



Financial Statements

For the three months ended 30th June 2012



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

RAM Rating : BBB P2

Income Statement

For The Three Months Ended 30th June 2012

	Quarter ended 30th June			Three months ended 30th June		
	2012 (Unaudited)	2011 (Unaudited) Restated	Variance	2012 (Unaudited)	2011 (Unaudited) Restated	Variance
	Rs.	Rs.	%	Rs.	Rs.	%
Income	751,000,799	524,685,218	43	751,000,799	524,685,218	43
Interest Income	677,816,411	426,187,210	59	677,816,411	426,187,210	59
Interest Expenses	(376,880,112)	(212,385,871)	77	(376,880,112)	(212,385,871)	77
Net Interest Income	300,936,298	213,801,339	41	300,936,298	213,801,339	41
Operating Income	64,498,171	92,937,783	(31)	64,498,171	92,937,783	(31)
Other Income	8,686,217	5,560,225	56	8,686,217	5,560,225	56
	374,120,686	312,299,347	20	374,120,686	312,299,347	20
Less: Non-Interest Expenses						
Personnel Costs	88,094,243	47,466,559	86	88,094,243	47,466,559	86
Premises, Equipment and Establishment Expenses	113,226,269	85,132,168	33	113,226,269	85,132,168	33
Provision for Retirement Benefits	4,500,000	3,000,000	50	4,500,000	3,000,000	50
Other Operational Expenses	23,797,127	27,606,227	(14)	23,797,127	27,606,227	(14)
	229,617,639	163,204,954	41	229,617,639	163,204,954	41
Profit Before Loan Losses & Provisions	144,503,047	149,094,393	(3)	144,503,047	149,094,393	(3)
Loan Losses & Provisions	(16,140,676)	(42,259,240)	(62)	(16,140,676)	(42,259,240)	(62)
Operating Profit Before Taxation and Value Added Tax	128,362,371	106,835,153	20	128,362,371	106,835,153	20
Less: Value Added Tax	(6,049,733)	(6,903,430)	(12)	(6,049,733)	(6,903,430)	(12)
Share of profit of Associates	3,457,482	2,953,165	17	3,457,482	2,953,165	17
Profit Before Taxation	125,770,120	102,884,888	22	125,770,120	102,884,888	22
Less : Provision for Taxation	(15,000,000)	(18,000,000)	(17)	(15,000,000)	(18,000,000)	(17)
Net Profit for the Year	110,770,120	84,884,888	30	110,770,120	84,884,888	30
Basic/ Diluted Earnings Per Share				45.58	52.40	

