of Type A and Type B will be in accordance with the basis of allotment which will be decided at the discretion of the Board of Directors of MTD in a fair manner in the event of an oversubscription

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1.0 CORPORATE INFORMATION

The Company/Issuer/MTD	MTD Walkers PLC
Legal Status	A public limited liability company incorporated under the provisions of the Companies Ordinance No. 51 of 1938 listed on the Colombo Stock Exchange on 01st January 1983 and re-registered as per the Companies Act No. 07 of 2007 on 12th December 2007.
Company Number	PQ 80
Place of Incorporation	Colombo, Sri Lanka
Registered Address	MTD Walkers PLC No. 18, St. Michael's Road Colombo 03 Tel : +94 11 247 3677 Fax : +94 11 247 8597
Company Secretary	Mrs. P S Attygalle; ACIS (UK); ACCS No. 18, St. Michael's Road Colombo 03 Tel: +94 11 247 3677 Fax: +94 11 247 8597
Rating Agency	ICRA Lanka Limited No. 10-02 East Tower, World Trade Center Colombo 01 Tel: + 94 11 433 9907 Fax: + 94 11 233 3307
Auditors and Reporting Accountants	Ernst & Young Chartered Accountants No. 201, De Saram Place Colombo 10 Tel: +94 11 246 3500 Fax: +94 11 269 7369
Board of Directors	Dato' Dr. Azmil Khalili Bin Dato' Khalid (Chairman) Mr. Jehan Prasanna Amaratunga (Group Executive Deputy Chairman) Mr. Leong Yow Lee (Non- Executive Director) Mr. Keith George Cowling (Non- Executive Director) Mr. Albert Rasakantha Rasiah (Non- Executive Director) Mr. Niranjan Joseph De Silva Deva-Aditya (Non- Executive Director) Mr. Hewawasamge Ravindranath Srilal Wijeratne (Non- Executive Director)

2.0 RELEVANT PARTIES TO THE ISSUE

Joint Financial Advisors and Managers to the Issue	NDB Investment Bank Limited No. 40, Navam Mawatha Colombo 02 Tel: +94 11 230 0385 Fax: +94 11 230 0393 Arpico Ataraxia Asset Management Private Limited No. 55/20, Vauxhall Lane Colombo 02 Tel: +94 11 590 0700 Fax: +94 11 238 6860
Lawyers to the Issue	Nithya Partners No. 97A, Galle Road Colombo 03 Tel: +94 11 471 2625 Fax: +94 11 232 8817
Registrars to the Issue	S S P Corporate Services (Private) Limited No. 101, Inner Flower Road Colombo 03 Tel : +94 11 257 3894 Fax: +94 11 257 3609
Trustee to the Issue	Bank of Ceylon No. 1, BOC Square, Bank of Ceylon Mawatha Colombo 01 Tel: +94 11 244 6790 Fax:+94 11 232 1160
Rating Agency to the Issue	ICRA Lanka Limited No. 10-02, East Tower, World Trade Center Colombo 01 Tel: +94 11 433 9907 Fax:+94 11 233 3307
Bankers to the Issue	National Development Bank PLC No. 40, Navam Mawatha Colombo 02 Tel : +94 11 244 8448 Fax : +94 11 234 1044

3.0 LIST OF ABBREVIATIONS

AER	Annual Effective Rate
ATS	Automated Trading System of the Colombo Stock Exchange
AWPLR	Average Weighted Prime Lending Rate
CDS	Central Depository Systems (Private) Limited
CSE	Colombo Stock Exchange
FY	Financial Year
NIC	National Identity Card
POA	Power of Attorney
RTGS	Real Time Gross Settlements
SEC	Securities and Exchange Commission of Sri Lanka
SIA	Securities Investment Account
SLIPS	Sri Lanka Inter Bank Payment System
USD	United States Dollars

4.0 GLOSSARY OF TERMS RELATED TO THE ISSUE

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
Closure Date	15th October 2015 or such earlier date on which; ▪ The maximum of 30,000,000 Debentures are fully subscribed; or ▪ The Board of Directors of the Company decides to close the Issue upon the initial Issue of 25,000,000 Debentures becoming fully subscribed or such other higher amount less than the maximum amount of 30,000,000 Debentures becoming fully subscribed with the notification to the CSE on the occurrence of the above
Company/MTD/ Issuer	MTD Walkers PLC
Date of Allotment	The date on which the Debentures will be allotted by the Company to Applicants subscribing thereto
Date of Redemption	The date on which Redemption of the Debentures will take place as referred to in Section 5.6 of this Prospectus
Debentures	Rated Senior Unsecured Redeemable Debentures to be 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
Entitlement Date	The Market Day immediately preceding the respective Interest Payment Date or Date of Redemption on which a Debenture Holder would need to be recorded as being a Debenture Holder on the list of Debenture Holders provided by the CDS to the Company in order to qualify for the payment of any interest or any Redemption proceeds
Interest Payment Date(s)	The dates on which payments of interest in respect of the Debentures shall fall due, which shall be the six months from the Date of Allotment and every six months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption. Interest would be paid not later than Three (03) Working Days from each Interest Payment Date

GLOSSARY OF TERMS RELATED TO THE ISSUE

Interest Period	The six months 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) and shall include the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date).
Issue	The offer of Debentures pursuant to this Prospectus
Issue Price	LKR 100/- per each Debenture
Market Day	Any day on which trading takes place at the CSE
The MTD Group	MTD, its subsidiaries, associates and joint ventures
Non-Resident(s)	Foreign institutional investors including country funds, regional funds or mutual funds, corporate bodies incorporated outside Sri Lanka, citizens of foreign states whether resident in Sri Lanka or outside Sri Lanka and Sri Lankans resident outside Sri Lanka
Par Value	LKR 100/- per each Debenture
Principal Sum	The product of the number of Debentures allotted and the Par Value
Prospectus	This prospectus dated 17th September 2015 issued by MTD
Redemption	Repayment of the Par Value and unpaid and accrued interest (if any) with regard to a Debenture to a Debenture Holder by the Company
Trust Deed	Trust deed executed between MTD and Bank of Ceylon on 22nd July 2015
Trustee	Bank of Ceylon
Unsecured	Repayment of the Principal Sum and payment of interest on the Debentures are not secured by a charge on any assets of MTD
Working Day	A day (other than a Saturday or Sunday or any statutory holiday) on which licensed commercial banks are open for business in Sri Lanka

5.0 PRINCIPAL FEATURES OF THE RATED SENIOR UNSECURED REDEEMABLE DEBENTURES

5.1 INVITATION TO SUBSCRIBE

The Board of Directors of MTD Walkers PLC (hereinafter referred to as the "Board") by resolution dated 04th of March 2015 resolved to raise a sum of Sri Lanka Rupees Two Thousand Five Hundred Million (LKR 2,500,000,000/-) by an Issue of Twenty Five Million (25,000,000) Debentures each with a Par Value of LKR 100/- and issue a further sum of up to Sri Lanka Rupees Five Hundred Million (LKR 500,000,000/-) by an issue of up to a further Five Million (5,000,000) of said Debentures, in the event of an oversubscription of the initial Issue.

As such, a maximum amount of Sri Lanka Rupees Three Billion (LKR 3,000,000,000/-) would be raised by the issue of a maximum of Thirty Million (30,000,000) Debentures each with a Par Value of LKR 100/-.

MTD invites Applications for Debentures of Type A and/or Debentures of Type B which will rank equal and *pari passu* with each other without any preference or priority except for the interest rates and Dates of Redemption of the Debentures, as more fully described in Section 5.5 and Section 5.6 of this Prospectus respectively.

The rights of the Debenture Holders with respect to payment of the Principal Sum and accrued interest due thereon (if any) upon a winding-up of the Company will rank equal and *pari passu* with all other unsecured creditors of the Company, but in priority to and over the claims of subordinated creditors of the Company and claims and rights of any preference and ordinary shareholder/s of the Company.

It is the intention of the Company to list the Debentures on the CSE. The CSE has given its in-principle approval for the listing of the Debentures on the CSE.

5.2 SUBSCRIPTION LIST

Subject to the provisions contained below, the subscription list for the Debentures will open at 9.30 a.m. on 28th September 2015 and will remain open for fourteen (14) Market Days including the Issue opening date until closure at 4.30 p.m. on 15th October 2015.

However, the subscription list will be closed on an earlier date at 4.30 p.m. with the notification to the CSE on the occurrence of the following;

- The maximum of 30,000,000 Debentures are fully subscribed; or
- The Board of Directors of the Company decides to close the Issue upon the initial Issue of 25,000,000 Debentures becoming fully subscribed or such other higher amount less than the maximum amount of 30,000,000 Debentures becoming fully subscribed

Applications can be made forthwith in the manner set out in Section 6.0 of this Prospectus and duly completed Application Forms will be accepted at any one of the collection points set out in Annexure II of this Prospectus.

5.3 OBJECTIVE OF THE ISSUE

The initial Issue of LKR 2.5 Billion will be utilised to fund the following projects/activities of the MTD Group in the order of priority;

Table I – Utilisation of funds raised through the initial issue

	Item Description	Fund Utilisation LKR	Expected Timeline for Fund Utilisation
a	Real Estate Sector Projects in Galle - Wincon Development Ceylon (Private) Limited	190,000,000	FY 2015/2016
b	Real Estate Sector Projects in Kandy - Wincon Development Ceylon (Private) Limited	800,000,000	FY 2015/2016, FY 2016/2017 and FY 2017/2018 in approximate proportions of 34%, 28% and 38% respectively
c	Marine Engineering Sector Project	1,340,000,000	FY 2015/2016, FY 2016/2017 and FY 2017/2018 in approximate proportions of 33%, 48% and 19% respectively
d	Part Settlement of Dollar Revolving Credit Facility	170,000,000	FY 2015/2016
	Total	**2,500,000,000**	

In the event that the Company exercises the oversubscription option of LKR 500 Million (Totaling up to a maximum of LKR 3.0 Billion), such funds would be utilised for the following;

Table II– Utilisation of funds raised through the oversubscription option

	Item Description	Fund Utilisation LKR	Expected Timeline for Fund Utilisation
a	Settlement of the Balance Portion of the Dollar Revolving Credit Facility	500,000,000	FY 2015/2016
	Total	**500,000,000**	

Any under subscription of the proposed Debenture Issue would be financed by way of bank borrowings and/or internally generated cash of the MTD Group to the extent required.

5.3.1 Real Estate Sector Projects

MTD acquired 100% stake in Wincon Development Ceylon (Private) Limited (hereinafter referred to as "Wincon") for a consideration of LKR 2.2 Billion in January 2015 which was financed by the recent Rights Issue of LKR. 2.2 Billion carried out by MTD.

Wincon has been awarded a project in the form of a tri-party agreement between the Ministry of Public Administration, Management and Reforms, the Board of Investment of Sri Lanka (BOI) and Wincon to build 25,000 housing units primarily for public sector employees in identified locations under the Nilasevena housing scheme. This agreement was initially signed in 2003 and is valid for a period of 30 years for the completion of the intended housing units.

According to this agreement, the identified lands are leased to Wincon by the Board of Investment of Sri Lanka for the construction of these housing units and such constructed houses will be sold primarily to public sector employees.

The BOI, being the legal owner of the property by virtue of the vesting orders, will be executing Deeds of Transfer by which freehold title to each condominium parcel shall be conveyed in favour of the purchasers.

Under the above scheme, Wincon has almost completed 1,088 housing units in Galle and expects to commence construction of 696 housing units in Kandy shortly.

As indicated in Item (a) and (b) of Table I above, approximately LKR 190 Million and LKR 800 Million out of the funds raised through the Debenture Issue will be utilised for the Galle and Kandy projects respectively of which further details are given below.

Out of the funds to be raised by this Debenture Issue, MTD as the holding company intends to finance the above by way of a debt to Wincon at similar interest rates offered in this Debenture Issue, payable semi-annually for a maximum tenure of 5 years.

<u>Real Estate Sector Projects in Galle</u>

Under the Nilasevena housing scheme explained above, Wincon has commenced two housing projects located at Wakunagoda (within one kilometer of Richmond College, Galle) and Habaraduwa (with a beach view) in the District of Galle with a total of 1,088 housing units. At the time of acquisition of Wincon by MTD in January 2015, Wincon has almost completed the construction of the total of 1,088 apartments under the said project and as such the acquisition price of LKR 2.2 Billion reflected the construction value of these housing units.

Wincon immediately requires a further LKR 190 Million to finance the remaining activities of the two projects mentioned above which mainly include electrical/mechanical work, civil/interior work, and marketing expenses. MTD intends to raise the required funds of LKR 190 Million for this project through the Debenture Issue and utilise the same during the FY 2015/2016.

Any further, additional investments on these two projects will be financed by the MTD Group via internally generated funds.

A brief description of the housing units under the Nilasevena housing scheme in Galle is given below.

Location	Unit Type	Unit Size (Sqft)	Number of Units
Wakunagoda	Medium	695	192
	Large	776	320
Habaraduwa	Small	483	192
	Medium	695	384
Total			**1,088**

The Wakunagoda housing units will be sold in the range of LKR 3.2 Million to LKR 3.8 Million. The housing units in Habaraduwa are expected to be sold around LKR 1.6 Million to LKR 2.5 Million. Under the Nilasevena scheme the housing units are sold to public servants at a cost based pricing, which covers the developer's actual cost plus a margin, while the value of the land is absorbed by the Government on those units sold to public sector employees. The land cost of units sold to private buyers is paid to the BOI.

Currently, Wincon is in the process of carrying out work in relation to site preparation for sale of housing units which includes electrical/mechanical work, civil/interior work and preliminary marketing. Furthermore, Wincon has already completed the launch of the Galle project in Colombo and a similar launch was done in Galle in July 2015. The sales of all the housing units are expected to be completed within a period of 3 years.

The sales forecast of these projects are given below.

The below forecast has been prepared by the management of Wincon as a conservative expectation. The key driver towards these sales would be the affordable pricing offered for public servants. The sales of housing units are expected to be further increased through direct marketing and sales through Government institutions.

It is also expected that more sales will take place during the second year of the sales forecast (FY 2016/17) due to targeted marketing and awareness initiatives to be carried out amongst public servants.

