



Financial Statements

For the Six Months Ended 30th September 2014



The first Company in the Banking and Non-banking sector of Sri Lanka to be certified with ISO 9001:2008 Quality Management system and ISO 22301:2012 for Business Continuity Management Systems

Ram rating : BBB P2
Positive Outlook

Alliance Finance Company PLC

INCOME STATEMENT

For the six months ended 30th September 2014

| | Quarter ended 30th September 2014 | | | Six months ended 30th September 2014 | | |
|--|---|--------------------------|----------|--|---------------------------|----------|
| | Rs. | Rs. | Variance | Rs. | Rs. | Variance |
| Gross Income | 984,661,648 | 946,688,917 | 4 | 1,939,375,442 | 2,040,517,957 | (5) |
| Interest Income | 856,603,044 | 854,879,772 | 0 | 1,734,548,052 | 1,862,166,513 | (7) |
| Interest Expenses | (472,468,439) | (590,983,388) | (20) | (980,088,828) | (1,188,351,241) | (18) |
| Net Interest Income | <u>384,134,605</u> | <u>263,896,384</u> | 46 | <u>754,459,224</u> | <u>673,815,272</u> | 12 |
| Fee and Commission Income | 46,090,000 | 37,485,811 | 23 | 90,032,417 | 82,329,032 | 9 |
| Fee and Commission Expenses | (13,396,842) | (11,026,535) | 21 | (26,988,585) | (29,950,671) | (10) |
| Net Fee and Commission Income | <u>32,693,158</u> | <u>26,459,276</u> | 24 | <u>63,043,832</u> | <u>52,378,361</u> | 20 |
| Net gain/(loss) from Trading | 32,163,098 | (3,585,054) | (997) | 39,458,477 | 6,136,438 | 543 |
| Other Operating Income (net) | <u>49,805,506</u> | <u>57,908,389</u> | (14) | <u>75,336,496</u> | <u>89,885,974</u> | (16) |
| Total Operating Income | 498,796,367 | 344,678,995 | 45 | 932,298,029 | 822,216,045 | 13 |
| Impairment (Charges) / Reversal for loans and other losses | (131,242,440) | (7,974,802) | 1546 | (246,197,832) | (141,282,752) | 74 |
| Net Operating Income | <u>367,553,928</u> | <u>336,704,193</u> | 9 | <u>686,100,198</u> | <u>680,933,293</u> | 1 |
| Operating Expenses | | | | | | |
| Personnel Expenses | (124,248,208) | (110,871,198) | 12 | (244,261,457) | (222,045,009) | 10 |
| Depreciation of Property & Equipment | (20,834,989) | (16,164,148) | 29 | (41,019,938) | (32,059,747) | 28 |
| Other Operating Expenses | <u>(165,380,732)</u> | <u>(109,526,934)</u> | 51 | <u>(299,020,014)</u> | <u>(232,113,224)</u> | 29 |
| Operating Profit before Value Added Tax on Financial Services | 57,089,999 | 100,141,913 | (43) | 101,798,789 | 194,715,313 | (48) |
| Value Added Tax on Financial Services | <u>(3,449,698)</u> | <u>(4,283,882)</u> | (19) | <u>(6,839,534)</u> | <u>(11,682,646)</u> | (41) |
| Operating Profit after Value Added Tax on Financial Services | 53,640,301 | 95,858,031 | (44) | 94,959,255 | 183,032,667 | (48) |
| Share of profit from Associates | 6,830,257 | 3,295,203 | 107 | 10,830,070 | 5,881,132 | 84 |
| Profit before Taxation from Operations | <u>60,470,558</u> | <u>99,153,234</u> | (39) | <u>105,789,325</u> | <u>188,913,799</u> | (44) |
| Provision for Income Taxation | (12,000,000) | (20,000,000) | (40) | (24,000,000) | (45,000,000) | (47) |
| Profit for the Period | <u><u>48,470,558</u></u> | <u><u>79,153,234</u></u> | (39) | <u><u>81,789,325</u></u> | <u><u>143,913,799</u></u> | (43) |
| Basic/ Diluted Earnings Per Share | 19.95 | 32.57 | | 33.66 | 59.22 | |

