



Financial Statements

For the financial year ended 31st March 2013



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

Ram rating : BBB P2

Income Statement

For the financial year ended 31st March 2013

	Quarter ended 31st March			Financial year ended 31st March		
	2013 (Unaudited)	2012 Audited	Variance	2013 (Unaudited)	2012 Audited	Variance
	Rs.	Rs.	%	Rs.	Rs.	%
Income	1,017,239,354	748,341,416	36	3,602,022,618	2,426,359,017	48
Interest Income	952,878,805	609,415,488	56	3,247,275,065	2,040,346,686	59
Interest Expenses	(617,337,983)	(312,760,271)	97	(1,904,050,135)	(1,014,264,558)	88
Net Interest Income	335,540,822	296,655,217	13	1,343,224,930	1,026,082,128	31
Operating Income	32,642,111	90,111,484	(64)	269,827,766	308,619,554	(13)
Other Income	31,718,438	48,814,444	(35)	84,919,788	77,392,777	10
	399,901,371	435,581,145	(8)	1,697,972,484	1,412,094,458	20
Less: Non-Interest Expenses						
Personnel Costs	115,137,312	104,757,168	10	409,105,414	299,350,130	37
Premises, Equipment and Establishment Expenses	68,049,400	111,275,813	(39)	451,265,465	401,698,232	12
Provision for Retirement Benefits	37,260,317	24,373,156	53	50,760,317	24,857,663	104
Other Operational Expenses	14,721,476	39,399,565	(63)	121,159,345	130,850,293	(7)
	235,168,505	279,805,702	(16)	1,032,290,541	856,756,318	20
Profit Before Loan Losses & Provisions	164,732,866	145,453,956	13	665,681,943	555,338,140	20
Loan Losses & Provisions	6,390,173	(24,218,699)	(126)	(38,399,319)	(34,639,234)	11
Operating Profit Before Taxation and Value Added Tax	171,123,039	121,235,257	41	627,282,623	520,698,906	20
Less: Value Added Tax	(8,519,973)	(3,341,015)	155	(33,380,227)	(40,367,312)	(17)
Share of profit of Associates	5,842,342	9,482,278	(38)	24,978,264	22,615,588	10
Profit Before Taxation	168,445,408	127,376,520	32	618,880,661	502,947,183	23
Less : Provision for Taxation	(18,000,000)	(30,680,757)		(83,537,033)	(36,979,082)	
Net Profit for the period	150,445,408	96,695,763	56	535,343,628	465,968,101	15
Basic/ Diluted Earnings Per Share	61.91	39.79		220.31	191.76	

31st May 2013

ALLIANCE FINANCE COMPANY PLC

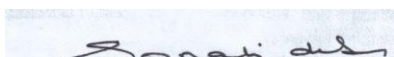
Balance Sheet

	31st March 2013	31st March 2012
	(Unaudited)	(Audited)
		Rs.
ASSETS		
Cash & Cash Equivalent	147,729,490	122,148,468
Government Treasury Bills	585,001,070	415,076,781
Government Treasury Bonds	56,199,744	92,020,052
Bank Deposits	456,001,079	191,341,826
Inventories	2,955,002	5,137,617
Real Estate & Other Trading Stocks	272,571,608	277,034,840
Dealing Securities	79,501,706	105,637,787
Investment Securities	56,882,239	43,424,229
Investment in Associates	91,770,379	66,792,115
Lease Receivable within one year	3,386,688,427	2,331,522,453
Lease Receivable after one year	5,115,657,187	3,904,395,298
Hire Purchase & Consumer Durable Receivable within one year	886,862,761	715,561,327
Hire Purchase & Consumer Durable Receivable after one year	1,309,192,345	1,303,309,067
Term Loan Receivable within one year	261,529,886	158,405,100
Term Loan Receivable after one year	177,584,028	122,809,221
Other Loans & Advances	2,925,045,216	1,498,138,251
Other Assets	422,247,260	258,669,650
Deferred Tax Assets	161,258,688	187,522,108
Property Plant & Equipment	1,069,344,815	754,013,676
Total Assets	17,464,022,931	12,552,959,865
LIABILITIES		
Bank Overdraft	313,819,726	362,722,295
Deposits	9,008,742,802	6,737,801,379
Borrowings	4,189,529,250	3,377,566,890
Finance Lease Obligations	56,086,493	70,758,028
Other Liabilities	611,528,949	440,349,630
Provision for Retirement Benefit	78,873,062	38,691,194
Deferred Tax Liability	196,666,818	193,285,484
Debentures	1,000,000,000	-
Total Liabilities	15,455,247,101	11,221,174,899
SHAREHOLDERS' FUNDS		
Stated Capital	24,300,000	24,300,000
Statutory Reserve Fund	223,757,400	223,757,400
Capital Reserves	475,951,545	224,954,309
General Reserves	1,284,766,884	858,773,257
Total shareholders' funds	2,008,775,830	1,331,784,966
Total Liabilities & Shareholders' Funds	17,464,022,931	12,552,959,865

