



INTERIM FINANCIAL STATEMENTS

For the Year ended 31st March 2014

VALLIBEL FINANCE PLC
Income Statement

Amounts in Rupees '000

| | Quarter ended 31st March | | | Year ended 31st March | | |
|---|--------------------------|----------------|----------|-----------------------|------------------|----------|
| | 2014 | 2013 | Change % | 2014 | 2013 (Audited) | Change % |
| Gross Income | 688,572 | 546,509 | 26.0 | 2,570,624 | 1,879,396 | 36.8 |
| Interest Income | 643,762 | 519,094 | 24.0 | 2,451,801 | 1,791,914 | 36.8 |
| Interest Expense | (354,614) | (287,866) | 23.2 | (1,340,465) | (1,008,845) | 32.9 |
| Net Interest Income | 289,148 | 231,228 | 25.0 | 1,111,336 | 783,069 | 41.9 |
| Fee and Commission Income | 11,722 | 9,152 | 28.1 | 43,082 | 31,255 | 37.8 |
| Net Fee and Commission Income | 11,722 | 9,152 | 28.1 | 43,082 | 31,255 | 37.8 |
| Net Gain / (Loss) from Trading | 288 | 465 | (38.0) | 903 | 2,386 | (62.2) |
| Other Operating Income | 32,800 | 17,798 | 84.3 | 74,838 | 53,841 | 39.0 |
| Total Operating Income | 333,959 | 258,643 | 29.1 | 1,230,160 | 870,551 | 41.3 |
| Impairment (Charges) / Reversals for Loans and other losses | (59,261) | (13,419) | 341.6 | (210,654) | (51,679) | 307.6 |
| Net Operating Income | 274,698 | 245,224 | 12.0 | 1,019,506 | 818,872 | 24.5 |
| Operating Expenses | | | | | | |
| Personnel Expenses | (56,164) | (20,181) | 178.3 | (239,902) | (131,946) | 81.8 |
| Premises Equipment and Establishment Expenses | (13,832) | (11,226) | 23.2 | (55,105) | (35,949) | 53.3 |
| Other Expenses | (44,346) | (79,636) | (44.3) | (235,488) | (183,049) | 28.6 |
| Operating Profit Before Value Added Tax | 160,355 | 134,181 | 19.5 | 489,010 | 467,928 | 4.5 |
| Value Added Tax on Financial Services | (14,676) | (10,616) | 38.2 | (46,007) | (38,749) | 18.7 |
| Profit Before Taxation | 145,679 | 123,565 | 17.9 | 443,003 | 429,179 | 3.2 |
| Income Tax Expense | (45,555) | (30,317) | 50.3 | (139,093) | (134,647) | 3.3 |
| Profit for the Period | 100,124 | 93,248 | 7.4 | 303,910 | 294,532 | 3.2 |
| Earnings Per Share (Annualised) | 9.64 | 8.98 | 7.4 | 7.31 | 7.09 | 3.2 |

VALLIBEL FINANCE PLC
Statement of Comprehensive Income

Amounts in Rupees '000

| | Quarter ended 31st March | | | Year ended 31st March | | |
|---|--------------------------|---------------|---------|-----------------------|-------------------------------|---------|
| | 2014 | 2013 | Change | 2014 | 2013 Restated (Audited) | Change |
| | | | % | | | % |
| Profit for the period | 100,124 | 93,248 | 7.4 | 303,910 | 294,532 | 3.2 |
| Acturial Gains / (Losses) on Retirement Benefit Plans | (1,488) | (486) | 206.2 | (1,488) | (486) | 206.2 |
| Gains / (Losses) on remeasuring Available For Sale Financial Assets | (1,616) | - | (100.0) | 4,055 | - | 100.0 |
| Tax on Other Comprehensive Income | 417 | 119 | 250.4 | 417 | 119 | 250.4 |
| Other Comprehensive Income for the period, Net of Tax | (2,687) | (367) | 632.2 | 2,984 | (367) | (912.8) |
| Total Comprehensive Income for the period | 97,437 | 92,881 | 4.9 | 306,894 | 294,165 | 4.3 |

