



INTERIM FINANCIAL STATEMENTS

For the Year ended 31st March 2016

VALLIBEL FINANCE PLC
Income Statement

Amounts in Rupees '000

| | Quarter ended 31st March | | | Year ended 31st March | | |
|--|--------------------------|----------------|----------|-----------------------|------------------|----------|
| | 2016 | 2015 | Change % | 2016 | 2015 (Audited) | Change % |
| Gross Income | 976,356 | 742,469 | 31.5 | 3,468,277 | 2,896,187 | 19.8 |
| Interest Income | 886,654 | 710,533 | 24.8 | 3,241,795 | 2,799,746 | 15.8 |
| Interest Expense | (419,594) | (331,528) | 26.6 | (1,558,668) | (1,344,338) | 15.9 |
| Net Interest Income | 467,060 | 379,005 | 23.2 | 1,683,127 | 1,455,408 | 15.6 |
| Fee and Commission Income | 19,225 | 15,605 | 23.2 | 59,806 | 50,315 | 18.9 |
| Net Fee and Commission Income | 19,225 | 15,605 | 23.2 | 59,806 | 50,315 | 18.9 |
| Net Gain / (Loss) from Trading | (6,303) | (806) | 681.6 | (619) | (117) | 427.4 |
| Other Operating Income | 76,780 | 17,137 | 348.0 | 167,295 | 46,244 | 261.8 |
| Total Operating Income | 556,762 | 410,941 | 35.5 | 1,909,609 | 1,551,849 | 23.1 |
| Impairment Charges for Loans and other losses | (17,105) | (6,676) | 156.2 | (70,182) | (239,203) | (70.7) |
| Net Operating Income | 539,657 | 404,265 | 33.5 | 1,839,427 | 1,312,646 | 40.1 |
| Operating Expenses | | | | | | |
| Personnel Expenses | (110,261) | (94,393) | 16.8 | (436,060) | (336,574) | 29.6 |
| Premises Equipment and Establishment Expenses | (24,545) | (20,877) | 17.6 | (87,538) | (66,321) | 32.0 |
| Other Expenses | (114,584) | (73,440) | 56.0 | (404,093) | (276,808) | 46.0 |
| Operating Profit Before Value Added Tax & NBT | 290,267 | 215,554 | 34.7 | 911,736 | 632,943 | 44.0 |
| Value Added Tax on Financial Services & NBT | (29,528) | (25,807) | 14.4 | (128,112) | (74,302) | 72.4 |
| Profit Before Income Tax | 260,739 | 189,747 | 37.4 | 783,624 | 558,641 | 40.3 |
| Income Tax Expense | (96,544) | (69,777) | 38.4 | (270,359) | (185,854) | 45.5 |
| Profit for the Period | 164,195 | 119,970 | 36.9 | 513,265 | 372,787 | 37.7 |
| Earnings Per Share (Annualised) | 15.81 | 11.55 | 36.9 | 12.35 | 8.97 | 37.7 |

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

Amounts in Rupees '000

| | Quarter ended 31st March | | | Year ended 31st March | | |
|---|--------------------------|-----------------|---------|-----------------------|----------------|---------|
| | 2016 | 2015 | Change | 2016 | 2015 | Change |
| | | | % | | (Audited) | % |
| Profit for the period | 164,195 | 119,970 | 36.9 | 513,265 | 372,787 | 37.7 |
| Other Comprehensive Income for the Period , Net of Tax | | | | | | |
| Other Comprehensive Income not be reclassified to Income Statement | | | | | | |
| Actuarial Gains / (Losses) on Retirement Benefit Plans | 2,583 | (4,183) | 161.7 | 2,583 | (4,183) | 161.7 |
| Deffered Tax (Charge) / Reversal on Actuarial Gains / (Losses) | (723) | 1,171 | (161.7) | (723) | 1,171 | (161.7) |
| Total Other Comprehensive Income not be reclassified to Income Statement | 1,860 | (3,012) | 161.7 | 1,860 | (3,012) | 161.7 |
| Other Comprehensive Income to be reclassified to Income Statement | | | | | | |
| Gains / (Losses) on remeasuring Available For Sale Financial Assets | (11,972) | (7,635) | 56.8 | (17,267) | 5,203 | (431.9) |
| Total Other Comprehensive Income to be reclassified to Income Statement | (11,972) | (7,635) | 56.8 | (17,267) | 5,203 | (431.9) |
| Total Other Comprehensive Income for the Period, Net of Tax | (10,113) | (10,647) | (5.0) | (15,407) | 2,190 | (803.4) |
| Total Comprehensive Income for the Period | 154,083 | 109,323 | 40.9 | 497,857 | 374,977 | 32.8 |