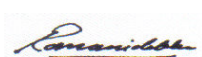
Net Asset Value Per Share

826.66

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

31st May 2013

Statement of Changes in Equity

For the financial year ended 31st March 2013

	<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	-	-	-	-	-	-	-	-	465,968,101	465,968,101
Transferred	8,100,000	(8,100,000)	100,000,000	94,500,000	-	-	25,898,988	105,000,000	(325,398,988)	-
Dividends Paid	-	-	-	-	-	-	-	-	(105,300,000)	(105,300,000)
Balance as at 31st March 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	280,566,208	1,331,784,966
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	280,566,208	1,331,784,966
Net Profit/(Loss) for the period	-	-	-	-	-	-	-	-	535,343,628	535,343,628
Revaluation Surplus		250,997,236								250,997,236
Transferred	-	-	-	-	-	-	23,962,744	-	(23,962,744)	-
Dividends Paid	-	-	-	-	-	-	-	-	(109,350,000)	(109,350,000)
Balance as at 31st March 2013	24,300,000	475,951,545	323,300,000	223,757,400	108,141,275	7,000,000	58,728,512	105,000,000	682,597,098	2,008,775,830

Statement of Cash Flow

For the financial year ended 31st March 2013

	31st March 2013 (Unaudited)	31st March 2012 (Audited)
Cash Flow from Operating Activities	Rs.	Rs.
Net Profit Before Taxation	618,880,661	502,947,183
Adjustments for:		
Depreciation	57,067,839	47,109,989
Provision for Gratuity	50,760,317	24,857,663
Loan Losses & Fall in value of investment Provisions	45,326,442	(30,360,767)
Dividend Received	(13,253,440)	(7,334,484)
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	(105,403,112)	(50,852,202)
Share of Profits of Associates	(24,978,264)	(22,615,588)
Profit / (Loss) on Sale of Assets	1,939,166	(4,388,681)
Transfer to Gratuity Trust Fund	(8,684,164)	(5,844,023)
Operating Profit before changes in Operating Assets	621,655,445	453,519,090
Changes in Operating Assets		
Change in Lease, Hire Purchase & Loan Receivable	(4,073,745,576)	(4,254,416,358)
Change in Other Assets	(233,319,706)	132,123,518
Change in Share Investment Trading	26,136,081	227,138,497
Change in Inventories	2,182,615	(900,820)
Change in Deposits	2,270,941,422	1,730,760,580
Change in Finance Lease Obligations	(14,671,534)	63,104,077
Change in Sundry Creditors	120,496,143	(220,508,408)
Change in Accrued Expenses	87,260,428	70,411,716
Net Cash Used in Operating Activities Before Income Tax	(1,193,064,682)	(1,798,768,109)
Income Tax Paid	-	-
Gratuity Paid	(1,894,285)	(7,445,007)
ESC Paid		(30,509,934)
WHT Paid	(10,214,902)	(4,608,235)
Net Cash Used in Operating Activities	(1,205,173,869)	(1,841,331,285)
Cash Flow from Investing Activities		
Purchase of Property Plant & Equipment	(161,294,049)	(237,852,387)
Investments in Shares	(19,507,310)	(1,726,098)
Investments in Government Securities	(136,353,981)	156,708,200
Investments in Fixed Deposits	(262,409,253)	(151,208,490)
Sale Proceeds of Property Plant & Equipment	37,953,140	64,365,180
Dividend Received	13,253,440	8,706,354
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	105,403,112	50,852,202
Net Cash Used in Investing Activities	(422,954,901)	(110,155,040)
Cash Flow from Financing Activities		
Increase / (Decrease) in Borrowings	1,811,962,360	1,784,585,783
Dividend Paid	(109,350,000)	(105,300,000)
Net Cash Flows from Financing Activities	1,702,612,360	1,679,285,783
Net Increase/(Decrease) in Cash & Cash Equivalents	74,483,590	(272,200,542)
Cash and Cash Equivalent at the Beginning of the Period	(240,573,826)	31,626,716
Cash and Cash Equivalent at the End of the Period	(166,090,236)	(240,573,826)
Cash and Cash Equivalent		
Cash and Bank Balances	147,729,490	122,148,468
Bank Overdraft	(313,819,726)	(362,722,295)
Cash and Cash Equivalent Reflected on Balance Sheet at the End of the Period	(166,090,236)	(240,573,826)

