



INTERIM FINANCIAL STATEMENTS

For the nine months ended 31st December 2018

VALLIBEL FINANCE PLC
Income Statement

Amounts in Rupees '000

	Quarter ended 31st December			Nine months ended 31st December		
	2018	2017	Change %	2018	2017	Change %
Gross Income	2,278,675	1,729,677	31.7	6,371,320	4,939,846	29.0
Interest Income	2,065,331	1,550,729	33.2	5,742,521	4,453,887	28.9
Interest Expense	(1,181,105)	(896,477)	31.7	(3,286,953)	(2,568,143)	28.0
Net Interest Income	884,226	654,252	35.2	2,455,568	1,885,744	30.2
Fee and Commission Income	93,876	67,723	38.6	264,236	174,865	51.1
Net Fee and Commission Income	93,876	67,723	38.6	264,236	174,865	51.1
Net Gain / (Loss) from Trading	114	(103)	210.2	(189)	(118)	60.0
Net Gain / (Loss) from Financial Investments	-	-	-	79	1,944	(96.0)
Other Operating Income	119,354	111,328	7.2	364,673	309,268	17.9
Total Operating Income	1,097,570	833,200	31.7	3,084,367	2,371,703	30.0
Impairment Charges for Loans and other losses	(76,669)	(15,482)	395.2	(178,557)	(66,121)	170.0
Net Operating Income	1,020,901	817,718	24.8	2,905,810	2,305,582	26.0
Expenses						
Personnel Expenses	(259,537)	(187,258)	38.6	(721,477)	(528,184)	36.6
Premises Equipment and Establishment Expenses	(37,830)	(31,368)	20.6	(111,310)	(88,502)	25.8
Other Operating Expenses	(170,963)	(141,858)	20.5	(485,737)	(424,294)	14.5
Operating Profit Before Value Added Tax (VAT) / Nation Building Tax (NBT) & Debt Repayment Levy (DRL)	552,571	457,234	20.9	1,587,286	1,264,602	25.5
Value Added Tax on Financial Services & NBT	(102,343)	(85,349)	19.9	(314,163)	(246,000)	27.7
Debt Repayment Levy (DRL)	(51,629)	-	100.0	(51,629)	-	100.0
Profit Before Income Tax	398,599	371,885	7.2	1,221,494	1,018,602	19.9
Income Tax Expense	(153,781)	(129,852)	18.4	(449,267)	(343,263)	30.9
Profit for the Period	244,818	242,033	1.2	772,227	675,339	14.3
Earnings Per Share (Annualised) - Rs.	17.67	22.42	(21.2)	18.58	20.86	(10.9)

VALLIBEL FINANCE PLC
Statement of Profit or Loss and Other Comprehensive Income

Amounts in Rupees '000

	Quarter ended 31st December			Nine months ended 31st December		
	2018	2017	Change	2018	2017	Change
			%			%
Profit for the period	244,818	242,033	1.2	772,227	675,339	14.3
Other Comprehensive Income for the Period , Net of Tax						
Items that will never be reclassified to Profit or Loss						
Gains / (Losses) on Remeasurement of Defined Benefit Liability	-	-	-	-	-	-
Deferred Tax (Charge) / Reversal on Actuarial Gains / (Losses)	-	-	-	-	-	-
Net Actuarial Gains / (Losses) on Defined Benefit Liability	-	-	-	-	-	-
Items that are or may be reclassified to Profit or Loss						
Fair Value Gains / (Losses) that arose during the period, Net of Tax	259	(485)	153.4	(47)	11,273	(100.4)
Fair Value Gains / (Losses) realised to Income Statement on disposal, Net of Tax	-	-	-	-	(1,875)	(100.0)
Net Fair Value Gains / (Losses) on remeasuring Available For Sale Financial Assets	259	(485)	153.4	(47)	9,398	(100.5)
Other Comprehensive Income for the Period, Net of Tax	259	(485)	153.4	(47)	9,398	(100.5)
Total Comprehensive Income for the Period	245,077	241,548	1.5	772,180	684,737	12.8

