



Financial Statements

For the Three Months Ended 30th June 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 Three Months Ended 30th June 2014

	Quarter ended 30th June		
	2014	2013	Variance
	Rs.	Rs.	%
	(Un audited)	(Un audited)	
Income	954,713,794	1,093,829,040	(13)
Interest Income	877,945,008	1,007,286,741	(13)
Interest Expenses	(507,620,389)	(597,367,853)	(15)
Net Interest Income	370,324,619	409,918,888	(10)
Fee and Commission Income	43,942,417	44,843,221	(2)
Fee and Commission Expenses	(13,591,743)	(18,924,136)	(28)
Net Fee and Commission Income	30,350,675	25,919,085	17
Net Gain/(Loss) from Trading	7,295,379	9,721,492	(25)
Other Operating Income (net)	25,530,990	31,977,585	(20)
Total Operating Income	433,501,663	477,537,050	(9)
Impairment (Charges) / Reversal for Loans and Other Losses	(114,955,392)	(133,307,950)	(14)
Net Operating Income	318,546,271	344,229,101	(7)
Operating Expenses			
Personnel Costs	(120,013,249)	(111,173,811)	8
Depreciation of Property Plant & Equipment	(20,184,949)	(15,895,599)	27
Other Operating Expenses	(133,639,282)	(122,586,290)	9
Operating Profit before Value Added Tax on Financial Services	44,708,791	94,573,401	(53)
Value Added Tax on Financial Services	(3,389,836)	(7,398,764)	(54)
Operating Profit after Value Added Tax on Financial Services	41,318,955	87,174,637	(53)
Share of Profit from Associates	3,999,813	2,585,929	55
Profit before Taxation from Operations	45,318,768	89,760,566	(50)
Provision for Income Taxation	(12,000,000)	(25,000,000)	(52)
Profit for the Period	33,318,768	64,760,566	(49)
Basic/ Diluted Earnings Per Share	13.71	26.65	
Dividend Per Share (Rs./Cts.)	-	-	

14th August 2014

Alliance Finance Company PLC

STATEMENT OF COMPREHENSIVE INCOME

For the Three Months Ended 30th June 2014

	Quarter ended 30th June	
	2014	2013
	Rs.	Rs.
Profit for the Period	<u>33,318,768</u>	<u>64,760,566</u>
Other comprehensive income:		
Net Gains and Losses on Available-for-Sale Financial Assets:		
Sri Lanka Government Securities	4,611,820	(834,574)
Equity Securities - Quoted	34,287,921	12,552,868
Equity Securities - Un Quoted	-	4,647,930
Other Comprehensive Income for the Period, Net of Taxes	<u>38,899,741</u>	<u>16,366,224</u>
Total Comprehensive Income for the Period	<u>72,218,509</u>	<u>81,126,790</u>

Alliance Finance Company PLC

STATEMENT OF FINANCIAL POSITION

As at 30th June 2014

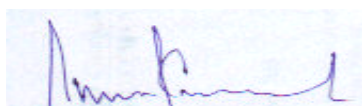
	30.06.2014 (Un audited)	30.06.2013 (Un audited)	31.03.2014 (Audited)
	Rs.	Rs.	Rs.
Assets			
Cash and Bank Balances	146,621,649	285,517,273	137,530,040
Repurchase Agreements	67,965,967	616,915,327	395,408,217
Placements with Banks & Financial Institutions	765,189,660	484,654,667	715,261,644
Financial Investments - Held for Trading	1,028,454,336	314,214,446	1,477,669,371
Loans and Advances	3,825,951,470	3,613,559,545	3,643,971,566
Lease Rentals Receivable & Stock out on hire	8,457,311,955	8,942,244,020	8,573,451,013
Hire Purchase Rentals Receivable & Stock out on hire	1,592,275,542	2,125,750,662	1,711,157,466
Financial Investments - Available for Sale	338,233,415	188,960,537	242,534,452
Real Estate & Other Trading Stock	105,917,684	271,362,127	93,241,656
Other Financial Assets	174,274,810	211,791,623	162,867,616
Other Non Financial Assets	145,804,795	121,982,232	126,984,240
Income Tax Refund Due	1,148,478	56,340,453	7,425,911
Investments In Associates	127,475,335	128,048,952	123,442,479
Property, Plant & Equipment	1,110,616,346	1,072,391,181	1,120,354,307
Deferred Tax Assets	194,820,518	243,903,680	195,165,608
Total Assets	18,082,061,961	18,677,636,724	18,726,465,588
Liabilities			
Due to Banks	1,852,506,717	3,965,199,841	2,184,716,485
Due to Customers	10,990,736,733	9,496,939,142	11,201,588,507
Debt Instruments Issued and Other Borrowed Funds	2,332,411,388	2,172,421,095	2,400,373,061
Derivative Financial Liabilities	-	7,546,550	-
Other Financial Liabilities	303,426,298	457,390,069	360,779,078
Other Non Financial Liabilities	14,538,592	25,118,940	18,245,273
Retirement Benefit Liability	67,227,907	83,251,870	63,151,656
Deferred Tax Liabilities	106,302,413	269,564,093	106,302,413
Total Liabilities	15,667,150,047	16,477,431,599	16,335,156,474
Shareholders' Funds			
Stated Capital	24,300,000	24,300,000	24,300,000
Retained Earnings	478,988,210	352,845,776	494,269,442
Reserves	1,911,623,704	1,823,059,348	1,872,739,672
Total Shareholders' Funds	2,414,911,915	2,200,205,125	2,391,309,114
Total Liabilities and Shareholders' Funds	18,082,061,961	18,677,636,724	18,726,465,588