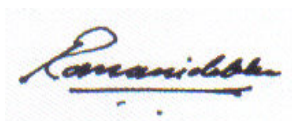
Alliance Finance Company PLC**STATEMENT OF COMPREHENSIVE INCOME****For the six months ended 30th September 2014**

| | Quarter ended 30th September | | Six months ended 30th September | |
|---|---|---------------------|--|--------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | Rs. | Rs. | Rs. | Rs. |
| Profit for the Period | <u>48,470,558</u> | <u>79,153,234</u> | <u>81,789,325</u> | <u>143,913,799</u> |
| Other comprehensive income: | | | | |
| Net Gains and Losses on Available-for-Sale Financial Assets: | | | | |
| Sri Lanka Government Securities | 2,202,582 | 459,592 | 6,814,402 | (374,982) |
| Equity Securities - Quoted | 97,342,826 | (9,065,960) | 131,630,747 | 3,486,908 |
| Equity Securities - Un Quoted | - | (4,647,930) | - | - |
| Share of other comprehensive income of Associates | | | - | 2,823,663 |
| Other Comprehensive Income for the Period, Net of Taxes | <u>99,545,407</u> | <u>(13,254,298)</u> | <u>138,445,148</u> | <u>5,935,589</u> |
| Total Comprehensive Income for the Period | <u>148,015,965</u> | <u>65,898,936</u> | <u>220,234,473</u> | <u>149,849,388</u> |

Alliance Finance Company PLC

STATEMENT OF FINANCIAL POSITION

| As at | 30.09.2014 (Un Audited) Rs. | 30.09.2013 (Un Audited) Rs. | 31.03.2014 (Audited) Rs. |
|--|-----------------------------------|-----------------------------------|---------------------------------|
| Assets | | | |
| Cash and Bank Balances | 254,105,082 | 728,751,797 | 137,530,040 |
| Repurchase Agreements | 20,389,872 | 282,975,734 | 395,408,217 |
| Placements with Banks & Financial Institutions | 692,326,527 | 499,546,733 | 715,261,644 |
| Financial Investments - Held for Trading | 1,026,521,703 | 457,762,666 | 1,477,669,371 |
| Loans and Advances | 3,694,898,605 | 3,429,131,930 | 3,643,971,566 |
| Lease Rentals Receivable & Stock out on Hire | 8,311,132,338 | 8,605,611,763 | 8,573,451,014 |
| Hire Purchase Rentals Receivable & Stock out on Hire | 1,466,110,716 | 1,985,204,782 | 1,711,157,466 |
| Financial Investments - Available for Sale | 634,735,712 | 199,348,104 | 242,534,452 |
| Real Estate & Other Trading Stock | 227,121,481 | 210,360,969 | 93,241,656 |
| Other Financial Assets | 95,820,509 | 193,303,723 | 162,867,616 |
| Other Non Financial Assets | 136,045,411 | 112,725,415 | 126,984,240 |
| Income Tax Refund Due | - | 39,172,342 | 7,771,001 |
| Investments In Associates | 134,272,549 | 134,167,818 | 123,442,479 |
| Property, Plant & Equipment | 1,113,522,490 | 1,082,061,315 | 1,120,354,307 |
| Deferred Tax Assets | 194,820,518 | 243,903,680 | 194,820,518 |
| Total Assets | 18,001,823,513 | 18,204,028,771 | 18,726,465,587 |
| Liabilities | | | |
| Due to Banks | 1,492,747,276 | 2,662,933,918 | 2,184,716,485 |
| Due to Customers | 11,120,411,278 | 9,745,235,483 | 11,201,588,507 |
| Debt Instruments Issued and Other Borrowed Funds | 2,193,819,973 | 3,022,566,781 | 2,400,373,061 |
| Derivative Financial Liabilities | - | 2,394,904 | - |
| Other Financial Liabilities | 430,872,546 | 164,004,086 | 360,779,078 |
| Other Non Financial Liabilities | 23,273,531 | 17,980,235 | 18,245,273 |
| Retirement Benefit Liability | 71,452,907 | 86,814,131 | 63,151,656 |
| Deferred Tax Liabilities | 106,302,413 | 269,564,093 | 106,302,413 |
| Total Liabilities | 15,438,879,923 | 15,971,493,631 | 16,335,156,474 |
| Shareholders' Funds | | | |
| Stated Capital | 24,300,000 | 24,300,000 | 24,300,000 |
| Retained Earnings | 527,507,522 | 388,735,899 | 494,269,442 |
| Reserves | 2,011,136,068 | 1,819,499,242 | 1,872,739,672 |
| Total Shareholders' Funds | 2,562,943,590 | 2,232,535,141 | 2,391,309,114 |
| Total Liabilities and Shareholders' Funds | 18,001,823,513 | 18,204,028,772 | 18,726,465,588 |
| Net Assets Value Per Share (Rs.) | 1,055 | 919 | 984 |