VALLIBEL FINANCE PLC
Statement of Financial Position

	Amounts in Rupees '000		
	As at 31st December 2018	As at 31st March 2018 (Audited)	Change %
Assets			
Cash and Cash Equivalents	1,300,942	1,021,652	27.3
Placements with Banks and Other Finance Companies	3,134,629	2,076,192	51.0
Reverse Repurchase Agreements	300,061	630,286	(52.4)
Financial Investments - Held for Trading	1,750	1,939	(9.7)
Assets Held for Sale	22,919	23,919	(4.2)
Loans and Receivables to Other Customers	23,102,209	18,073,714	27.8
Lease Rental and Hire Purchase Receivables	14,450,141	12,753,940	13.3
Financial Investments - Available for Sale	1,200,610	208,704	475.3
Financial Investments - Held to Maturity	1,129,576	1,920,722	(41.2)
Other Financial Assets	19,196	16,972	13.1
Property, Plant and Equipment	1,510,097	1,445,290	4.5
Intangible Assets	21,520	14,569	47.7
Deferred Tax Assets	16,020	16,020	-
Other Assets	155,786	202,358	(23.0)
Total Assets	46,365,456	38,406,277	20.7
Liabilities			
Bank Overdrafts	1,131,550	1,839,145	(38.5)
Rental Received in Advance	394,635	308,688	27.8
Deposits due to Customers	25,072,057	22,186,880	13.0
Interest bearing Borrowings	11,974,422	8,011,422	49.5
Subordinated Term Debts	1,532,726	1,550,967	(1.2)
Current Tax Liabilities	316,973	364,888	(13.1)
Deferred Tax Liabilities	385,537	385,537	-
Other Liabilities	373,289	400,427	(6.8)
Retirement Benefit Obligations	74,089	57,213	29.5
Total Liabilities	41,255,278	35,105,167	17.5
Equity			
Stated Capital	1,325,918	287,153	361.7
Statutory Reserve Fund	886,582	732,136	21.1
Available For Sale Reserve	(47)	-	(100.0)
General Reserve	7,500	7,500	-
Retained Earnings	2,890,225	2,274,321	27.1
Total Equity	5,110,178	3,301,110	54.8
Total Liabilities and Equity	46,365,456	38,406,277	20.7
Net Assets Value Per Share (Rs.)	86.81	79.45	9.3

The information contained in these statements have been extracted from the unaudited Financial Statements of the company unless indicated as audited.

Certification

These Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act, No.07 of 2007.



K.D. Menaka Sameera
DGM - Finance & Administration

The Board of Directors is responsible for the preparation and the presentation of these Financial Statements.

Approved and signed for and on behalf of the Board ;



Dhammika Perera
Executive Director



S.B. Rangamuwa
Managing Director

28th January 2019
Colombo.