Project Area	Category	FY 2015/16			FY 2016/17			FY 2017/18			Total	
		Units	Unit Price (LKR '000)	Revenue (LKR '000)	Units	Unit Price (LKR '000)	Revenue (LKR '000)	Units	Unit Price (LKR '000)	Revenue (LKR '000)	Units	Revenue (LKR '000)
Wakunagoda	**Medium**	138	3,180	438,840	54	3,180	171,720	-	3,180	-	192	610,560
	High	138	3,861	532,818	105	3,861	405,405	77	3,861	297,297	320	1,235,520
Habaraduwa	**Low**	-	1,569	-	140	1,569	219,660	52	1,569	81,588	192	301,248
	Medium	-	2,545	-	140	2,545	356,300	244	2,545	620,980	384	977,280
Total		**276**		**971,658**	**439**		**1,153,085**	**373**		**999,865**	**1,088**	**3,124,608**

Real Estate Sector Project in Kandy

Under the Nilasevana scheme, Wincon will commence a housing project at Kundasale in the Kandy District with a total of 696 housing units. The Kundasale housing project will be carried out in the same lines as the housing projects in Galle. A land with an extent of approximately 2 acres in Kundasale has been granted by the BOI of Sri Lanka to Wincon under the Nilasevana housing scheme described above. Currently, the lease agreement for the Kandy Property is being drafted by the BOI similar to the case of Habaraduwa and Wakunagoda sites.

Wincon expects to initially construct two towers which would comprise of 198 housing units under the first phase of the project. Once these two towers are completed and the revenues are generated, the construction of the balance five towers will commence in phases. The total project consists of seven towers totaling to 696 housing units. MTD will engage the services of its subsidiaries to execute the construction of these housing units.

The total cost of construction of the initial two towers is approximately LKR 1,130 Million of which LKR 800 Million will be financed by MTD via a debt to Wincon from and out of the funds raised through the Debenture Issue as indicated in Item (b) of Table I above and intends to utilise the same within the next 18 to 24 months.

Wincon has already obtained competitive offers from commercial banks for the balance funding requirement at the company (Wincon) level. The finalization of terms of the debt financing will be carried out upon obtaining commitments for LKR 800 Million within the MTD Group. The construction period is approximately 18 months and construction of both towers will commence simultaneously. The construction of the two towers will commence within 6 months of arranging of required funding.

The Board of MTD is of the opinion that securing all funding including the debt financing for the project at this stage would enable Wincon to implement the project in a cost effective and timely manner without any hindrances/delays in the construction phase.

Apart from the construction cost, Wincon has already incurred a sum of LKR 55 Million for ground breaking activities such as property identification, preliminary planning clearances, soil stability investigation, environmental protection license studies, topography marking, feasibility analysis, initial conceptual drawings and architectural plan development.

The marketing of these housing units will commence once the superstructure of the two towers are completed, which is expected to be within 12 months from the commencement of the construction.

Any cost overruns on this project will be financed through internally generated funds of Wincon and MTD Group.

A brief description of the housing units under the Nilasevena housing scheme in Kandy is given below.

Tower	Unit Type	Unit Size (Sqft)	Number of Units
Tower 01	Medium	700	49
	Large	810	50
Tower 02	Medium	700	49
	Large	810	50
Balance 05 towers	Medium	700	248
	Large	810	250
Total			**696**

The Kundasale housing units are expected to be sold in the range of LKR 6.0 Million to LKR 7.5 Million. Under the Nilasevena scheme the housing units are sold to public sector employees at a cost based pricing, which covers the developer's actual cost plus a margin, while the value of the land is absorbed by the Government on those units sold to public sector employees. The land cost of units sold to private buyers is paid to the BOI. Currently, Wincon is in the process of obtaining preliminary approvals for this project with various relevant authorities.

The below sales forecast for this project has been prepared by the management of Wincon on a conservative expectation. The key driver towards growth in sales would be the introductory mechanism of offering affordable housing units for public servants. The sales of housing units are expected to be further increased through direct marketing and sales through government institutions.

The pre-sales of the housing units would commence as soon as part of the super structure of a building is in place. Progressive payments would be collected from buyers depending on the development of the housing units. The expected cash flows generated from the sale of housing units of the two towers during FY 2016/17 to FY 2019/20 are given below.

Project Area	Category	Units	FY 2016/17			FY 2017/18			FY 2019/20			Total	
			Unit Price (LKR '000)	Cashflow Percentage	Cashflow (LKR '000)	Unit Price (LKR '000)	Cashflow Percentage	Cashflow (LKR '000)	Unit Price (LKR '000)	Cashflow Percentage	Cashflow (LKR '000)	Units	Cashflow (LKR '000)
Tower 1	**Medium**	49	6,100	25.00%	74,725	6,100	55.00%	164,395	6,100	20%	59,780	99	658,900
	Large	50	7,200	25.00%	90,000	7,200	55.00%	198,000	7,200	20%	72,000		
Tower 2	**Medium**	49	6,100	25.00%	74,725	6,100	55.00%	164,395	6,100	20%	59,780.00	99	658,900
	Large	50	7,200	25.00%	90,000	7,200	55.00%	198,000	7,200	20%	72,000.00		
Grand Total												**198**	**1,317,800**

The cashflow percentages given in the above table for each year are estimations based on the average percentage of the total revenue of the project that is expected to be realized in that particular year through presales/sales.

The servicing of interest and capital repayments of this Debenture Issue will be primarily supported through expected cash flows from sales proceeds of real estate projects in Galle and Kandy. Further, any shortfall would be serviced through regular operating cash flows of MTD Group.

5.3.2 Marine Engineering Sector Project

MTD in April 2015 acquired 90% of Seagulf UK Private Limited (hereinafter referred to as "Seagulf"). Seagulf was incorporated on 19th August 2014 under the Companies Act No. 7 of 2007 and has secured a 25 year lease agreement with Ceylon Fishery Harbours Corporation to build and operate a ship repairing facility at Mutwal Fisheries Harbour. This company will facilitate on shore repairing of tugs, yachts, fishing vessels, small tankers and general cargo carriers which are up to 60 meters of length, complementing the current marine engineering business carried out through MTD.

The construction of the required infrastructure, setting up of machinery and equipment will be carried out at a total project cost of LKR 2,680 Million of which LKR 1,340 Million will be financed by MTD Group by way of equity. Towards this end, MTD intends to fund this LKR 1,340 Million out of the funds raised by the Debenture Issue as indicated in Item (c) of Table I above and intends to utilise the same during FY 2015/16 and FY 2016/17.

The balance will be financed as debt via banking facilities at the company (Seagulf) level. The company is in the process of approaching and evaluating proposals from commercial banks where the finalization of terms of the debt financing will be carried out upon obtaining commitments for LKR 1,340 Million from the MTD Group.

The break-up of the project costs are as follows.

Item Description	Approximate Cost LKR
Building, furniture and office equipment	134,000,000
Vessel lifting / docking equipment	1,554,400,000
Technical consultancy	160,800,000
Workshop machinery, equipment and tools	670,000,000
Heavy vehicles and light vehicles	160,800,000
Total	**2,680,000,000**

The construction of the infrastructure facilities will commence within the next 6 months upon the raising of funds through this Debenture Issue. The operations of the ship repairing facilities are expected to commence within 24 months upon the development of the infrastructure facilities.

The Board of MTD is of the opinion that securing all funding including the debt financing for the project at this stage would enable Seagulf to implement the project in a cost effective and timely manner without any hindrances/delays in the construction phase. Further, any additional investments on this project will be financed through internally generated funds of MTD group.

The preliminary feasibility study pertaining to the new ship repair operation has been concluded by DNV GL [Det Norske Veritas (Norway) and Germanischer Lloyd (Germany)]. According to the highlights of the feasibility study, Seagulf should focus on local ship owners and identifies that there is adequate demand in the market to operate comfortably without competing with established players in the industry.

DNV GL has identified more than 700 vessels which fall into the category of the ideal target market of the proposed facility in the South Asian region around India. These vessels usually require a major overhaul at least once in five years for certification purposes. Further, there are more than 3,670 vessels which are slightly smaller vessels in the region which can be also repaired/serviced at this facility. Currently, there are no dedicated facilities in the South Asian region for this category of vessels, and the vessel owners are finding it difficult to get a service booking from dockyards in India and Colombo which are dedicated to servicing larger vessels. Therefore, most of this category of vessels gets serviced/over-hauled in distant ports such as Singapore, Dubai, and Malaysia. Therefore, the proposed ship repairing facility is expected to have a steady pipeline of business.

To bolster the existing expertise and talent pool of the marine engineering business of the Group, MTD had secured the services of a retired managing director of a leading ship building company in Sri Lanka, who is credited with transforming that company and bring it to its present day position in the industry. Further, MTD has contracted an experienced and qualified naval architect, and a very senior business development manager to join Seagulf.

MTD Group currently possesses the required expertise since they are already in the marine engineering business through its fully owned subsidiary, Colombo Engineering Services (Pvt) Ltd. Colombo Engineering Services (Pvt) Ltd is a dominant player in the afloat ship repair sector and has been in this industry for the last 30 years. The existing facility possesses an extensive range of machinery specifically geared for ship repairs, which includes milling machines, plasma cutters and the largest lathe machine in the country. Seagulf is also advantaged by the existing clientele and the network of agents of Colombo Engineering Services (Pvt) Ltd which will enable to expand operations in the new facility. It is also noteworthy to mention that MTD has been involved in marine engineering business since 1912 handling some of the largest ship repair operations in the country.

Seagulf together with internal expertise available within MTD Group, has ascertained and evaluated the required machinery and equipment for a business of this nature and scale. Seagulf has already earmarked and is in negotiation with the potential internationally reputed suppliers. Once the initial funding is in place, Seagulf intends to take necessary action to place orders to procure such machinery and equipment in an optimal cost efficient manner.

Further, Seagulf is evaluating internal and external contractors for the construction of the ship repair yard. At present, operations pertaining to afloat repairs are simultaneously carried out together with the upgrade of the shipyard.

The following are the Directors of Seagulf UK Private Limited

Mr. Jehan Prasanna Amaratunga

Mr. Jehan Prasanna Amaratunga is the Group Executive Deputy Chairman of MTD Walkers PLC, Sri Lanka. He was appointed to the board in February 2012. A Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK. Mr. Amaratunga was awarded First in Order of Merit Prize at the final examination of the Institute of Chartered Accountants of Sri Lanka. Mr. Amaratunga currently serves as a Director of People's Bank and People's Merchant Finance PLC. He is also the Chairman of People's Insurance Limited. He counts over 25 years of experience in the fields of finance and management. Mr. Amaratunga has served as a consultant and director to a number of corporations and private business entities. At the national conference of the Institute of Chartered Accountants of Sri Lanka, he presented a paper titled "Value for money accounting", which is one of the many notable achievements that standout in his career. He was also a member of the Governing Council of the Institute of Chartered Accountants of Sri Lanka.

Mr. Viraj de Silva

Mr. Viraj de Silva started his career at Asia Capital Limited and rose to the position of Assistant Vice President in the Corporate Finance Division of the Company. He then joined MTD Walkers PLC in year 2009 as the Group Chief Financial Officer and continues to serve in this capacity. He graduated from the University of Durham with a BA (Hons) Degree in Business Finance and is also a member of The Chartered Institute of Management Accountants. He is also a Director of Walkers Piling (Pvt.) Ltd, Wincon Development Ceylon (Pvt.) Ltd and SDS Spices (Pvt) Ltd.

Mr. Mahesh Yogarajan

Mr. Mahesh Yogarajan is an Associate Member of the Chartered Institute of Management Accountants, U.K. (ACMA), an Associate member of the Chartered Institute of Marketing (ACIM), holds a postgraduate Diploma in Marketing (DipM) and Masters in International Commercial and Business Law (LLM). Mahesh is a turnaround specialist with experience in Performance Improvement Consulting at PricewaterhouseCoopers (PwC) and has executed mergers and turnaround in the apparel sector. Mahesh is currently the Head of Corporate Finance and Treasury at MTD Walkers PLC.

Dr. Sarath Obeysekera

Dr. Sarath Obeysekera is a Pioneer Marine Engineer who has extensive experience in Offshore and Onshore Oil and Gas Projects in the UK, Norway, Middle-East and Indian sectors including management experience in design and construction work. He served as the Chief Executive Officer of Colombo Dockyard PLC, in the Sri Lankan Marine Engineering sector, prior to establishing Seagulf UK (Pvt) Ltd (an MTD Walkers PLC subsidiary) which has commenced operations at the Mutwal Harbour in Colombo. He holds a PhD and a M.Sc. in Mechanical Engineering specialised in Oil and Gas Exploration.

5.3.3 Settlement of Dollar Revolving Credit Facility

As indicated in Item (d) of Table I, MTD will settle LKR 170 Million of an existing USD denominated loan facility of approximately LKR 670 Million.

Furthermore, in the event that MTD exercises the oversubscription option of LKR 500 Million (Totaling up to a maximum of LKR 3.0 Billion), such funds would be utilised to fully settle the USD denominated loan facility as indicated in Item (a) of Table II and may maintain this facility as a standby dollar facility.

This USD denominated loan facility with a tenor of 5 years was obtained from CIMB Bank (Malaysia) by the Company for working capital purposes of the MTD Group.

As of April 2015, the outstanding amount on this loan is LKR 653,474,500.00 (USD 5.0 Million) and the interest rate is two decimal two five per centum (2.25%) per annum plus foreign currency cost of funds (Approximately between 4.0%-5.0%)

The Company intends to settle this facility during FY 2015/16 in order to mitigate the foreign currency risk exposures and this facility will be closed upon settling the outstanding balance.

5.4 TYPES OF DEBENTURES

The Issue consists of two (2) types of Debentures, namely Debentures of Type A and Debentures of Type B, each with a Par Value of Rupees One Hundred (LKR 100/-).

The Applicants have the discretion of applying for Debentures issued under Debentures of Type A and/or Debentures of Type B.

5.5 INTEREST

The Debentures comprise of Debentures of Type A and Debentures of Type B will carry fixed rates of interest as described in the table below.

Type A	Nine decimal seven five *per centum* (9.75%) per annum, payable semi-annually on the Interest Payment Dates ***Annual Effective Rate of 9.99% per annum***
Type B	Ten decimal two five *per centum* (10.25%) per annum, payable semi-annually on the Interest Payment Dates ***Annual Effective Rate of 10.51% per annum***

Interest on the Debentures accruing on a daily basis will be paid semi-annually in each year six months from the Date of Allotment and every six months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.

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 for the avoidance of doubt interest shall be paid for the intervening days which are not Market Days.

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) Working Days from each Interest Payment Date.

In order to accommodate the debenture interest cycles in the ATS of the CSE, the payment of interest for a particular Interest Payment Date will include Debenture Holders holding Debentures in the CDS as of 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 prevalent at the time of interest payment to the Debenture Holders.