Net Assets Value Per Share (Rs.)

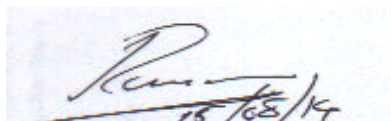
994

905

984



Sunil Karunanayaka
Chairman



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



G.C. de Silva
Financial Controller

14th August 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.
Balances as at 01st 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	288,036,457	2,119,078,335
Profit for the Period	-	-	-	-	-	-	-	-	-	64,760,566	64,760,566
Other Comprehensive Income, net of tax	-	-	-	-	-	-	-	-	16,366,224	-	16,366,224
Transfer to Investment Fund Reserve	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Balances as at 30th June 2013	<u>24,300,000</u>	<u>327,757,400</u>	<u>479,906,644</u>	<u>7,000,000</u>	<u>255,000,000</u>	<u>453,300,000</u>	<u>108,141,275</u>	<u>67,198,529</u>	<u>124,755,500</u>	<u>352,845,777</u>	<u>2,200,205,125</u>
Balances as at 01st 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	108,501,865	494,269,442	2,391,293,406
Profit for the Period	-	-	-	-	-	-	-	-	-	33,318,768	33,318,768
Other Comprehensive Income, net of tax	-	-	-	-	-	-	-	-	38,899,741	-	38,899,741
Transfer to Investment Fund Reserve	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	(48,600,000)	(48,600,000)
Balances as at 30th June 2014	<u>24,300,000</u>	<u>377,657,400</u>	<u>479,906,644</u>	<u>7,000,000</u>	<u>255,000,000</u>	<u>453,300,000</u>	<u>108,141,275</u>	<u>83,216,780</u>	<u>147,401,606</u>	<u>478,988,210</u>	<u>2,414,911,915</u>

