



Financial Statements

For the Six months ended 30th September 2012



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

Ram rating : BBB P2

Income Statement

For The Six Months Ended 30th September 2012

	Quarter ended 30th September			Six months ended 30th September		
	2012	2011	Variance	2012	2011	Variance
	(Unaudited)	(Unaudited) Restated		(Unaudited)	(Unaudited) Restated	
	Rs.	Rs.	%	Rs.	Rs.	%
Income	857,135,580	542,291,002	58	1,608,136,380	1,066,976,220	51
Interest Income	763,131,077	472,964,765	61	1,440,947,488	899,151,975	60
Interest Expenses	(430,034,593)	(229,278,482)	88	(806,914,706)	(441,664,353)	83
Net Interest Income	333,096,484	243,686,283	37	634,032,782	457,487,622	39
Operating Income	83,576,988	61,815,191	35	148,075,159	154,752,974	(4)
Other Income	10,427,516	7,511,125	39	19,113,733	13,071,350	46
	427,100,987	313,012,599	36	801,221,673	625,311,946	28
Less: Non-Interest Expenses						
Personnel Costs	99,353,901	68,602,252	45	187,448,144	116,068,811	61
Premises, Equipment and Establishment Expenses	129,106,840	100,350,026	29	242,333,109	185,482,194	31
Provision for Retirement Benefits	4,500,000	3,000,000	50	9,000,000	6,000,000	50
Other Operational Expenses	27,557,787	36,045,973	(24)	51,354,914	63,652,200	(19)
	260,518,528	207,998,251	25	490,136,167	371,203,205	32
Profit Before Loan Losses & Provisions	166,582,459	105,014,348	59	311,085,506	254,108,741	22
Loan Losses & Provisions	(6,494,527)	14,701,795	(144)	(22,635,203)	(27,557,445)	(18)
Operating Profit Before Taxation and Value Added Tax	160,087,933	119,716,142	34	288,450,303	226,551,295	27
Less: Value Added Tax	(9,631,995)	(15,863,824)	(39)	(15,681,728)	(22,767,254)	(31)
Share of profit of Associates	8,581,923	5,823,702	47	12,039,405	8,776,867	37
Profit Before Taxation	159,037,860	109,676,021	45	284,807,980	212,560,909	34
Less : Provision for Taxation	(14,827,455)	(8,000,000)	85	(29,827,455)	(26,000,000)	15
Net Profit for the Year	144,210,405	101,676,021	42	254,980,525	186,560,909	37
Basic/ Diluted Earnings Per Share				104.93	115.16	