As per Section 9(o) of the Inland Revenue Act No. 10 of 2006 (as amended by Section 4 of the Inland Revenue (Amendment) Act No. 18 of 2013), as at the date of this Prospectus, the interest income from any investment made on or after 01st January 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(xxxxxxx) of the Inland Revenue Act No. 10 of 2006 (as amended by Section 5 of the Inland Revenue (Amendment) Act No. 18 of 2013), as at the date of this Prospectus, the profits and income earned from any such investment has also been exempted from income tax.

5.6 REDEMPTION

Redemption of the Debentures will take place on the respective Date of Redemption in respect of each Type of Debentures as described in the table below in accordance with the provisions of the Trust Deed. The Principal Sum and unpaid and accrued interest (if any) payable on the Redemption of Debentures will be paid not later than three (03) Working Days from the Date of Redemption.

Redemption Schedule

Type of Debentures	Date of Redemption
Type A	The date on which a period of Thirty Six (36) months from the Date of Allotment expires or if such date on which a period of Thirty Six (36) months from the Date of Allotment expires is not a Market Day, the Market Day immediately succeeding such date
Type B	The date on which a period of Sixty (60) months from the Date of Allotment expires or if such date on which a period of Sixty (60) months from the Date of Allotment expires is not a Market Day, the Market Day immediately succeeding such date

These Debentures will not be subject to Redemption by the Company prior to the Date of Redemption.

5.7 PAYMENT OF PRINCIPAL SUM AND INTEREST

The Company will redeem the Debentures on the Date of Redemption as specified in Section 5.6 and the interest payments will be made as specified in Section 5.5.

The payment of Principal Sum and interest will be made either by cheque/s marked "Account Payee Only" dispatched to the address provided by the Debenture Holders to the CDS at the risk of the Debenture Holders or through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS and RTGS to a bank account provided to the CDS by the Debenture Holders. RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers (i.e. LKR 5,000,000/- as of the date of this Prospectus).

However, in the event such payment is over the maximum amount that can be accommodated through electronic fund transfer mechanism recognised 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 Principal Sum and interest will be made in Sri Lanka Rupees in favour of the Debenture Holders as of the Entitlement Date. In the case of joint Debenture Holders, the payment of Principal Sum and interest will be made to the one whose name stands first in the register of Debenture Holders.

In accordance with Government Gazette (Extraordinary) No. 1864/39 dated 28th May 2014, the Principal Sum and interest on the Debentures due to a Non-Resident investor should be made to the same SIA through which the payment for the investment in the Debentures was affected.

Therefore, it is the responsibility of the Non-Resident investor to ensure that the details of the SIA are recorded accurately in the CDS to facilitate the payment of Principal Sum and interest on the Debentures.

5.8 TRUSTEE TO DEBENTURE HOLDERS

Bank of Ceylon 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 authorise 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 135,000/- per every six months plus statutory levies. The Trustee has no conflict of interest with the Company, except that the Trustee is one of the banks rendering banking services to the Company.

5.9 RATING OF THE DEBENTURES

ICRA Lanka Limited has assigned a credit rating of "(SL) BBB+ with a stable outlook" to the Debentures. The description given by ICRA Lanka Limited to a (SL) BBB+ rating is as follows;

"The moderate-credit-quality rating assigned by ICRA Lanka. The rated instrument carries higher than average credit risk."

"For the rating categories [SL]AA through to [SL]C, the sign of + (plus) or – (minus) may be appended to the rating symbols to indicate their relative position within the rating categories concerned. Thus, the rating of [SL]AA+ is one notch higher than [SL]AA, while [SL]AA- is one notch lower than [SL]AA."

Source: http://www.icralanka.com/images/pdf/Rating%20Scale%20for%20Debt%20Instruments.pdf

A copy of the rating certificate is given in Annexure I of this Prospectus.

5.10 RIGHTS AND OBLIGATIONS OF DEBENTURE HOLDERS

(a) Debenture Holders are entitled to the following rights.

- Receiving interest at the rate of interest set out in Section 5.5 of this Prospectus and the Principal Sum on the Date of Redemption as set out in Section 5.6 of this Prospectus
- Ranking equal and *pari passu* with all other unsecured creditors of the Company, but in priority to and over the claims of subordinated creditors of the Company and claims and rights of any preference and ordinary shareholder/s of the Company
- Receiving annual reports of the Company in terms of Rule 7.5 (a) of the CSE Listing Rules. The annual reports will be sent to Debenture Holders in CD form, unless a specific request for a hard copy is received by the Company

- Calling and attending meetings of Debenture Holders as set out in the Trust Deed

(b) Debenture Holders do not have the following rights

- 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 Holders 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 Holders.

5.11 BENEFITS OF INVESTING IN DEBENTURES OFFERED BY THE COMPANY

(a) Provides an opportunity to diversify the investment portfolio of the investor
(b) Provides the investor with a regular cash inflow of semi-annual interest payments
(c) Provides the investor with an opportunity to invest in Debentures issued by a leading corporate in Sri Lanka
(d) Being listed on the CSE, the Debentures will have a secondary market, thus providing the investor with an opportunity to exit at the market price prevailing at the time of divestiture
(e) The Debentures may be used as collateral to obtain credit facilities from banks and other financial institutions
(f) As per Section 9(o) of the Inland Revenue Act No. 10 of 2006 (as amended by Section 4 of the Inland Revenue (Amendment) Act No. 18 of 2013), as at the date of this Prospectus, the interest income from any investment made on or after 01st January 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(xxxxxxx) of the Inland Revenue Act No. 10 of 2006 (as amended by Section 5 of the Inland Revenue (Amendment) Act No. 18 of 2013), as at the date of this Prospectus, the profits and income earned from any such investment has also been exempted from income tax.

5.12 POTENTIAL RISKS TO THE INVESTORS

5.12.1. RISKS INVOLVED IN INVESTING IN THE DEBENTURES

Subscribers to the Debentures could be exposed to the following risks

(a) Interest Rate Risk

Provided all other factors are equal, the market price of the Debentures will generally fluctuate in the opposite direction to the fluctuation in market interest rates. Thus, the interest rate risk could be identified as the reduction in the market price of Debentures resulting from a rise in interest rates.

(b) Reinvestment Risk

Interest on the Debentures are payable semi-annually. An investor may decide to reinvest these interest payments and earn interest from that point onwards. Depending on the prevailing interest rates at the point of reinvestment, the risk of returns generated by Debenture Holders by reinvesting such interest received being higher or lower than the return offered by the Debentures is known as reinvestment risk.

(c) Call Risk

The uncertainty to the debenture investor is when an issuer has the option of redeeming the debentures before maturity, thus being called upon to terminate the investment early is known as "Call Risk". However, these Debentures do not carry this risk as call options are not available with these Debentures.

(d) Credit Risk

Credit Risk is also referred to as default risk. This is the risk that the issuer of a debenture may default, i.e. the issuer will not be able to pay interest and principal payments on a timely basis. This risk is gauged in terms of rating assigned by different rating agencies. ICRA Lanka Limited has assigned a Long-term Rating of "(SL) BBB + with a stable outlook" to these Debentures and will be periodically reviewing the same.

(e) Liquidity Risk

Liquidity risk is associated with the ease in which an investment can be sold after the initial placement. In order to reduce the liquidity risk of the Debentures, the Company has applied for a listing of these Debentures on the CSE and has received in-principle approval for such listing whereby Debenture Holders will be able to sell the Debentures through the CSE in order to convert the Debentures to cash and exit from the investment.

(f) Duration Risk

Duration is a measure of the price sensitivity of fixed income investments to a change in interest rates, based on the time to maturity of principal and coupon payments. The higher the duration, the greater the price volatility or duration risk, while a lower duration carries a lower risk.

5.12.2. RISKS INVOLVED IN MEETING THE OBJECTIVES OF THE ISSUE

MTD is a listed company engaged in the construction and engineering sector for over 160 years. During its existence, the Company has over the years undertaken many engineering and construction projects which the Company has concluded successfully. The projects identified under the Objectives in Section 5.3, such as the real estate development and construction projects in Galle and Kandy, and the development and operation of the marine engineering facility, are within the Company's core business areas of engineering (including marine) and construction.

(a) **Real Estate Sector Projects in Galle**
As morefully described under Section 5.3.1 – Objective of the Issue (pages 8 to 9), Wincon is a fully owned (100%) subsidiary of MTD and has almost completed the construction of the total of 1,088 housing units under the Galle project. In this regard, MTD has already started the marketing of these housing units and requires the said funds to complete the finishes in Wakunagoda Project and final stages of completion in Habaraduwa site. Considering the above, it is of the view that there would be no risk in the Company investing in the above specified objective within the specified timeline.

(b) **Real Estate Sector Project in Kandy**
With respect to potential risks related to the Real Estate Sector Project in Kandy, as described under Section 5.3.1 – Objective of the Issue (pages 10 to 11), Wincon has already commenced the development of the Kandy project and has incurred a sum of LKR 55 Million for ground breaking activities such as property identification, preliminary planning clearances, soil stability investigation, environmental protection license studies, topography marking, feasibility analysis, initial conceptual drawings and architectural plan development. As presented above, the Company is committed towards this project and assumes no risk in investing funds in the above specified objective. Further, there is a low risk of not being able to invest the funds within the specified timeline.

(c) **Marine Engineering Sector Project**
As morefully described under Section 5.3.2 – Objective of the Issue (pages 12 to 14), MTD owns 90% of Seagulf UK (Pvt) Limited. The operations of Seagulf UK (Pvt) Limited pertaining to floating repairs are carried out whilst the upgrading of the shipyard are being implemented simultaneously. As such, the Company assumes no risk in investing the funds in the specified objective. Further, there is low risk of not being able to invest the funds within the specified timeline.

(d) **Settlement of Dollar Revolving Credit Facility**
As morefully described under Section 5.3.3 – Objective of the Issue (page 15), the Company intends to settle this facility during FY 2015/16 in order to mitigate the foreign currency risk exposures and this facility will be terminated upon settling the outstanding balance. The Company does not foresee any risk of not investing funds in the above objective during the specified timeline.

As highlighted in the Sections 5.3.1 to 5.3.3 and as mentioned above, the potential risks that may have an impact in the operations of the Company are minimal and are being managed, and the Company does not envisage any issues or risks that would prevent the Company from achieving its identified objectives within the timeframes identified.

However, in the event the Company is unable to execute/ implement the identified objectives within the timeframes identified for whatever reason, the Company will make necessary disclosures to the debenture holders and stakeholders via CSE and take necessary steps to obtain the approvals of the relevant parties including the shareholders as appropriate at that point in time.

5.13 TRANSFER OF DEBENTURES

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

(a) These Debentures shall be freely transferable and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.

(b) The Debentures shall be transferable and transmittable through the CDS as long as the Debentures are listed on the CSE. Subject to the provisions contained herein, the Company may register without assuming any liability any transfer of Debentures, which are in accordance with the statutory requirements and rules and regulations in force for the time being as laid down by the CSE, SEC and the CDS.

(c) In the case of 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 administration of the estate of the deceased is in law not compulsory the heirs of the deceased where such Debenture Holder was the sole or only surviving holder; shall be the only persons recognized by the Company as having any title to his/her Debentures.

(d) Any person becoming entitled to any Debentures in consequence of bankruptcy or winding up of any Debenture Holder, upon producing proper evidence that he/she/it sustains the character in respect of which he/she/it 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 Debentures subject to the applicable laws, rules and regulations of the Company, CDS, CSE and SEC.

(e) No change of ownership in contravention to these conditions will be recognized by the Company.

5.14 LISTING

An application has been made to the CSE for permission to obtain a listing for the Debentures and the CSE has granted its approval in-principle for the same. It is the intention of the Company to list the Debentures on the Colombo Stock Exchange upon the allotment thereof.

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 the Company or of its Debentures.

5.15 COST OF THE ISSUE

The Board estimates that the total cost of the Issue including fees to professionals, printing, advertising and other costs connected with the Issue will be approximately LKR 24.2 Million. Such costs will be financed by the internally generated funds of the Company.

5.16 BROKERAGE FEE

Brokerage fee of 15 cents (LKR 0.15) 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 Joint Financial Advisors and Managers to the Issue or any other party identified by the Company and/or Joint Financial Advisors and Managers to the Issue as involved in the Issue.

5.17 UNDERWRITING

This issue is not underwritten.

The offering is not conditional upon any minimum subscription amount being raised through this Issue. In the event of an undersubscription, the Company is confident that any short fall in the funds required to meet the objectives of the Issue can be financed through internally generated funds and other credit facilities.

6.0 PROCEDURE FOR APPLICATION

6.1 INSPECTION OF DOCUMENTS

Articles of Association, Trust Deed, Auditors' Reports and Audited Financial Statements for the five (05) financial years ended 31st March 2015 (i.e. the five (05) financial years immediately preceding the date of this Prospectus) 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) are available for inspection by the public during normal working hours, from seven (07) Market Days prior to the date of opening of the subscription list, at the registered office of the Company at No. 18, St. Michael's Road, Colombo 03 until the Date of Redemption 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.mtdwalkers.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 as set out in Annexure II of this Prospectus from seven (07) Market Days prior to the date of opening of the subscription list.

6.2 ELIGIBLE APPLICANTS

Applications are invited for the subscription of Debentures from the following categories of applicants.

(a) Citizens of Sri Lanka, resident in Sri Lanka and above 18 years of age.

(b) Corporate bodies and societies registered/incorporated/established in Sri Lanka and authorized to invest in Debentures.

(c) Approved unit trusts licensed by SEC.

(d) 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.

(e) Regional and country funds approved by SEC and authorized to invest in Debentures.

(f) Non-Residents: foreign institutional investors including country funds, regional funds or mutual funds, corporate bodies incorporated outside Sri Lanka, citizens of foreign states whether resident in Sri Lanka or outside Sri Lanka and Sri Lankans resident outside Sri Lanka.

Applications will not be accepted from Applicants who are under the age of 18 years, or in the names of sole proprietorships, partnerships or unincorporated trusts.
"Individuals resident outside Sri Lanka" will have the same meaning as in the notice published under the Exchange Control Act in Gazette No. 15007 dated 21st April 1972.

When permitting Non-Residents to invest in the Debentures, the Company will comply with the relevant Exchange Control Regulations including the conditions stipulated in the notice under the Exchange Control Act with regard to the issue and transfer of debentures of companies incorporated in Sri Lanka to foreign investors as published in the Government Gazette (Extraordinary) No. 1864/39 on 28th May 2014.

6.3 HOW TO APPLY

The terms and conditions applicable to the Applicants are as follows.