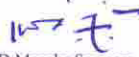
VALLIBEL FINANCE PLC
Statement of Financial Position

| | Amounts in Rupees '000 | | |
|---|--------------------------|--|-------------|
| | As at 31st March 2014 | As at 31st March 2013 Restated (Audited) | Change % |
| Assets | | | |
| Cash and Cash Equivalents | 311,613 | 239,916 | 29.9 |
| Placements with Banks and Other Finance Companies | 1,146,245 | 698,088 | 64.2 |
| Reverse Repurchase Agreements | 112,017 | - | 100.0 |
| Financial Investments - Held for Trading | 5,102 | 14,329 | (64.4) |
| Loans and Receivables to Finance Companies | - | 16,472 | (100.0) |
| Loans and Receivables to Other Customers | 1,149,653 | 631,716 | 82.0 |
| Lease Rental and Hire Purchase Receivables | 8,788,528 | 7,152,326 | 22.9 |
| Financial Investments - Available for Sale | 113,965 | 204 | 55,820.1 |
| Financial Investments - Held to Maturity | 612,635 | 281,719 | 117.5 |
| Other Financial Assets | 7,913 | 6,343 | 24.7 |
| Other Assets | 165,575 | 137,949 | 20.0 |
| Property, Plant and Equipment | 127,326 | 116,748 | 9.1 |
| Intangible Assets | 4,356 | 5,997 | (27.4) |
| Deferred Tax Assets | 33,786 | 2,143 | 1,476.6 |
| Total Assets | 12,578,714 | 9,303,949 | 35.2 |
| Liabilities | | | |
| Bank Overdrafts | 233,879 | 360,102 | (35.1) |
| Rental Received in Advance | 136,928 | 164,624 | (16.8) |
| Deposits due to Customers | 9,299,978 | 6,268,210 | 48.4 |
| Interest bearing Borrowings | 542,517 | 951,202 | (43.0) |
| Subordinated Term Debts | 898,089 | 399,256 | 124.9 |
| Other Financial Liabilities | 48,885 | 41,464 | 17.9 |
| Current Tax Liabilities | 88,295 | 41,939 | 110.5 |
| Deferred Tax Liabilities | 74,289 | 65,089 | 14.1 |
| Other Liabilities | 62,239 | 68,235 | (8.8) |
| Retirement Benefit Obligations | 12,872 | 7,653 | 68.2 |
| Total Liabilities | 11,397,971 | 8,367,773 | 36.2 |
| Equity | | | |
| Stated Capital | 287,153 | 287,153 | - |
| Statutory Reserves | 333,907 | 237,581 | 40.5 |
| Available For Sale Reserve | 4,055 | - | 100.0 |
| General Reserve | 7,500 | 7,500 | - |
| Retained Earnings | 548,128 | 403,942 | 35.7 |
| Total Equity | 1,180,743 | 936,176 | 26.1 |
| Total Liabilities and Equity | 12,578,714 | 9,303,949 | 35.2 |
| Net Assets Value Per Share (Rs.) | 28.42 | 22.53 | 26.1 |

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
Chairman


S.B. Angamunwa
Managing Director

23rd May 2014
Colombo.

VALLIBEL FINANCE PLC
Statement of Changes in Equity

| For the year ended | Amounts in Rupees '000 | | | | | | |
|--|------------------------|------------------------|--------------------------|----------------------------|-----------------|-------------------|------------------|
| | Stated Capital | Statutory Reserve Fund | Reserves Investment Fund | Available For Sale Reserve | General Reserve | Retained Earnings | Total Equity |
| Balance as at 01st April 2013 | 287,153 | 145,185 | 92,396 | - | 7,500 | 403,942 | 936,176 |
| Profit for the Period | - | - | - | - | - | 303,910 | 303,910 |
| Other Comprehensive income for the period , net of Tax | - | - | - | 4,055 | - | (1,071) | 2,984 |
| Dividends | - | - | - | - | - | (62,326) | (62,326) |
| Transfers during the period | - | 60,782 | 35,544 | - | - | (96,326) | - |
| Balance as at 31st March 2014 | 287,153 | 205,967 | 127,940 | 4,055 | 7,500 | 548,128 | 1,180,743 |
| Balance as at 01st April 2012 | 287,153 | 87,802 | 42,750 | - | 7,500 | 259,190 | 684,395 |
| LKAS 19 -Transitional effect | - | - | - | - | - | (834) | (834) |
| Restated Balance as at 01st April 2012 | 287,153 | 87,802 | 42,750 | - | 7,500 | 258,356 | 683,561 |
| Profit for the Period | - | - | - | - | - | 294,532 | 294,532 |
| Other Comprehensive income for the period , net of Tax | - | - | - | - | - | (367) | (367) |
| Dividends | - | - | - | - | - | (41,551) | (41,551) |
| Transfers during the period | - | 57,383 | 49,646 | - | - | (107,029) | - |
| Balance as at 31st March 2013 | 287,153 | 145,185 | 92,396 | - | 7,500 | 403,942 | 936,176 |

