



Financial Statements

For the year Ended 31st March 2017



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

Alliance Finance Company PLC

STATEMENT OF PROFIT OR LOSS - COMPANY

	Quarter ended			Year ended		
	31.03.2017	31.03.2016	Variance	31.03.2017	31.03.2016	Variance
	(Unaudited) Rs.	Audited Rs.	%	(Unaudited) Rs.	Audited Rs.	%
Gross Income	1,454,911,640	1,186,634,395	23	5,376,833,114	4,575,969,829	18
Interest income	1,378,127,660	1,097,186,716	26	4,977,443,851	4,088,411,305	22
Interest expenses	(688,352,593)	(512,540,499)	34	(2,462,431,850)	(1,868,434,772)	32
Net Interest Income	689,775,067	584,646,218	18	2,515,012,001	2,219,976,533	13
Fee and commission income	31,374,194	78,877,263	(60)	199,609,918	293,843,456	(32)
Fee and commission expenses	(18,884,349)	(22,586,710)	(16)	(45,489,412)	(102,524,846)	(56)
Net Fee and Commission Income	12,489,845	56,290,553	(78)	154,120,506	191,318,610	(19)
Net gain/(loss) from trading	(12,485,521)	(34,604,292)	(64)	12,309,545	19,100,295	(36)
Other operating income (net)	57,895,307	45,174,708	28	187,469,799	174,614,773	7
Total Operating Income	747,674,697	651,507,186	15	2,868,911,851	2,605,010,211	10
Impairment (charges) / reversal for loans and other losses	40,853,388	42,762,189	(4)	(73,680,699)	(165,552,247)	(55)
Gold Loan Auction Losses	398,512	(74,638,714)	(101)	(11,768)	(168,622,218)	(100)
Net Operating Income	788,926,597	619,630,661	27	2,795,219,384	2,270,835,746	23
Operating Expenses						
Personnel expenses	(133,827,534)	(188,049,320)	(29)	(774,573,157)	(750,965,495)	3
Other operating expenses	(239,231,445)	(224,375,247)	7	(901,077,284)	(815,792,384)	10
Depreciation of property & equipment	(25,446,515)	(27,919,124)	(9)	(117,753,625)	(99,934,198)	18
Total operating expenses	(398,505,494)	(440,343,691)		(1,793,404,066)	(1,666,692,077)	8
Operating Profit before Value Added Tax on Financial Services	390,421,103	179,286,970	118	1,001,815,317	604,143,668	66
Value added tax on financial services	(78,621,116)	(38,220,178)	106	(178,588,251)	(84,125,542)	112
Operating Profit after Value Added Tax on Financial Services	311,799,987	141,066,792	121	823,227,066	520,018,126	58
Share of profit from associates	-	10,899,751		10,899,751	13,442,936	
Loss on change of interest in associate	-	(3,153,928)		-	(3,153,928)	(100)
Profit before Taxation from Operations	311,799,987	137,912,864	126	834,126,817	530,307,135	57
Provision for income taxation	(78,593,968)	(24,890,350)	216	(188,593,968)	(111,117,749)	70
Profit for the Period	233,206,018	113,022,514	106	645,532,848	419,189,385	54
Basic/ Diluted earnings per share	6.92	46.51		19.16	172.51	
Dividend Per Share (Rs./Cts.)	-	-		3.70	53	