VALLIBEL FINANCE PLC
Statement of Financial Position

Amounts in Rupees '000

| | As at 31st March 2016 | As at 31st March 2015 (Audited) | Change % |
|---|-----------------------------|--|-------------|
| Assets | | | |
| Cash and Cash Equivalents | 519,315 | 357,723 | 45.2 |
| Placements with Banks and Other Finance Companies | 1,312,170 | 1,768,499 | (25.8) |
| Reverse Repurchase Agreements | 1,679,717 | 1,353,478 | 24.1 |
| Financial Investments - Held for Trading | 4,067 | 4,822 | (15.7) |
| Loans and Receivables to Other Customers | 7,251,677 | 3,307,495 | 119.2 |
| Lease Rental and Hire Purchase Receivables | 11,228,228 | 9,261,380 | 21.2 |
| Financial Investments - Available for Sale | 104,658 | 120,530 | (13.2) |
| Financial Investments - Held to Maturity | 300,794 | 296,296 | 1.5 |
| Other Financial Assets | 15,969 | 11,806 | 35.3 |
| Property, Plant and Equipment | 194,787 | 181,173 | 7.5 |
| Intangible Assets | 4,130 | 4,189 | (1.4) |
| Deferred Tax Assets | 37,147 | 66,516 | (44.2) |
| Other Assets | 114,517 | 159,600 | (28.2) |
| Total Assets | 22,767,176 | 16,893,507 | 34.8 |
| Liabilities | | | |
| Bank Overdrafts | 1,224,665 | 463,537 | 164.2 |
| Rental Received in Advance | 208,870 | 170,421 | 22.6 |
| Deposits due to Customers | 14,804,037 | 12,162,096 | 21.7 |
| Interest bearing Borrowings | 2,243,116 | 299,523 | 648.9 |
| Subordinated Term Debts | 1,917,563 | 1,859,653 | 3.1 |
| Current Tax Liabilities | 38,688 | 93,291 | (58.5) |
| Deferred Tax Liabilities | 182,866 | 88,459 | 106.7 |
| Other Liabilities | 190,776 | 220,231 | (13.4) |
| Retirement Benefit Obligations | 27,669 | 22,126 | 25.1 |
| Total Liabilities | 20,838,250 | 15,379,337 | 35.5 |
| Equity | | | |
| Stated Capital | 287,153 | 287,153 | - |
| Statutory Reserves | 383,177 | 280,524 | 36.6 |
| Available For Sale Reserve | (8,009) | 9,258 | (186.5) |
| General Reserve | 7,500 | 7,500 | - |
| Retained Earnings | 1,259,105 | 929,735 | 35.4 |
| Total Equity | 1,928,926 | 1,514,170 | 27.4 |
| Total Liabilities and Equity | 22,767,176 | 16,893,507 | 34.8 |
| Net Assets Value Per Share (Rs.) | 46.42 | 36.44 | 27.4 |

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
Head of Finance

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

17th May 2016
Colombo.

VALLIBEL FINANCE PLC
Statement of Changes in Equity

| For the year ended | Stated Capital | Statutory Reserves | | Available For Sale Reserve | General Reserve | Amounts in Rupees '000 | |
|--|----------------|--------------------|-----------------|----------------------------|-----------------|------------------------|------------------|
| | | Reserve Fund | Investment Fund | | | Retained Earnings | Total Equity |
| Balance as at 01st April 2014 | 287,153 | 205,967 | 127,940 | 4,055 | 7,500 | 548,128 | 1,180,743 |
| Total Comprehensive Income for the Period | | | | | | | |
| Profit for the Period | - | - | - | - | - | 372,787 | 372,787 |
| Other Comprehensive Income, net of Tax | - | - | - | 5,203 | - | (3,012) | 2,190 |
| Total Comprehensive Income for the Period | - | - | - | 5,203 | - | 369,775 | 374,978 |
| Transactions with Equity Holders of the Company | | | | | | | |
| Contributions and Distributions | | | | | | | |
| Dividends | - | - | - | - | - | (41,551) | (41,551) |
| Total Contributions and Distributions | - | - | - | - | - | (41,551) | (41,551) |
| Statutory Reserve Transfers / (Retransfers) | - | 74,557 | (127,940) | - | - | 53,383 | - |
| Balance as at 31st March 2015 | 287,153 | 280,524 | - | 9,258 | 7,500 | 929,736 | 1,514,170 |
| Balance as at 01st April 2015 | 287,153 | 280,524 | - | 9,258 | 7,500 | 929,735 | 1,514,170 |
| Total Comprehensive Income for the Period | | | | | | | |
| Profit for the Period | - | - | - | - | - | 513,265 | 513,265 |
| Other Comprehensive Income, net of Tax | - | - | - | (17,267) | - | 1,860 | (15,407) |
| Total Comprehensive Income for the Period | - | - | - | (17,267) | - | 515,125 | 497,858 |
| Transactions with Equity Holders of the Company | | | | | | | |
| Contributions and Distributions | | | | | | | |
| Dividends | - | - | - | - | - | (83,101) | (83,101) |
| Total Contributions and Distributions | - | - | - | - | - | (83,101) | (83,101) |
| Statutory Reserve Transfers | - | 102,653 | - | - | - | (102,653) | - |
| Balance as at 31st March 2016 | 287,153 | 383,177 | - | (8,009) | 7,500 | 1,259,105 | 1,928,926 |