14th August 2012

ALLIANCE FINANCE COMPANY PLC

Balance Sheet

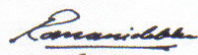
	30th June 2012	30th June 2011	31st March 2012
	(Un Audited)	(Un Audited) Restated	(Audited)
		Rs.	Rs.
ASSETS			
Cash & Cash Equivalent	243,717,046	207,785,693	122,148,468
Government Treasury Bills	444,386,352	424,033,388	415,076,781
Government Treasury Bonds	137,147,105	105,530,846	92,020,052
Bank Deposits	191,341,826	41,207,549	191,341,826
Inventories	6,265,134	3,963,802	5,137,617
Real Estate & Other Trading Stocks	302,745,847	100,174,399	277,034,840
Dealing Securities	86,800,795	247,509,011	105,637,787
Investment Securities	59,054,879	73,273,780	43,424,229
Investment in Associates	70,249,597	55,608,702	66,792,115
Lease Receivable within one year	2,565,942,359	1,597,004,974	2,331,522,453
Lease Receivable after one year	4,085,602,366	2,330,851,518	3,904,395,298
Hire Purchase & Consumer Durable Receivable within one year	762,838,279	492,849,850	715,561,327
Hire Purchase & Consumer Durable Receivable after one year	1,288,762,130	811,029,347	1,303,309,067
Term Loan Receivable within one year	167,236,521	108,250,860	158,405,100
Term Loan Receivable after one year	116,377,024	75,838,485	122,809,221
Other Loans & Advances	1,802,455,635	985,185,766	1,498,138,251
Other Assets	312,472,359	472,511,856	258,669,650
Deferred Tax Assets	187,522,108	109,897,562	187,522,108
Property Plant & Equipment	778,523,939	627,484,134	754,013,676
Total Assets	13,609,441,302	8,869,991,522	12,552,959,865
LIABILITIES			
Bank Overdraft	140,351,712	246,007,430	362,722,295
Deposits	7,425,763,125	5,381,128,695	6,737,801,379
Borrowings	3,789,789,662	1,628,375,581	3,377,566,890
Finance Lease Obligations	67,002,040	3,897,078	70,758,028
Other Liabilities	507,715,663	394,424,539	440,349,630
Provision for Retirement Benefit	42,978,529	23,592,439	38,691,194
Deferred Tax Liability	193,285,484	136,564,013	193,285,484
Total Liabilities	12,166,886,215	7,813,989,775	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	969,543,378	677,490,038	858,773,257
Total shareholders' funds	1,442,555,087	1,056,001,747	1,331,784,966
Total Liabilities & Shareholders' Funds	13,609,441,302	8,869,991,522	12,552,959,865

Net Asset Value Per Share

593.64

651.85

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

14th August 2012

ALLIANCE FINANCE COMPANY PLC

Statement of Changes in Equity
For the three months ended 30th June 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>
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>		<u>Rs.</u>	<u>Rs.</u>
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	-	-	-	-	-	-	-	-	84,884,888	84,884,888
Transferred	-	-	-	-	-	-	7,372,115	-	(7,372,115)	-
Dividends Paid	-	-	-	-	-	-	-	-	-	-
Balance as at 30th June 2011	16,200,000	233,054,309	223,300,000	129,257,400	108,141,275	7,000,000	16,238,901	-	322,809,868	1,056,001,746
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 year	-	-	-	-	-	-	-	-	110,770,120	110,770,120
Transferred	-	-	-	-	-	-	4,532,028	-	(4,532,028)	-
Dividends Paid	-	-	-	-	-	-	-	-	-	-
Balance as at 30th June 2012	<u>24,300,000</u>	<u>224,954,309</u>	<u>323,300,000</u>	<u>223,757,400</u>	<u>108,141,275</u>	<u>7,000,000</u>	<u>39,297,796</u>	<u>105,000,000</u>	<u>386,804,300</u>	<u>1,442,555,086</u>