Alliance Finance Company PLC
STATEMENT OF PROFIT OR LOSS - GROUP

	Quarter ended			Year ended		
	31.03.2017	31.03.2016	Variance	31.03.2017	31.03.2016	Variance
	(Unaudited) Rs.	(Unaudited) Rs.	%	(Unaudited) Rs.	(Unaudited) Rs.	%
Gross Income	1,499,362,690	1,202,160,859	25	5,448,105,854	4,616,615,382	18
Interest income	1,380,216,410	1,097,602,211	26	4,985,044,640	4,090,199,942	22
Interest expenses	(688,309,924)	(512,492,858)	34	(2,462,431,850)	(1,868,434,772)	32
Net Interest Income	691,906,486	585,109,354	18	2,522,612,790	2,221,765,170	14
Fee and commission income	79,998,447	93,243,242	(14)	267,813,058	326,083,961	(18)
Fee and commission expenses	(18,882,449)	(22,591,412)	(16)	(45,496,812)	(102,534,576)	(56)
Net Fee and Commission Income	61,115,998	70,651,830	(13)	222,316,246	223,549,385	(1)
Net gain/(loss) from trading	(12,170,546)	(34,457,365)	(65)	13,818,243	25,118,643	(45)
Other operating income (net)	51,318,380	45,772,771	12	181,429,912	175,212,836	4
Total Operating Income	792,170,317	667,076,590	19	2,940,177,191	2,645,646,034	11
Impairment (charges) / reversal for loans and other losses	40,853,388	42,762,189	(4)	(73,680,699)	(165,552,247)	(55)
Gold Loan Auction Losses	398,512	(74,638,714)	(101)	(11,768)	(168,622,218)	(100)
Net Operating Income	833,422,216	635,200,064	31	2,866,484,724	2,311,471,569	24
Operating Expenses						
Personnel expenses	(154,074,003)	(186,400,071)	(17)	(802,058,435)	(758,476,851)	6
Other operating expenses	(258,498,987)	(226,848,404)	14	(927,399,020)	(824,523,377)	12
Depreciation of property & equipment	(25,200,551)	(28,445,847)	(11)	(118,302,588)	(101,019,509)	17
Total operating expenses	(437,773,541)	(441,694,322)		(1,847,760,043)	(1,684,019,737)	10
Operating Profit before Value Added Tax on Financial Services	395,648,675	193,505,743	104	1,018,724,681	627,451,832	62
Value added tax on financial services	(78,621,116)	(38,220,178)	106	(178,588,251)	(84,125,542)	112
Operating Profit after Value Added Tax on Financial Services	317,027,559	155,285,565	104	840,136,430	543,326,290	55
Share of profit from associates	(59,733)	(471,636)		10,899,751	13,442,936	
Loss on change of interest in associate	-	(3,153,928)	(100)	-	(3,153,928)	(100)
Profit before Taxation from Operations	317,027,559	152,131,637	108	851,036,181	553,615,299	54
Provision for income taxation	(83,951,852)	(29,359,457)	186	(195,458,895)	(117,418,769)	-
Profit for the Period	233,075,707	122,772,180	90	655,577,286	436,196,530	50
Profit attributable to :						
Equity holders of the Company	230,497,900	118,784,816	94	649,390,197	430,063,754	51
Non controlling interest	2,518,074	3,515,730	(28)	6,187,089	6,132,776	1
Profit for the Period	233,015,974	122,300,546	91	655,577,286	436,196,530	50
Basic/ Diluted earnings per share	6.92	50.52		19.27	176.98	
Dividend Per Share (Rs./Cts.)	-	-		3.70	53.00	

Alliance Finance Company PLC

STATEMENT OF COMPREHENSIVE INCOME - COMPANY

	Quarter ended		Year ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	Rs.	Rs.	Rs.	Rs.
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	233,206,018	113,022,514	645,532,848	419,189,385
Other comprehensive income				
Other comprehensive income to be reclassify to Profit or Loss				
<u>Net Gains and Losses on Available-for-Sale Financial Assets:</u>				
Sri Lanka government securities	(9,053,018)	(4,281,611)	798,159	(1,250,070)
Equity securities - Quoted	-	-	-	-
Equity securities - Un quoted	-	-	-	(14,366,292)
Share of other comprehensive income of associates	-	-	-	-
Net Change in fair value of available for sale financial assets	-	-	-	-
Net Other comprehensive Income to reclassified to Profit or Loss	(9,053,018)	(4,281,611)	798,159	(15,616,363)
Other Comprehensive Income not to be Reclassified to Profit or Loss				
Actuarial gains /(losses) on defined benefit plans	9,311,656	16,181,388	9,311,656	16,181,388
Deferred tax effect on above	(2,607,264)	(4,530,789)	(2,607,264)	(4,530,789)
Net Other Comprehensive Income not be Classified to Profit or Loss	6,704,392	11,650,599	6,704,392	11,650,599
Total Comprehensive Income for the Period	230,857,393	120,391,502	653,035,399	415,223,622