14th November 2012

ALLIANCE FINANCE COMPANY PLC

Balance Sheet

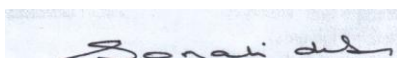
	30th September 2012	30th September 2011	31st March 2012
	(Un Audited)	(Un Audited) Restated	(Audited)
		Rs.	Rs.
ASSETS			
Cash & Cash Equivalent	86,810,122	137,139,823	122,148,468
Government Treasury Bills	419,206,345	323,468,935	415,076,781
Government Treasury Bonds	114,287,202	103,898,406	92,020,052
Bank Deposits	280,998,206	171,207,549	191,341,826
Inventories	6,491,559	4,128,529	5,137,617
Real Estate & Other Trading Stocks	401,957,931	270,506,442	277,034,840
Dealing Securities	89,207,235	182,787,668	105,637,787
Investment Securities	59,054,879	55,960,230	43,424,229
Investment in Associates	78,831,520	61,432,404	66,792,115
Lease Receivable within one year	2,873,084,789	1,801,602,713	2,331,522,453
Lease Receivable after one year	4,553,884,532	2,864,360,705	3,904,395,298
Hire Purchase & Consumer Durable Receivable within one year	841,176,198	543,121,589	715,561,327
Hire Purchase & Consumer Durable Receivable after one year	1,372,381,554	1,006,455,563	1,303,309,067
Term Loan Receivable within one year	195,247,162	106,294,127	158,405,100
Term Loan Receivable after one year	152,864,698	91,279,267	122,809,221
Other Loans & Advances	1,996,462,561	905,395,517	1,498,138,251
Other Assets	362,674,906	488,086,486	258,669,650
Deferred Tax Assets	187,867,198	109,897,562	187,522,108
Property Plant & Equipment	792,709,125	621,035,951	754,013,676
Total Assets	14,865,197,720	9,848,059,466	12,552,959,865
LIABILITIES			
Bank Overdraft	346,623,685	372,558,057	362,722,295
Deposits	7,880,119,814	5,820,085,782	6,737,801,379
Borrowings	3,757,455,681	2,241,800,440	3,377,566,890
Finance Lease Obligations	63,510,341	3,604,550	70,758,028
Other Liabilities	1,039,769,386	133,726,418	440,349,630
Provision for Retirement Benefit	46,095,053	26,592,439	38,691,194
Deferred Tax Liability	193,285,484	136,564,013	193,285,484
Total Liabilities	13,326,859,444	8,734,931,698	11,221,174,899
SHAREHOLDERS' FUNDS			
Stated Capital	24,300,000	16,200,000	24,300,000
Statutory Reserve Fund	223,757,400	129,257,400	223,757,400
Capital Reserves	224,954,309	233,054,309	224,954,309
General Reserves	1,065,326,567	734,616,060	858,773,257
Total shareholders' funds	1,538,338,277	1,113,127,769	1,331,784,966
Total Liabilities & Shareholders' Funds	14,865,197,720	9,848,059,466	12,552,959,865

Net Asset Value Per Share

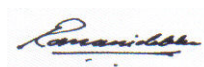
633.06

687.12

548.06



K.S.K de Silva
Chairperson



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



G.C. de Silva
Chief Financial Officer

14th November 2012

ALLIANCE FINANCE COMPANY PLC

Statement of Changes in Equity

For the Six months ended 30th September 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 year	-	-	-	-	-	-	-	-	186,560,909	186,560,909
Transferred	-	-	-	-	-	-	11,217,422	-	(11,217,422)	-
Dividends Paid	-	-	-	-	-	-	-	-	(44,550,000)	(44,550,000)
Balance as at 30th September 2011	16,200,000	233,054,309	223,300,000	129,257,400	108,141,275	7,000,000	20,084,208	-	376,090,582	1,113,127,767
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 year	-	-	-	-	-	-	-	-	254,980,525	254,980,525
Transferred	-	-	-	-	-	-	10,408,698	-	(10,408,698)	-
Dividends Paid	-	-	-	-	-	-	-	-	(48,600,000)	(48,600,000)
Balance as at 30th September 2012	24,300,000	224,954,309	323,300,000	223,757,400	108,141,275	7,000,000	45,174,466	105,000,000	476,710,821	1,538,338,277