(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*, and the website of MTD, *www.mtdwalkers.com,* and the website of the Joint Financial Advisors and Managers to the Issue, *www.ndbib.com* and *www.arpicoataraxia.com,* until the Closure Date.

The Prospectus will be made available and can be downloaded from the website of CSE, *www.cse.lk* and the website of MTD, *www.mtdwalkers.com* until the Date of Redemption of the Debentures and from the website of the Joint Financial Advisors and Managers to the Issue, *www.ndbib.com* and *www.arpicoataraxia.com,* until the Closure Date.

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

(b) **Applicants should apply only for one Type of Debentures (i.e. either Type A Debentures or Type B Debentures) under one Application Form.**

(c) In the event an Applicant wishes to apply for more than one Type of Debentures, separate Application Forms should be used. Once an Application Form has been submitted for a particular Type of Debentures, it will not be possible for an Applicant to switch between the Types of Debentures.

(d) More than one Application submitted by an Applicant under the same Type of Debentures will not be accepted. If more than one Application Form is submitted for one Type of Debentures from a single Applicant, those would be construed as multiple Applications and the Company reserves the right to reject such multiple Applications or suspected multiple Applications.

(e) 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.

(f) An Applicant of a joint Application for one Type of Debentures will not be eligible to apply through a separate Application Form either individually or jointly for the same Type of Debentures. 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).

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

(g) 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.

(h) All Applicants should indicate in the Application for Debentures, their CDS account number.

All resident individual Applicants should ensure that;

- If the Applicant's CDS account carries the NIC number, the NIC number of the Applicant is stated in the relevant cage of the Application Form; or
- If the Applicant's CDS account carries the passport number, the passport number of the Applicant is stated in the relevant cage of the Application Form.

All Non-Resident individual Applicants and corporate Applicants should ensure that the passport number/company number and CDS Identification Number (CDS ID) are stated in the relevant cages of the Application Form.

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.

In the case of joint Applicants, a joint CDS account in the name of the joint Applicants should be indicated.

Application Forms stating third party CDS accounts, instead of Applicants' own CDS account numbers, except in the case of margin trading, will be rejected.

(i) Applicants who wish to apply through their margin trading accounts should submit the Application Forms 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 the 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.

(j) 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.**

(k) Funds for the investment in Debentures and the payment for Debentures by Non-Residents should be made only out of the monies **available to the credit of a "Securities Investment Account" (SIA)** of the Non-Resident Applicants opened and maintained in a licensed commercial bank in Sri Lanka in accordance with the directions given by the Controller of Exchange in that regard to licensed commercial banks.

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 bank draft/bank guarantee/RTGS/ internal fund transfer through National Development Bank PLC has been made out of the funds available in the SIA.

(l) 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 **"MTD WALKERS PLC – DEBENTURE ISSUE 2015"** 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 of this Prospectus before 4.30 p.m. on the Closure Date.

Applications sent by post or courier or delivered to Joint Financial Advisors and Managers to the Issue, Bankers to the Issue, Members and Trading Members of the CSE should reach the office of the Registrars to the Issue, S S P Corporate Services (Private) Limited, No 101, Inner Flower Road, Colombo 03, at least by 4.30 p.m. on the following Market Day immediately upon the Closure 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 Closure Date or carry a postmark dated prior to the Closure Date.

Applications delivered by hand to the Registrars to the Issue after the Closure Date of the Issue will also be rejected.

Please note that Applicant information such as full name, address, NIC number/passport number/company number and residency will be downloaded from the database of CDS, based on the CDS account number indicated in the Application Form. Such information will take precedence over information provided in the Application Form.

Care must be taken to follow the instructions on the reverse of the Application Form.

Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

PLEASE NOTE THAT ALLOTMENT OF DEBENTURES WILL ONLY BE MADE IF THE APPLICANT HAS A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF THE APPLICATION.

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.

Hence, **DEBENTURE CERTIFICATES WILL NOT BE ISSUED.**

6.4 NUMBER OF DEBENTURES TO BE SUBSCRIBED

Applicants are allowed to invest in either;

- Debentures of Type A; and/or
- Debentures of Type B

subject to the minimum subscription under each Type of Debentures as given below.

A minimum of One Hundred (100) Debentures (LKR 10,000/-) and in multiples of One Hundred (100) Debentures (LKR 10,000/-) thereafter for each Type of Debentures.

An Applicant should apply only for one Type of Debentures under one Application Form.

6.5 MODE OF PAYMENT OF THE INVESTMENT BY THE APPLICANTS

(a) Payment in full for the total value of Debentures applied for should be made separately in respect of each Application either by cheque/s, bank draft/s, 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 or internal fund transfer through National Development Bank PLC, as the case may be, subject to (b) below.

(b) Payments for Application values should be supported by either;

- Bank draft(s)/cheque(s) drawn upon any licensed commercial bank operating in Sri Lanka; or
- A bank guarantee issued by a licensed commercial bank; or
- An RTGS transfer with value on the Issue opening date; or
- An internal fund transfer within National Development Bank PLC with value on the Issue opening date.

Multiple cheques will not be accepted for Application values below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-).

RTGS transfers/ internal fund transfers within National Development Bank PLC will not be accepted for Application values below Sri Lanka Rupees Fifty Million (LKR 50,000,000/-).

In the case of Application values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), multiple bank drafts/cheques drawn upon any licensed commercial bank operating in Sri Lanka each of which should be for a value less than LKR 100,000,000/- will be accepted.

(c) Cheques or bank drafts should be made payable to **"MTD WALKERS PLC – DEBENTURE ISSUE 2015"** and crossed **"Account Payee Only"**, and must be honoured on the first presentation.

(d) In case of bank guarantees, such bank guarantees should be issued by any licensed commercial bank in Sri Lanka in favour of **"MTD WALKERS PLC – DEBENTURE ISSUE 2015"** in a manner acceptable to the Company, and be valid for a minimum of one (01) month from the Issue opening date (i.e. 28th September 2015).

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/internal fund transfers through National Development Bank PLC, such transfers should be made to the credit of **"MTD WALKERS PLC - DEBENTURE ISSUE 2015"** bearing the account number **101000404428** at **National Development Bank PLC** with value on the Issue opening date (i.e. the funds to be made available to the above account on the Issue opening date).

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 **"MTD WALKERS PLC - DEBENTURE ISSUE 2015"** bearing the account number **101000404428** at **National Development Bank PLC** with value on the Issue opening date (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 transfers and internal fund transfers through National Development Bank PLC above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), the Applicants are entitled to and will be paid an interest at an interest rate of Three Decimal Zero *per centum* (3.00%) per annum from the date of such transfers up to the date of refunds. However, no interest will be paid if the RTGS transfers/internal fund transfers through National Development Bank PLC are not realised before the end of the Closure Date. Furthermore, even if such RTGS transfers/internal fund transfers through National Development Bank PLC are effected prior to the Issue opening date, no interest will be paid for the period prior to the Issue opening date.

(f) Cash will not be accepted.

(g) Payment for the Debentures by Non-Residents should be made only out of the monies available to the credit of a "Securities Investment Account" (SIA) maintained with any licensed commercial bank in Sri Lanka in accordance with the directions given by the Controller of Exchange in that regard to licensed commercial banks.

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 bank draft/bank guarantee/RTGS/internal fund transfer through National Development Bank PLC has been made out of the funds available in the SIA.

(h) The amount payable should be calculated by multiplying the number of Debentures applied for by the Par Value (LKR 100/-). If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee or transferred via RTGS or internal fund transfer within National Development Bank PLC, the Application will be rejected.

(i) 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.

(j) All cheques/bank drafts received in respect of the Applications for Debentures will be banked commencing from the Working Day immediately following the Closure Date.

6.6 REJECTION OF APPLICATIONS

Application Forms and the accompanying cheques/bank drafts/bank guarantee/RTGS transfers/internal fund transfer through National Development Bank PLC, 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 MTD.

Applications received from Applicants who are under the age of 18 years or in the names of sole proprietorships, partnerships and unincorporated trusts will also be rejected.

Any Application Form, which does not state a valid CDS account number, will be rejected.

More than one Application Form submitted by an Applicant under the same Type of Debentures will not be accepted. If more than one Application Form is submitted for one Type of Debentures from a single Applicant, either individually or jointly, 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 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 after 4.30 p.m. on the Market Day immediately following the Closure Date, will also be rejected even if they carry a post mark dated prior to the Closure Date.

Applications received by Joint Financial Advisors and Managers to the Issue, Bankers to the Issue, Members and Trading Members of the CSE 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 Closure 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 Closure 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.

6.7 BANKING OF PAYMENTS

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Working Day immediately after the Closure Date as set out in Section 5.2 of this Prospectus, in terms of the CSE Listing Rules.

6.8 BASIS OF ALLOTMENT OF DEBENTURES

In the event of an oversubscription, the Board of MTD will endeavour to decide the basis of allotment in a fair manner as soon as practicable so as to ensure compliance with the CSE Listing Rules. Upon the allotments being decided, an announcement will be made to the CSE.

The Board however shall reserve the right to allocate up to 70% of the number of Debentures to be issued under this Prospectus on a preferential basis, to identified institutional investor/s of strategic and operational importance with whom the Company might have mutually beneficial relationships in the future.

The number of Debentures to be issued under Debentures of Type A and Debentures of Type B will be in accordance with the basis of allotment which will be decided at the discretion of the Board of Directors of MTD in a fair manner in the event of an oversubscription.

The Company reserves the right to reject any Application or to accept any Application in part only, without assigning any reason thereto.

A written confirmation informing successful Applicants on their allotment of Debentures will be dispatched within ten (10) Market Days from the Closure Date as required by the CSE.

6.9 REFUNDS

Monies will be refunded where;

- an Application is rejected for reasons given in Section 6.6 of this Prospectus; or
- the Application is accepted only in part

Applicants may indicate the preferred mode of refund payments in the Application Form (i.e. direct transfer via SLIPS or cheque).

Refunds due to a Non-Resident Applicant will be made only via direct transfers to the same SIA through which the payment for the investment in the Debentures was affected. It is the responsibility of the Non-Resident Applicant to ensure that the details of the SIA are accurately stated in the Application Form to facilitate the refund payment.

If the Applicant has provided accurate and complete details of his/her bank account in the Application, the Bankers to the Issue will make refund payments upto and inclusive of 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 the refunds are over Rupees Five Million (LKR 5,000,000/-) or if the Applicant has not provided accurate and correct details of his/her bank account in the Application Form or if the Applicant has not provided details of the bank account in the Application Form, the Bank will make such refund payments to the Applicant by way of a cheque and sent by post at the risk of the Applicant.

In the case of joint Applications, 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 SLIP transfers at the following website;

http://www.lankaclear.com/product_service/pdf/slips_bank_branch_list_sep_2013.xls

Refunds on Applications rejected or partly allotted Debentures would be made within ten (10) Market Days excluding the Closure Date. Applicants would be entitled to receive interest at the rate of the last quoted Average Weighted Prime Lending Rate (AWPLR) published in the 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 decimal Zero *per centum* (5.00%) for the delayed period on any refunds not made within this period.

6.10 CDS ACCOUNTS AND SECONDARY MARKET TRADING

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 Closure Date. A written confirmation of the credit will be sent to the Applicants 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 (03^{rd}) Market Day from the receipt of the Declaration by the CSE as per the CSE Listing Rules.

7.0 THE COMPANY

7.1 BACKGROUND AND NATURE OF BUSINESS

Overview of the Company

MTD Walkers PLC was incorporated in 1854, and is one of the oldest establishment operating in Sri Lanka and was listed on the Colombo Stock Exchange in 1983. The current staff strength exceeds over 3000 and is mobilized at sites around the country.

Core sectors of MTD Walkers PLC include:

- Civil engineering sector;
  Company's civil engineering subsidiary, CML-MTD Construction Limited has a successful record of completing over 125 large scale civil engineering projects over a period of 34 years consisting of projects pertaining to highways, bridges, buildings, dam construction & rehabilitation, irrigation, water supply & drainage, land reclamation and port construction. Further, CML-MTD Construction Limited has an in-house engineering design arm, operates seven quarry sites, and produces construction aggregate, asphalt and ready mix concrete. CML-MTD Construction Limited is a Grade 01 contractor for Highways, Bridges, Dredging and Reclamation as accredited by the Institute of Construction Training and Development (ICTAD).
  A32 road project, Widening of the bridge on Borella Rajagiriya road, Widening of the Nawala bridge, Urban Regeneration Project in the City of Colombo- construction of 1,650 Housing units at Madampitiya, Colombo 15 and 872 housing units at Ferguson Road, Colombo 15 are among the distinctive civil engineering projects undertaken in the recent years.

  Walkers Piling (Pvt.) Ltd. is the pioneer pile foundation company in Sri Lanka, with a large fleet of 10 piling rigs, specializing in constructing bored cast in-situ reinforced concrete pile foundations. The company has completed over 160 projects over a period of 30 years, comprising of piled foundations for high rise buildings, bridges and other infrastructure related projects.

- Power generation sector
  The Power generation operations are carried out at a thermal power plant in Chunnakam, Jaffna, by the Company's subsidiary Northern Power Company (Pvt.) Ltd. The Power Purchase Agreement with the Ceylon Electricity Board (CEB) is for 30 MW and is in effect until 2023.

- Engineering services sector
  Company's engineering subsidiary Walkers Engineers is a specialist mechanical engineering company, which operates in three major business sectors; Project Engineering, Building Services and Plantation Engineering. As one of the oldest engineering companies in Sri Lanka with a history spanning 160 years, Walkers Engineers has leveraged on its experience and has carried out large scale projects for both the public and private sectors.

- Real estate development sector
  The Company recently completed the acquisition of Wincon Development Ceylon (Pvt) Ltd, a company registered with the Board of Investment of Sri Lanka, for the purpose of

constructing approximately 25,000 homes under the Nilasevana public servants housing project marking its foray into real estate and property development.

7.2 STATED CAPITAL

The stated capital of MTD represents ordinary voting shares as given in the table below.

Stated Capital	as at 31st March 2013	as at 31st March 2014	as at 31st March 2015	as at 30th June 2015
Balance (Rs.'000)	3,659,428	3,659,428	6,057,498	6,057,498
Number of Shares	114,357,140	114,357,140	167,647,568	167,647,568

The Company does not have non-voting, preference or any other classes of shares in issue. MTD also does not have any outstanding convertible debt securities.