VALLIBEL FINANCE PLC**Cash Flow Statement**

| For the period ended | Amounts in Rupees '000 | |
|--|------------------------|------------------------------------|
| | 31st March 2016 | 31st March 2015 (Audited) |
| Cash Flow From Operating Activities | | |
| Interest and Commission Receipts | 3,331,665 | 2,747,689 |
| Interest Payments | (1,363,960) | (1,322,114) |
| Cash Receipts from Customers | 175,341 | 43,763 |
| Cash Payments to Employees and Suppliers | (855,653) | (597,823) |
| Operating Profit Before Changes in Operating Assets and Liabilities | 1,287,394 | 871,515 |
| (Increase) / Decrease in Operating Assets | | |
| Short Term Funds | 26,137 | 35,654 |
| Deposits held for Regulatory or Monetary Control Purposes | (1,714,651) | 459,360 |
| Funds Advanced to Customers | (5,942,763) | (2,768,599) |
| Other Short Term Negotiable Securities | 1,809,030 | (1,973,018) |
| Increase / (Decrease) in Operating Liabilities | | |
| Deposits from Customers | 2,517,433 | 2,716,782 |
| Certificate of Deposits | (5,144) | 117,585 |
| Net Cash (Used in) / Generated from Operating Activities before Tax | (2,022,564) | (540,720) |
| Taxes paid | (326,354) | (267,390) |
| Net Cash (Used In) / Generated from Operating Activities | (2,348,918) | (808,110) |
| Cash Flows From Investing Activities | | |
| Dividends Received | 136 | 162 |
| Proceed from sale of Property , Plant and equipment | 6,095 | 1,218 |
| Purchase of Property , Plant and equipment | (70,457) | (99,976) |
| Purchase of Intangible Assets | (2,353) | (2,000) |
| Net Cash Used In Investing Activities | (66,579) | (100,596) |
| Cash Flows From Financing Activities | | |
| Issue of Debentures | - | 1,000,000 |
| Net increase / (decrease) in Borrowings | 1,899,063 | (233,291) |
| Dividend paid | (83,101) | (41,551) |
| Net Cash Generated from Financing Activities | 1,815,962 | 725,158 |
| Net Increase / (Decrease) in Cash & Cash Equivalents | (599,536) | (183,548) |
| Cash & Cash Equivalents at the Beginning of the Period | (105,814) | 77,734 |
| Cash & Cash Equivalents at the End of the Period (Note A) | (705,350) | (105,814) |
| Note A | | |
| Cash & Cash Equivalents at the End of the Period | | |
| Cash in Hand and at Banks | 519,315 | 357,723 |
| Bank Overdrafts | (1,224,665) | (463,537) |
| | (705,350) | (105,814) |

Amounts in Rupees '000

Vallibel Finance PLC
Interim Financial Statements for the Year ended 31.03.2016

Explanatory Notes

1. These Interim Financial Statements of the Company have been prepared based on the Sri Lanka Accounting Standards that came into effect from 01st April 2012 (SLFRS/LKAS). 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 2015.
2. These Interim Financial Statements have been prepared in compliance with the requirements of Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting'.
3. The Company has paid first and final dividend of Rs. 2 per share for the year ended 31st March 2015, on 16th June 2015.
4. There were no material events took place since 31st March 2016 other than disclosed above in Financial Statements.
5. During the quarter there were no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through Debenture.