Alliance Finance Company PLC

STATEMENT OF COMPREHENSIVE INCOME - GROUP

	Quarter ended		Year ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	Rs.	Rs.	Rs.	Rs.
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	233,015,974	122,300,546	655,577,286	436,196,530
Other comprehensive income				
Other comprehensive income to be reclassify to Profit or Loss				
<u>Net Gains and Losses on Available-for-Sale Financial Assets:</u>				
Sri Lanka government securities	(9,053,018)	(4,281,611)	798,159	(1,250,070)
Equity securities - Quoted	-	-	-	-
Equity securities - Un quoted	-	3,637	-	(14,366,292)
Share of other comprehensive income of associates	-	-	-	-
Net Change in fair value of available for sale financial assets	-	-	-	-
Net Other comprehensive Income to reclassified to Profit or Loss	(9,053,018)	(4,277,975)	798,159	(15,616,363)
Net Other Comprehensive Income not be classified to profit or loss	-	-		
Actuarial gains /(losses) on defined benefit plans	9,427,504	16,269,996	9,427,504	16,269,996
Deferred tax effect on above	(2,607,264)	(4,530,789)	(2,607,264)	(4,530,789)
Net Other Comprehensive Income not be Classified to Profit or	6,820,240	11,739,207	6,820,240	11,739,207
Total Comprehensive Income for the Period	230,783,196	129,761,779	663,195,684	432,319,375
Attributable to:				
Equity holders of the Company	228,223,348	126,214,098	656,966,822	426,154,648
Non controlling interest	2,559,849	3,547,682	6,228,864	6,164,728
Total Comprehensive Income for the period	230,783,196	129,761,779	663,195,685	432,319,376

Alliance Finance Company PLC

STATEMENT OF FINANCIAL POSITION

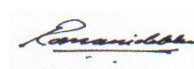
As at	Company		Group	
	31.03.2017 (Unaudited) Rs.	31.03.2016 (Audited) Rs.	31.03.2017 (Unaudited) Rs.	31.03.2016 (Audited) Rs.
Assets				
Cash and cash equivalents	236,961,882	143,982,481	335,723,216	177,180,931
Repurchase agreements	217,299,042	735,591,742	217,299,042	735,591,742
Placements with banks & financial institutions	1,231,248,094	1,834,356,115	1,231,248,094	1,834,356,115
Financial investments - held for trading	1,251,615,775	1,081,001,402	1,251,615,775	1,159,449,583
Loans and advances	7,478,467,024	5,603,981,321	7,478,583,487	5,604,087,836
Lease rentals receivable & stock out on hire	15,837,430,512	13,283,110,374	15,837,430,512	13,283,110,374
Hire purchase rentals receivable & stock out on hire	167,597,497	462,569,201	167,597,497	462,569,201
Financial investments - available for sale	488,324,251	450,254,097	501,824,251	463,754,097
Other trading stocks	9,775,936	207,857,305	9,775,936	207,857,305
Other financial assets	255,578,986	181,511,534	291,358,203	178,653,619
Other non financial assets	118,339,278	113,445,442	118,358,589	118,146,354
Investments in associates	68,762,442	65,834,956	68,762,442	65,834,956
Investments in subsidiaries	16,924,038	16,924,038	-	-
Property, plant & equipment	2,119,651,727	1,446,535,944	2,119,975,223	1,447,285,885
Intangible assets	49,498,623	-	49,498,623	-
Deferred tax assets	506,562,631	217,742,273	506,919,363	218,039,294
	<u>30,054,037,738</u>	<u>25,844,698,226</u>	<u>30,185,970,254</u>	<u>25,955,917,292</u>
Liabilities				
Due to banks	11,717,119,449	8,328,978,742	11,748,602,525	8,353,691,241
Due to customers	10,087,821,914	10,464,149,566	10,087,821,914	10,464,149,566
Debt instruments issued and other borrowed funds	2,548,225,806	3,062,414,964	2,548,225,806	3,062,414,964
Other financial liabilities	888,031,755	884,210,568	902,782,091	890,116,107
Other non financial liabilities	51,661,019	35,880,403	51,661,019	35,880,403
Derivative Financial Liberties	17,736,580		17,736,580	
Income tax liability	146,724,505	62,954,733	150,171,422	67,590,682
Retirement benefit liability	80,145,738	91,237,518	81,419,780	92,298,302
Deferred tax liabilities	458,070,200	192,818,369	458,111,176	192,934,106
Total liabilities	<u>25,995,536,966</u>	<u>23,122,644,864</u>	<u>26,046,532,314</u>	<u>23,159,075,372</u>
Shareholders' Funds				
Stated capital	613,980,000	24,300,000	613,980,000	24,300,000
Retained earnings	1,143,941,275	803,805,835	1,189,585,536	845,518,674
Reserves	2,300,579,497	1,893,947,527	2,300,579,495	1,893,947,526
Total Equity Attributable to equity holders of the company	<u>4,058,500,772</u>	<u>2,722,053,363</u>	<u>4,104,145,031</u>	<u>2,763,766,200</u>
Non controlling interest	-	-	35,292,909	33,075,720
Total Equity	<u>4,058,500,772</u>	<u>2,722,053,363</u>	<u>4,139,437,940</u>	<u>2,796,841,920</u>
Total Liabilities and Shareholders' Funds	<u>30,054,037,738</u>	<u>25,844,698,226</u>	<u>30,185,970,254</u>	<u>25,955,917,292</u>
Net Assets Value Per Share (Rs.)	120	1,120	122	1,151