VALLIBEL FINANCE PLC
Statement of Changes in Equity

	Amounts in Rupees '000					
	Stated Capital	Statutory Reserve Fund	Available For Sale Reserve	General Reserve	Retained Earnings	Total Equity
Balance as at 01st April 2017	287,153	528,409	(6,835)	7,500	1,741,393	2,557,620
Total Comprehensive Income for the Period						
Profit for the Period	-	-	-	-	675,339	675,339
Other Comprehensive Income, net of Tax						
Net Fair Value Gains / (Losses) on remeasuring Available For Sale Financial Assets	-	-	11,273	-	-	11,273
Net Fair Value Change realised to Income Statement on disposal of Available For Sale Financial Assets	-	-	(1,875)	-	-	(1,875)
Net Actuarial Gains / (Losses) on Retirement Benefit Obligation	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	9,398	-	675,339	684,737
Transactions with owners, recognised directly in equity, contributions and distributions to owners						
Dividends to equity holders						
First and Final Dividend for 2016/17	-	-	-	-	(124,652)	(124,652)
Statutory Reserve Transfer	-	135,068	-	-	(135,068)	-
Total Transactions with Equity Holders	-	135,068	-	-	(259,720)	(124,652)
Balance as at 31st December 2017	287,153	663,477	2,563	7,500	2,157,012	3,117,705
Balance as at 01st April 2018	287,153	732,136	-	7,500	2,274,321	3,301,110
Total Comprehensive Income for the Period						
Profit for the Period	-	-	-	-	772,227	772,227
Other Comprehensive Income, net of Tax						
Net Fair Value Gains / (Losses) on remeasuring Available For Sale Financial Assets	-	-	(47)	-	-	(47)
Net Fair Value Change realised to Income Statement on disposal of Available For Sale Financial Assets	-	-	-	-	-	-
Net Actuarial Gains / (Losses) on Retirement Benefit Obligation	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	(47)	-	772,227	772,180
Transactions with owners, recognised directly in equity, contributions and distributions to owners						
Proceeds from Rights Issue	1,038,765	-	-	-	-	1,038,765
Transaction Cost of Rights Issue	-	-	-	-	(1,877)	(1,877)
Statutory Reserve Transfer	-	154,446	-	-	(154,446)	-
Total Transactions with Equity Holders	1,038,765	154,446	-	-	(156,323)	1,036,888
Balance as at 31st December 2018	1,325,918	886,582	(47)	7,500	2,890,225	5,110,178

VALLIBEL FINANCE PLC
Cash Flow Statement

Amounts in Rupees '000

For the Period Ended
Cash Flow From Operating Activities

Interest and Commission Receipts	5,761,350	4,598,772
Interest Payments	(3,155,169)	(2,356,280)
Cash Receipts from Customers	445,023	376,456
Cash Payments to Employees and Suppliers	(1,595,572)	(1,216,752)

Operating Profit Before Changes in Operating Assets and Liabilities
1,455,632 **1,402,196**
(Increase) / Decrease in Operating Assets

Short Term Funds	13,013	(28,770)
Deposits held for Regulatory or Monetary Control Purposes	1,159,625	117,205
Funds Advanced to Customers	(6,815,888)	(4,053,274)
Other Short Term Negotiable Securities	(1,942,064)	1,367

Increase / (Decrease) in Operating Liabilities

Deposits from Customers	3,016,511	2,465,449
Certificate of Deposits	(113,290)	299,315

Net Cash (Used in) / Generated from Operating Activities before Income Tax
(3,226,462) **203,488**

Current Taxes Paid	(497,182)	(230,007)
Gratuity Paid	(2,024)	(766)

Net Cash (Used In) / Generated from Operating Activities
(3,725,668) **(27,285)**
Cash Flows From Investing Activities

Dividends Received	78	167
Purchase of Financial Investments - Held for Trading	-	(343)
Proceed from Sale of Property , Plant and Equipment	37,195	6,010
Purchase of Property , Plant and equipment	(145,767)	(72,493)
Purchase of Intangible Assets	(10,773)	-

Net Cash (Used In) / Generated from Investing Activities
(119,266) **(66,659)**
Cash Flows From Financing Activities

Proceeds from Rights Issue	1,038,765	-
Net increase / (decrease) in Borrowings	3,794,932	100,224
Dividend paid	-	(124,652)
Transaction cost of Right Issue	(1,877)	-

Net Cash (Used In) / Generated from Financing Activities
4,831,820 **(24,428)**
Net Increase / (Decrease) in Cash & Cash Equivalents
986,886 **(118,372)**

Cash & Cash Equivalents at the Beginning of the Period	(817,494)	(680,987)
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Cash & Cash Equivalents at the End of the Period (Note A)
169,392 **(799,359)**
Note A
Cash & Cash Equivalents at the End of the Period

Cash in Hand and at Banks	1,300,942	710,168
Bank Overdrafts	(1,131,550)	(1,509,527)
	169,392	(799,359)

Amounts in Rupees '000

Vallibel Finance PLC
Interim Financial Statements for the Nine months ended 31.12.2018

Explanatory Notes

1. There were no changes to the Accounting Policies and methods of computation since the publication of the Audited Financial Statements for the year ended 31st March 2018.
2. These Interim Financial Statements have been prepared in accordance with the requirements of Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting'.
3. **SLFRS - 9**