Selected Performance Indicators

| Indicator | As at 31st March 2016 | As at 31st March 2015 |
|---|-----------------------------|-----------------------------|
| 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) | 19,064,600 | 13,017,539 |
| Net Total Accommodations (Net of Provision for Bad and Doubtful Debts) | 18,537,022 | 12,585,717 |
| Non-Performing Accommodations (Net of Interest in Suspense) | 626,811 | 582,831 |
| Liquidity | | |
| Required Minimum Amount of Liquid Assets | 1,610,083 | 1,353,441 |
| Available Amount of Liquid Assets | 3,077,482 | 3,248,923 |
| Required Minimum Amount of Government Securities | 847,503 | 610,144 |
| Available Amount of Government Securities | 1,974,577 | 1,649,883 |
| Capital Adequacy | | |
| Core Capital to Risk Weighted Assets Ratio (Minimum 5%) | 7.74% | 8.67% |
| Total Capital to Risk Weighted Assets Ratio (Minimum 10%) | 11.61% | 13.01% |
| Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%) | 14.80% | 14.31% |
| Profitability | | |
| Return on Assets (After Tax) - (Annualised) | 2.88% | 2.84% |
| Return on Equity - (Annualised) | 34.05% | 31.69% |

Information On Ordinary Shares

Share Price During the Quarter

| | | For the quarter ended | |
|---|-----|-----------------------|------------|
| | | 31.03.2016 | 31.03.2015 |
| Highest | Rs. | 67.00 | 49.50 |
| Lowest | Rs. | 47.10 | 44.60 |
| Closing | Rs. | 53.70 | 45.00 |
| No. of Ordinary Share Issued As At 31st March | | 41,550,600 | 41,550,600 |

Information On Listed Debentures

Market Values of Listed Debentures

VFIN Debentures 2014/2019

| | Highest | | Lowest | | Period End | |
|----------------------------|------------|------------|------------|------------|------------|------------|
| | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| 5 Year Fixed Rate - 14.75% | 104.21 | N/T | 100.18 | N/T | 104.21 | 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% | 106.00 | N/T | 106.00 | N/T | 106.00 | N/T |

VFIN Debentures 2015/2020

| | Highest | | Lowest | | Period End | |
|----------------------------|------------|------------|------------|------------|------------|------------|
| | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| 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 | | For the quarter ended | |
|----------------------------|-----------------------|----------------|-----------------------|----------------|
| | Coupon Rate | Effective Rate | Coupon Rate | Effective Rate |
| | 31.03.2016 | 31.03.2016 | 31.03.2015 | 31.03.2015 |
| 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 | | For the quarter ended | |
|----------------------------|-----------------------|----------------|-----------------------|----------------|
| | Coupon Rate | Effective Rate | Coupon Rate | Effective Rate |
| | 31.03.2016 | 31.03.2016 | 31.03.2015 | 31.03.2015 |
| 5 Year Fixed Rate - 10.25% | 10.25% | 10.51% | 10.25% | 10.51% |

Interest Rates of Comparable Government Securities - Gross Rates

| | For the quarter ended | |
|----------------------|-----------------------|------------|
| | 31.03.2016 | 31.03.2015 |
| 5 Year Treasury Bond | 11.42% | 9.13% |

Interest Yield and Yield to Maturity

VFIN Debentures 2014/2019

| | Fixed - 14.75% | | Fixed - 15.00% | | Fixed - 15.50% | |
|---------------------------------|----------------|------------|----------------|------------|----------------|------------|
| | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| Interest Yield | 14.15% | 14.75% | 15.00% | 15.00% | 14.62% | 15.50% |
| Yield to Maturity of last trade | 13.00% | N/T | N/T | N/T | 12.91% | N/T |

VFIN Debentures 2015/2020

| | For the quarter ended | |
|---------------------------------|-----------------------|------------|
| | 31.03.2016 | 31.03.2015 |
| Interest Yield | 10.25% | 10.25% |
| Yield to Maturity of last trade | N/T | N/T |

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

Ratios

| | 31.03.2016 | 31.03.2015 |
|---|------------|------------|
| Debt to Equity Ratio (%) | 216% | 143% |
| Interest Cover (Times) | 1.58 | 1.47 |
| Liquid Asset Ratio (%) - Minimum Required 10% | 19.11% | 24.00% |