Chamindra de Silva
Chief Financial Officer



Mahinda Gunasekara
Director



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

29th May 2017
Colombo

Alliance Finance Company PLC
STATEMENT OF CHANGES IN EQUITY
For the Financial Year Ended 31st March 2017

Company	Stated Capital Rs.	Statutory Reserve Rs.	Capital Reserve Rs.	Dividend Equalization Reserve Rs.	Diversification Risk Reserve Rs.	General Reserve Rs.	Development Reserve Rs.	Investment Fund Reserve Rs.	Available for Sale Reserve Rs.	Non Controlling Interest Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2015	24,300,000	418,257,400	479,906,644	7,000,000	255,000,000	453,300,000	108,141,275	83,216,780	21,681,789	-	598,539,503	2,449,343,391
Profit for the year	-	-	-	-	-	-	-	-	-	-	419,189,385	419,189,385
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	(15,616,362)	-	11,650,599	(3,965,762)
Transfer to statutory reserve	-	83,060,000	-	-	-	-	-	-	-	-	(83,060,000)	-
Transfer to general reserve	-	-	-	(7,000,000)	(255,000,000)	370,141,275	(108,141,275)	-	-	-	(2,323,724)	(2,323,724)
Restated Associate company prior year profit	-	-	-	-	-	-	-	-	-	-	(13,829,928)	(13,829,928)
Reassessment of value of fixed assests	-	-	-	-	-	-	-	-	-	-	-	-
Reserves Capitalization	-	-	-	-	-	-	-	-	-	-	-	-
Right Issue	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	(126,360,000)	(126,360,000)
Balances as at 31st March 2016	24,300,000	501,317,400	479,906,644	-	-	823,441,275	-	83,216,780	6,065,427	-	803,805,836	2,722,053,362
Balance as at 1 April 2016	24,300,000	501,317,400	479,906,644	-	-	823,441,275	-	83,216,780	6,065,427	-	803,805,836	2,722,053,362
Profit for the year	-	-	-	-	-	-	-	-	-	-	645,532,848	645,532,848
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	798,160	-	6,704,392	7,502,552
Revaluation Reserve	-	-	795,127,210	-	-	-	-	-	-	-	795,127,210	795,127,210
Transfer to statutory reserve	-	129,107,000	-	-	-	-	-	-	-	-	(129,107,000)	-
Reserves Capitalization	518,400,000	-	-	-	-	(435,183,220)	-	(83,216,780)	-	-	-	-
Right Issue	71,280,000	-	-	-	-	-	-	-	-	-	-	71,280,000
Dividend paid	-	-	-	-	-	-	-	-	-	-	(182,995,200)	(182,995,200)
Balances as at 31st March 2017	613,980,000	630,424,400	1,275,033,854	-	-	388,258,055	-	-	6,863,587	-	1,143,940,876	4,058,500,772
Group												
Balance as at 1 April 2015	24,300,000	418,257,400	479,906,644	7,000,000	255,000,000	453,300,000	108,141,275	83,216,780	21,681,789	26,910,995	629,321,313	2,507,036,196
Profit for the year	-	-	-	-	-	-	-	-	-	6,132,776	430,063,754	436,196,530
Other comprehensiveIncome, net of tax	-	-	-	-	-	-	-	-	(15,616,362)	31,949	11,707,258	(3,877,154)
Restated Associate company prior year profit	-	-	-	-	-	-	-	-	-	-	(2,323,724)	(2,323,724)
Reassessment of value of fixed assests	-	-	-	-	-	-	-	-	-	-	(13,829,928)	(13,829,928)
Transfer to General reserve	-	-	-	(7,000,000)	(255,000,000)	370,141,275	(108,141,275)	-	-	-	-	-
Transfer to statutory reserve	-	83,060,000	-	-	-	-	-	-	-	-	(83,060,000)	-
Reserves Capitalization	-	-	-	-	-	-	-	-	-	-	-	-
Right Issue	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	(126,360,000)	(126,360,000)
Balances as at 31st March 2016	24,300,000	501,317,400	479,906,644	-	-	823,441,275	-	83,216,780	6,065,427	33,075,720	845,518,674	2,796,841,922
Profit for the year	-	-	-	-	-	-	-	-	-	6,187,089	649,390,197	655,577,286
Other comprehensiveIncome, net of tax	-	-	-	-	-	-	-	-	798,160	41,775	6,778,465	7,618,400
Revaluation surplus	-	-	795,127,210	-	-	-	-	-	-	-	-	795,127,210
Transfer to statutory reserve	-	129,107,000	-	-	-	-	-	-	-	-	(129,107,000)	-
Reserves Capitalization	518,400,000	-	-	-	-	(435,183,220)	-	(83,216,780)	-	-	-	-
Right Issue	71,280,000	-	-	-	-	-	-	-	-	-	-	71,280,000
Dividend paid	-	-	-	-	-	-	-	-	-	(4,011,675)	(182,995,200)	(187,006,875)
Balances as at 31st March 2017	613,980,000	630,424,400	1,275,033,854	-	-	388,258,055	-	-	6,863,587	35,292,909	1,189,585,135	4,139,437,943