Financial ratios of MTD

Company	As at 31st March 2013	As at 31st March 2014	As at 31st March 2015	As at 30th June 2015
Gearing Ratio (Debt/(Equity)	1.1%	39.4%	24.2%	23.8%
Interest Cover (Times)	1.10	0.50	6.90	0.30

Group	As at 31st March 2013	As at 31st March 2014	As at 31st March 2015	As at 30th June 2015
Gearing Ratio (Debt/ Equity)	69.4%	103.8%	100.8%	106.2%
Interest Cover (Times)	2.14	1.98	3.14	0.31

There were no new shares issued during the past two (2) years other than information given below

Type of Shares Issued	Consideration /Issue Price (Rs.)	Year of Allotment	Number of Shares Issued	Proportion	Share Balance
Ordinary shares	Rs. 45 per share	2015 January	53,290,428	Four hundred and sixty six (466) new ordinary shares for every one thousand (1000) existing ordinary shares held	Before rights issue 114,357,140 After rights issue 167,647,568

There was no share split carried out during the past two (2) years.

7.3 MAJOR SHAREHOLDERS

The twenty (20) largest shareholders of MTD as at 30th June 2015 are given in the table below.

	Name of the Shareholder	No. of Shares	%
1	MTD Capital Bhd	152,183,583	90.78
2	Seylan Bank PLC/Capital Trust Holding (Pvt) Ltd	780,817	0.47
3	Mr. Hans Anton Van Starrex	652,632	0.39
4	Standard Chartered Bank Singapore S/A HL Bank Singapore Bran C/O Standard Chartered Bank	591,091	0.35
5	Sandwave Limited	504,860	0.30
6	Mr. Mushtaq Mohamed Fuad	504,550	0.30
7	Mr. Hamish Winston McDonald Woodward	314,000	0.19
8	Mr. Rizmy Ahamed Rishard	305,808	0.18
9	E-Tech Corporation (Pvt) Ltd	303,445	0.18
10	Mr. Mohamed Zareen Rasheed	280,398	0.17
11	Carlines Holdings (Pvt) Ltd	235,000	0.14
12	Mrs. P A S Amaratunga	214,153	0.13
13	Nagoya Ceylon Trading (Pvt) Ltd	195,486	0.12
14	Wintech Holdings (Pvt) Ltd	191,699	0.11
15	Peoples Leasing & Finance PLC/Mr. D M.P Disanayake	176,780	0.11
16	Peoples Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd	171,582	0.10
17	Mr.Tambi Lebbe Mohamed Imitiaz	158,742	0.09
18	PABC/Mr.R.E Rambukwella	139,000	0.08
19	Almar Trading Co. (Pvt) Ltd	135,700	0.08
20	Code-Gen International (Pvt) Ltd	125,000	0.07
	Others	9,483,242	5.66
	Total	**167,647,568**	**100.00**

7.4 SUBSIDIARY/ASSOCIATE COMPANIES

The subsidiaries and associate companies of MTD together with MTD's effective shareholding in each subsidiary/associate as at 30th June 2015 are given in the table below.

Names of Subsidiaries	Principal Activity	Effective Shareholding of MTD %
Walker Sons & Company Engineers Private Limited	Mechanical Engineering	99.60
Walkers Piling Private Limited	Piling of foundations and other related work	99.99
CML-MTD Construction Limited	Construction of roads, highways, buildings, water projects and providing other engineering services	78.59
Northern Power Company Private Limited	Independent Power Producer of a 30 MW HFO power plant	100.00
Colombo Engineering Services Private Limited	Providing ship repairing & marine engineering services	100.00
Walker Sons & Company Limited	A dormant company	99.80
MTD Walkers Infracon Limited	Importers and distributors of power tools and light machinery	92.55
Wincon Development Ceylon Private Limited	Construction of houses for sale or lease	100.00
Walkers Equipment Limited	Infrastructure Development Support Business	100.00
Western Airducts Lanka Private Limited	Manufacturing of spiral wound ductwork and associated fittings for exports	80.00
Special Projects Company Private Limited	Selling of metal items, drilling quarry and metal crushing.	100.00
Seagulf UK Private Limited	Providing ship repair and marine engineering services	90.00
MTD Walkers Projects Limited	A dormant company	86.38

7.5 FINANCIAL INFORMATION

The following financial information of MTD is available on the website of CSE, *www.cse.lk* and the website of the Company, *www.mtdwalkers.com*;

- Audited financial statements of the Company for the financial year ended 31st March 2015
- Interim financial statements of the Company for the three months ended 30th June 2015
- Accountant's Report and Five Year Summary of Financial Statements (Please refer Section 11.1 of this Prospectus for the same)

7.6 PARTICULARS OF LONG TERM LOANS AND OTHER BORROWINGS

As at 30th June 2015, the outstanding balance of MTD's total interest bearing borrowings are given in the table below.

MTD Walkers PLC	LKR
Balance as at 31st March 2015	1,477,470,502
New borrowings / (Settlement)	(30,112,320)
Balance as at 30th June 2015	1,447,358,182

Total interest bearing borrowings of MTD at as 30th June 2015 comprise of the following categories of borrowings

Category	LKR
Long Term Borrowings	664,500,000
Short Term Borrowings	75,000,000
Related Party Loans	579,093,878
Finance Lease	16,612,785
Bank Overdraft Facilities	112,151,519
Total	**1,447,358,182**

7.7 DETAILS OF OTHER DEBENTURES IN ISSUE

There are no other debentures of MTD in issue as at 30th June 2015.

7.8 DETAILS OF CONVERTIBLE DEBT SECURITIES

The Company does not have convertible debt securities in issue as at 30th June 2015.

7.9 CONTINGENT LIABILITIES, COMMITMENTS AND LITIGATION AGAINST THE COMPANY

The details of contingent liabilities, commitments and litigations of MTD as at 30th June 2015 are given below.

a) There are no litigations against MTD Walkers PLC

b) Corporate Guarantees amounting to LKR 5,863,575,000/-

7.10 DETAILS OF PENALTIES IMPOSED BY REGULATORY AND STATE AUTHORITIES

There are no penalties imposed by Regulatory and State Authorities on the Company as at 30th June 2015.

7.11 DETAILS OF MATERIAL CONTRACTS OF THE COMPANY

The Company has not entered into any material contracts as at 30th June 2015 other than contracts entered into in the ordinary course of business.

7.12 DETAILS OF COMMISSIONS PAID

The Company has not paid any commissions during the two (02) years preceding the Issue.

7.13 TRANSACTIONS RELATING TO THE PROPERTY

MTD acquired 100% stake in Wincon Development Ceylon (Private) Limited, which is engaged in property development, in January 2015 from MTD's parent company MTD Capital Bhd. (Described in detail under the "Objectives of the Issue" section)

Other than the above there are no transactions relating to property completed within the two (02) preceding years in which any vendor of the property to the Company or any person who is or was at the time of the transaction, a promoter or a director or proposed director of the Company who had any interest, direct or indirect.

7.14 DETAILS OF BENEFITS PAID TO PROMOTERS

No benefits have been paid or given by the Company within the two (02) years preceding the Issue and there are no benefits intended to be paid or given to any promoter.

7.15 DIVIDEND POLICY

The Board has adopted a policy of paying out dividends to the shareholders based on factors including but not limited to the Company's earnings, capital requirements and the overall macro financial conditions.

Details of dividends paid during the five (05) financial years preceding the date of this Prospectus is given under Section 11.1 of this Prospectus.

7.16 TAXATION

MTD is liable to income tax at 28%. The Company is not enjoying any tax exemptions as at the Date of this Prospectus.

8.0 BOARD OF DIRECTORS

8.1 DETAILS OF THE DIRECTORS

The Board of Directors of MTD comprise of Seven (7) Directors as at 30th June 2015, Three (03) of whom are Non-Executive Independent Directors.

The details of the Board of Directors of MTD as at 30th June 2015 are given below.

Name	Position	Independent/ Non-Independent
Dato' Dr. Azmil Khalili Bin Dato' Khalid	Chairman	Non-Independent
Mr. Jehan Prasanna Amaratunga	Group Executive Deputy Chairman	Non-Independent
Mr. Keith George Cowling	Non- Executive Director	Non-Independent
Mr. Leong Yow Lee	Non- Executive Director	Non-Independent
Mr. Albert Rasakantha Rasiah	Non-Executive Director	Independent
Mr. Niranjan Joseph De Silva Deva-Aditya	Non-Executive Director	Independent
Mr. Hewawasamge Ravindranath Srilal Wijeratne	Non-Executive Director	Independent

A brief biography of each of the Directors is provided overleaf.

Dato' Dr. Azmil Khalili Bin Dato' Khalid
Chairman
Non-Independent Non-Executive Director

Dato' Dr. Azmil Khalili Bin Dato' Khalid was appointed as Chairman of MTD Walkers PLC on 23rd May 2007. He graduated with a Bachelors Degree in Civil Engineering and subsequently obtained a Master in Business Administration. He began his career at Tarmac National Construction a Company based in United Kingdom, and upon his return to Malaysia worked for Trust International Insurance and Citibank NA. Dato' Dr. Azmil is the President and Chief Executive Officer of Alloy Mtd Group, where he held the position of General Manager, Corporate Planning, and on joining MTD Capital Bhd in 1993, assumed the Helm as Group Managing Director in 1996. On 1st June 2009, he was re designated as President and Chief Executive Officer. He concurrently holds the same position in the listed subsidiary of MTD Capital Bhd namely, MTD ACPI Engineering Berhad and is also the Chairman and Independent Non-Executive Director of another listed company, Daya Materials Berhad. Dato' Dr. Azmil holds directorships and is the President and Chief Executive Officer in other public companies namely, MTD Infra Perdana Bhd, and Metacorp Berhad, both are subsidiaries of MTD Capital Bhd; and ANIH Berhad, a toll concession company. Dato' Dr. Azmil also a director of Environment Idaman Sdn. Bhd, a solid waste concession company, a Trustee of the Perdana Leadership Foundation; and Chairman Pro-tempore of the Malaysian Philippines Business Council. Dato' Dr. Azmil also sits on the boards of several other private limited companies.

Jehan Prasanna Amaratunga
Group Executive Deputy Chairman
Non-Independent Executive Director

Mr. Jehan Prasanna Amaratunga is the Executive Deputy Chairman of MTD Walkers PLC, Sri Lanka. He was appointed to the board in February 2012. A Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK. Mr. Amaratunga was awarded First in Order of Merit Prize at the final examination of the Institute of Chartered Accountants of Sri Lanka. Mr. Amaratunga currently serves as a Director of People's Bank and People's Merchant Finance PLC. He is also the Chairman of People's Insurance Limited. He counts over 25 years of experience in the fields of finance and management. Mr. Amaratunga has served as a consultant and director to a number of corporations and private business entities. At the national conference of the Institute of Chartered Accountants of Sri Lanka, he presented a paper titled "Value for money accounting", which is one of the many notable achievements that standout in his career. He was also a member of the Governing Council of the Institute of Chartered Accountants of Sri Lanka.

Leong Yow Lee
Non-Independent Non-Executive Director

Mr. Leong Yow Lee was appointed as Director of MTD Walkers PLC on the 23rd of May 2007. Mr. Lee holds a Master in Business Administration (Finance) from University of Leicester, United Kingdom, and is a member of the Association of International Accountants, United Kingdom. He joined Alloy Mtd Group as Finance Manager of MTD Prime Sdn Bhd in August 1994 and was promoted to Group Financial Controller of MTD Capital Bhd in August 1997. He was appointed as General Manager, Head of Operations of Alloy Mtd Group in October 2001, Executive Vice President, Head, Finance and Treasury Division in April 2009 till his retirement on 29th July 2011.In September 2011, he served as Executive Director, Special Projects of MTD Project Management Services Sdn Bhd under a two (2) year contract. Prior to joining Alloy Mtd Group, he was with Citibank N.A., as Financial Controller, Bank Cards business and with Exxon group of companies in Malaysia heading various accounting sections in Controllers Department. Mr. Lee is a Non-Independent Non-Executive Director of MTD Capital Bhd and MTD ACPI Engineering Berhad, a listed subsidiary of MTD Capital Bhd Mr. Lee is also a Director of Touch 'n Go Sdn Bhd, an electronic toll collection operator.

Keith George Cowling
Non-Independent Non-Executive Director

Mr. Keith George Cowling was appointed as Director of MTD Walkers PLC on 23rd May2007. He is a Chartered Engineer and holds a Bachelor in Civil Engineering from Dundee University, Scotland. He is also a member of the Institute of Civil Engineers, United Kingdom and a Fellow of the Institute of Engineers, Malaysia where he served on committees including being the Chairman of the Tunneling and Underground Space Technical Division. His experiences include service with the City of Dundee District Council (1972-1976) in Dundee, Scotland, Mason Pittendrigh & Partners (1976-1977) in Edinburgh, Scotland, Auscon Consultants (1979) and Petroleum Development Oman (1980-1981)in the Sultanate of Oman, and Maunsell Consultants Asia (1980-1984) in Hong Kong. Mr. Cowling joined Alloy Mtd Group in 1984, serving in various capacities from Engineer to Chief Engineer, General Manager, Head of Business Development, Executive Vice President, Head of Business Development& Manufacturing Division and his current position as Executive Vice President – Head of Manufacturing Division. He has been the Non-Independent Executive Director of MTDACPI Engineering Bhd since 15th August 2006 and also sits on the boards of several private limited companies.

Albert Rasakantha Rasiah
Independent Non-Executive Director

Mr. Albert Rasakantha Rasiah was appointed to the Board of MTD Walkers PLC in May 2007. He has over 40 years of experience in the financial sector, both locally and abroad. He holds board positions of Ceylon Cold Stores PLC, Nations Trust Bank PLC and E B Creasy Group of Companies. Mr. Rasiah, is the Chairman of Ceylon Pencil Company Limited, a committee member of the Institute of Directors and a visiting lecturer in Finance at the Post Graduate Institute of Management (PIM). He was the Director Finance of Nestlè Lanka PLC for over a decade before retiring; and was also a visiting lecturer in Finance and Accounting for Nestlè SA (International) for Asia Oceanic region. Mr. Albert Rasiah is a Science Graduate of the University of Ceylon and a fellow member of the Institute of Chartered Accountants of Sri Lanka.