.....
R.K.E.P. de Silva
Deputy Chairman & Managing Director



.....
D.L.S.R. Perera
Finance Director



.....
G.C. de Silva
Chief Financial Officer

14th November 2014

Alliance Finance Company PLC

STATEMENT OF CHANGES IN EQUITY

| | Stated Capital Rs. | Statutory Reserve Rs. | Capital Reserve Rs. | Dividend Equalization Rs. | Diversification Risk Reserve Rs. | General Reserve Rs. | Development Reserve Rs. | Investment Fund Reserve Rs. | Available for Sale Reserve Rs. | Retained Earnings Rs. | Total Rs. |
|---|--------------------------|-----------------------------|---------------------------|---------------------------------|--|---------------------------|-------------------------------|-----------------------------------|--------------------------------------|-----------------------------|----------------------|
| Balance as at 1 April 2013 | 24,300,000 | 327,757,400 | 479,906,644 | 7,000,000 | 255,000,000 | 453,300,000 | 108,141,275 | 67,198,529 | 108,438,030 | 288,036,456 | 2,119,078,335 |
| Profit for the Period | - | - | - | - | - | - | - | - | - | 143,913,799 | 143,913,799 |
| Other Comprehensive Income, net of Tax | - | - | - | - | - | - | - | - | 5,935,589 | - | 5,935,589 |
| Transfer to Statutory Reserve | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to Investment Fund Reserve | - | - | - | - | - | - | - | 6,821,774 | - | (6,821,774) | - |
| Dividend Paid | - | - | - | - | - | - | - | - | - | (36,450,000) | (36,450,000) |
| Balances as at 30th September 2013 | 24,300,000 | 327,757,400 | 479,906,644 | 7,000,000 | 255,000,000 | 453,300,000 | 108,141,275 | 74,020,303 | 114,373,619 | 388,678,481 | 2,232,477,723 |
| Balance as at 1 April 2014 | 24,300,000 | 377,657,400 | 479,906,644 | 7,000,000 | 255,000,000 | 453,300,000 | 108,141,275 | 83,216,780 | 108,517,572 | 494,269,442 | 2,391,309,113 |
| Profit for the Period | - | - | - | - | - | - | - | - | - | 81,789,325 | 81,789,325 |
| Other Comprehensive Income, net of Tax | - | - | - | - | - | - | - | - | 138,445,148 | - | 138,445,149 |
| Transfer to Statutory Reserve | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to Investment Fund Reserve | - | - | - | - | - | - | - | - | - | - | - |
| Dividend Paid | - | - | - | - | - | - | - | - | - | (48,600,000) | (48,600,000) |
| Balances as at 30th September 2014 | 24,300,000 | 377,657,400 | 479,906,644 | 7,000,000 | 255,000,000 | 453,300,000 | 108,141,275 | 83,216,780 | 246,962,720 | 527,458,767 | 2,562,943,590 |