Alliance Finance Company PLC
STATEMENT OF CASH FLOWS
For the Financial Year Ended 31st March 2017

Cash Flows From / (Used in) Operating Activities	Company		Group	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	Rs.	Rs.	Rs.	Rs.
Profit before Income Tax Expense	834,126,817	530,307,135	851,036,181	553,615,299
Adjustments for;				
Depreciation of property, plant & equipment	117,753,625	99,934,198	118,302,588	101,019,509
Impairment provision	(24,269,874)	(153,371,135)	(24,269,874)	(153,371,135)
Interest on fixed deposits, commercial paper & treasury bills	(275,936,010)	(177,852,634)	(283,536,800)	(179,641,272)
Profit/(loss) on sale of securities	798,829	(8,235,404)	798,829	(8,235,404)
Fair value gain or loss on equity investments (FVTPL)	(4,293,334)	(261,767)	(4,293,334)	(261,767)
Profit/(loss) on AFS financial assets	-	(28,155,635)	-	(27,801,222)
Diminution/(appreciation) in value of investments	10,528,127	32,924,518	10,528,127	32,924,518
Loss/(Profit) on disposal of property & equipment	(13,184,186)	(19,658,346)	(13,184,186)	(19,658,346)
Provision/(reversal) for defined benefit plans	31,452,561	32,112,383	31,781,667	32,397,636
Dividend received	(13,829,352)	(8,305,081)	(7,561,667)	(8,305,081)
Loss on change of interest in associate	-	3,153,928	-	3,153,928
Loss on Disposal of Associates	-	354,413	-	354,413
Share of profit from associates	(10,899,751)	(13,442,936)	(10,899,751)	(13,442,936)
Operating Profit before Working Capital Changes	652,247,452	289,503,635	668,701,780	312,748,138
(Increase)/decrease in trading stock	198,081,369	59,143,229	198,081,369	59,143,229
(Increase)/decrease in loans and advances	(1,854,369,742)	(1,876,466,336)	(1,854,379,690)	(1,876,432,801)
(Increase)/decrease in lease rentals receivable & stock out on hire	(2,549,813,410)	(3,100,799,005)	(2,549,813,410)	(3,100,799,005)
(Increase)/decrease in hire purchase rentals Receivable & Stock out on hire	294,618,889	703,915,304	294,618,889	703,915,304
(Increase)/decrease in fixed deposits & repurchase agreements	1,121,400,721	(1,576,769,315)	1,121,400,721	(1,576,769,315)
(Increase)/decrease in other financial assets	(74,067,452)	(46,685,568)	(112,704,584)	(57,334,441)
(Increase)/decrease in other non financial assets	(4,893,836)	13,765,526	(212,235)	10,219,639
Increase/(decrease) in amounts due to customers	(376,327,652)	120,083,633	(376,327,652)	120,083,633
Increase/(decrease) in derivative financial liabilities	17,736,580	-	17,736,580	-
Increase/(decrease) in other financial liabilities	3,821,187	183,524,338	12,665,984	178,655,880