Niranjan Joseph De Silva Deva-Aditya
Independent Non- Executive Director

Mr. Niranjan Joseph De Silva Deva-Aditya, who was appointed to the Board of MTD Walkers PLC, in February 2012, is an aeronautical engineer, scientist, and economist and is a Conservative Member of the European Parliament elected from the SE England. He is the Vice President of the Development Committee, ECR Coordinator and Conservative Spokesman for Overseas' Development and Cooperation. He was the Co-Leader of the Parliamentary Delegation to the UN World Summit and General Assembly 2006, Chairman Working Group A of Development Committee overseeing Asia, Central Asia and Far East; Co Coordinator Assembly of 79 Parliaments of the EU-ACP2004 and the President EU India Chamber of Commerce from 2005. In 2012 he stood for and came runner up, beating the Liberal candidate into 3rd place to be the President He was the first Asian to be elected as a Conservative Member of British Parliament, first Asian MP to serve in the British Government as PPS in the Scottish office and first Asian born MP to be elected to the European Parliament. He was nominated as a candidate to succeed Kofi Annan as Secretary General to the UN in 2006. He is a Hon. Ambassador without portfolio for Sri Lanka; the first Asian to be appointed as Her Majesty's Deputy Lord Lieutenant for Greater London, representing The Queen on official occasions since 1985. He was awarded the honour "Viswa Kirthi SriLanka Abhimani "by the buddhist clergy for his services to Sri Lanka and given the Knighthood with Merit of the Sacred Constantinian Military Order of St. George for his global work on poverty eradication. He is a Fellow of the Royal Society for Arts, Manufacture and Commerce (Est: 1765).

Hewawasamge Ravindranath Srilal Wijeratne
Independent Non-Executive Director

Mr. Hewawasamge Ravindranath Srilal Wijeratne is the Chairman of the Rank Group of Companies, which has diverse interests in property, logistics, waste management, hydro power & wind energy and entertainment. Mr. Wijeratne owns the largest dry port in Sri Lanka, namely Rank Container Terminals Limited. Mr.Wijeratne gained his higher education from the London School of Accountancy andManagement, United Kingdom. Returning to Sri Lanka in late 1980's, heco-founded the Grayline Group in 1987.He entered the business of property development, which led to interests in a range of business sectors.

9.0 CORPORATE MANAGEMENT

9.1 DETAILS OF THE KEY MANAGEMENT

The key management team of the MTD Group is given below.

Name	Designation
Mr. D. N. Jayasuriya	Managing Director / Chief Executive Officer CML-MTD Construction Limited
Mr. D. D. Wijemanne	Managing Director Walkers Piling Private Limited.
Mr. O. D. N. L. Perera	Director Northern Power Company Private Limited. Director/ Chief Executive Officer Walker Sons and Company Engineers Private Limited
Mr. Viraj de Silva	Group Chief Financial Officer
Ms. Prashanie Saroja Attygalle	Group Company Secretary/Head of Corporate Communication
Mr. Mahesh Yogarajan	Head of Corporate Finance and Treasury
Mr. Mohammed Najab	Group Safety & Compliance Manager
Mr. Susil Kumara Silva	Group Human Resources Manager/Head of Human Resources
Mr. Lakmal Gunarathne	Head of Group Internal Audit
Mr. Indrajith Jayarathne	Group Head of IT
Mr. Alex Douglas	Manager - IT
Mr. Rozan Jameel	Manager Finance
Mr. Thilan Wijesinghe	Director – Strategy

10.0 STATUTORY DECLARATIONS

10.1 STATUTORY DECLARATION BY THE DIRECTORS

We, the undersigned who are named herein as Directors of MTD Walkers PLC hereby declare and confirm that we have read the provisions of CSE Listing Rules and of the Companies Act No. 7 of 2007 and any amendments thereto relating to the issue of the Prospectus and those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of our 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 Company have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time in our best judgment.

The parties to the Issue (i.e. Lawyers, Auditors, Managers and Rating Company) have submitted declarations to the Company declaring that they have complied with all regulatory requirements applicable to such parties, and that such parties have no conflict of interest with the Company. Further, the Company Secretaries to the said Issue has also submitted declarations to the Company declaring that they have complied with all regulatory requirements applicable to them.

An application has been made to the CSE for permission to deal in and for a listing for Debentures issued by the Company and those Debentures which are the subject of this Issue.

Such permission will be granted when Debentures are listed on the CSE. The CSE assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the CSE is not to be taken as an indication of the merits of the Company or of the Debentures issued.

The Common Seal of MTD Walkers PLC affixed.

Name of Directors	Designation	Date	Place	Signature
Dato' Dr. Azmil Khalili Bin Dato' Khalid	Chairman	16th September 2015	Malaysia	Sgd.
Mr. Jehan Prasanna Amaratunga	Group Executive Deputy Chairman	17th September 2015	Colombo	Sgd.
Mr. Keith George Cowling	Non- Executive Director	16th September 2015	Malaysia	Sgd.
Mr. Leong Yow Lee	Non- Executive Director	16th September 2015	Malaysia	Sgd.
Mr. Albert Rasakantha Rasiah	Non-Executive Director	17th September 2015	Colombo	Sgd.
Mr. Niranjan Joseph De Silva Deva-Aditya	Non-Executive Director	16th September 2015	UK (London)	Sgd.
Mr. Hewawasamge Ravindranath Srilal Wijeratne	Non-Executive Director	16th September 2015	UK (London)	Sgd.

10.2 STATUTORY DECLARATION BY JOINT FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE

We, NDB Investment Bank Limited, of No. 40, Navam Mawatha, Colombo 02 being Joint Financial Advisors and Managers to the Issue of MTD Walkers PLC, hereby declare and confirm that to the best of our knowledge and belief based on the information provided to us by the Company, the Prospectus constitutes full and true disclosure of all material facts about the Issue and MTD Walkers PLC.

The Common Seal of NDB Investment Bank Limited affixed on the 16th day of September 2015 at Colombo in the presence of two Directors.

Sgd. Director	Sgd. Director

We, Arpico Ataraxia Asset Management Private Limited, of No. 55/20, Vauxhall Lane, Colombo 02 being Joint Financial Advisors and Managers to the Issue of MTD Walkers PLC, hereby declare and confirm that to the best of our knowledge and belief based on the information provided to us by the Company, the Prospectus constitutes full and true disclosure of all material facts about the Issue and MTD Walkers PLC.

The Common Seal of Arpico Ataraxia Asset Management Private Limited affixed on the 16th day of September 2015 at Colombo in the presence of two Directors.

Sgd. Director	Sgd. Director

11.0 FINANCIAL INFORMATION

11.1 ACCOUNTANT'S REPORT AND FIVE YEAR SUMMARY OF FINANCIAL STATEMENTS

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ey.com

NDeS/TRK

August 10, 2015

Private & Confidential

The Board of Directors,
MTD Walkers PLC,
No 18,
St. Michael's Road,
Colombo 03.

Dear Sirs,

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF MTD WALKERS PLC

Introduction

This report has been prepared for inclusion in the Prospectus of MTD Walkers PLC (the "Company") in connection with the issue of up to Thirty Million (30,000,000) Rated, Unsecured, Redeemable Debentures with a value up to Rupees Three Billion (Rs. 3,000,000,000/-).

We have examined the financial statements of MTD Walkers PLC (the "Company") and the Consolidated Financial Statements of the Company and its Subsidiaries (the "Group") and report as follows.

1. Incorporation

The Company was incorporated in Sri Lanka on 08th October 1981 as a public limited liability company under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 as a Public Quoted Company on 19th September 2007.

The Registered Office of the company is located at No. 18, St. Michael's Road, Colombo 03. The principal activities of the company are holding investments and providing management and administration services to its subsidiaries.

MTD Walkers PLC's parent company is MTD Capital BHD. In the Directors' opinion, the Company's ultimate parent undertaking and controlling party is MTD Capital BHD, which is incorporated in Malaysia.

2. Financial Statements of the company and its subsidiaries

2.1. Five year summary of audited financial statements - Group

A summary of Statements of Comprehensive Income, Income Statements, Statements of cash flows and Statements of Financial Position/Balance Sheets of MTD Walkers PLC and its subsidiaries (the "Group") for the financial years ended 31 March 2011 to 31 March 2015 based on the audited financial statements are given in Section 11.1 of the Prospectus.

2.2. Five year summary of audited financial statements - Company

A summary of Statements of Comprehensive Income, Income Statements, Statements of cash flows and Statements of Financial Position/Balance Sheets of MTD Walkers PLC (the "Company") for the financial years ended 31 March 2011 to 31 March 2015 based on the audited financial statements are given in Section 11.1 of the Prospectus.

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2.3. Audit Reports

We have audited the financial statements of the company and its subsidiaries for the years ended 31 March 2011 to 31 March 2015.

Year	Audit Opinion
For the year ended 31 March 2011	An unqualified audit opinion has been issued for the said financial year by our report dated 30 August 2011.
For the year ended 31 March 2012	An unqualified audit opinion has been issued with a matter of emphasis for the said financial year by our report dated 29 August 2012.
For the year ended 31 March 2013	An unqualified audit opinion has been issued with a matter of emphasis for the said financial year by our report dated 19 August 2013.
For the year ended 31 March 2014	An unqualified audit opinion has been issued for the said financial year by our report dated 22 August 2014.
For the year ended 31 March 2015	An unqualified audit opinion has been issued for the said financial year by our report dated 30 July 2015.

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 2011 to 31 March 2015 comply with the Sri Lanka Accounting Standards.

The accounting policies of the Company and Group are stated in detail in the audited financial statements of MTD Walkers PLC for years ended 31 March 2011 to 31 March 2015.Changes in the accounting policies of the Company and Group from 31 March 2011 to 31 March 2015 are given below.

Year	Changes in Accounting Policies
31 March 2011	Financial Statements as at 31 March 2011 was restated during 31 March 2013 due to the effects under the "Adoption of revised/new accounting standards and related changes in Accounting Policies for the year ended 31March 2013" due to the adoption of SLFRSs, from 31 March 2013.
31 March 2012	Financial Statements of 31 March 2012 was restated in 31 March 2013 due to the effects under the "Adoption of revised/new accounting standards and related changes in Accounting Policies for the year ended 31March 2013" due to the adoption of SLFRSs, from 31 March 2013.
31 March 2013	The Institute of Chartered Accountants of Sri Lanka had issued a new volume of Sri Lanka Accounting Standards which become applicable for financial periods beginning on or after 1 January 2012. The consolidated financial statements of the group and the Financial Statements of the company which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes thereto have been prepared in accordance with these Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Charted Accountants of Sri Lanka. These are the Group's first Consolidated Financial Statements prepared in accordance with SLFRSs and SLFRS 1 First time Adoption of Sri Lanka Financial Reporting Standards has been applied. An explanation of how the transition to SLFRSs has affected the reported financial position, financial performance and cash flows of the Company/Group is provided in note 2.6 to the Annual report for the year ended 31 March 2013. Resulting implications of adopting SLFRSs were as follows.

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Year	Changes in Accounting Policies
	Property Plant and Equipment: Financial assets in property plant and equipment have been reclassified as financial assets. *Investment in subsidiaries:* A loan given which is unrecoverable from its subsidiary has been reclassified and capitalized as a part of the investment made in Northern Power Company (Pvt) Ltd, Further the company provides loans to its subsidiaries at concessionary rates. These intercompany loans are fair valued at initial recognition and interest recognized similar to the market rate. *Other current / Non-current financial assets* Financial assets (Quoted equity securities debt securities and bank deposits) in other investments have been reclassified as other current and non-current financial assets, further the company recognizes investments at the lower of cost or market value on an aggregated portfolio basis. According to SLFRS/LKAS the company designated such investments at fair value through profit and loss, investments which are measured at fair value. *Trade and other receivables/Other current assets* Non-financial assets (Other tax receivables, deposits and advances) in trade and other receivables have been reclassified as other current assets at the date of transition and31March 2012 respectively. Further the Group has provided for impairment in respect of debtors under individual Impairment testing method. *Amounts due to related parties* The company has reclassified the Noninterest bearing loans and borrowings under amounts due to related parties. *Trade payables/ Other current liabilities* Non-financial liabilities (Other tax payables and provisions) in trade and other payables have been reclassified as other current liabilities. Further mobilization advance has been reclassified as trade payables. *Other income / Finance income* As per previous accounting standards (SLAS) interest income and dividend income has been classified under other operating income. Under SLFRS/LKAS interest income and dividend income have been reclassified in finance income. Further the company has made fair value adjustments to the inter company loans given. *Administrative expenses* The Group has reclassified actuarial gain (loss) on retirement benefit obligation under other comprehensive income. Further, the group has reclassified net loss on financial assets/diminishing value of current financial assets under financial cost. *Net Finance cost/(income)* The company provides loans to its subsidiaries at concessionary rates. In accordance with SLFRS, these intercompany loans are fair valued at initial recognition and interest recognized similar to market rate. Group and the company have reclassified the dividend income under finance income. Further the gain and loss arising from financial instrument fair value through profit and loss, impairment of such investment have been recorded in finance income/expense accordingly.
31 March 2014	There were no material changes
31 March 2015	Group and the company have reclassified the related party loans and bank over drafts under interest bearing loans and borrowings.

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2.5. Dividends

The Company has not declared dividend for the years ended 31 March 2011 to 31 March 2014.

For the year ended 31 March 2015 the Company has declared a dividend of Rs. 0.50 per share amounting to Rs. 57,178,570/-.

2.6. Events after the Balance Sheet Date

There were no material events occurring since 31 March 2015 that requires adjustments to or disclosure in the financial statements for the year ended 31 March 2015.