The Sri Lanka Accounting Standard – SLFRS 9 (Financial Instruments) is effective for annual periods beginning on or after 01st January 2018. SLFRS 9 (Financial Instruments) replaces the existing guidance on LKAS 39 on "Financial Instruments: Recognition and Measurement". However, CA Sri Lanka has granted the option, via the Statement of Alternative Treatment (SoAT) to prepare the interim financial statements continuing the application of LKAS 39 (Financial Instruments: Recognition and Measurement), with disclosures on impact to the Statement of Comprehensive Income for the period, if SLFRS 9 has been applied.

Accordingly, as permitted by the above SoAT, the Company has prepared the Interim Financial Statements for the quarter ended 31st December 2018 based on LKAS 39.

Based on the preliminary assessments undertaken to date which is yet to be audited, with the transition from LKAS 39 incurred loss method to SLFRS 9 expected credit loss method, it is expected 10% - 20% increase in overall impairment provision as at 31st March 2018. The impact of the new classification and measurement approach for financial assets is not expected to be material. The Company is in the process of validating the impact of migration to SLFRS 9 as at 31st December 2018.

4 Right Issue of Shares

During the 9 months ended 31st December 2018 Stated Capital of the Company increased by Rs. 1,038,765,000/- through a Rights Issue of 17,312,750 Ordinary shares (the ratio of five new shares for every twelve shares held) at a price of Rs. 60/-. The purpose of the Rights Issue is to strengthen the Tier 1 capital base of the Company and the proceeds of the Rights Issue is utilized to fund the expected growth in the Loan Book. The shares were listed on the CSE on 20th June 2018.

- 5 Mr. Sisira Sirimewan Weerabahu was appointed as an Independent Non Executive Director of the Company with effect from 20th April 2018.
- 6 ICRA Lanka Limited has revised / reaffirmed the ratings issued to the Company as follows.
 Issuer Rating revised to [SL] BBB with a stable outlook
 Unsecured Subordinate Redeemable Debentures revised to [SL] BBB - with a stable outlook
 Guaranteed Subordinate Redeemable Debentures rating of [SL] AA - (SO) with a stable outlook reaffirmed
- 7 During the quarter there were no material changes in the composition of assets, liabilities, contingent liabilities. All known expenditure items have been provided for.
- 8 The presentation and classification of certain items in these financial statements are amended to ensure the comparability with the current period.
- 9 There were no material events took place since reporting date other than disclosed above in Financial Statements.

Information On Ordinary Shares

Share Price During the Quarter

	For the Quarter Ended	
	31.12.2018	31.12.2017
Highest	72.00	75.00
Lowest	60.00	66.50
Closing	68.70	70.00
No. of Ordinary Share Issued As At 31st December	58,863,350	41,550,600

Selected Performance Indicators

Indicator	As at 31st December 2018	As at 31st December 2017
Asset Quality	Rs'000	Rs'000
Based on Sri Lanka Accounting Standards effected prior to 1st April 2012		
Total Accommodation (Net of Interest in Suspense)	38,382,118	29,387,019
Net Total Accommodations (Net of Provision for Bad and Doubtful Debts)	37,643,206	28,768,615
Non-Performing Accommodations (Net of Interest in Suspense)	1,056,823	753,276
Liquidity		
Required Minimum Amount of Liquid Assets	2,828,149	2,171,407
Available Amount of Liquid Assets	3,845,096	3,688,324
Required Minimum Amount of Government Securities	1,573,335	1,323,561
Available Amount of Government Securities	1,959,139	2,204,665
Capital Adequacy		
Tier 1 Capital to Risk Weighted Assets Ratio (Minimum 6%) *	9.56%	8.51%
Total Capital to Risk Weighted Assets Ratio (Minimum 10%) *	10.67%	11.31%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	19.87%	16.04%
Profitability		
Return on Average Assets (After Tax) - Annualised	2.43%	2.76%
Return on Average Equity - Annualised	24.48%	31.73%

* Calculated based on the new capital adequacy framework issued by Central Bank of Sri Lanka for Licensed Finance Companies with effect from 01st July 2018. Minimum Tier 1 Capital requirement has been increased to 6% from 5% under the new capital adequacy framework.