Increase/(decrease) in other non financial liabilities	15,780,616	(3,709,744)	15,780,616	(5,944,808)
Cash used in from operations	(2,555,785,278)	(5,234,494,303)	(2,564,451,632)	(5,232,514,547)
Retirement benefit liabilities paid	(7,672,683)	(4,467,476)	(7,938,537)	(4,707,476)
Investment in gratuity fund	(25,650,000)	(20,000,000)	(25,650,000)	(20,000,000)
Taxes paid	(153,113,264)	(15,101,198)	(154,157,641)	(16,983,189)
Net cash used in operating activities	(2,742,221,225)	(5,274,062,977)	(2,752,197,810)	(5,274,205,212)
Cash Flows from / (Used in) Investing Activities				
Acquisition of property, plant & equipment	(20,740,064)	(450,672,209)	(20,862,582)	(450,672,209)
Proceeds from sales of property, plant & equipment	38,182,052	67,278,176	38,182,052	67,278,176
Net dividend and proceeds received from associates	-	8,288,803	-	8,288,803
Proceeds from disposal of AFS financial assets	-	44,335,336	-	44,335,336
Net sales/ (purchases) of financial investments held -for- trading	(177,647,995)	238,307,604	(99,199,814)	232,289,255
Net sale/(purchase) of financial investments - available- for- sale	(28,070,154)	73,281,074	(38,070,154)	59,426,660
Dividend received	13,829,352	8,305,081	7,561,667	8,305,081
Interest on fixed deposits, commercial paper & treasury bills	275,936,010	177,852,634	283,536,800	179,641,272
Net cash generated from investing activities	101,489,201	166,976,499	171,147,969	148,892,374
Cash Flows from / (Used in) Financing Activities				
Proceeds from debentures and increase in borrowed funds	(542,714,083)	(141,051,484)	(543,603,958)	(141,051,484)
Net increase /(decrease) in other borrowings	3,388,140,707	5,399,907,395	3,394,911,284	5,401,657,636
Proceeds from right issue	71,280,000		71,280,000	
Dividends paid	(182,995,200)	(126,360,000)	(182,995,200)	(126,360,000)
Net cash generated from financing activities	2,733,711,424	5,132,495,911	2,739,592,126	5,134,246,152
Net Increase/(Decrease) in Cash and Cash Equivalents	92,979,401	25,409,433	158,542,285	8,933,314
Cash and cash equivalents at the beginning of the year	143,982,481	118,573,049	177,180,931	168,247,616
Cash and cash equivalents at the end of the year	236,961,882	143,982,481	335,723,216	177,180,931
Movement in Cash and Cash Equivalent	92,979,401	25,409,432	158,542,285	8,933,315

Note : Reporting cash flows from operating activities

The Company reports cash flows from operating activities by using the indirect method. The indirect method – whereby profit or loss is adjusted for the effects of non-cash items, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows – is shown in the above.

