



Financial Statements

For the Nine Months Ended 31st December 2013



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 Nine Months Ended 31st December 2013

	Quarter ended 31st December			Nine months ended 31st December		
	2013 Rs.	2012 Rs.	Variance %	2013 Rs.	2012 Rs.	Variance %
Income	936,686,136	973,864,290	(4)	2,977,204,093	2,589,766,133	15
Interest Income	830,193,882	861,842,328	(4)	2,692,360,395	2,306,776,792	17
Interest Expenses	(557,456,290)	(462,914,312)	20	(1,745,807,530)	(1,273,447,362)	37
Net Interest Income	272,737,593	398,928,016	(32)	946,552,865	1,033,329,430	(8)
Fee and Commission Income	45,104,559	71,612,747	(37)	127,433,590	189,251,632	(33)
Fee and Commission Expenses	(14,624,187)	(49,186,180)	(70)	(44,574,857)	(127,633,326)	(65)
Net Fee and Commission Income	30,480,372	22,426,566	36	82,858,733	61,618,306	34
Net Gain/(Loss) from Trading	28,315,518	(11,176,732)	(353)	34,451,955	(4,459,151)	(873)
Other Operating Income (net)	33,072,178	51,585,947	(36)	122,958,152	98,196,861	25
Total Operating Income	364,605,660	461,763,798	(21)	1,186,821,705	1,188,685,446	(0)
Impairment (Charges) / Reversal for Loans and Other Losses	(1,543,441)	(29,189,677)	(95)	(142,826,193)	(78,918,059)	81
Net Operating Income	363,062,219	432,574,121	(16)	1,043,995,512	1,109,767,387	(6)
Operating Expenses						
Personnel Costs	(60,633,957)	(110,539,957)	(45)	(282,678,966)	(306,028,102)	(8)
Depreciation of Property & Equipment	(16,690,732)	(14,441,901)	16	(48,750,479)	(40,866,761)	19
Other Operating Expenses	(171,811,025)	(132,817,829)	29	(403,924,249)	(322,593,847)	25
Operating Profit before Value Added Tax on Financial Services	113,926,505	174,774,433	(35)	308,641,818	440,278,677	(30)
Value Added Tax on Financial Services	(79,231)	(9,178,525)	(99)	(11,761,877)	(24,860,254)	(53)
Share of Profit from Associates	3,295,203	7,096,517	(54)	9,176,335	19,135,922	(52)
Profit before Taxation from Operations	117,142,477	172,692,425	(32)	306,056,276	434,554,345	(30)
Provision for Income Taxation	(30,000,000)	(18,000,000)	67	(75,000,000)	(47,827,455)	57
Profit for the Period	87,142,477	154,692,425	(44)	231,056,276	386,726,890	(40)
Basic/ Diluted Earnings Per Share	35.86	63.66		95.08	159.15	

14th February 2014

Alliance Finance Company PLC**STATEMENT OF COMPREHENSIVE INCOME****For the Nine Months Ended 31st December 2013**

	Quarter ended		Nine months ended	
	31st December		31st December	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Profit for the Period	<u>87,142,477</u>	<u>154,692,425</u>	<u>231,056,276</u>	<u>386,726,890</u>
Other comprehensive income:				
Net Gains and Losses on Available-for-Sale Financial Assets:				
Sri Lanka Government Securities	(342,075)	2,028,652	1,442,268	(93,967)
Equity Securities - Quoted	(8,717,269)	(1,499,109)	5,666,225	(20,485,585)
Equity Securities - Un Quoted	-	-	-	-
Share of Other Comprehensive Income of Associates	(16,094,884)	282,366	13,624,178	(16,589,026)
Other Comprehensive Income for the Period, Net of Taxes	<u>(25,154,228)</u>	<u>811,908</u>	<u>20,732,671</u>	<u>(37,168,578)</u>
Total Comprehensive Income for the Period	<u>61,988,249</u>	<u>155,504,333</u>	<u>251,788,947</u>	<u>349,558,312</u>

