



Financial Statements

For the nine months ended 31st December 2012



The First
ISO 9001:2008 certified
Finance Company in Sri Lanka

Ram rating : BBB P2

Income Statement

For the nine months ended 31st December 2012

	Quarter ended 31st December			Nine months ended 31st December		
	2012	2011	Variance	2012	2011	Variance
	(Unaudited)	(Unaudited) Restated		(Unaudited)	(Unaudited) Restated	
	Rs.	Rs.	%	Rs.	Rs.	%
Income	976,646,885	611,041,381	60	2,584,783,265	1,678,017,601	54
Interest Income	853,448,773	531,779,223	60	2,294,396,260	1,430,931,198	60
Interest Expenses	(479,797,447)	(259,839,934)	85	(1,286,712,152)	(701,504,287)	83
Net Interest Income	373,651,326	271,939,289	37	1,007,684,108	729,426,911	38
Operating Income	89,110,496	63,755,096	40	237,185,654	218,508,070	9
Other Income	34,087,617	15,506,982	120	53,201,350	28,578,332	86
	496,849,439	351,201,367	41	1,298,071,113	976,513,313	33
Less: Non-Interest Expenses						
Personnel Costs	106,519,957	78,524,151	36	293,968,102	194,592,962	51
Premises, Equipment and Establishment Expenses	140,882,956	104,940,225	34	383,216,065	290,422,419	32
Provision for Retirement Benefits	4,500,000	(5,515,493)	(182)	13,500,000	484,507	2,686
Other Operational Expenses	55,082,956	27,798,529	98	106,437,869	91,450,729	16
	306,985,869	205,747,412	49	797,122,036	576,950,616	38
Profit Before Loan Losses & Provisions	189,863,570	145,453,956	31	500,949,077	399,562,697	25
Loan Losses & Provisions	(22,154,290)	17,136,910	(229)	(44,789,492)	(10,420,535)	330
Operating Profit Before Taxation and Value Added Tax	167,709,281	162,590,866	3	456,159,584	389,142,162	17
Less: Value Added Tax	(9,178,525)	(14,259,042)	(36)	(24,860,254)	(37,026,296)	(33)
	-	-				
Share of profit of Associates	7,096,517	4,356,443	63	19,135,922	13,133,310	46
Profit Before Taxation	165,627,272	152,688,266	8	450,435,252	365,249,175	23
Less : Provision for Taxation	(18,000,000)	(30,680,757)	(41)	(47,827,455)	(56,680,757)	(16)
Net Profit for the period	147,627,272	122,007,510	21	402,607,797	308,568,418	30
Basic/ Diluted Earnings Per Share				165.68	126.98	

12th February 2013

ALLIANCE FINANCE COMPANY PLC

Balance Sheet

	31st December 2012	31st December 2011	31st March 2012
	(Unaudited)	(Unaudited) Restated	(Audited)
		Rs.	Rs.
ASSETS			
Cash & Cash Equivalent	164,040,078	126,790,572	122,148,468
Government Treasury Bills	443,253,641	362,137,462	415,076,781
Government Treasury Bonds	123,471,538	102,610,615	92,020,052
Bank Deposits	318,341,826	171,207,549	191,341,826
Inventories	7,051,369	4,097,088	5,137,617
Real Estate & Other Trading Stocks	386,492,381	302,757,148	277,034,840
Dealing Securities	89,352,537	125,864,387	105,637,787
Investment Securities	67,304,879	59,985,229	43,424,229
Investment in Associates	85,928,037	65,788,847	66,792,115
Lease Receivable within one year	3,204,369,612	2,046,351,242	2,331,522,453
Lease Receivable after one year	4,937,388,528	3,367,223,944	3,904,395,298
Hire Purchase & Consumer Durable Receivable within one year	872,568,847	646,729,373	715,561,327
Hire Purchase & Consumer Durable Receivable after one year	1,337,293,220	1,232,593,101	1,303,309,067
Term Loan Receivable within one year	245,147,098	139,876,342	158,405,100
Term Loan Receivable after one year	163,914,838	130,044,946	122,809,221
Other Loans & Advances	2,459,583,228	1,201,129,660	1,498,138,251
Other Assets	476,719,855	497,617,156	258,669,650
Deferred Tax Assets	187,867,198	109,897,562	187,522,108
Property Plant & Equipment	803,762,051	753,415,232	754,013,676
Total Assets	16,373,850,762	11,446,117,456	12,552,959,865
LIABILITIES			
Bank Overdraft	485,312,756	340,481,409	362,722,295
Deposits	8,335,564,141	6,191,413,373	6,737,801,379
Borrowings	3,810,241,921	3,248,740,758	3,377,566,890
Finance Lease Obligations	59,767,815	66,853,077	70,758,028
Other Liabilities	813,949,151	206,231,553	440,349,630
Provision for Retirement Benefit	50,513,945	20,697,996	38,691,194
Deferred Tax Liability	193,285,484	136,564,013	193,285,484
Debentures	1,000,000,000	-	-
Total Liabilities	14,748,635,213	10,210,982,178	11,221,174,899
SHAREHOLDERS' FUNDS			
Stated Capital	24,300,000	24,300,000	24,300,000
Statutory Reserve Fund	223,757,400	129,257,400	223,757,400
Capital Reserves	224,954,309	224,954,309	224,954,309
General Reserves	1,152,203,840	856,623,569	858,773,257
Total shareholders' funds	1,625,215,549	1,235,135,278	1,331,784,966
Total Liabilities & Shareholders' Funds	16,373,850,762	11,446,117,456	12,552,959,865
Net Asset Value Per Share	668.81	508.29	548.06