ALLIANCE FINANCE COMPANY PLC

Statement of Cash Flow

For the six months ended 30th September 2012

	30th September 2012 (Unaudited)	30th September 2011 (Unaudited)	31st March 2012 (Audited)
Cash Flow from Operating Activities	Rs.	Rs.	Rs.
Net Profit Before Taxation	284,807,980	212,560,909	502,947,183
Adjustments for:			
Depreciation	26,424,860	23,238,503	47,109,989
Provision for Gratuity	9,000,000	6,000,000	24,857,663
Loan Losses & Fall in value of investment Provisions	19,635,203	(12,442,547)	(30,360,767)
Dividend Received	(6,922,404)	(4,036,116)	(7,334,484)
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	(46,415,375)	(23,481,920)	(50,852,202)
Share of Profits of Associates	(12,039,405)	(8,776,867)	(22,615,588)
Profit / (Loss) on Sale of Assets	(1,742,575)	4,943,351	(4,388,681)
Transfer to Gratuity Trust Fund	-	-	(5,844,023)
Operating Profit before changes in Operating Assets	272,748,283	198,005,312	453,519,090
Changes in Operating Assets			
Change in Lease, Hire Purchase & Loan Receivable	(1,970,595,980)	(1,556,703,345)	(4,254,416,358)
Change in Other Assets	(228,928,347)	(156,356,408)	132,123,518
Change in Share Investment Trading	16,430,551	149,988,615	227,138,497
Change in Inventories	(1,353,942)	108,268	(900,820)
Change in Deposits	1,142,318,435	813,044,982	1,730,760,580
Change in Finance Lease Obligations	(7,247,687)	(4,049,401)	63,104,077
Change in Sundry Creditors	533,458,430	(346,304,729)	(220,508,408)
Change in Accrued Expenses	42,184,922	(33,450,451)	70,411,716
Net Cash Used in Operating Activities Before Income Tax	(200,985,334)	(935,717,158)	(1,798,768,109)
Income Tax Paid	-	-	-
Gratuity Paid	(1,596,142)	(6,530,122)	(7,445,007)
ESC Paid	-	(17,737,654)	(30,509,934)
WHT Paid	(6,223,354)	(3,978,729)	(4,608,235)
Net Cash Used in Operating Activities	(208,804,830)	(963,963,663)	(1,841,331,285)
Cash Flow from Investing Activities			
Purchase of Property Plant & Equipment	(65,232,030)	(32,280,021)	(237,852,387)
Investments in Shares	(15,630,650)	(14,262,099)	(1,726,098)
Investments in Government Securities	(26,396,714)	236,437,693	156,708,200
Investments in Fixed Deposits	(89,656,380)	(131,074,214)	(151,208,490)
Sale Proceeds of Property Plant & Equipment	1,854,297	6,309,986	64,365,180
Dividend Received	6,922,404	4,036,116	8,706,354
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	46,415,375	23,481,920	50,852,202
Net Cash Used in Investing Activities	(141,723,698)	92,649,381	(110,155,040)
Cash Flow from Financing Activities			
Increase / (Decrease) in Borrowings	379,888,791	648,819,332	1,784,585,783
Dividend Paid	(48,600,000)	(44,550,000)	(105,300,000)
Net Cash Flows from Financing Activities	331,288,791	604,269,332	1,679,285,783
Net Increase/(Decrease) in Cash & Cash Equivalents	(19,239,737)	(267,044,949)	(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	(259,813,563)	(235,418,233)	(240,573,826)
Cash and Cash Equivalent			
Cash and Bank Balances	86,810,122	137,139,823	122,148,468
Bank Overdraft	(346,623,685)	(372,558,057)	(362,722,295)
Cash and Cash Equivalent Reflected on Balance Sheet at the End of the Period	(259,813,563)	(235,418,234)	(240,573,826)