Alliance Finance Company PLC

STATEMENT OF FINANCIAL POSITION

As at 31st December 2013

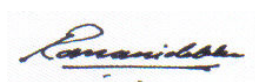
	31.12.2013 Rs.	31.12.2012 Rs.	31.03.2013 Rs.
Assets			
Cash and Bank Balances	313,283,303	164,040,078	151,455,670
Repurchase Agreements	2,449,124	352,382,629	422,906,198
Placements with Banks & Financial Institutions	663,069,718	325,883,349	468,713,717
Financial Investments - Held for Trading	975,410,596	216,790,351	241,848,243
Loans and Advances	3,323,232,463	2,886,677,173	3,372,775,361
Lease Rentals Receivable & Stock out on Hire	8,703,495,363	8,112,710,559	8,476,083,340
Hire Purchase Rentals Receivable & Stock out on Hire	1,860,568,291	2,210,293,440	2,193,311,980
Financial Investments - Available for Sale	216,551,894	213,509,182	176,822,298
Real Estate & Other Trading Stock	139,786,504	386,492,381	240,519,961
Other Financial Assets	576,269,861	89,057,784	200,983,886
Other Non Financial Assets	96,096,378	266,718,666	82,891,672
Income Tax Refund Due	14,705,045	72,627,168	77,211,499
Investments In Associates	148,263,536	116,507,433	125,414,272
Property, Plant & Equipment	1,083,086,015	803,762,051	1,074,238,256
Deferred Tax Assets	243,903,680	187,867,198	243,558,590
Total Assets	18,360,171,769	16,405,319,442	17,548,734,942
Liabilities			
Due to Banks	2,877,662,705	3,742,371,349	3,499,753,777
Due to Customers	9,920,421,448	8,329,881,941	9,001,881,219
Debt Instruments Issued and Other Borrowed Funds	2,482,161,350	1,760,170,206	2,245,766,156
Derivative Financial Liabilities	-	11,883,551	10,296,783
Other Financial Liabilities	379,232,156	583,989,483	314,591,580
Other Non Financial Liabilities	5,369,852	25,105,938	8,929,938
Retirement Benefit Liability	91,314,131	50,513,945	78,873,062
Deferred tax Liabilities	269,564,093	193,285,484	269,564,093
Total liabilities	16,025,725,734	14,697,201,897	15,429,656,608
Shareholders' Funds			
Stated Capital	24,300,000	24,300,000	24,300,000
Retained Earnings	475,147,762	564,072,946	288,036,456
Reserves	1,834,998,273	1,119,744,598	1,806,741,878
Total Shareholders' Funds	2,334,446,035	1,708,117,544	2,119,078,334
Total Liabilities and Shareholders' Funds	18,360,171,769	16,405,319,442	17,548,734,942

Net Assets Value Share (Rs.)

961

703

872



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 February 2014

ALLIANCE FINANCE COMPANY PLC

Alliance Finance Company PLC

STATEMENT OF CHANGES IN EQUITY

For the Nine Months Ended 31st December 2013

	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 2012	24,300,000	223,757,400	224,954,309	7,000,000	105,000,000	323,300,000	108,141,275	34,765,774	113,933,101	302,535,871	1,467,687,730
Net profit for the period	-	-	-	-	-	-	-	-	-	386,726,890	386,726,890
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	(37,168,578)	-	(37,168,578)
Transfer to Investment Fund Reserve	-	-	-	-	-	-	-	16,061,317	-	(16,061,317)	-
Dividend Paid	-	-	-	-	-	-	-	-	-	(109,350,000)	(109,350,000)
Balances as at 31st December 2012	<u>24,300,000</u>	<u>223,757,400</u>	<u>224,954,309</u>	<u>7,000,000</u>	<u>105,000,000</u>	<u>323,300,000</u>	<u>108,141,275</u>	<u>50,827,091</u>	<u>76,764,523</u>	<u>564,072,947</u>	<u>1,708,117,545</u>
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	108,438,031	288,036,456	2,119,078,335
Net profit for the period	-	-	-	-	-	-	-	-	-	231,056,276	143,913,799
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	20,732,671	-	5,935,589
Transfer to Investment Fund Reserve	-	-	-	-	-	-	-	7,523,724	-	(7,523,724)	-
Dividend Paid	-	-	-	-	-	-	-	-	-	(36,450,000)	(36,450,000)
Balances as at 31 December 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>74,722,252</u>	<u>129,170,702</u>	<u>475,147,761</u>	<u>2,334,446,035</u>