Statement of Cash Flow

For the three months ended 30th June 2012

	30th June 2012 (Unaudited)	30th June 2011 Restated (Unaudited)	31st March 2012 (Audited)
	Rs.	Rs.	Rs.
Cash Flow from Operating Activities			
Net Profit Before Taxation	125,770,120	102,884,888	502,947,183
Adjustments for:			
Depreciation	12,611,296	11,704,648	47,109,989
Provision for Gratuity	4,500,000	3,000,000	24,857,663
Loan Losses & Fall in value of investment Provisions	13,140,676	(5,740,760)	(30,360,767)
Dividend Received	(2,056,379)	(1,925,531)	(7,334,484)
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	(18,838,801)	(11,565,804)	(50,852,202)
Share of Profits of Associates	(3,457,482)	(2,953,165)	(22,615,588)
Profit / (Loss) on Sale of Assets	(610,861)	147,092	(4,388,681)
Transfer to Gratuity Trust Fund	-	-	(5,844,023)
Operating Profit before changes in Operating Assets	131,058,569	95,551,368	453,519,090
Changes in Operating Assets			
Change in Lease, Hire Purchase & Loan Receivable	(768,214,275)	(645,906,450)	(4,254,416,358)
Change in Other Assets	(79,513,717)	29,550,264	132,123,518
Change in Share Investment Trading	18,836,992	85,267,272	227,138,497
Change in Inventories	(1,127,517)	272,995	(900,820)
Change in Deposits	687,961,746	374,087,895	1,730,760,580
Change in Finance Lease Obligations	(3,755,988)	(3,756,873)	63,104,077
Change in Sundry Creditors	(12,620,279)	(100,571,838)	(220,508,408)
Change in Accrued Expenses	67,238,972	(23,615,496)	70,411,716
Net Cash Used in Operating Activities Before Income Tax	39,864,503	(189,120,863)	(1,798,768,109)
Income Tax Paid	-	-	-
Gratuity Paid	(212,665)	(6,530,122)	(7,445,007)
ESC Paid	-	(8,553,504)	(30,509,934)
WHT Paid	(2,252,658)	(32,612)	(4,608,235)
Net Cash Used in Operating Activities	37,399,180	(204,237,101)	(1,841,331,285)
Cash Flow from Investing Activities			
Purchase of Property Plant & Equipment	(38,364,995)	(16,588,097)	(237,852,387)
Investments in Shares	(15,630,650)	(31,575,649)	(1,726,098)
Investments in Government Securities	(74,436,624)	134,240,799	156,708,200
Investments in Fixed Deposits	-	(1,074,214)	(151,208,490)
Sale Proceeds of Property Plant & Equipment	1,854,297	500,000	64,365,180
Dividend Received	2,056,379	1,925,531	8,706,354
Interest on Fixed Deposits, Commercial Paper & Treasury Bills	18,838,801	11,565,801	50,852,202
Net Cash Used in Investing Activities	(105,682,791)	98,994,171	(110,155,040)
Cash Flow from Financing Activities			
Increase / (Decrease) in Borrowings	412,222,772	35,394,474	1,784,585,783
Dividend Paid	-	-	(105,300,000)
Net Cash Flows from Financing Activities	412,222,772	35,394,474	1,679,285,783
Net Increase/(Decrease) in Cash & Cash Equivalents	343,939,161	(69,848,453)	(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	103,365,334	(38,221,737)	(240,573,826)
Cash and Cash Equivalent			
Cash and Bank Balances	243,717,046	207,785,693	122,148,468
Bank Overdraft	(140,351,712)	(246,007,430)	(362,722,295)
Cash and Cash Equivalent Reflected on Balance Sheet at the End of the Period	103,365,334	(38,221,737)	(240,573,826)