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 March | Finance Lease | | Hire Purchase | | Loans & Advances | | Investments | | Unallocated | | Total | |
|------------------------------------|------------------|------------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|---------------|------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | 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 | 1,617,885 | 1,341,933 | 648,827 | 917,717 | 773,086 | 351,008 | 201,997 | 189,088 | - | - | 3,241,795 | 2,799,746 |
| Administration Fees | - | - | - | - | - | - | - | - | 59,806 | 50,315 | 59,806 | 50,315 |
| Capital gains / (loss) | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | 136 | 162 | - | - | 136 | 162 |
| Other | - | - | 85,998 | 15,782 | - | - | 10,922 | - | 69,620 | 30,183 | 166,540 | 45,964 |
| Total Revenue | 1,617,885 | 1,341,933 | 734,825 | 933,499 | 773,086 | 351,008 | 213,055 | 189,250 | 129,426 | 80,498 | 3,468,277 | 2,896,187 |
| Profit before tax | | | | | | | | | | | 783,624 | 558,641 |
| Taxation | | | | | | | | | | | (270,359) | (185,854) |
| Profit after tax | | | | | | | | | | | 513,265 | 372,787 |
| Other Information | | | | | | | | | | | | |
| As at 31st March | | | | | | | | | | | | |
| Segment assets | 9,103,789 | 5,380,672 | 2,124,439 | 3,880,708 | 7,251,677 | 3,307,495 | 3,401,407 | 3,543,626 | 885,865 | 781,006 | 22,767,176 | 16,893,507 |
| Segment Liabilities | 8,383,998 | 4,959,860 | 1,941,604 | 3,520,490 | 6,629,362 | 3,010,812 | 3,080,895 | 3,185,991 | 802,391 | 702,184 | 20,838,250 | 15,379,337 |
| Net assets | 719,791 | 420,812 | 182,835 | 360,218 | 622,315 | 296,683 | 320,512 | 357,635 | 83,474 | 78,822 | 1,928,926 | 1,514,170 |

Additional Notes

21 Major Shareholders As At 31st March 2016

| | No. of Shares | (%) |
|--|-------------------|-----------------|
| 1 Vallibel Investments (Pvt) Limited | 30,277,000 | 72.868% |
| 2 Mr K D A Perera | 1,266,879 | 3.049% |
| 3 Mr R F T Perera | 1,040,000 | 2.503% |
| 4 Mr. S B Rangamuwa | 860,092 | 2.070% |
| 5 Union Bank of Colombo PLC/Mr Sithampalam Abishek | 289,157 | 0.696% |
| 6 Mr C S J Perera | 284,860 | 0.686% |
| 7 Mr. V R Kathiragamamatamby | 205,000 | 0.493% |
| 8 Mr. H Beruwalage | 202,800 | 0.488% |
| 9 Mr. B A R Dissanayake | 200,500 | 0.483% |
| 10 Code-Gen International Pvt Ltd | 200,000 | 0.481% |
| 11 Mrs. K I A Hewage | 200,000 | 0.481% |
| 12 Mr N P DE A Samaranayake | 195,000 | 0.469% |
| 13 Mr N Balasingam | 134,900 | 0.325% |
| 14 Mr A Sithampalam | 130,605 | 0.314% |
| 15 United Motors Lanka PLC | 120,600 | 0.290% |
| 16 Mr. F J P Raj | 115,100 | 0.277% |
| 17 Mr. R Udalagama | 114,500 | 0.276% |
| 18 Mrs. S.P.Gunasekera | 113,514 | 0.273% |
| 19 Mr W M A B Walisundara | 102,955 | 0.248% |
| 20 Mr R Gautam | 100,000 | 0.241% |
| 21 Mr. J.S.A.Perera & Mrs R. N. Perera | 100,000 | 0.241% |
| | 36,253,462 | 87.251% |
| Others | 5,297,138 | 12.749% |
| | 41,550,600 | 100.000% |

Directors' Shareholding As At 31st March 2016

| | | |
|--|------------------|---------------|
| 1 Mr. K V P Ranjith De Silva | - | - |
| 2 Mr. Dhammika Perera | 600 | 0.001% |
| 3 Mr. S B Rangamuwa | 860,092 | 2.070% |
| 4 Mr. R M Karunaratne | - | - |
| 5 Mr. T Murakami | - | - |
| 6 Mr. K D A Perera | 1,266,879 | 3.049% |
| 7 Mr. A Dadigama | - | - |
| 8 Mr. H Ota (Alternate Director to Mr. T Murakami) | - | - |
| | 2,127,571 | 5.120% |

Public Holding As At 31st March 2016

21.86%

Number of Public Shareholders

2,106