Alliance Finance Company PLC

STATEMENT OF CASH FLOWS

For the six months ended 30th September 2014

| | 30.09.2014 | 30.09.2013 | 31.03.2014 |
|---|----------------------|----------------------|------------------------|
| | Rs. | Rs. | Rs. |
| Cash Flows From / (Used in) Operating Activities | (Un audited) | (Un audited) | (Un audited) |
| Profit before Income Tax Expense | 105,789,325 | 188,913,799 | 287,315,434 |
| Adjustments for; | | | |
| Depreciation of Property, Plant & Equipment | 41,019,938 | 32,059,747 | 69,249,072 |
| Impairment Provision | 246,197,832 | 141,282,752 | 299,260,083 |
| Interest on Fixed Deposits, Commercial Paper & Treasury Bills | (84,528,981) | (65,961,428) | (165,358,653) |
| Profit/(Loss) on Sale of Securities | (9,486,744) | (1,711,040) | (9,829,290) |
| Fair Value Gain or Loss on Equity Investments (FVTPL) | 364,252 | 373,218 | (2,112,546) |
| Fair value gain or Loss on Financial Derivatives | - | (9,538,011) | (8,740,673) |
| Diminution/(Appreciation) in Value of Investments | 30,335,985 | 2,231,018 | 21,713,626 |
| Loss/(Profit) on Disposal of Property & Equipment | (1,514,666) | (1,742,575) | (6,335,983) |
| Provision/(reversal) for Defined Benefit Plans | 9,000,000 | 9,000,000 | (3,988,519) |
| Dividend Received | (7,778,402) | (12,783,702) | (6,841,446) |
| Share of Profit from Associates | (10,830,070) | (5,881,132) | (10,695,011) |
| Operating Profit before Working Capital Changes | 318,568,469 | 276,242,646 | 463,636,094 |
| | | | |
| (Increase)/Decrease in Real Estate Stock | (133,879,825) | 30,158,992 | 147,278,305 |
| (Increase)/Decrease in Loans and Advances | (128,957,703) | (85,431,462) | (387,653,382) |
| (Increase)/Decrease in Lease Rentals Receivable & Stock out on hire | 118,258,552 | (221,430,344) | (254,871,279) |
| (Increase)/Decrease in Hire purchase Rentals Receivable & Stock out on hire | 220,939,704 | 187,801,260 | 456,855,212 |
| (Increase)/Decrease in Fixed Deposits & Repurchase Agreements | 397,953,462 | 109,097,447 | (219,049,947) |
| (Increase)/Decrease in Other Financial Assets | 67,047,108 | 7,680,162 | (23,766,189) |
| (Increase)/Decrease in Other Non Financial Assets | (9,061,170) | (29,833,743) | (39,428,424) |
| (Increase)/Decrease in Income tax refund due | 7,771,001 | - | - |
| Increase/(Decrease) in Amounts Due to Customers | (81,177,229) | 743,354,264 | 2,199,707,288 |
| Increase/(Decrease) in Derivative Financial Liabilities | - | 1,636,132 | (1,556,110) |
| Increase/(Decrease) in Other Financial Liabilities | 46,093,467 | (150,587,493) | 46,187,500 |
| Increase/(Decrease) in Other Non Financial Liabilities | 5,028,258 | 9,050,296 | 9,315,335 |
| Cash (Used in)/ Generated from Operations | 828,584,094 | 877,738,157 | 2,396,654,403 |
| | | | |
| Retirement Benefit Liabilities Paid | (698,750) | (1,058,931) | (1,141,800) |
| Investment in Gratuity fund | - | (8,503,737) | (10,591,087) |
| Taxes Paid | - | - | - |
| Net Cash Used in Operating Activities | 827,885,344 | 868,175,489 | 2,384,921,516 |
| Cash Flows from / (Used in) Investing Activities | | | |
| Acquisition of Property, Plant & Equipment | (37,559,249) | (49,286,586) | (137,364,507) |
| Proceeds from Sales of Property, Plant & Equipment | 4,885,795 | 11,146,355 | 27,772,125 |
| Net Sales/ (Purchases) of Financial investments Held -For- Trading | 420,447,431 | (213,130,617) | (1,255,422,208) |
| Net Sale/(Purchase) of Financial Investments- Available- For- Sale | (244,269,365) | (21,884,410) | (66,370,585) |
| Dividend Received | 7,778,402 | 12,783,702 | 6,841,446 |
| Interest on Fixed Deposits, Commercial Paper & Treasury Bills | 84,528,981 | 65,961,428 | 165,358,653 |
| Net Cash Flows from/(Used in) Investing Activities | 235,811,994 | (194,410,128) | (1,259,185,076) |
| Cash Flows from / (Used in) Financing Activities | | | |
| Proceeds from Debentures and Increase in Borrowed funds | (206,553,089) | 776,800,625 | 211,825,220 |
| Net Increase/(Decrease) in Other Borrowings | (691,969,208) | (836,819,859) | (1,315,037,292) |
| Dividends Paid | (48,600,000) | (36,450,000) | (36,450,000) |
| Net Cash Flows from/(Used in) Financing Activities | (947,122,297) | (96,469,234) | (1,139,662,072) |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 116,575,041 | 577,296,127 | (13,925,632) |
| Cash and Cash Equivalents at the Beginning of the Year | 137,530,040 | 728,751,797 | 151,455,670 |
| Cash and Cash Equivalents at the End of the Year | 254,105,082 | 151,455,670 | 137,530,040 |
| Movement in Cash and Cash Equivalent | 116,575,042 | (577,296,127) | (13,925,630) |