2.7. Restriction on Use

This report is made solely for the purpose of the Board of Directors of MTD Walkers PLC in usage in the application for the purpose of offering of Thirty Million (30,000,000) Rated, Unsecured, Redeemable Debentures with a value of Rupees Three Billion (Rs. 3,000,000,000/-). 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,

Ernst & Young

Company Financial Statements	Audited For the year ended 31.03.2011	Audited For the year ended 31.03.2012	Audited For the year ended 31.03.2013	Audited For the year ended 31.03.2014	Audited For the year ended 31.03.2015
ASSETS					
Non-current assets					
Property, plant & equipment	573,584	7,742,765	25,376,057	20,765,043	32,377,956
Other non current assets	1,769,313,741	3,304,793,918	4,186,488,329	4,706,974,221	6,881,243,751
	1,769,887,325	3,312,536,683	4,211,864,386	4,727,739,264	6,913,621,707
Current assets					
Trade and other receivables	-	5,723,596	6,705,563	29,811,293	114,842,078
Other Current Assets	1,878,238,723	488,193,576	171,209,104	273,085,362	775,746,434
Other Current financial Assets	-	67,970,000	64,234,469	61,016,546	74,915,325
Cash and cash equivalents	12,033,635	66,571	43,854	373,295	69,671,927
	1,923,486,860	561,953,743	242,192,990	364,286,496	1,035,175,764
Total assets	3,693,374,185	3,874,490,426	4,454,057,376	5,092,025,760	7,948,797,471
EQUITY AND LIABILITIES					
Equity attributable to equity holders of parent	3,551,626,072	3,523,064,365	3,498,800,953	3,456,059,971	6,107,606,910
Total shareholders' funds	3,551,626,072	3,523,064,365	3,498,800,953	3,456,059,971	6,107,606,910
Non-current liabilities					
Interest bearing loans & borrowings	136,746,569	5,050,179	8,513,611	1,352,550,466	1,256,484,110
Other noncurrent Liability	-	-	3,298,357	3,436,564	8,132,257
	136,746,569	5,050,179	11,811,968	1,355,987,030	1,264,616,367
Current liabilities					
Trade and other payables	4,048,897	23,750,593	39,916,246	19,317,577	13,976,620
Other current liabilities	952,647	159,091,317	874,184,236	252,116,537	341,611,182
Interest bearing loans & borrowings	-	150,907,329	1,757,822	8,544,645	220,986,392
Bank overdrafts	-	12,626,643	27,586,151	-	-
	5,001,544	346,375,882	943,444,455	279,978,759	576,574,194
Total equity and liabilities	3,693,374,185	3,874,490,426	4,454,057,376	5,092,025,760	7,948,797,471
INCOME STATEMENT					
Revenue	562,500	-	55,757,998	54,000,000	409,774,165
Gross profit	562,500	-	55,757,998	54,000,000	409,774,165
Results from operating activities	(47,028,245)	(37,469,853)	(20,251,052)	(76,394,787)	185,053,418
Profit/(loss) before tax	(53,023,552)	(32,248,132)	3,689,954	(28,793,167)	375,958,448
Profit/(loss) for the year	(53,023,552)	(32,248,132)	(6,736,216)	(43,690,922)	313,442,820
Profit/(Loss) attributable to Equity holders of the parent	(53,023,552)	(32,248,132)	(6,736,216)	(43,690,922)	313,442,820
Basic earnings/(loss) per share	(0.46)	(0.28)	(0.06)	(0.36)	2.44
Dividend per share	-	-	-	-	0.50
CASH FLOW STATEMENT					
Net cash flows from/(used in) operating activities	(281,503,451)	(170,809,031)	361,674,351	(720,875,717)	(432,834,443)
Net cash flows from/(used in) investing activities	(40,458,046)	(9,742,184)	(230,970,501)	80,997,186	128,272,730
Net cash flows from/(used in) financing activities	334,365,856	155,957,508	(145,686,075)	661,363,286	314,570,782
Net (decrease)/increase in cash and cash equivalents	12,404,359	(24,593,707)	(14,982,225)	21,484,755	10,009,069

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Consolidated Financial Statements	Audited For the year ended 31.03.2011	Audited For the year ended 31.03.2012	Audited For the year ended 31.03.2013	Audited For the year ended 31.03.2014	Audited For the year ended 31.03.2015
ASSETS					
Non-current assets					
Property, plant & equipment	4,076,912,839	2,305,894,237	2,450,629,587	2,604,047,287	4,232,778,002
Finance lease receivables	-	2,317,724,518	2,322,249,637	2,779,157,111	2,665,593,734
Other non current assets	289,447,756	291,062,327	452,302,052	515,117,078	1,130,625,893
	4,366,360,595	4,914,681,082	5,225,181,276	5,898,321,476	8,028,997,629
Current assets					
Inventories	369,763,472	307,211,791	463,841,550	609,975,933	2,950,300,086
Trade and other receivables	1,603,608,672	3,241,268,387	4,689,650,939	7,383,289,099	8,866,594,610
Other Current Assets	6,205,547	382,807,509	385,505,477	694,159,214	797,372,793
Other Current financial Assets	351,427,575	422,797,652	896,785,754	968,475,776	1,440,301,487
Cash and cash equivalents	54,943,112	69,056,049	100,799,037	96,615,897	172,003,610
	2,385,948,378	4,423,141,388	6,536,582,757	9,752,515,919	14,226,572,586
Total assets	**6,752,308,973**	**9,337,822,470**	**11,761,764,033**	**15,650,837,395**	**22,255,570,215**
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of Parent	3,466,157,471	3,849,173,299	4,283,752,659	4,719,299,409	8,046,672,556
Minority interest	192,287,074	242,013,088	297,078,912	382,649,657	723,611,372
Total shareholders' funds and non controlling interest	3,658,444,545	4,091,186,387	4,580,831,571	5,101,949,066	8,770,283,928
Non-current liabilities					
Interest bearing loans & borrowings	377,557,590	738,261,137	697,748,271	1,929,104,113	2,851,226,018
Other noncurrent Liability	93,479,817	105,135,760	155,732,010	159,705,859	199,907,703
	471,037,407	843,396,897	853,480,281	2,088,809,972	3,051,133,721
Current liabilities					
Trade and other payables	1,344,923,124	1,710,027,438	2,542,714,497	4,482,163,903	3,541,679,046
Other current liabilities	299,405,013	578,327,955	1,304,466,903	610,571,988	902,409,401
Interest bearing loans & borrowings	798,916,177	1,538,074,404	1,526,067,394	3,367,342,466	5,990,064,119
Bank overdrafts	179,582,707	576,809,389	954,203,387	-	-
	2,622,827,021	4,403,239,186	6,327,452,181	8,460,078,357	10,434,152,566
Total equity and liabilities	**6,752,308,973**	**9,337,822,470**	**11,761,764,033**	**15,650,837,395**	**22,255,570,215**
INCOME STATEMENT					
Revenue	2,769,684,603	5,853,313,323	7,389,640,196	10,092,370,612	14,025,193,011
Gross profit	386,030,937	1,168,248,874	1,661,960,019	2,106,366,844	3,122,914,518
Results from operating activities	(23,796,213)	675,214,397	1,072,714,471	1,335,777,117	1,761,106,689
Profit/(loss) before tax	(197,785,179)	421,374,636	616,733,737	730,418,809	1,421,035,269
Profit/(loss) for the year	(237,379,772)	398,736,939	502,596,743	600,796,200	1,107,268,670
Profit/(Loss) attributable to Equity holders of the parent	(244,688,841)	335,223,419	447,576,866	479,662,407	765,750,374
Basic earnings/(loss) per share	(2.14)	2.93	3.91	4.19	5.97
Dividend per share	-	-	-	-	0.50
CASH FLOW STATEMENT					
Net cash flows from/(used in) operating activities	185,190,215	(433,583,900)	859,860,576	(52,395,980)	(925,661,979)
Net cash flows from/(used in) investing activities	(759,564,099)	(513,288,639)	(999,326,864)	(1,129,661,561)	(2,659,244,197)
Net cash flows from/(used in) financing activities	555,661,943	592,481,990	(242,526,373)	228,178,990	1,882,828,380
Net (decrease)/increase in cash and cash equivalents	**(18,711,941)**	**(354,390,549)**	**(381,992,661)**	**(953,878,551)**	**(1,702,077,795)**

ERNST & YOUNG
Chartered Accountants
COLOMBO.

ANNEXURE I - COPY OF THE RATING CONFIRMATION AND RATING CERTIFICATE

ICRA LANKA

Ref No: COR/IR/14/02

September 11, 2015

Mr. Jehan Prasanna Amaratunga
Group Executive Deputy Chairman
MTD Walkers PLC
18, St. Michael's Road
Colombo 03

Dear Sir,

Confirmation of Rating

Further to our consent letter dated March 02, 2015, we confirm that MTD Walkers PLC and the proposed Senior Unsecured Redeemable Debenture Programme amounting to Rs 2,500 Mn (with an option to increase upto Rs 3,000 Mn) have been rated by us and reconfirm that the rating remains valid presently and is under surveillance as per the Rating Agreement dated December 31, 2014.

The Rating Committee of ICRA Lanka Limited, after due consideration, has assigned the Issuer Rating of **"[SL]BBB+"** [pronounced as S L triple B plus] with a **stable** outlook to MTD Walkers PLC. Entities with this rating have moderate-credit-quality and carry higher than average credit risk. The rating is only an opinion on the general creditworthiness of the rated entity and not specific to any particular debt instrument.

The Rating Committee of ICRA Lanka, after due consideration, has assigned a **"[SL] BBB+"** [pronounced as S L triple B Plus] rating with a **stable** outlook to the above mentioned debenture programme. Instruments with this rating have moderate-credit-quality and the rated instrument carries higher than average credit risk.

Yours faithfully,
ICRA LANKA LIMITED

W. Don Barnabas
Managing Director/CEO

ICRA Lanka Limited
Company Registration No: P B 3908
Registered Address : # 10-02, East Tower,
World Trade Center, Colombo 01, Sri Lanka.
Tel : +94 11 4339907 - 10 Fax : + 94 11 2333307
E - mail : info@icralanka.com, Web : www.icralanka.com

MTD Walkers PLC

Instrument	Amount	Rating Action
Issuer Rating	N/A	[SL]BBB+ Assigned (Outlook - Stable)
Senior Unsecured Redeemable Debenture Programme	LKR 2,500 Mn (With Option to increase upto RS 3,000MN)	[SL]BBB+ Assigned (Outlook - Stable)

ICRA Lanka Limited, a wholly owned subsidiary of ICRA Ltd, a group company of Moody's Investors Service has assigned an Issuer rating of [SL]BBB+ (pronounced S L triple B plus[1]) for MTD Walkers PLC ("MTDWP"/ "the Company"). ICRA Lanka has also assigned [SL]BBB+ rating for the company's proposed senior unsecured debenture programme of LKR 2,500 Mn (with an option to increase to a maximum of LKR 3.0 Bn in the event of oversubscription). The outlook on the long-term rating is stable.

While assigning the rating, ICRA Lanka has taken a consolidated view on MTD Walkers Plc and its subsidiaries as whole, given the significant operational and financial linkages among them. The assigned rating takes into consideration the longstanding track record and established position of the MTD walkers group as a leading Engineering, Procurement and Construction (EPC) contractor in Sri Lanka. The rating also takes into consideration the professional management team of the company supported by regular project tracking and implementation systems; and the parentage of the company (with majority shareholding (90.78%) in the company being held by MTD Capital Berhad, a Malaysian conglomerate focused on infrastructure sector), providing requisite managerial and financial support on a regular basis. These apart, the rating also factors in the group's healthy operational profile supported by an order backlog of over Rs. 60,000 Mn of ongoing projects and a sizable pipeline of expected orders which boosts revenue visibility for the group.

The ratings, however, are constrained by the high concentration in the order-book in terms of exposure to select projects, segments and customers. The competitive pressure in the construction industry, particularly for government projects, and the prevailing regulatory uncertainty, act as key limitations for the ratings. ICRA Lanka also notes that, though the group level gearing and coverage indicators have been moderate in the past, the working capital position remains stretched and could expose the group to liquidity risk on the back of increasing commitments towards larger projects and growing scale of operations. Further, any change in government policy towards the construction sector would impact the group, as the group is heavily reliant on government orders; further, planned expansion into overseas markets could increase the overall risk profile of the group, given it limited experience in the overseas markets.

The MTD walkers group operates mainly in three sectors i.e. Civil Engineering, Engineering Services and Power generation. For FY2014 Civil Engineering sector contributed to approximately 79% of the group's revenues, while Power generation sector contributed 15% and Engineering Services sector contributed 4%, with the remaining 2% being contributed by other smaller companies in the group. On a standalone basis MTDWP doesn't have any operating income and hence is reliant on subsidiary performance for cash flows. The largest subsidiary of the walkers group is CML-MTD construction Pvt Ltd (CML-MTD, a C1

[1] For complete rating scale and definitions please refer to ICRA Lanka's Website www.icralanka.com or other ICRA Rating Publications

graded contractor by Institute for Construction Training and Development) operating in the civil engineering segment. CML MTD accounted for approximately 71% of the groups' revenues. Some of the larger projects currently being handled by CML-MTD were government projects issued by the RDA (Road Development Authority) and UDA (Urban Development Authority).

Walkers piling Ltd under the civil engineering sector carries out the piling business of the group and accounted for about 8.3% of the group's revenue, while Northern Power Company Ltd (NPC) under the power generation sector contributed to about 20% of the group revenues. NPC operates a thermal power plant in Jaffna and is a commissioned independent power producer with a Power Purchase Agreement (PPA) with the Ceylon Electricity Board (CEB) with a guaranteed production capacity of 27 MW for a period of ten years.

The group has been reporting steady revenue growth during the post war period driven by increasing number of contracts in the industry. The group reported losses during FY2010 and FY2011 categorized by operational inefficiency leading to cost overruns and high interest rates impacting profitability. However since FY2011 the group reported consistent growth in profits. The operating margins have steadily improved since FY2011 onwards following the management's efforts to restructure the organisation and improve operational efficiencies. At group level operating margins have ranged between 17%-20% levels during the past three FYs while group level Net Margins also registered growth from 3.2% levels in FY2012 to approximately 6% levels by FY2014. Return on Capital Employed (ROCE) has increased from 9.4% during FY2011 to over 21.7% in FY2014. As MTDWP is a non-operational investment holding company, no revenues except for fee based income received from subsidiaries and dividend income from investments have been booked. ICRA Lanka notes the management's plan to establish a project-wise fee based income structure, to be charged from the operational subsidiaries, which would eventually improve the standalone financial strength of MTDWP.

The working capital intensity (as characterized by net working capital / operating income) of the group has been steadily increasing over the last three years from 19.8% in FY2012 to 27.8% in FY2014 on the back of a corresponding increase in the receivables position. As a result, the group level capital structure and debt protection indicators weakened from FY2012 to FY2014. Nevertheless, a modest reduction in the working capital and improved profitability during H1FY2015 aided in reducing the gearing and improving the debt protection indicators during the H1FY2015 period. Further, with interest and finance costs remaining stable during the current year, the debt protection indicators are expected to improve to an extent. At the standalone level, gearing levels for the holding company remains low at 0.2x; however the proposed debenture of Rs 3 Bn, which is expected to be used partly for new business ventures, could increase the leverage of the company to an extent in the medium term. ICRA Lanka also notes that the recently concluded rights issue of Rs 2.4 Bn would also aid to improve MTDWP's capitalization levels.