VALLIBEL FINANCE PLC

Cash Flow Statement

| For the period ended | Amounts in Rupees '000 | |
|---|------------------------|------------------------------------|
| | 31st March 2014 | 31st March 2013 (Audited) |
| Cash Flow From Operating Activities | | |
| Interest and Commission Receipts | 2,420,390 | 1,823,046 |
| Interest Payments | (1,328,064) | (1,116,848) |
| Cash Receipts from Customers | 75,150 | 52,348 |
| Cash Payments to Employees and Suppliers | (480,935) | (318,766) |
| Operating Profit Before Changes in Operating Assets and Liabilities | 686,541 | 439,780 |
| (Increase) / Decrease in Operating Assets | | |
| Short Term Funds | (1,648) | 43,398 |
| Deposits held for Regulatory or Monetary Control Purposes | (320,931) | (86,662) |
| Funds Advanced to Customers | (2,348,996) | (1,924,169) |
| Other Short Term Negotiable Securities | (648,647) | (452,573) |
| Increase / (Decrease) in Operating Liabilities | | |
| Deposits from Customers | 2,841,047 | 2,310,987 |
| Certificate of Deposits | 152,608 | 46,610 |
| Net Cash (Used in) / Generated from Operating Activities before Income Tax | 359,973 | 377,371 |
| Taxes paid | (160,030) | (147,614) |
| Net Cash (Used In) / Generated from Operating Activities | 199,943 | 229,756 |
| Cash Flows From Investing Activities | | |
| Dividends Received | 782 | 340 |
| Proceed from Sale of Securities | 26,131 | - |
| Proceed from sale of Property , Plant and equipment | 3,715 | 395 |
| Purchase of Property , Plant and equipment | (52,146) | (37,505) |
| Purchase of Intangible Assets | - | (6,669) |
| Net Cash (Used In) / Generated from Investing Activities | (21,519) | (43,439) |
| Cash Flows From Financing Activities | | |
| Issue of Debentures | 500,000 | 150,000 |
| Net increase in Borrowings | (418,177) | (411,509) |
| Dividend paid | (62,326) | (41,551) |
| Net Cash (Used In) / Generated from Financing Activities | 19,497 | (303,060) |
| Net Increase / (Decrease) in Cash & Cash Equivalents | 197,921 | (116,742) |
| Cash & Cash Equivalents at the Beginning of the Period | (120,187) | (3,445) |
| Cash & Cash Equivalents at the End of the Period (Note A) | 77,734 | (120,187) |

Note A

Cash & Cash Equivalents at the End of the Period

| | | |
|---------------------------|---------------|------------------|
| Cash in Hand and at Banks | 311,613 | 239,915 |
| Bank Overdrafts | (233,879) | (360,102) |
| | 77,734 | (120,187) |

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 Year ended 31st March | Finance Lease | | Hire Purchase | | Loans & Advances | | Investments | | Unallocated | | Total | |
|-------------------------------|---------------|-----------|---------------|-----------|------------------|---------|-------------|-----------|-------------|---------|------------|-----------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | 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 | 1,229,205 | 824,734 | 867,090 | 744,679 | 188,777 | 112,611 | 166,729 | 109,891 | - | - | 2,451,801 | 1,791,914 |
| Administration Fees | - | - | - | - | - | - | - | - | 43,082 | 31,255 | 43,082 | 31,255 |
| Capital gains / (loss) | - | - | - | - | - | - | 122 | 2,046 | - | - | 122 | 2,046 |
| Dividends | - | - | - | - | - | - | 782 | 340 | - | - | 782 | 340 |
| Other | - | - | 43,529 | 31,655 | - | - | - | - | 31,308 | 22,186 | 74,837 | 53,841 |
| Total Revenue | 1,229,205 | 824,734 | 910,619 | 776,334 | 188,777 | 112,611 | 167,633 | 112,277 | 74,390 | 53,441 | 2,570,624 | 1,879,396 |
| Profit before tax | | | | | | | | | | | 443,003 | 429,179 |
| Taxation | | | | | | | | | | | (139,093) | (134,647) |
| Profit after tax | | | | | | | | | | | 303,910 | 294,532 |
| Other Information | | | | | | | | | | | | |
| As at 31st March | | | | | | | | | | | | |
| Segment assets | 4,862,964 | 3,976,112 | 3,925,564 | 3,176,214 | 1,149,653 | 631,715 | 1,989,964 | 1,010,812 | 650,568 | 509,096 | 12,578,714 | 9,303,949 |
| Segment Liabilities | 4,417,026 | 3,554,379 | 3,556,261 | 2,857,755 | 1,060,758 | 594,560 | 1,781,507 | 891,083 | 582,419 | 469,997 | 11,397,971 | 8,367,774 |
| Net assets | 445,938 | 421,733 | 369,303 | 318,459 | 88,895 | 37,155 | 208,457 | 119,729 | 68,149 | 39,099 | 1,180,743 | 936,175 |