Alliance Finance Company PLC

SEGMENT REPORT

| <i>For the period ended 30th September 2014</i> | <i>Leasing</i> | <i>Hire Purchase & Consumer Durables</i> | <i>Loans</i> | <i>Pawning</i> | <i>Hire of vehicles</i> | <i>Investing in Shares</i> | <i>Investing in Government Securities</i> | <i>Collaboration Finance</i> | <i>Others</i> | <i>Total</i> |
|---|----------------------|--|--------------------|--------------------|-----------------------------|--------------------------------|---|----------------------------------|-------------------|------------------------------|
| REVENUE | | | | | | | | | | |
| External Sales | 3,351,865,001 | 744,959,199 | 297,250,129 | 26,283,220 | 55,695,460 | 107,204,686 | 56,931,586 | 1,836,135 | 43,472,266 | 4,685,497,683 |
| Inter-segment sales | - | - | - | - | - | - | - | - | - | - |
| <i>Total revenue</i> | <u>3,351,865,001</u> | <u>744,959,199</u> | <u>297,250,129</u> | <u>26,283,220</u> | <u>55,695,460</u> | <u>107,204,686</u> | <u>56,931,586</u> | <u>1,836,135</u> | <u>43,472,266</u> | <u>4,685,497,683</u> |
| <i>Total Income</i> | 1,194,574,483 | 204,883,126 | 297,250,129 | 26,283,220 | 28,176,681 | 47,601,130 | 62,521,834 | 4,405,159 | 73,679,680 | 1,939,375,443 |
| RESULTS | | | | | | | | | | |
| <i>Segment Results</i> | 749,364,668 | 140,878,012 | 202,536,103 | (129,345,924) | 9,900,930 | 47,453,996 | 61,812,436 | 4,405,159 | 72,854,137 | 1,159,859,517 |
| Unallocated Company Expenses | | | | | | | | | | (84,811,433) |
| <i>Operating profit</i> | | | | | | | | | | 1,075,048,084 |
| Interest expense | (559,182,783) | (99,752,821) | (100,928,758) | (137,984,039) | (15,800,575) | - | (61,125,505) | (27,326) | (5,287,022) | (980,088,829) |
| Share of Profits of Associates before Tax | | | | | | | | | | 10,830,070 |
| Income Taxes | | | | | | | | | | (24,000,000) |
| <i>Net Profit</i> | | | | | | | | | | <u><u>81,789,325</u></u> |
| OTHER INFORMATION | | | | | | | | | | |
| Segment Assets | 8,311,132,338 | 1,466,110,716 | 1,845,313,385 | 1,849,585,220 | 246,352,960 | 444,703,726 | 1,236,943,562 | 35,614,141 | 900,027,633 | 16,335,783,680 |
| Investment in Associates | | | | | | | | | | 134,272,549 |
| Unallocated Company Assets | | | | | | | | | | 1,531,767,284 |
| <i>Total assets</i> | | | | | | | | | | <u><u>18,001,823,513</u></u> |
| Segment Liabilities | 6,716,799,365 | 1,182,135,404 | 1,499,987,360 | 1,593,315,959 | 236,484,921 | 203,045,393 | 1,004,232,141 | 6,757,521 | 736,417,597 | 13,179,175,661 |
| Unallocated Company Liabilities | | | | | | | | | | 2,259,704,262 |