Alliance Finance Company PLC
NOTES TO THE FINANCIAL STATEMENTS
For the Financial year ended 31st March 2017

	<i>Leasing</i>	<i>Hire Purchase & Consuer 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>
31st March 2017										
REVENUE										
External sales	9,449,586,623	358,713,279	1,654,735,351	113,831,460	49,097,842	11,703,530	170,725,971	22,259,597	208,874,254	12,039,527,908
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
<i>Total revenue</i>	9,449,586,623	358,713,279	1,654,735,351	113,831,460	49,097,842	11,703,530	170,725,971	22,259,597	208,874,254	12,039,527,908
<i>Total income</i>	3,124,219,302	83,808,485	1,692,911,116	113,831,460	49,097,842	(3,765,289)	187,922,625	8,402,711	191,677,600	5,448,105,854
RESULTS										
<i>Segment results</i>	2,394,978,738	68,794,869	1,064,027,142	45,470,545	25,282,921	(14,960,065)	137,448,394	8,402,711	191,677,073	3,921,122,328
Unallocated company expenses										(618,554,049)
<i>Operating profit</i>										3,302,568,279
Interest expense	(1,430,127,250)	(15,134,131)	(634,529,465)	(40,680,187)	(14,939,519)	(19,820,311)	(158,138,332)	(545,404)	(148,517,251)	(2,462,431,850)
Share of profits of associates before tax										10,899,751
Loss on change of interest in associate										-
Income taxes										(195,458,895)
<i>Net Profit</i>										655,577,286
OTHER INFORMATION										
Segment assets	15,837,430,512	167,597,497	7,026,868,627	450,498,121	165,442,341	219,492,918	1,751,246,151	6,039,880	1,644,700,942	27,269,316,988
Investment in associates										68,762,442
Unallocated company assets										2,847,890,824
<i>Total assets</i>										30,185,970,254
Segment liabilities	13,827,893,699	141,106,747	5,916,189,637	379,291,610	139,292,239	184,799,488	1,474,441,160	5,085,206	1,384,736,671	23,452,836,457
Unallocated company liabilities										2,593,695,856
<i>Total liabilities</i>										26,046,532,313
31st March 2016										
REVENUE										
External sales	8,559,446,796	814,852,166	1,208,541,818	101,533,619	47,698,979	44,341,707	130,481,201	33,396,878	204,630,602	11,144,923,766
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
<i>Total revenue</i>	8,559,446,796	814,852,166	1,208,541,818	101,533,619	47,698,979	44,341,707	130,481,201	33,396,878	204,630,602	11,144,923,766
<i>Total income</i>	2,689,946,108	197,586,713	1,233,935,002	101,533,619	47,698,979	11,417,189	180,254,299	19,044,494	135,198,979	4,616,615,381
RESULTS										
<i>Segment results</i>	1,751,831,888	177,818,037	707,061,903	(201,497,766)	22,017,489	(21,981,048)	141,931,366	19,044,494	134,943,521	2,731,169,884
Unallocated company expenses										(319,408,821)
<i>Operating profit</i>										2,411,761,063
Interest expense	(1,025,026,977)	(35,695,398)	(405,136,418)	(27,293,350)	(12,763,563)	(17,306,858)	(135,625,392)	(138,398)	(209,448,417)	(1,868,434,772)
Share of profits of associates before tax										13,442,936
Loss on change of interest in associate										(3,153,928)
Income taxes										(117,418,769)
<i>Net Profit</i>										436,196,530
OTHER INFORMATION										
Segment assets	13,283,110,374	462,569,201	5,250,078,167	353,688,820	165,400,341	224,275,954	1,757,541,117	1,793,477	2,714,198,269	24,212,655,720
Investment in associates										68,158,680
Unallocated company assets										1,563,883,827
<i>Total assets</i>										25,844,698,227
Segment liabilities	11,908,323,665	407,301,385	4,622,798,278	311,430,043	145,638,291	197,479,440	1,547,549,920	1,579,192	2,389,905,576	21,532,005,790
Unallocated company liabilities										1,627,069,582
<i>Total liabilities</i>										23,159,075,372