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



D.L.S.R. Perera
Finance Director



G.C. de Silva
Chief Financial Officer

12th February 2013

Statement of Changes in Equity
For the nine months ended 31st December 2012

	<u>Stated Capital</u>	<u>Capital Reserve</u>	<u>General Reserve</u>	<u>Reserve Fund</u>	<u>Development Reserve</u>	<u>Dividend Equalization Reserve</u>	<u>Investment Fund Reserve</u>	<u>Diversification Risk Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
Balance as at 1st April 2011	16,200,000	233,054,309	223,300,000	129,257,400	108,141,275	7,000,000	8,866,786	-	245,297,095	971,116,865
Net Profit/(Loss) for the period	-	-	-	-	-	-	-	-	308,568,418	308,568,418
Transferred	8,100,000	(8,100,000)	-	-	-	-	14,767,522	-	(14,767,522)	-
Dividends Paid	-	-	-	-	-	-	-	-	(44,550,000)	(44,550,000)
Balance as at 31st December 2011	24,300,000	224,954,309	223,300,000	129,257,400	108,141,275	7,000,000	23,634,308	-	494,547,991	1,235,135,276
Balance as at 1st April 2012	24,300,000	224,954,309	323,300,000	223,757,400	108,141,275	7,000,000	34,765,774	105,000,000	280,738,994	1,331,957,752
Net Profit/(Loss) for the period	-	-	-	-	-	-	-	-	402,607,797	402,607,797
Transferred	-	-	-	-	-	-	16,061,317	-	(16,061,317)	-
Dividends Paid	-	-	-	-	-	-	-	-	(109,350,000)	(109,350,000)
Balance as at 31st December 2012	24,300,000	224,954,309	323,300,000	223,757,400	108,141,275	7,000,000	50,827,085	105,000,000	557,935,474	1,625,215,549