| <i>Total liabilities</i> | | | | | | | | | | <u><u>15,438,879,923</u></u> |
| <i>For the period ended 30th September 2013</i> | <i>Leasing</i> | <i>Hire Purchase & Consumer Durables</i> | <i>Loans</i> | <i>Pawning</i> | <i>Hire of vehicles</i> | <i>Investing in Shares</i> | <i>Investing in Government Securities</i> | <i>Collaboration Finance</i> | <i>Others</i> | <i>Total</i> |
| REVENUE | | | | | | | | | | |
| External Sales | 2,972,882,676 | 800,481,296 | 89,283,414 | 213,795,932 | 36,029,562 | 5,949,084 | 40,500,403 | 3,786,829 | 48,077,660 | 4,210,786,856 |
| Inter-segment sales | - | - | - | - | - | - | - | - | - | - |
| <i>Total revenue</i> | <u>2,972,882,676</u> | <u>800,481,296</u> | <u>89,283,414</u> | <u>213,795,932</u> | <u>36,029,562</u> | <u>5,949,084</u> | <u>40,500,403</u> | <u>3,786,829</u> | <u>48,077,660</u> | <u>4,210,786,856</u> |
| <i>Total income</i> | <u>1,286,265,124</u> | <u>280,028,065</u> | <u>86,199,498</u> | <u>213,795,932</u> | <u>36,029,562</u> | <u>12,009,662</u> | <u>40,500,403</u> | <u>2,890,472</u> | <u>82,799,238</u> | <u>2,040,517,956</u> |
| RESULTS | | | | | | | | | | |
| <i>Segment results</i> | 957,763,503 | 209,249,559 | 77,222,388 | 117,425,962 | 19,308,574 | 8,968,085 | 39,267,346 | (155,235) | 82,996,634 | 1,512,046,816 |
| Unallocated company expenses | | | | | | | | | | (140,662,908) |
| <i>Operating profit</i> | | | | | | | | | | 1,371,383,908 |
| Interest expense | (714,375,254) | (170,212,814) | (52,421,579) | (205,308,743) | (21,371,372) | - | (24,629,923) | (31,556) | - | (1,188,351,241) |
| Share of Profits of Associates before tax | | | | | | | | | | 5,881,132 |
| Income taxes | | | | | | | | | | (45,000,000) |
| <i>Net Profit</i> | | | | | | | | | | <u><u>143,913,799</u></u> |
| OTHER INFORMATION | | | | | | | | | | |
| Segment assets | 8,605,611,763 | 1,985,204,782 | 732,908,214 | 2,696,223,716 | 250,535,245 | 129,777,100 | 810,309,405 | 24,725,245 | 665,596,868 | 15,900,892,338 |
| Investment in Associates | | | | | | | | | | 134,167,818 |
| Unallocated company assets | | | | | | | | | | 2,168,968,615 |
| <i>Total assets</i> | | | | | | | | | | <u><u>18,204,028,771</u></u> |
| Segment liabilities | 7,210,472,359 | 1,651,183,281 | 603,280,377 | 2,256,634,504 | 259,502,077 | 108,618,391 | 622,611,192 | 7,403,757 | 573,696,018 | 13,293,401,956 |
| Unallocated company liabilities | | | | | | | | | | 2,678,091,675 |
| <i>Total liabilities</i> | | | | | | | | | | <u><u>15,971,493,631</u></u> |