Information On Listed Debentures

Market Values of Listed Debentures VFIN Debentures 2014/2019

	Highest		For the quarter ended		Period End	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
5 Year Fixed Rate - 14.75%	100.00	N/T	100.00	N/T	100.00	N/T
5 Year Fixed Rate - 15.00%	N/T	N/T	N/T	N/T	N/T	N/T
5 Year Fixed Rate - 15.50%	100.00	101.00	100.00	100.20	100.00	100.20

VFIN Debentures 2015/2020

	Highest		For the quarter ended		Period End	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
5 Year Fixed Rate - 10.25%	N/T	N/T	N/T	N/T	N/T	N/T

Interest Rates

VFIN Debentures 2014/2019

	For the quarter ended			
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
	31.12.2018	31.12.2018	31.12.2017	31.12.2017
5 Year Fixed Rate - 14.75%	14.75%	15.59%	14.75%	15.59%
5 Year Fixed Rate - 15.00%	15.00%	15.56%	15.00%	15.56%
5 Year Fixed Rate - 15.50%	15.50%	15.50%	15.50%	15.50%

VFIN Debentures 2015/2020

	For the quarter ended			
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
	31.12.2018	31.12.2018	31.12.2017	31.12.2017
5 Year Fixed Rate - 10.25%	10.25%	10.51%	10.25%	10.51%

Interest Rates of Comparable Government Securities

	For the quarter ended	
	31.12.2018	31.12.2017
5 Year Treasury Bond	11.69%	10.20%

Interest Yield and Yield to Maturity

VFIN Debentures 2014/2019

	Fixed - 14.75%		For the quarter ended		Fixed - 15.50%	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Interest Yield	14.75%	N/T	N/T	N/T	15.50%	15.47%
Yield to Maturity of last trade	14.77%	N/T	N/T	N/T	13.97%	15.17%

VFIN Debentures 2015/2020

	For the quarter ended	
	31.12.2018	31.12.2017
Interest Yield	N/T	N/T
Yield to Maturity of last trade	N/T	N/T

* N/A - Not Applicable as at 31st December and N/T - Not Traded as at 31st December

Ratios

	31.12.2018	31.12.2017
Debt to Equity Ratio (%)	264.32%	251.01%
Interest Cover (Times)	1.48	1.49
Liquid Asset Ratio (%)	13.60%	16.99%

Utilization of Funds Raised Via Capital Market

Issue	Objective Number	Objective as Per Prospectus / Circular	Amount Allocated as per Prospectus / Circular	Proposed Date of Utilization as Per Prospectus / Circular	Amount Allocated From Proceeds	% of Total Proceeds	Amounts Utilized	% Of Utilization Against Allocation	Clarification if not Fully Utilized
Right Issue of Ordinary Shares Rs. 1,038.765 Mn	i	To fund the expected growth in the Loan Book of the Company	Rs. 1,038.765 Mn	Within 1 to 2 Months from 11th June 2018	Rs. 1,038.765 Mn	100%	Rs. 1,038.765 Mn	100%	N/A
Debenture Issue of Rs. 500 Mn	i	To Expand and strengthen the capital base of the Company	Rs. 500 Mn	From 11th February 2014 onwards	Rs. 500 Mn	100%	Rs. 500 Mn	100%	N/A
	ii	Diversify the funding mix of the Company							
	iii	To minimize the interest rate risk and gap exposure of the Company							
Debenture Issue of Rs. 1,000 Mn	i	To Expand and strengthen the capital base of the Company	Rs. 1,000 Mn	From 26th March 2015 onwards	Rs. 1,000 Mn	100%	Rs. 1,000 Mn	100%	N/A
	ii	To minimize the interest rate risk							

Financial Reporting by Segments as per the Provisions of SLFRS - 08

The primary business segment reporting format is determined to be business segment as nature of the products and services provided, with each segment representing a strategic business unit that offers different product and serves in different markets.