Statement of Cash Flow

For the nine months ended 31st December 2012

	31st December 2012 (Unaudited)	31st December 2011 (Unaudited)	31st March 2012 (Audited)
Cash Flow from Operating Activities	Rs.	Rs.	Rs.
Net Profit Before Taxation	450,435,252	365,249,175	502,947,183
Adjustments for:			
Depreciation	40,866,761	34,324,716	47,109,989
Provision for Gratuity	13,500,000	484,507	24,857,663
Loan Losses & Fall in value of investment Provisions	41,789,492	(24,579,466)	(30,360,767)
Dividend Received	(10,934,176)	(5,882,079)	(7,334,484)
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	(74,778,418)	(36,578,435)	(50,852,202)
Share of Profits of Associates	(19,135,922)	(13,133,310)	(22,615,588)
Profit / (Loss) on Sale of Assets	(2,849,323)	(3,559,573)	(4,388,681)
Transfer to Gratuity Trust Fund	-	-	(5,844,023)
Operating Profit before changes in Operating Assets	438,893,665	316,325,535	453,519,090
Changes in Operating Assets			
Change in Lease, Hire Purchase & Loan Receivable	(3,227,914,148)	(2,990,005,552)	(4,254,416,358)
Change in Other Assets	(327,507,747)	(198,137,785)	132,123,518
Change in Share Investment Trading	16,285,250	206,911,896	227,138,497
Change in Inventories	(1,913,752)	139,709	(900,820)
Change in Deposits	1,597,762,762	1,184,372,573	1,730,760,580
Change in Finance Lease Obligations	(10,990,213)	59,199,126	63,104,077
Change in Sundry Creditors	291,678,114	(324,351,768)	(220,508,408)
Change in Accrued Expenses	40,463,563	(2,672,527)	70,411,716
Net Cash Used in Operating Activities Before Income Tax	(1,183,242,505)	(1,748,218,793)	(1,798,768,109)
Income Tax Paid	-	-	-
Gratuity Paid	(1,677,249)	(6,909,072)	(7,445,007)
ESC Paid	-	(28,056,519)	(30,509,934)
WHT Paid	(6,541,913)	(4,566,372)	(4,608,235)
Net Cash Used in Operating Activities	(1,191,461,667)	(1,787,750,756)	(1,841,331,285)
Cash Flow from Investing Activities			
Purchase of Property Plant & Equipment	(118,928,410)	(167,242,589)	(237,852,387)
Investments in Shares	(23,880,650)	(18,287,098)	(1,726,098)
Investments in Government Securities	(59,628,347)	199,056,956	156,708,200
Investments in Fixed Deposits	(127,000,000)	(131,074,214)	(151,208,490)
Sale Proceeds of Property Plant & Equipment	31,162,597	6,309,986	64,365,180
Dividend Received	10,934,176	5,882,079	8,706,354
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	74,778,418	36,578,435	50,852,202
Net Cash Used in Investing Activities	(212,562,214)	(68,776,446)	(110,155,040)
Cash Flow from Financing Activities			
Increase / (Decrease) in Borrowings	1,432,675,031	1,655,759,648	1,784,585,783
Dividend Paid	(109,350,000)	(44,550,000)	(105,300,000)
Net Cash Flows from Financing Activities	1,323,325,031	1,611,209,648	1,679,285,783
Net Increase/(Decrease) in Cash & Cash Equivalents	(80,698,851)	(245,317,554)	(272,200,542)
Cash and Cash Equivalent at the Beginning of the Period	(240,573,826)	31,626,716	31,626,716
Cash and Cash Equivalent at the End of the Period	(321,272,677)	(213,690,838)	(240,573,826)
Cash and Cash Equivalent			
Cash and Bank Balances	164,040,078	126,790,572	122,148,468
Bank Overdraft	(485,312,756)	(340,481,409)	(362,722,295)
Cash and Cash Equivalent Reflected on Balance Sheet at the End of the Period	(321,272,677)	(213,690,838)	(240,573,826)

Financial Reporting By Segment

<i>For the nine months ended 31st December 2011</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	2,399,736,098	858,429,223	65,857,456	186,781,587	48,656,313	381,872,653	29,848,456	39,024,143	7,213,013	4,017,418,942
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	2,399,736,098	858,429,223	65,857,456	186,781,587	48,656,313	381,872,653	29,848,456	39,024,143	7,213,013	4,017,418,942
Total income	994,197,297	302,944,967	65,857,456	186,781,587	48,656,313	23,581,947	29,848,456	1,946,692	24,202,806	1,678,017,521
RESULTS										
Segment results	773,125,430	241,476,262	59,009,779	127,030,382	17,185,953	(11,885,444)	28,705,621	1,946,692	19,476,354	1,256,071,029
Unallocated company expenses										(202,450,955)
Operating profit										1,053,620,074
Interest expense	(430,816,389)	(135,991,815)	(28,693,698)	(70,186,875)	(19,929,732)	(5,111,423)	(10,774,355)	-	-	(701,504,287)
Other income										
Income taxes										(56,680,757)
Share of profit of Associate Company										13,133,310
Net Profit										308,568,420
OTHER INFORMATION										
Segment assets	5,413,575,186	1,879,322,474	440,452,729	1,030,598,219	239,244,031	185,849,617	464,748,077	270,049,579	463,419,958	10,387,259,870
Investment in Associates										65,788,847
Unallocated company assets										993,068,739
Total assets										11,446,117,455
Segment liabilities	4,714,391,042	1,636,600,718	383,566,558	897,492,479	275,197,817	182,141,969	404,724,069	84,996,407	403,567,481	8,982,678,540
										1,228,303,637
Total liabilities										10,210,982,177
<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	3,589,376,891	1,081,362,831	95,830,410	329,240,117	77,673,650	32,203,888	52,327,278	78,893,644	23,654,035	5,360,562,744
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	3,589,376,891	1,081,362,831	95,830,410	329,240,117	77,673,650	32,203,888	52,327,278	78,893,644	23,654,035	5,360,562,744
Total income	1,553,384,569	430,417,381	95,830,410	329,240,117	66,885,444	13,872,688	52,327,278	4,942,027	37,883,350	2,584,783,265
RESULTS										
Segment results	1,182,339,032	317,113,005	79,442,435	247,970,772	37,890,655	7,627,152	50,997,115	4,942,027	30,604,965	1,958,927,158
Unallocated company expenses										(240,915,675)
Operating profit										1,718,011,483
Interest expense	(774,826,071)	(226,483,873)	(52,631,889)	(174,697,901)	(26,615,723)	(6,490,969)	(23,481,784)	-	(1,483,943)	(1,286,712,152)
Other income										-
Income taxes										19,135,922
Share of profit of Associate Company										(47,827,455)
Net Profit										402,607,798
OTHER INFORMATION										
Segment assets	8,141,758,140	2,209,862,068	590,023,233	2,278,621,931	273,279,782	156,657,416	566,725,179	44,670,260	694,289,468	14,955,887,476
Unallocated company assets										1,332,035,249
Investment in Associates - Restated										85,928,037
Total assets										16,373,850,763
Segment liabilities	6,789,296,512	1,842,772,601	492,225,687	1,900,110,475	287,651,945	130,634,395	472,584,080	14,447,048	578,958,129	12,508,680,872
Unallocated company liabilities										2,239,954,396
Total liabilities										14,748,635,268