Company Profile

Walkers Group of Companies has been in operation in Sri Lanka for over 150 years with its origin in 1854 and had been a leading construction and engineering company in the country. Kapila Heavy Equipment PLC, which had been established as a public company in 1981 and listed on the Main Board of Colombo Stock Exchange in 1983, had subsequently acquired controlling interest of Walkers Group. In November 2006, MTD Capital Bhd, a leading Malaysian based infrastructure development company, purchased a majority stake in Kapila Heavy Equipments PLC, the holding company of the Walkers Group of Companies. Kapila Heavy Equipments PLC was subsequently re-named as MTD Walkers PLC on 12th December 2007.

MTD Walkers PLC remains a non-operational investment holding company with subsidiaries operating across civil engineering, piling, engineering services and power generation sectors. The key operating companies of the group currently are CML-MTD Construction Limited, Northern Power Company (Pvt) Ltd, Walker Sons & Company Engineers (Private) Limited, and Walkers Piling Private Limited .

For the FYE Mar-14, MTD walkers group reported a net profit of LKR 600.8 Million on a total income of LKR 10,253.4 Million compared to a net profit of LKR 502.5 Million reported on a total income of LKR 7,512.14 Million in FYE Mar-13.

For H1FY2015, the group reported a profit after tax of LKR 805.4 Million on a total income of LKR 7,206.2 Million.

January 2015

For further details please contact:

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r.srinivasan@icraindia.com

Relationship Contacts:
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Subsidiary of

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An Associate of Moody's Investors Service

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Email: info@icralanka.com; Website: www.icralanka.com

ANNEXURE II - COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

Joint Financial Advisors and Managers to the Issue NDB Investment Bank Limited No. 40, Navam Mawatha Colombo 02 Tel: +94 11 2 300 385 Fax: +94 11 2 300 393	**Joint Financial Advisors and Managers to the Issue** Arpico Ataraxia Asset Management Private Limited No. 55/20, Vauxhall Lane Colombo 02 Tel: +94 11 590 0700 Fax: +94 11 238 6860
Registrars to the Issue S S P Corporate Services (Private) Limited No. 101, Inner Flower Road Colombo 03 Tel : +94 11 257 3894 Fax: +94 11 257 3609	**Bankers to the Issue** National Development Bank PLC No. 40, Navam Mawatha Colombo 02 Tel : +94 11 244 8448 Fax : +94 11 234 1044

Members of the CSE

Acuity Stockbrokers (Private) Limited Level 6, Acuity House No. 53, Dharmapala Mawatha Colombo 03 Tel: +94 11 2 206 206 Fax: +94 11 2 206 298-9 E-mail: sales@acuitystockbrokers.com	**Asha Phillip Securities Limited** 2nd Floor, Lakshmans Building No. 321, Galle Road Colombo 03 Tel: +94 11 2 429 100 Fax: +94 11 2 429 199 E-mail: apsl@ashaphillip.net
Asia Securities (Private) Limited Level 21, West Tower World Trade Centre Echelon Square Colombo 01 Tel: +94 11 2 423 905, +94 11 5 320 000 Fax: +94 11 2 336 018 E-mail: enquiry@asiacapital.lk	**Assetline Securities (Private) Limited** 120, 120A, Pannipitiya Road Battaramulla Tel: +94 11 4 700 111, +94 11 2 307 366 Fax: +94 11 4 700 112, +94 11 2 307 365 E-mail: colombo.dpglobal@dpmcfs.com

Bartleet Religare Securities (Private) Limited Level "G", "Bartleet House" 65, Braybrooke Place Colombo 02 Tel: +94 11 5 220 200 Fax: +94 11 2 434 985 E-mail: info@bartleetstock.com	**Capital TRUST Securities (Private) Limited** 42, Sir Mohamed Macan Markar Mawatha Colombo 03 Tel: +94 11 2 174 174, +94 11 2 174 175 Fax: +94 11 2 174 173 E-mail: inquiries@capitaltrust.lk
CT CLSA Securities Private Limited 4-14, Majestic City 10, Station Road Colombo 04 Tel: +94 11 2 552 290-4 Fax: +94 11 2 552 289 E-mail: info@ctclsa.lk	**First Capital Equities Private Limited** No. 01, Level 02 Lake Crescent Colombo 02 Tel: +94 11 2 145 000 Fax: +94 11 5 736 264 E-mail: inquiries@firstcapital.lk
J B Securities (Private) Limited No. 150, St. Joseph Street Colombo 14 Tel: +94 11 2 490 900, +94 77 2 490 900-1 Fax: +94 11 2 430 070 E-mail: jbs@jb.lk	**John Keells Stockbrokers (Private) Limited** No. 186, Vauxhall Street Colombo 02 Tel: +94 11 2 306 250, +94 11 2 342 066-7 Fax: +94 11 2 342 068 E-mail: jkstock@keells.com
Lanka Securities (Private) Limited 228/1, Galle Road Colombo 04 Tel: +94 11 4 706 757, +94 11 2 554 942 Fax: +94 11 4 706 767 E-mail: lankasec@sltnet.lk	**Nation Lanka Equities (Private) Limited** 44, Guildford Crescent Colombo 07 Tel: +94 11 4 889 061-3, +94 11 2 684 483, Fax: +94 11 2 688 899 E-mail: info@nlequities.com
NDB Securities (Private) Limited 5th Floor, NDB Building 40, Navam Mawatha Colombo 02 Tel: +94 11 2 314 170-8 Fax: +94 11 2 314 181 E-mail: mail@ndbs.lk	**S C Securities (Private) Limited** 2nd Floor, 55, D. R. Wijewardena Mawatha Colombo 10 Tel: +94 11 4 711 000-1 Fax: +94 11 2 394 405 E-mail: ceo@sampathsecurities.lk

Somerville Stockbrokers (Private) Limited 137, Vauxhall Street Colombo 02 Tel: +94 11 2 329 201-5, +94 11 2 332 827, +94 11 2 338 292-3 Fax: +94 11 2 338 291 E-mail: ssb-web@sltnet.lk	

Trading Members

Softlogic Stockbrokers (Private) Limited No. 06, 37th Lane Queens Road Colombo 03 Tel: +94 11 7 277 000 Fax: +94 11 7 277 099 Email: info@equity.softlogic.lk	**Capital Alliance Securities (Private) Limited** Level 5, "Millennium House" 46/58, Navam Mawatha Colombo 02 Tel: +94 11 2 317 777 Fax: +94 11 2 317 788 Email: general@capitalalliance.lk
LOLC Securities (Private) Limited Level 18, West Tower World Trade Centre Echelon Square Colombo 01 Tel: +94 11 7 880 880 Fax: +94 11 2 434 771	**First Guardian Equities (Private) Limited** 32nd Floor, East Tower World Trade Centre Echelon Square Colombo 01 Tel: +94 11 5 884 400 Fax: +94 11 5 884 401 E-mail: info@firstguardianequities.com
Candor Equities Limited Level 8, South Wing Millennium House 46/58, Navam Mawatha Colombo 02 Tel: +94 11 2 359 100 Fax: +94 11 2 305 522 E-mail: info.cel@candorh.com	**Enterprise Ceylon Capital (Private) Limited** 27th Floor, East Tower World Trade Centre Echelon Square Colombo 01 Tel: +94 11 2 333 000 Fax: +94 11 2 333 383 E-mail: info@ecc.lk
Claridge Stockbrokers (Private) Limited 10, Gnanartha Pradeepa Mawatha Colombo 08 Tel: +94 11 2 697 974 Fax: +94 11 2 689 250 E-mail: csb@mackwoods.com	**Navara Securities Private Limited** No. 25-2/1, Milepost Avenue Colombo 03 Tel: +94 11 2 358 700/20 Fax: +94 11 5 005 551
SMB Securities (Private) Limited No. 102/1, Dr. N.M. Perera Mawatha Colombo 08 Tel: +94 11 4 388 138 Fax: +94 11 2670294 E-mail: admin@smbsecurities.lk	

Taprobane Securities (Private) Limited 2nd Floor 10, Gothami Road Colombo 08 Tel: +94 11 5 328 200 Fax: +94 11 5 328 277 E-mail: info@taprobane.lk	**TKS Securities (Private) Limited** 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
Richard Pieris Securities Private Limited 55/20, Vauxhall Lane, Colombo 02 Tel: +94 11 7 448 900, +94 11 5 900 800 Fax: +94 11 2 330 711 E-mail: jayantha@rpsecurities.com	**Entrust Capital Markets (Pvt) Ltd.** Level 15, East Tower, World Trade Center, Echelon Square, Colombo 01. Tel: +94 11 5 500 600 Fax: +94 11 5 500 699 E-mail: info@serendibsb.com

Trading Members - Debt

First Capital Markets Limited No. 2, Deal Place Colombo 3 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	**Capital Alliance Limited** Level 5, "Millenium House" 46/58, Nawam Mawatha Colombo 2 Tel: +94 11 2 317 777 Fax: +94 11 2 317 788
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 3 Tel: +94 11 2 206 123, +94 11 2 206 107 Fax: +94 11 2 206 110
NSB Fund Management Company Limited No. 255, 1st Floor NSB Head Office Galle Road Colombo 3 Tel: +94 11 2 565 956, +94 11 2 565 957 Fax: +94 11 2 574 387	**Acuity Securities Ltd** 4th Floor No. 53, Dharmapala Mawatha, Colombo 03. Tel: +94 11 2 206 280 Fax: +94 11 2 206 290

Natwealth Securities Limited Prince Alfred Tower, No. 10-1/1, Alfred House Gardens, Colombo 3. Tel: +94 11 4716274 Fax: +94 11 4645776	

Branches of National Development Bank PLC

BRANCH	ADDRESS	CONTACT NUMBER
Athurugiriya	70/15A, Borella Road, Athurugiriya	011 2563325 / 011 2073244
Avissawella	No. 93, Ratnapura Road, Avissawella	036 2233610/1
Boralesgamuwa	No 39, Kesbawa Road, Boralesgamuwa	011 2509701/0112 150798
Borella	No: 31/5, Dr. N M Perera Mawatha, Borella	011 2694484 - 5
Havelock Town	117, Havelock Road, Colombo 05	011 2591140/1
HOB	103A, Dharmapala Mawatha, Colombo 7	011 2448448
Homagama	64A, Highlevel Road, Homagama	011 2894880-1
Kaduwela	No: 501/2, Awissawella Road, Kaduwela	0112548571 - 2
Kohuwela	No. 118, S De S Jayasinghe Mawatha, Kohuwela	011 2814224/5
Kollupitiya	712, Galle Road, Colombo 3	011 2504961/2
Kotahena	295, George R De Silva Mw, Co -13	011 2436169/70
Maharagama	108 A, Highlevel Road, Maharagama	011 2745091-2
Malabe	760, New Kandy Road, Malabe	011 2762345-6
Moratuwa	255, Galle Road, Idama, Moratuwa	011 2642021-2
Mount Lavinia	270, Galle Road, Mt Lavinia	011 2739176-2737144
Narahenpita	193, Kirula Road, Narahenpita , Colombo 5.	011 2369580 / 011 2369507
Nawam Mawatha	42 Dhpl Bldg, Nawam Mw, Colombo 02	0112 314640/1
Nugegoda	152,Nawala Rd, Nugegoda	011 2820885/7
Old Moor Street	No. 311, Old Moor Street , Colombo 12	011 2 339902/3
Pelawatte	730A, Pannipitya Road, Pelawatte, Battaramulla	011 2786708/9
Pettah	No 202, Main Street, Colombo 01	011 2331204 - 5
Piliyandala	No 21,Second Cross Street,Piliyandala	011 2604600
Pitakotte	No 322B, Kotte Road, Pitakotte	011 2856503 / 34
Rajagiriya	505, Srijayawardenapura Etul Kotte, Kotte	011 2885790/792
Ratmalana	No 151, Galle Road, Ratmalana	0112 716684 / 0112 719361
Wellawatte	302, Galle Road, Colombo 6	011 2361903/4

ANNEXURE III - CUSTODIAN BANKS

Bank of Ceylon Head Office 11th Floor 04, Bank of Ceylon Mawatha, Colombo 01 Tel: +94 11 2 317 777, +94 11 2 448 348, +94 11 2 338 742/55, +94 11 2 544 333	**Citi Bank, N A** 65 C, Dharmapala Mawatha P.O. Box 888, Colombo 07 Tel: +94 11 2 447 316/8, +94 11 2 447 318, +94 11 2 449 061, +94 11 2 328 526, +94 11 4 794 700
Commercial Bank of Ceylon PLC Commercial House No 21, Sir Razik Fareed Mawatha Colombo 01 Tel: +94 11 2 445010-15, 011 238193-5, 011 430420, 011 2336700	**Deutsche Bank AG** P.O. Box 314 86, Galle Road, Colombo 03 Tel: +94 11 2 447 062, +94 11 2 438 057
Hatton National Bank PLC HNB Towers 479, T. B. Jayah Mawatha, Colombo 10 Tel: +94 11 2 664 664	**The Hong Kong and Shanghai Banking Corporation Limited** 24, Sir Baron Jayathilake Mawatha Colombo 01 Tel: +94 11 2 325 435, +94 11 2 446 591, +94 11 2 446 303, +94 11 2 346 422
People's Bank Head Office, 5th Floor Sir Chittampalam A Gardiner Mawatha, Colombo 02 Tel: +94 11 2 781 481, +94 11 2 37 841-9, +94 11 2 446 315/6, +94 11 2 430 561	**Standard Chartered Bank** 37, York Street P. O. Box 112, Colombo 01 Tel: +94 11 4 794 400, +94 11 2 480 000
Sampath Bank PLC 110, Sir James Peiris Mawatha, Colombo 02 Tel: +94 11 5 331 441	**State Bank of India** 16, Sir Baron Jayathilake Mawatha, Colombo 01 Tel: +94 11 2 326 133-5, +94 11 2 439 405-6, +94 11 2 447 166, +94 11 2 472 097

Seylan Bank PLC Level 8, Ceylinco Seylan Towers 90, Galle Road, Colombo 03 Tel: +94 11 2 456 789, +94 11 4 701 812, +94 11 4 701 819, +94 11 4 701 829	**Union Bank of Colombo PLC** 64, Galle Road, Colombo 03 Tel: +94 11 2 374 100
Banque Indosuez C/o Hatton National Bank PLC Cinnamon Gardens Branch 251, Dharmapala mawatha, Colombo 07 Tel: +94 11 2 681 720	**Pan Asia Banking Corporation PLC** Head Office 450, Galle Road, Colombo 03 Tel: +94 11 2 565 565
Public Bank Berhad 340, R A De Mel Mawatha, Colombo 03 Tel: +94 11 2 576 289, +94 11 7 290 200-07	**Nations Trust Bank PLC** 256, Sri Ramanathan Mawatha, Colombo 15 Tel: +94 11 4 313 131