Alliance Finance Company PLC

CASH FLOW STATEMENT

For the Nine Months Ended 31st December 2013

	December 2013	December 2012	March 2013
	Rs.	Rs.	Rs.
Cash Flows From / (Used in) Operating Activities			
Profit Before Income Tax Expense	306,056,276	434,554,345	586,175,235
Adjustments for			
Depreciation	48,750,479	40,866,761	57,067,839
Impairment Provision	142,826,193	78,918,059	88,154,013
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	(113,835,372)	(74,625,495)	(105,270,096)
Profit/(Loss) on Sale of Securities	(9,182,626)	13,046,066	(1,711,040)
Fair Value Gain or Loss on Equity Investments (FVTPL)	(16,528,656)	(605,973)	18,620,234
Fair Value Gain or Loss on Financial Derivatives	(8,740,673)	(7,980,942)	(9,538,011)
Diminution/(Appreciation) in Value of Investments	(9,182,626)	13,046,066	(26,284,615)
Loss/(Profit) on Disposal of Property & Equipment	(6,623,033)	(2,849,323)	(1,939,166)
Provision/(reversal) for Defined Benefit Plans	13,500,000	13,500,000	50,760,317
Dividend Received	(15,841,631)	(10,934,176)	(5,644,300)
Share of Profit from Associates	(9,176,335)	(19,135,922)	(28,972,790)
Transfers to Gratuity Trust Fund	-	-	(8,684,164)
Operating Profit before Working Capital Changes	322,021,996	477,799,466	612,733,457
(Increase)/Decrease in Real Estate Stock	100,733,457	(148,726,197)	(2,753,778)
(Increase)/Decrease in Loans and Advances	55,312,505	(1,098,912,670)	(1,592,086,225)
(Increase)/Decrease in Lease Rentals Receivable & Stock out on Hire	(357,928,900)	(1,934,090,219)	(2,298,200,523)
(Increase)/Decrease in Hire Purchase Rentals Receivable & Stock Out on Hire	314,664,766	(207,444,712)	(191,886,317)
(Increase)/Decrease in Fixed Deposits & Repurchase Agreements	226,101,073	(273,044,936)	(486,398,873)
(Increase)/Decrease in Other Financial Assets	(371,110,695)	(62,772,149)	(154,118,905)
(Increase)/Decrease in Other Non Financial Assets	(13,204,706)	(181,919,621)	1,907,373
Increase/(Decrease) in Amounts Due to Customers	918,540,229	1,597,072,833	2,269,072,111
Increase/(Decrease) in Derivative Financial Liabilities	(1,556,110)	(761,041)	(790,740)
Increase/(Decrease) in Other Financial Liabilities	64,640,578	324,824,167	55,426,263
Increase/(Decrease) in Other Non Financial Liabilities	(3,560,088)	16,880,929	704,929
Cash (Used in)/ Generated from Operations	1,254,654,106	(1,491,094,153)	(1,786,391,227)
Retirement Benefit Liabilities Paid	(1,058,931)	(1,677,249)	(1,894,285)
Taxes Paid	(9,925,421)	(6,541,913)	(10,214,902)
Net Cash Used in Operating Activities	1,243,669,755	(1,499,313,315)	(1,798,500,414)
Cash Flows from / (Used in) Investing Activities			
Acquisition of Property, Plant & Equipment	(62,121,560)	(118,928,409)	(158,354,058)
Proceeds from Sales of Property, Plant & Equipment	11,146,355	31,162,597	37,953,140
Net Sales/ (Purchases) of Financial Investments Held -For- Trading	(707,851,072)	164,111,612	134,584,619
Net Sale/(Purchase) of Financial Investments- Available- For- Sale	(30,546,970)	(80,390,060)	41,628
Dividend Received	15,841,631	10,934,176	5,644,300
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	113,835,372	74,625,495	105,270,096
Net Cash Flows from/(Used in) Investing Activities	(659,696,244)	81,515,411	125,139,725
Cash Flows from / (Used in) Financing Activities			
Proceeds from Debentures and Increase in Borrowed Funds	236,395,193	1,448,088,079	1,933,684,029
Net Increase/(Decrease) in Other Borrowings	(622,091,072)	120,951,431	(121,666,141)
Dividends Paid	(36,450,000)	(109,350,000)	(109,350,000)
Net Cash Flows from/(Used in) Financing Activities	(422,145,879)	1,459,689,511	1,702,667,889
Net Increase in Cash and Cash Equivalents	161,827,632	41,891,607	29,307,200
Cash and Cash Equivalents at the End of the Period	313,283,303	164,040,078	151,455,670
Cash and Cash Equivalents at the Beginning of the Period	151,455,670	122,148,471	122,148,471
Movement in Cash and Cash Equivalent	161,827,632	41,891,608	29,307,200