Alliance Finance Company PLC

STATEMENT OF CASH FLOWS

	30.06.2014 Rs.	30.06.2013 Rs.	2014 Rs.
Cash Flows From / (Used in) Operating Activities			
Profit before Income Tax Expense	45,318,768	89,760,566	287,315,434
Adjustments for;			
Depreciation of Property, Plant & Equipment	20,184,949	15,895,599	69,249,072
Impairment Provision	114,955,392	133,307,950	299,260,083
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	(39,060,195)	(31,678,899)	(165,358,653)
Profit/(Loss) on Sale of Securities	(6,091,649)	725,527	(9,829,290)
Fair Value Gain or Loss on Equity Investments (FVTPL)	(1,210,702)	(7,284,128)	(2,112,546)
Fair value gain or Loss on Financial Derivatives	-	(3,162,891)	(8,740,673)
Diminution/(Appreciation) in Value of Investments	6,088,163	6,091,247	21,713,626
Loss/(Profit) on Disposal of Property & Equipment	95,247	(37,589)	(6,335,983)
Provision/(reversal) for Defined Benefit Plans	4,500,000	4,500,000	(3,988,519)
Dividend Received	(1,766,725)	(2,794,677)	(6,841,446)
Share of profit from Associates	(3,999,813)	(2,585,929)	(10,695,011)
Operating Profit before Working Capital Changes	139,013,435	202,736,775	463,636,093
(Increase)/Decrease in Real Estate Stock	(12,676,027)	(30,842,165)	147,278,305
(Increase)/Decrease in Loans and Advances	(211,634,916)	(298,150,384)	(387,653,382)
(Increase)/Decrease in Lease Rentals Receivable & Stock out on hire	48,659,158	(530,056,188)	(254,871,279)
(Increase)/Decrease in Hire purchase Rentals Receivable & Stock out on hire	103,089,827	55,515,077	456,855,212
(Increase)/Decrease in Fixed Deposits & Repurchase Agreements	277,514,234	(209,950,080)	(219,049,947)
(Increase)/Decrease in Other Financial Assets	(11,407,194)	(10,807,738)	(23,766,189)
(Increase)/Decrease in Other Non Financial Assets	(20,848,939)	(39,090,559)	(39,428,424)
Increase/(Decrease) in Amounts Due to Customers	(210,851,775)	495,057,923	2,199,707,288
Increase/(Decrease) in Derivative Financial Liabilities	-	412,658	(1,556,110)
Increase/(Decrease) in Other Financial Liabilities	(61,952,939)	142,798,491	46,187,500
Increase/(Decrease) in Other Non Financial Liabilities	(3,706,682)	16,189,002	9,315,335
Cash (Used in)/ Generated from Operations	35,198,183	(206,187,189)	2,396,654,405
Retirement Benefit Liabilities Paid	(423,375)	(121,192)	(1,141,800)
Investment in Gratuity fund	-	(5,926,617)	(10,591,087)
Net Cash Used in Operating Activities	34,774,808	(212,234,999)	2,384,921,518
Cash Flows from / (Used in) Investing Activities			
Acquisition of Property, Plant & Equipment	(11,430,472)	(14,048,524)	(137,364,507)
Proceeds from Sales of Property, Plant & Equipment	2,544,831	37,589	27,772,125
Net Sales/ (Purchases) of Financial investments Held -For- Trading	444,337,574	(65,807,602)	(1,255,422,208)
Net Sale/(Purchase) of Financial Investments- Available- For- Sale	(101,790,611)	(18,229,486)	(66,370,585)
Dividend Received	1,766,725	2,794,677	6,841,446
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	39,060,195	31,678,899	165,358,653
Net Cash Flows from/(Used in) Investing Activities	374,488,242	(63,574,447)	(1,259,185,076)
Cash Flows from / (Used in) Financing Activities			
Proceeds from debentures and Increase in borrowed funds	(67,961,673)	(55,575,015)	211,825,220
Net Increase/(Decrease) in Other Borrowings	(332,209,767)	465,446,064	(1,315,037,292)
Dividends Paid	-	-	(36,450,000)
Net Cash Flows from/(Used in) Financing Activities	(400,171,441)	409,871,048	(1,139,662,072)
Net Increase/(Decrease) in Cash and Cash Equivalents	9,091,609	134,061,602	(13,925,631)
Cash and Cash Equivalents at the beginning of the period	137,530,040	151,455,670	151,455,670
Cash and Cash Equivalents at the end of the period	146,621,649	285,517,273	137,530,040
Movement in Cash and Cash Equivalent	9,091,609	134,061,602	(13,925,631)