Financial Reporting By Segment

<i>For the six months ended 30th September 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	2,275,759,860	703,208,587	62,195,337	195,070,685	31,119,212	32,203,888	34,208,275	51,201,337	13,173,137	3,398,140,316
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	2,275,759,860	703,208,587	62,195,337	195,070,685	31,119,212	32,203,888	34,208,275	51,201,337	13,173,137	3,398,140,316
Total income	980,414,823	274,736,035	62,195,337	195,070,685	29,264,914	9,861,496	34,208,275	2,151,884	20,232,929	1,608,136,379
RESULTS										
Segment results	751,288,022	201,630,968	51,750,719	142,968,259	11,375,461	3,700,172	33,379,032	2,151,884	15,568,373	1,213,812,890
Unallocated company expenses										(134,129,609)
Operating profit										1,079,683,281
Interest expense	(484,661,984)	(148,088,885)	(28,130,579)	(105,584,351)	(16,764,261)	(4,151,933)	(14,531,151)	(1,826,646)	(3,174,996)	(806,914,786)
Other income										
Income taxes										(29,827,455)
Share of profit of Associate Company										12,039,405
Net Profit										254,980,525
OTHER INFORMATION										
Segment assets	7,426,969,320	2,213,557,752	510,174,360	1,834,400,060	277,699,244	148,262,115	533,493,546	49,069,258	672,411,398	13,666,037,054
Investment in Associates										78,831,520
Unallocated company assets										1,120,329,146
Total assets										14,865,197,720
Segment liabilities	6,000,600,229	1,788,438,134	412,194,026	1,482,098,679	287,876,711	119,787,984	431,034,700	13,547,356	543,273,011	11,078,850,831
										2,248,008,613
Total liabilities										13,326,859,444
<i>For the six months ended 30th September 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	1,516,351,208	546,931,747	39,324,534	123,879,486	34,003,108	326,428,428	20,402,861	39,024,143	3,436,168	2,649,781,683
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	1,516,351,208	546,931,747	39,324,534	123,879,486	34,003,108	326,428,428	20,402,861	39,024,143	3,436,168	2,649,781,683
Total income	617,220,071	186,988,008	39,324,534	123,879,486	34,003,108	34,432,053	20,402,861	1,636,414	9,089,686	1,066,976,220
RESULTS										
Segment results	467,060,350	151,156,797	36,084,000	86,217,376	10,870,692	(6,122,079)	19,511,899	1,636,414	6,670,998	773,086,448
Unallocated company expenses										(127,638,140)
Operating profit										645,448,308
Interest expense	(268,260,153)	(83,410,640)	(15,031,382)	(44,257,534)	(13,841,805)	(5,665,896)	(9,712,803)	(855,684)	(628,369)	(441,664,266)
Other income										-
Income taxes										(26,000,000)
Share of profit of Associate Company										8,776,867
Net Profit										186,560,909
OTHER INFORMATION										
Segment assets	4,665,963,418	1,549,577,152	335,051,442	767,917,470	239,244,031	238,747,899	427,367,340	279,723,723	431,169,252	8,934,761,726
Unallocated company assets										851,865,337
Investment in Associates - Restated										61,432,404
Total assets										9,848,059,467
Segment liabilities	4,092,982,299	1,359,288,808	293,907,066	673,617,071	213,469,372	229,873,240	374,886,557	74,546,699	378,221,592	7,690,792,703
Unallocated company liabilities										1,044,138,994
Total liabilities										8,734,931,698

ALLIANCE FINANCE COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS

- 1 The figures given in the statements for the six months ended 30th September 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 six months ended 30th September 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 whenever 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 30th September 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 six months ended 30th September 2012.
- 6 There were no funds raised through either IPO/Rights or Debenture issue during the quarter ended 30th September 2012.
- 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

	01st July – 30th September 2012	01st July – 30th September 2011
Highest Price	824.00	1,401.00
Lowest Price	569.90	902.00
Last Traded	774.90	1,199.90

11. Directors Shareholding as at 30th September 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

No.	Name of Shareholder	No. of Shares	%
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	22,842	0.94
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	Dr.S. Maine	16,000	0.66
20	Miss R.E.W. Jayasuriya	15,480	0.64
		<u>1,927,688</u>	<u>79.34</u>

12. Public Shareholding as at 30th September 2012.

No of Shares	%
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 Companies Act No.78 of 1988 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

Pratapkumar de Silva, F.I.C.M. (SL), F.I.C.M. (Eng) J.P.

Chairman & Jt. Managing Director

Romani de Silva – *Deputy Chairman & Jt. Managing Director*

D.L.S.R. Perera, F.C.A. – *Finance Director*

J.F.R. de Saram

R.M. Canekaratne

B. Ponnambalam

Mrs. K.S.K. de Silva

Advisory Council

Abbas Akbarally – Chairman,

Akbar Brothers Group of Companies

Mr. K. Kanag Isvaran, L.L.B. (London) Of Lincoln's Inn –
Barrister, President's Counsel

S.P. Morawake – Former Registrar of Companies

Audit Committee

Mr. R.M. Canekaratne – Chairman

Mr. B. Ponnambalam

Mr. D.L.S.R Perera

Remuneration Committee

Mr. B. Ponnambalam – Chairman

Mr. R.M. Canekaratne

Mr. D.L.S.R. Perera

Auditors

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

Internal Auditors

M/s Nihal Hettiarachchi & Co., Chartered Accountants,
RNH House, 622 B,
Kotte Road,
Kotte Capital City.

Legal Consultants

Gunawardene Ranasinghe Associates

Paul Ratnayake 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

ALLIANCE FINANCE COMPANY PLC