Financial Reporting By Segment

<i>For the three months ended 30th June 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	1,091,085,330	335,271,534	29,362,694	87,120,317	12,057,324	575,744	14,474,698	11,781,864	4,843,199	1,586,572,703
<i>Inter-segment sales</i>	-	-	-	-	-	-	-	-	-	-
Total revenue	1,091,085,330	335,271,534	29,362,694	87,120,317	12,057,324	575,744	14,474,698	11,781,864	4,843,199	1,586,572,703
Total income	464,377,454	131,114,957	21,232,987	87,120,317	12,057,324	1,945,640	14,474,698	863,530	9,684,185	742,871,092
RESULTS										
Segment results	360,404,428	95,172,282	21,232,987	62,456,427	3,724,805	(1,054,360)	10,947,718	863,530	7,515,347	561,263,165
Unallocated company expenses										(62,070,414)
Operating profit										499,192,750
Interest expense	(225,512,473)	(69,420,032)	(13,262,302)	(47,622,922)	(8,908,165)	(2,493,067)	(9,202,662)	(500,000)	41,430	(376,880,192)
Other income										
Income taxes										(15,000,000)
Share of profit of Associate Company										3,457,482
Net Profit										110,770,120
OTHER INFORMATION										
Segment assets	6,651,544,724	2,051,600,409	475,525,370	1,610,543,811	282,272,006	145,855,674	581,533,457	46,215,921	483,542,934	12,328,634,305
Investment in Associates										70,249,597
Unallocated company assets										1,210,557,399
Total assets										13,609,441,302
Segment liabilities	5,562,506,802	1,715,697,887	397,668,995	1,346,854,193	303,058,477	121,975,152	486,320,688	13,346,257	404,373,867	10,351,802,318
Total liabilities										1,815,083,897
										12,166,886,215
<i>For the three months ended 30th June 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>
Restated										
REVENUE										
External Sales	713,427,159	251,106,106	19,429,025	61,543,374	17,217,051	133,960,877	10,867,761	24,644,297	912,603	1,233,108,253
<i>Inter-segment sales</i>	-	-	-	-	-	-	-	-	-	-
Total revenue	713,427,159	251,106,106	19,429,025	61,543,374	17,217,051	133,960,877	10,867,761	24,644,297	912,603	1,233,108,253
Total income	285,031,456	86,539,203	19,429,025	61,543,374	17,217,051	40,472,796	10,867,761	426,852	3,157,701	524,685,219
RESULTS										
Segment results	218,935,944	71,632,916	17,902,953	44,349,325	3,552,453	(7,527,204)	9,849,598	426,852	2,491,934	361,614,771
Unallocated company expenses										(49,297,177)
Operating profit										312,317,594
Interest expense	(124,229,037)	(39,311,128)	(6,948,363)	(23,179,334)	(7,128,603)	(3,809,656)	(2,000,938)	(3,862,258)	(1,916,553)	(212,385,870)
Other income										-
Income taxes										(18,000,000)
Share of profit of Associate Company										2,953,165
Net Profit										84,884,889
OTHER INFORMATION										
Segment assets	3,927,856,492	1,303,879,197	335,291,269	833,983,842	239,244,031	344,088,342	529,564,234	276,722,461	107,531,658	7,898,161,526
Unallocated company assets										916,221,294
Investment in Associates - Restated										55,608,702
Total assets										8,869,991,522
Segment liabilities	3,301,973,537	1,096,113,010	157,861,401	825,095,966	205,018,851	289,259,702	445,181,001	58,689,994	109,988,999	6,489,182,461
Unallocated company liabilities										1,324,807,314
Total liabilities										7,813,989,775

ALLIANCE FINANCE COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS

- 1 The figures given in the statements for the three months ended 30th June 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 three months ended 30th June 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.
- 4 As at 30th June 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 three months ended 30th June 2012.
- 6 There were no funds raised through either IPO/Rights or Debenture issue during the quarter ended 30th June 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 31.03.2011. Accounting treatment has changed from cost method to equity method for the financial year ended 31.03.2012, therefore comparative figures are restated and investment in Associates is reported under the equity method.
- 10 Market Price per share

	01st April – 30th June 2012	01st April – 30th June 2011
Highest Price	648.00	1,600.00
Lowest Price	500.00	875.00
Last Traded	612.20	1,098.00

11. Directors Shareholding as at 30th June 2012

No	<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	2.78
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	16,500	0.68
20	Miss R.E.W Jayasuriya	15,480	0.64
		1,928,188	79.37

12. Public Shareholding as at 30th June 2012.

No of Shares	%
1,193,184	49.14

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

Mrs. K.S.K. de Silva - *Chairperson*
Mr. Romani de Silva – *Deputy Chairman & Managing Director*
Mr. D.L.S.R. Perera, F.C.A. – *Finance Director*
Lt. Col (Retd) A.R. Samarasinghe
Mrs. R. N. Ponnambalam
Mr. Sunil Karunanayake

Advisory Council

Mr. Pratapkumar de Silva, FICM (SL) FICM(Eng) JP
Mr. R.M Canekaratne
Mr. B. Ponnambalam
Mr. Abbas Akbarally – Chairman,
Akbar Brothers Group of Companies
Barrister, President's Counsel
Mr. S.P. Morawake – Former Registrar of Companies

Audit Committee

Mr. Sunil Karunanayake – 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

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
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
Union Bank of Colombo PLC
Axis Bank Ltd.