The Following table presents financial information regarding business segments :-

Business Segments

For the Period ended 31st December	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Income From												
External Operations												
Interest	2,282,889	1,953,713	20,979	79,753	3,122,886	2,093,508	315,767	326,913	-	-	5,742,521	4,453,887
Fee & Commission Income	-	-	-	-	-	-	-	-	264,236	174,865	264,236	174,865
Capital Gains / (Losses)	-	-	-	-	-	-	-	1,875	-	-	-	1,875
Dividends	-	-	-	-	-	-	79	167	-	-	79	167
Other	-	-	-	-	-	-	-	15,695	364,485	293,357	364,485	309,052
Total Revenue	2,282,889	1,953,713	20,979	79,753	3,122,886	2,093,508	315,846	344,650	628,721	468,222	6,371,320	4,939,846
Profit before Income tax											1,221,494	1,018,602
Income Tax Expense											(449,267)	(343,263)
Profit after tax											772,227	675,339
Other Information												
As at 31st December												
Segment assets	14,395,199	12,313,700	54,942	315,962	23,102,209	16,089,901	5,764,876	4,430,942	3,048,230	1,310,366	46,365,456	34,460,871
Segment Liabilities	12,808,629	11,199,669	48,887	287,377	20,555,994	14,634,233	5,129,499	4,030,071	2,712,269	1,191,816	41,255,278	31,343,165
Net assets	1,586,570	1,114,031	6,055	28,585	2,546,215	1,455,668	635,377	400,871	335,961	118,550	5,110,178	3,117,706

Additional Notes

20 Major Shareholders As At 31st December 2018

	No. of Shares	(%)
1 Vallibel Investments (Pvt) Limited	30,277,000	51.44%
2 Mr K.D.D. Perera	12,616,266	21.43%
3 Mr K.A.D.A. Perera	1,926,396	3.27%
4 Mr R.F.T. Perera	1,850,000	3.14%
5 Mr S.B. Rangamuwa	1,312,500	2.23%
6 Pershing LLC S/A Averbach Grauson & Co	877,727	1.49%
7 Mr S. Abishek	741,050	1.26%
8 Mr C.S.J. Perera	404,033	0.69%
9 Dawi Investment Trust (Pvt) Ltd	344,593	0.59%
10 Mr B.A.R. Dissanayake	284,041	0.48%
11 Mrs S.P. Gunasekera	266,459	0.45%
12 Mr D.S. Panditha	229,438	0.39%
13 Mr A.S. Marapana	206,850	0.35%
14 Mr A. Ragupathy	205,708	0.35%
15 Mr V.R. Kathiragamamatamby (Deceased)	205,000	0.35%
16 Mr F.J.P. Raj	201,354	0.34%
17 Mrs K.I.A. Hewage	200,000	0.34%
18 Mr. H. Beruwalage	187,300	0.32%
19 Mr. A. Sithampalam	186,690	0.32%
20 Mr. S.L.R.R. Premathilaka & Miss A.R.N. Perera	156,081	0.27%
	52,678,486	89.49%
Others	6,184,864	10.51%
	58,863,350	100.000%

Directors' Shareholding As At 31st December 2018

1 Mr. K V P Ranjith De Silva	-	0.00%
2 Mr. Dhammika Perera	12,616,266	21.43%
3 Mr. S B Rangamuwa	1,312,500	2.23%
4 Mr. R M Karunaratne	-	0.00%
5 Mr. T Murakami	-	0.00%
6 Mr. K D A Perera	1,926,396	3.27%
7 Mr. A Dadigama	-	0.00%
8 Mr. H Ota (Alternate Director to Mr. T Murakami)	-	0.00%
9 Mr. S S Weerabahu	-	0.00%
	15,855,162	26.94%

Public Holding As At 31st December 2018

21.43%

Number of Public Shareholders

2,240

The Float Adjusted Market Capitalization (Rs.)

866,417,882

The Float adjusted market capitalization of the Company falls under **Option 5** of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.