Alliance Finance Company PLC

NOTES TO THE FINANCIAL STATEMENTS

- 1 The figures given in the statements for the six months ended 30th September 2014 are provisional and subject to audit.
- 2 The Accounting Policies and methods of computation disclosed in the Annual Report for the year ended 31st March 2014 were consistently followed during the said period.
- 3 The Financial Statements for the six months ended 30th September 2014 have been presented in the same format adopted in the audited accounts as at 31st March 2014, and are in accordance with the Sri Lanka Accounting Standards, LKAS 34, and Interim Financial Reporting. Previous year's figures and phrases have been rearranged where as necessary to conform to the current presentation.
- 4 As at 30th September 2014 the Stated Capital was Rs. 24,300,000/- after 2,430,000 Ordinary shares were issued.
- 5 The liability as to management fees and other similar expenditure are provided for in full for the six months ended 30th September 2014.
- 6 In support of the Financial Sector Consolidation initiative proposed by the Central Bank of Sri Lanka, the Company disposed of its shareholding of 1,452,878 shares in Arpico Finance Co. PLC for a consideration of Rs.166/- per share amounting to Rs.241,177,748/-. The shareholding constituted 19.53% of the Issued Shares of Arpico Finance Co. PLC.

Due to the foregoing Alfinco Insurance Brokers (Pvt) Ltd., Associate Company of Alliance Finance Co. PLC, made an offer only to Arpico Finance Co. PLC for the repurchase of 97,500 shares, which was accepted by the Board of Directors of Arpico Finance Co. PLC. Thereby the number of Shares in the Stated Capital of Alfinco Insurance Brokers (Pvt) Ltd., reduced from 250,000 to 152,500.

In addition to above no circumstances have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.
- 7 There has not been a significant change in the nature of the Contingent Liabilities which were disclosed in the Annual Report for the year ended 31st March 2014.
- 8 Market Price per share

| | 01st July – 30th September 2014 | 01st July – 30th September 2013 |
|---------------|---|---|
| Highest Price | 840.00 | 988.00 |
| Lowest Price | 709.00 | 850.00 |
| Last Traded | 834.90 | 860.00 |

Debenture Investor Indicators

| | 30.09.2014 | 30.09.2013 |
|---------------------------|-------------------|-------------------|
| Debt/equity ratio (times) | 5.95 | N/A |
| Interest cover times | 1.81 | N/A |
| Liquid assets ratio (%) | 16.87 | N/A |

Debenture 2012-2017 Market Price (Rs.)

| | Min | Max | Last Traded |
|---------------------------------------|------------|------------|--------------------|
| 3 Years - 18.5% p.a payable quarterly | N/A | N/A | N/A |
| 5 Years - 20.0% p.a payable Monthly | 118.50 | 122.50 | 120.88 |

Debenture 2013-2018 Market Price (Rs.)

| | Min | Max | Last Traded |
|--|------------|------------|--------------------|
| 3 Years - 15.5% p.a payable semi annually | N/A | N/A | N/A |
| 4 Years - 16.00% p.a payable semi annually | N/A | N/A | N/A |
| 5 Years - 16.5% p.a payable semi annually | 121.33 | 121.33 | 121.33 |
| 5 Years - 16.5% p.a payable @ Maturity | 67.79 | 67.79 | 67.79 |

9. Directors Shareholding as at 30th September 2014

| <u>No</u> | <u>Name of Director</u> | <u>No of Shares</u> |
|------------------|--------------------------------|----------------------------|
| 1 | Mr.S. Karunanayake | 119 |
| 2 | Mr.R.K.E.P. de Silva | 640,075 |
| 3 | Mr.D.L.S.R. Perera | 39,920 |
| 4 | Mrs.R.N. Ponnambalam | 200 |
| 5 | Mr.A.R. Samarasinghe | 100 |