Amounts in Rupees '000

Vallibel Finance PLC
Interim Financial Statements for the Year ended 31.03.2014

Explanatory Notes

- 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 2013 other than disclosed below.

LKAS 19 - Employee Benefits (Bound Volume 2013) disallows the use of corridor method but allows immediate recognition of actuarial gain or loss derived from defined benefit obligations through Other Comprehensive Income. The Company adopted the corridor method in previous years. In compliance with LKAS 19 - Employee Benefits (Bound Volume 2013), with effect from 1st April 2012 the Company changed its accounting policy to recognise actuarial gain or loss immediately through Other Comprehensive Income. Accordingly comparative figures for the year ended 31st March 2013 have been restated by following amounts:

| Statement of Comprehensive Income for the year ended 31st March 2013 | As Previously Reported Rs. | Restated Rs. |
|--|-------------------------------|--------------------|
| Actuarial Gains / (Losses) on Retirement Benefit Plans | (59,239) | (486,670) |
| Deferred Tax effect | - | 119,681 |
| Total Comprehensive Income for the Year | 294,473,203 | 294,165,452 |

| Statement of Financial Position as at 31st March 2013 | As Previously Reported Rs. | Restated Rs. |
|---|-------------------------------|-----------------|
| Deferred Tax Assets | 1,698,960 | 2,142,796 |
| Retirement Benefit Obligation | 6,067,712 | 7,652,838 |
| Retained Earnings | 405,083,134 | 403,941,844 |

- These Interim Financial Statements have been prepared in compliance with the requirements of Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting'.
- During the quarter the Company has issued 5 Mn Unsecured Subordinated Redeemable Debentures at the value of Rs.100/- each accumulated to Rs.500 Mn with maturity of five years. These debentures are quoted on the Colombo Stock Exchange.
- Mr. K.V.P.R De Silva appointed as an Independent Non-Executive Director of the Company with effect from 23rd April 2014.
- There were no material events took place since 31st December 2013 other than disclosed above in Financial Statements.
- 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 2014 | As at 31st March 2013 |
|---|-----------------------------|-----------------------------|
| 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) | 10,061,676 | 7,712,680 |
| Net Total Accommodations (Net of Provision for Bad and Doubtful Debts) | 9,801,253 | 7,617,417 |
| Non-Performing Accommodations (Net of Interest in Suspense) | 436,046 | 207,780 |
| Liquidity | | |
| Required Minimum Amount of Liquid Assets | 966,137 | 626,821 |
| Available Amount of Liquid Assets | 1,471,593 | 1,003,818 |
| Required Minimum Amount of Government Securities | 713,899 | 245,180 |
| Available Amount of Government Securities | 410,300 | 308,107 |
| Capital Adequacy | | |
| Core Capital to Risk Weighted Assets Ratio (Minimum 5%) | 10.11% | 10.39% |
| Total Capital to Risk Weighted Assets Ratio (Minimum 10%) | 15.16% | 14.45% |
| Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%) | 16.92% | 18.72% |
| Profitability | | |
| Return on Assets (After Tax) - (Annualised) | 3.18% | 4.01% |
| Return on Equity - (Annualised) | 33.92% | 39.84% |

Information On Ordinary Shares

Share Price During the Quarter

| | For the quarter ended | |
|---|-----------------------|------------|
| | 31.03.2014 | 31.03.2013 |
| Highest | 34.10 | 34.50 |
| Lowest | 27.90 | 28.10 |
| Closing | 29.70 | 28.30 |
| No. of Ordinary Share Issued As At 31st March | 41,550,600 | 41,550,600 |

Information On Listed Debentures

VFIN Debentures 2014/2019

Market Values of Listed Debentures

| | For the quarter ended | | | | | |
|----------------------------|-----------------------|------------|------------|------------|------------|------------|
| | Highest | | Lowest | | Period End | |
| | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 |
| 5 Year Fixed Rate - 14.75% | 106.00 | N/A | 106.00 | N/A | 106.00 | N/A |
| 5 Year Fixed Rate - 15.00% | N/T | N/A | N/T | N/A | N/T | N/A |
| 5 Year Fixed Rate - 15.50% | 100.00 | N/A | 100.00 | N/A | 100.00 | N/A |