For the financial year ended 31st March 2012	Leasing	Hire Purchase & Consumer Durables	Loans	Pawning	Hire of Vehicles	Investing in Shares	Investing in Government Securities	Collaboration Finance	Others	Total
REVENUE										
External Sales	3,405,136,431	1,186,269,740	96,062,500	259,634,674	164,360,341	405,008,496	39,976,699	75,845,411	19,411,976	5,651,706,269
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	3,405,136,431	1,186,269,740	96,062,500	259,634,674	164,360,341	405,008,496	39,976,699	75,845,411	19,411,976	5,651,706,269
Total income	1,436,263,339	423,946,015	96,062,500	259,634,674	62,962,970	21,174,061	39,976,699	4,130,720	82,208,038	2,426,359,017
RESULTS										
Segment results (Restated)	1,107,627,185	328,163,696	85,263,152	174,587,060	24,724,180	(44,512,824)	38,513,166	(176,641)	78,800,983	1,792,989,956
Unallocated company expenses										(298,393,802)
Operating profit										1,494,596,154
Interest expense	(631,015,394)	(196,831,440)	(42,075,953)	(105,314,842)	(10,249,637)	-	(20,442,791)	(26,158)	(8,308,344)	(1,014,264,558)
Other income										
Share of Profits of Associates before tax										22,615,593
Income taxes										(36,979,082)
Net Profit										465,968,106
OTHER INFORMATION										
Segment assets	6,235,917,751	2,018,870,393	494,867,554	1,284,485,017	248,946,732	149,062,016	507,096,833	13,906,607	457,831,927	11,410,984,831
Investment in Associates										66,792,115
Unallocated company assets										1,075,182,920
Total assets										12,552,959,866
Segment liabilities	5,208,899,772	1,686,374,636	413,365,858	1,072,938,095	278,704,737	124,512,403	423,581,048	4,143,623	382,429,774	9,594,949,946
										1,626,224,954
Total liabilities										11,221,174,900
For the financial year ended 31st March 2013	Leasing	Hire Purchase & Consumer Durables	Loans	Pawning	Hire of Vehicles	Investing in Shares	Investing in Government Securities	Collaboration Finance	Others	Total
REVENUE										
External Sales	4,959,503,763	1,429,287,021	138,072,589	492,951,684	102,685,096	55,779,369	69,934,339	109,773,636	67,951,021	7,425,938,519
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	4,959,503,763	1,429,287,021	138,072,589	492,951,684	102,685,096	55,779,369	69,934,339	109,773,636	67,951,021	7,425,938,519
Total income	2,143,815,396	541,122,666	138,072,589	492,951,684	65,221,960	14,964,480	69,934,339	7,522,021	128,417,483	3,602,022,619
RESULTS										
Segment results	1,619,234,736	374,792,087	149,670,990	380,590,399	34,702,153	28,502,494	68,074,089	(28,188,658)	124,225,996	2,751,604,286
Unallocated company expenses										(253,651,754)
Operating profit										2,497,952,532
Interest expense	(1,129,401,932)	(319,287,798)	(76,376,259)	(272,999,142)	(37,941,951)	-	-	(56,146)	(67,986,907)	(1,904,050,135)
Other income										-
Income taxes										(83,537,033)
Share of profit of Associate Company										

NOTES TO THE FINANCIAL STATEMENTS

- 1 The figures given in the statements for the financial year ended 31st March 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 2012 were consistently followed during the said period.
- 3 The Financial Statements for the financial year ended 31st March 2013 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's figures and phrases have been rearranged where necessary to conform 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 Standards that existed immediately prior to that date (SLAS's) with a disclosure on the impact to the Statement of Comprehensive income for the period and Net assets based on SLFRS/ LKAS. If determination of impact is impracticable, the companies are required to disclose the fact.

The Company is in the 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/- and 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 financial year ended 31st March 2013.
- 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 are restated and investment in Associates is reported under equity method.

10 Market Price per share

	01st January – 31st March 2013	01st January – 31st March 2012
Highest Price	849.00	824.90
Lowest Price	702.00	516.00
Last Traded	800.10	630.00

11. Directors Shareholding as at 31st March 2013

<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	636,381
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	636,381	26.19
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. Canekeratne	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	Mrs.A.S. Wijewardena	19,440	0.80
17	Ms.D.C.M.A. Perera	17,000	0.70
18	Dr.S. Maine	16,000	0.66
19	Miss R.E.W Jayasuriya	15,480	0.64
20	Dr.(Mrs) K.G.G.S.L. Perera	14,500	0.60

12. Public Shareholding as at 31st March 2013

<u>No of Shares</u>	<u>%</u>
1,182,592	48.67

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 (Mrs.) - *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 (Mrs.)

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 Karunanayake – Chairman

Lt. Col (Retd) A.R. Samarasinghe

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