| No. | Name of Shareholder | No. of Shares | % |
|------------|-----------------------------------|--------------------------|----------|
| 1 | Mr.R.K.E.P. de Silva | 640,075 | 26.34 |
| 2 | Motor Service Station (Pvt) Ltd., | 327,564 | 13.48 |
| 3 | Miss D.M.E.P. Perera | 187,536 | 7.72 |
| 4 | Mr.J.E.P.A. de Silva | 151,530 | 6.24 |
| 5 | Mr.D.F.W.S.K. Perera & Mr.D.F.V | 99,630 | 4.10 |
| 6 | Orient Hotels Ltd., | 97,956 | 4.03 |
| 7 | Mr.N. Amarasinghe | 74,340 | 3.06 |
| 8 | Mrs.S.E. Canekaratne | 44,154 | 1.82 |
| 9 | Mr.D.L.S.R. Perera | 39,920 | 1.64 |
| 10 | Mrs.S.R.L. Marcelline | 36,936 | 1.52 |
| 11 | Mrs.C.R. Cooray | 27,000 | 1.11 |
| 12 | Mr. D.F.W. Perera | 23,292 | 0.96 |
| 13 | Ms.D.D.P.T. Perera | 21,460 | 0.88 |
| 14 | Mrs.P. Weththasinghe | 21,397 | 0.88 |
| 15 | Trading Partners (Pvt) Ltd. | 20,255 | 0.83 |
| 16 | Mrs.A.S. Wijewardena | 19,440 | 0.80 |
| 17 | Mrs.L.S. Semage | 17,958 | 0.74 |
| 18 | Ms.D.C.M.A. Perera | 17,000 | 0.70 |
| 19 | WML/Mr.H.M.S. Abdulhusein | 15,017 | 0.62 |
| 20 | Dr.(Mrs) K.G.G.S.L. Perera | 14,500 | 0.60 |

10. Public Shareholding as at 30th September 2014

| | |
|--------------|-------|
| No of Shares | % |
| 1,406,676 | 57.89 |

| | | |
|----|--------------------|-----|
| 11 | No of Shareholders | 719 |
|----|--------------------|-----|

CORPORATE INFORMATION

Name of Company

Alliance Finance Company PLC

Statutory Status

Quoted Public Limited Liability Company
Incorporated on 18th July 1956. Approved and Registered under the Finance Business Act No.42 of 2011 and Finance Leasing Act No. 56 of 2000. An approved Credit Agency under the Mortgage Act No.6 of 1949 and the Trust Receipt Ordinance No. 12 of 1947.

Company Registration

Registered under the companies Act No 7 of 2007.

Company registration number is PQ 93

Registered Office

Alliance House, No.84, Ward Place, Colombo 7
Tel: 2673673 Fax: 2697205
E-mail: info@alliancefinance.lk

Board of Directors

Sunil Karunanayake – F.C.A, FCMA(UK),
MBA - *Chairman*
Romani de Silva – *Deputy Chairman & Managing Director*
D.L.S.R. Perera, F.C.A. – *Finance Director*
Lt. Col (Retd) A.R. Samarasinghe
R.N. Ponnambalam

Advisory Council

Pratap Kumar de Silva – FICM (SL) FICM (Eng.)
JP
R.M. Canekaratne
B. Ponnambalam
Abbas Akbarally – Chairman, Akbar Brother Group of Companies
K.Kanag Isvaran LLB (London) of Lincoln's Inn Barrister, President's Council
S.P. Morawake – Former Registrar of Companies

Audit Committee

Mr. Sunil Karunanayaka – Chairman
Lt. Col (Retd) A.R. Samarasinghe

Remuneration Committee

Mrs. R.N. Ponnambalam – Chairperson
Mr. Athula Samarasinghe

Auditors

M/s HLB Edirisinghe & Co. Chartered Accountants,
No.45, (2nd Floor), Braybrooke Street,
Colombo 2.

Internal Auditors

KPMG & Co., Chartered Accountants,
32A, Sir Mohamed Maker Mawatha
P.O. Box. 186.
Colombo.

Legal Consultants

Gunawardene Ranasinghe Associates
Sudath Perera Associates

Secretaries

Alliance Management Services (Pvt) Ltd.,
No. 84, Ward Place,
Colombo 7

Bankers

Sampath Bank PLC.
Seylan Bank PLC.
Standard Chartered Bank Ltd.
Public Bank Berhad
Peoples Bank
Hatton National Bank PLC
Commercial Bank PLC.
Bank of Ceylon
Pan Asia Banking Corporation PLC
Nations Trust Bank PLC
Axis Bank
Union Bank PLC

ALLIANCE FINANCE COMPANY PLC