Interest Rates

| | For the quarter ended | | | |
|----------------------------|-----------------------|----------------|-------------|----------------|
| | Coupon Rate | Effective Rate | Coupon Rate | Effective Rate |
| | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2013 |
| 5 Year Fixed Rate - 14.75% | 14.75% | 15.59% | N/A | N/A |
| 5 Year Fixed Rate - 15.00% | 15.00% | 15.56% | N/A | N/A |
| 5 Year Fixed Rate - 15.50% | 15.50% | 15.50% | N/A | N/A |

Interest Rates of Comparable Government Securities - Gross Rates

| | For the quarter ended | |
|---------------------------|-----------------------|------------|
| | 31.03.2014 | 31.03.2013 |
| VFIN Debentures 2014/2019 | 8.65% | N/A |

Interest Yield and Yield to Maturity

| | For the quarter ended | | | | | |
|---------------------------------|-----------------------|------------|----------------|------------|----------------|------------|
| | Fixed - 14.75% | | Fixed - 15.00% | | Fixed - 15.50% | |
| | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 |
| Interest Yield | 13.92% | N/A | 15% | N/A | 15.50% | N/A |
| Yield to Maturity of last trade | 13.09% | N/A | N/T | N/A | 15.53% | N/A |

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

Ratios

| | 31.03.2014 | 31.03.2013 |
|---|------------|------------|
| Debt to Equity Ratio (%) | 122% | 144% |
| Interest Cover (Times) | 1.36 | 1.46 |
| Liquid Asset Ratio (%) - Minimum Required 10% | 15.82% | 15.68% |

Additional Notes

20 Major Shareholders As At 31st March 2014

| | No. of Shares | (%) |
|---|-------------------|----------------|
| 1 Vallibel Investments (Pvt) Limited | 30,277,000 | 72.87% |
| 2 Employees Trust Fund Board | 1,248,127 | 3.00% |
| 3 Seylan Bank PLC/M/S Divasa Equity (Pvt) Ltd | 1,092,424 | 2.63% |
| 4 Mr K D A Perera | 836,713 | 2.01% |
| 5 George Steuart Teas (Pvt) Ltd | 514,275 | 1.24% |
| 6 Mr. V R Kathiragamamatamby | 300,000 | 0.72% |
| 7 Mr. S B Rangamuwa | 203,031 | 0.49% |
| 8 Seylan Bank PLC/HVA Lanka Exports (Private) Limited | 203,000 | 0.49% |
| 9 Mr. H Beruwalage | 202,800 | 0.49% |
| 10 Mrs. K I A Hewage | 200,000 | 0.48% |
| 11 Mr. B A R Dissanayake | 198,000 | 0.48% |
| 12 Dr.T Senthilverl | 184,062 | 0.44% |
| 13 Mr. N Balasingam | 134,900 | 0.32% |
| 14 Mr. R R S Ananda | 103,200 | 0.25% |
| 15 Mr. A Tirathdas | 100,000 | 0.24% |
| 16 Codegen International (Pvt) Ltd | 100,000 | 0.24% |
| 17 Mrs R B J Tiranagama | 86,000 | 0.21% |
| 18 Mr.R.Gautam | 85,000 | 0.20% |
| 19 Mr H K C D E Seneviratne | 79,000 | 0.19% |
| 20 Mr D S Jayaweera | 73,000 | 0.18% |
| | 36,220,532 | |
| Others | 5,330,068 | 12.83% |
| | 41,550,600 | 100.00% |

Directors' Shareholding As At 31st March 2014

| | | |
|-------------------------|----------------|---------------|
| 1 Mr Dhammika Perera | 600 | 0.001% |
| 2 Mr S B Rangamuwa | 203,031 | 0.489% |
| 3 Mr J A S S Adhihetty | 600 | 0.001% |
| 4 Mr W D N H Perera | - | 0.000% |
| 5 Mr M D S Goonatilleke | 600 | 0.001% |
| 6 Mr S Senaratne | 22,600 | 0.054% |
| 7 Mr K D H Perera | 600 | 0.001% |
| 8 Mr R.M.Karunaratne | | 0.000% |
| | 228,031 | 0.549% |

Public Holding As At 31st March 2014

10,175,356 24.49%