Alliance Finance Company PLC

Financial Reporting By Segment

<i>For the Nine Months Ended 31st December 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	4,536,684,530	1,192,125,030	136,906,880	234,811,058	50,549,840	4,956,992	86,769,280	61,350,484	75,070,276	6,379,224,370
<i>Inter-Segment Sales</i>	-	-	-	-	-	-	-	-	-	-
Total Revenue	4,536,684,530	1,192,125,030	136,906,880	234,811,058	50,549,840	4,956,992	86,769,280	61,350,484	75,070,276	6,379,224,370
Total Income	1,909,483,025	403,364,628	136,906,880	234,811,058	50,549,840	14,075,499	86,769,280	5,675,179	14,415,853	2,856,051,242
RESULTS										
Segment Results	1,428,197,194	314,019,635	121,142,361	112,540,837	25,575,528	30,870,251	84,679,892	1,187,798	122,781,952	2,240,995,449
Unallocated Company Expenses										(198,307,978)
Operating Profit										2,042,687,472
Interest Expense	(1,044,091,856)	(242,860,871)	(79,926,416)	(291,814,946)	(30,733,168)	-	(56,333,769)	(46,505)	-	(1,745,807,530)
Income Taxes										(75,000,000)
Share of Profit of Associate Company										9,176,335
Net Profit										231,056,276
OTHER INFORMATION										
Segment Assets	8,703,495,363	1,860,568,291	808,489,174	2,514,743,289	267,209,862	166,865,352	1,027,546,262	25,656,473	708,500,081	16,083,074,148
Investment in Associates										148,263,536
Unallocated Company Assets										2,128,834,086
Total Assets										18,360,171,769
Segment Liabilities	7,159,471,035	1,516,300,497	655,581,455	2,072,866,613	266,443,443	137,544,702	775,274,111	7,164,338	646,062,491	13,236,708,685
Unallocated Company Liabilities										2,789,017,049
Total Liabilities										16,025,725,733
<i>For the Nine Months Ended 31st December 2012</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	3,592,734,510	1,080,739,885	101,023,521	329,240,117	52,223,647	19,219,309	52,780,328	68,964,338	40,846,317	5,337,771,972
<i>Inter-Segment Sales</i>	-	-	-	-	-	-	-	-	-	-
Total Revenue	3,592,734,510	1,080,739,885	101,023,521	329,240,117	52,223,647	19,219,309	52,780,328	68,964,338	40,846,317	5,337,771,972
Total Income	1,552,136,519	429,794,435	101,023,521	329,240,117	46,511,052	888,110	52,780,328	4,942,027	75,450,023	2,592,766,133
RESULTS										
Segment Results	1,273,051,632	346,233,824	91,942,918	277,137,692	28,529,202	(5,273,214)	51,951,086	4,942,027	70,785,467	2,139,300,633
Unallocated Company Expenses										(450,434,848)
Operating Profit										1,688,865,785
Interest Expense	(471,397,193)	(148,088,885)	(28,130,579)	(105,584,351)	(16,764,261)	(4,140,348)	(14,542,737)	(3,162,871)	(481,636,137)	(1,273,447,362)
Income Taxes										(47,827,455)
Share of Profit of Associate Company										19,135,922
Net Profit										386,726,890
OTHER INFORMATION										
Segment Assets	8,112,710,559	2,210,293,440	608,055,242	2,278,621,931	273,279,782	169,957,453	613,010,779	44,670,260	646,177,314	14,956,776,760
Investment in Associates										116,507,433
Unallocated Company Assets										1,332,035,249
Total Assets										16,405,319,442
Segment Liabilities	6,789,296,512	1,842,772,601	492,011,996	1,900,110,475	287,651,945	130,634,395	472,584,080	14,447,048	530,845,975	12,460,355,028
Unallocated Company Liabilities										2,236,846,869
Total Liabilities										14,697,201,897

NOTES TO THE FINANCIAL STATEMENTS

- 1 The figures given in the statements for the nine months ended 31st December 2013 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 2013 were consistently followed during the said period.
- 3 The Financial Statements for the nine months ended 31st December 2013 have been presented in the same format adopted in the audited accounts as at 31st March 2013, and are in accordance with the Sri Lanka Accounting Standards, SKAS 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 31st December 2013 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 nine months ended 31st December 2013.
- 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 2013.
- 8 Market Price per share

	01st October – 31st December 2013	01st October – 31st December 2012
Highest Price	870.00	800.00
Lowest Price	761.00	692.20
Last Traded	783.00	725.80

9. Directors Shareholding as at 31st December 2013

No	<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	187,636	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	Dr. S. Mainie	70,596	2.91
8	Mr. N. Amarasinghe	67,500	2.77
9	Mrs. S.E. Canekaratne	44,154	1.82
10	Mr. D.L.S.R. Perera	39,920	1.64
11	Mrs. S.R.L. Marcelline	36,936	1.52
12	Mrs. C.R. Cooray	27,000	1.11
13	Mr. D.F.W. Perera	23,292	0.96
14	Mrs. R.E.W. Jayasuriya	23,220	0.96
15	Ms. D.D.P.T. Perera	21,460	0.88
16	Mrs. P. Weththasinghe	21,397	0.88
17	Mrs. A.S. Wijewardena	19,440	0.80
18	Mrs. L.S. Semage	17,958	0.74
19	Ms. D.C.M.A. Perera	17,000	0.70
20	WML/Mr. H.M.S. Abdulhusein	15,017	0.62

10. Public Shareholding as at 31st December 2013

No of Shares	%
1,406,672	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

Pratapkumar 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