Alliance Finance Company PLC

SEGMENT REPORT

	<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>
<i>For the period ended 30th June 2014</i>										
REVENUE										
External Sales	1,643,008,630	372,543,803	138,506,095	21,262,233	42,098,710	11,276,262	29,938,710	14,354,616	17,926,867	2,290,915,926
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
<i>Total revenue</i>	<u>1,643,008,630</u>	<u>372,543,803</u>	<u>138,506,095</u>	<u>21,262,233</u>	<u>42,098,710</u>	<u>11,276,262</u>	<u>29,938,710</u>	<u>14,354,616</u>	<u>17,926,867</u>	<u>2,290,915,926</u>
<i>Total income</i>	605,236,607	107,131,824	138,506,095	21,262,233	14,579,932	1,770,211	31,975,141	1,042,650	33,209,103	954,713,794
RESULTS										
<i>Segment results</i>	413,556,494	72,337,713	95,681,042	(30,920,595)	3,624,405	7,795,217	31,109,011	1,042,650	26,742,860	620,968,797
Unallocated company expenses										(72,029,453)
<i>Operating profit</i>										548,939,344
Interest expense	(299,336,892)	(53,218,502)	(48,669,250)	(73,248,430)	(8,154,239)	-	(24,931,998)	(61,077)	-	(507,620,389)
Share of Profits of Associates before tax										3,999,813
Income taxes										(12,000,000)
<i>Net Profit</i>										<u><u>33,318,768</u></u>
OTHER INFORMATION										
Segment assets	8,457,311,955	1,592,275,542	1,768,702,094	2,055,692,003	246,352,960	305,283,356	1,129,370,362	54,784,527	524,771,955	16,134,544,755
Investment in Associates										127,475,335
Unallocated company assets										1,820,041,871
<i>Total assets</i>										<u><u>18,082,061,962</u></u>
Segment liabilities	7,117,760,243	1,336,985,649	1,492,296,421	1,817,684,494	248,100,075	175,170,174	952,146,514	12,160,568	430,617,798	13,582,921,936
Unallocated company liabilities										2,084,228,111
<i>Total liabilities</i>										<u><u>15,667,150,047</u></u>
<i>For the period ended 30th June 2013</i>										
REVENUE										
External Sales	1,469,558,610	388,045,938	44,417,008	185,917,852	19,127,089	5,459,785	18,884,721	1,079,644	18,264,401	2,150,755,049
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
<i>Total revenue</i>	<u>1,469,558,610</u>	<u>388,045,938</u>	<u>44,417,008</u>	<u>185,917,852</u>	<u>19,127,089</u>	<u>5,459,785</u>	<u>18,884,721</u>	<u>1,079,644</u>	<u>18,264,401</u>	<u>2,150,755,049</u>
<i>Total income</i>	<u>640,515,167</u>	<u>145,244,501</u>	<u>44,417,008</u>	<u>185,917,852</u>	<u>19,127,089</u>	<u>9,353,279</u>	<u>18,884,721</u>	<u>1,940,144</u>	<u>28,429,278</u>	<u>1,093,829,040</u>
RESULTS										
<i>Segment results</i>	453,345,174	106,886,608	40,372,570	98,706,237	12,017,429	9,295,871	18,294,107	543,894	27,784,293	767,246,183
Unallocated company expenses										(82,703,693)
<i>Operating profit</i>										684,542,490
Interest expense	(360,369,953)	(87,196,808)	(24,944,459)	(103,977,095)	(10,652,486)	-	(10,227,053)	-	-	(597,367,853)
Share of Profits of Associates before tax										2,585,929
Income taxes										(25,000,000)
<i>Net Profit</i>										<u><u>64,760,566</u></u>
OTHER INFORMATION										
Segment assets	8,942,244,020	2,125,750,662	680,551,008	2,933,008,537	266,976,427	211,555,503	908,534,807	70,548,087	739,987,399	16,879,156,449
Investment in Associates										128,048,952
Unallocated company assets										1,670,431,323
<i>Total assets</i>										<u><u>18,677,636,724</u></u>
Segment liabilities	6,988,217,936	1,652,426,025	516,710,514	2,310,318,425	260,780,911	102,163,572	705,842,550	21,022,061	576,425,058	13,133,907,052
Unallocated company liabilities										3,343,524,547
<i>Total liabilities</i>										<u><u>16,477,431,599</u></u>

Alliance Finance Company PLC

NOTES TO THE FINANCIAL STATEMENTS

- 1 The figures given in the statements for the three months ended 30th June 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 three months ended 30th June 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 June 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 three months ended 30th June 2014.
- 6 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 April – 30th June 2014	01st April – 30th June 2013
Highest Price	797.90	1,100.00
Lowest Price	720.00	800.00
Last Traded	720.00	911.10

Debenture Investor Indicators

	30.06.2014	30.06.2013
Debt/equity ratio (times)	6.34	N/A
Interest cover times	1.73	N/A
Liquid assets ratio (%)	17.90	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	114.00	118.00	118.00

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	N/A	N/A	N/A

9. Directors Shareholding as at 30th June 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	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	Dr.S. Mainie	22,195	0.91
14	Ms.D.D.P.T. Perera	21,460	0.88
15	Mrs.P. Weththasinghe	21,397	0.88
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	Ms.R.E.W. Jayasuriya	15,518	0.64
20	WML/Mr.H.M. Abdulhussein	15,017	0.62

10. Public Shareholding as at 30th June 2014

No of Shares	%
1,406,676	57.89

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