ALLIANCE FINANCE COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS

- 1 The figures given in the statements for the nine months ended 31st December 2012 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 2012 were consistently followed during the said period.
- 3 The Financial Statements for the nine months ended 31st December 2012 have been presented in the same format adopted in the audited published accounts as at 31st March 2012, and are in accordance with the Sri Lanka Accounting Standards, SLAS 35, and Interim Financial Reporting. Previous year figures and phrases have been rearranged where as necessary to confirm to the current presentation

The company is required to prepare Interim Financial Statements in accordance with LKAS - 34 'Interim Financial Reporting'. However, The Institute of Chartered Accountants of Sri Lanka has decided to allow Companies to prepare Interim Financial Statements during the first financial year commencing on or after January 01, 2012 in accordance with Sri Lanka Accounting Standard that existed immediately prior to that date (SLASs) with disclosure on impact to the Statement of Comprehensive income for the period and Net assets based on SLFRS/ LKAS. If determination of impact impracticable, the companies are required to disclose the fact.

The Company is in a process of developing a system to convert the financial Statements according to the new Sri Lanka Accounting Standards. (LKAS/SLFRS)

- 4 As at 31st December 2012 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 2012.
- 6 The Company has raised a sum of Rupees One Billion by issuing 10,000,000 Unsecured Subordinated & Redeemable debentures of Rs. 100/- each.
- 7 No circumstances have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.
- 8 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 2012.
- 9 Investment in Associates have been accounted under cost method up to 2011. Accounting treatment has changed from cost method to equity method in 31.03.2012, therefore comparative figures restated and investment in Associates reported under equity method.

10 Market Price per share

	01 st October – 31st December 2012	01 st October – 31st December 2011
Highest Price	800.00	1,298.00
Lowest Price	692.20	700.00
Last Traded	725.80	792.50

11. Directors Shareholding as at 31st December 2012

<u>No</u>	<u>Name of Director</u>	<u>No of Shares</u>
1	Mrs.K.S.K. de Silva	1,930
2	Mr.R.K.E.P. de Silva	625,789
3	Mr.D.L.S.R. Perera	39,920
4	Mrs.R.N. Ponnambalam	200
5	Mr.A.R. Samarasinghe	100
6	Mr.S. Karunanayake	119

<u>No.</u>	<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>%</u>
1	Mr.R.K.E.P. de Silva	625,789	25.76
2	Motor Service Station Ltd.,	295,164	12.15
3	Miss D.M.E.P. Perera	258,132	10.62
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	67,500	2.77
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	Auto Sales & Finance Co.Ltd.	32,400	1.33
12	Mrs.C.R. Cooray	27,000	1.11
13	Mr. D.F.W. Perera	23,292	0.96
14	Ms.D.D.P.T. Perera	21,460	0.88
15	Mrs.P. Weththasinghe	21,397	0.88
16	For the nine months ended 31st Dec	19,440	0.80
17	Ms.D.C.M.A. Perera	17,000	0.70
18	Mrs.L.S. Semage	14,034	0.58
19	Dr.S. Maine	16,000	0.66
20	Miss R.E.W Jayasuriya	15,480	0.64

12. Public Shareholding as at 31st December 2012.

<u>No of Shares</u>	<u>%</u>
1,193,184	49.10

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

K.S.K de Silva - *Chairperson*

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

Sunil Karunanayake – F.C.A, FCMA(UK), MBA

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

Mr. D.L.S.R Perera (by invitation)

Remuneration Committee

Mrs. R.N. Ponnambalam – Chairperson

Mrs. K.S.K. de Silva

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

ALLIANCE FINANCE COMPANY PLC