Alliance Finance Company PLC

NOTES TO THE FINANCIAL STATEMENTS

- 1 The figures given in the statements for the financial ended 31st March 2017 are provisional and subject to audit.
- 2 The Accounting Policies and methods of computation disclosed in the Financial Statements for the year ended 31st March 2016 were consistently followed during the said period.
- 3 The Financial Statements for the year ended 31st March 2017, have been presented in the same format adopted in the audited accounts as at 31st March 2016, and are in accordance with the Sri Lanka Accounting Standards, LKAS 34, and Interim Financial Reporting and the provisions of the Companies Act No. 7 of 2007 and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
- 4 All known expenses including management fees and other similar expenses have been provided for in full for the financial ended 31st March 2017.
- 5 During the quarter ended 31st March 2017, the Company raised foreign funds amounting of USD 4 Mn. from Triodos.
- 7 During the quarter ended 31st December 2016 the shares subdivided 1:10, increasing the Shares in Issue to 24,300,000, whilst the Stated Capital remained unchanged. Thereafter on 24,300,000 shares there was a Capitalization 1:3 at Rs.64/- utilizing the General Reserve. Thus the Shares in Issue increased to 32,400,000 and the Stated Capital increased to Rs.542,700,000/-. On the increased base there was Rights Issue 1:25, thereby the Shares in Issue increased to 33,696,000 and the Stated Capital increased to Rs.613,980,000/-. The monies raised from the Rights Issue amounting to Rs.71,280,000/- has been utilized for the lending operations of the Company in the succeeding quarter.
- 6 There has not been a significant change in the nature of the Contingent Liabilities which were disclosed in the ended 31st March 2017.
- 8 Except for notes disclosed above there have been no significant events subsequent to the reporting date, which requires adjustments to or disclosures in the interim financial statements.

Alliance Finance Company PLC

INFORMATION ON ORDINARY SHARES

Market Price per share

	Quarter ended 01st January – 31st March 2017	Quarter ended 01st January – 31st March 2016
Highest Price	64.70	1,000.00
Lowest Price	52.30	732.00
Last Traded	55.00	740.00

Issued Capital

As at 31st March 2017 the Stated Capital was Rs. 613,980,000/- of 33,696,000 Ordinary shares were issued.

INFORMATION ON DEBENTURE

Debenture Investor Indicators

	31.03.2017
Debt/equity ratio times	6.01
Interest cover times	2.02
Liquid assets ratio (%)	20.19%

Debenture 2012-2017 Market Price (Rs.)

	Lowest	Highest	Last Traded
5 Years - 20.0% p.a payable monthly	102.28	102.28	102.28

Debenture 2013-2018 Market Price (Rs.)

	Lowest	Highest	Last Traded
4 Years - 16.00% p.a payable semi annually	100	100	100
5 Years - 16.5% p.a payable semi annually	Has not been traded		
5 Years - 16.5% p.a payable at maturity	Has not been traded		

Debenture 2014-2019 Market Price (Rs.)

	Lowest	Highest	Last Traded
4 Years - 9% p.a payable annually	Has not been traded		
5 Years - 9.35% p.a payable annually	Has not been traded		

Interest yield as at last trade done during the quarter (%)

5 Years - 20% p.a payable monthly	19.55%
4 Years - 16% p.a payable annually	16.00%

Yield to maturity of last trade done during the quarter (%)

5 Years - 20% p.a payable monthly	8.55%
4 Years - 16% p.a payable semi annually	10.37%

Yield of comparable government securities (%)

	31.03.2017
03 year treasury bonds	11.95%
04 year treasury bonds	11.69%
05 year treasury bonds	12.04%

Alliance Finance Company PLC

SHAREHOLDERS' INFORMATION

Directors Shareholding as at 31st March 2017

<u>No</u>	<u>Name of Director</u>	<u>No of Shares</u>
1	Mr.S. Karunanayake	1,586
2	Mr.R.K.E.P. de Silva *	8,934,075
3	Mrs.R.N. Ponnambalam	2,666
4	Mr.A.R. Samarasinghe	1,386
5	Mr.J.M. Gunasekera	1,500
6	Mr.L.A.P. Medis	-
	* Jt Holding with Mr.J.E.P.A. de Silva	2,101,216

Twenty Largest Ordinary Shareholders as at 31st March 2017

<u>No.</u>	<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>%</u>
1	Mr.R.K.E.P. de Silva	8,934,075	26.51
2	Motor Service Station (Pvt) Ltd.,	4,542,220	13.48
3	Miss D.M.E.P. Perera	2,501,443	7.42
4	Mr.R.K.E.P. de Silva & Mr.J.E.P.A. de Silva	2,101,216	6.24
5	Mr.D.F.W.S.K. Perera & Mr.D.F.W. Perera	1,381,536	4.10
6	Orient Hotels Ltd.,	1,358,323	4.03
7	Mr.N. Amarasinghe	889,360	2.64
8	Mrs.S.E. Canekeratne	612,268	1.82
9	Mr.D.L.S.R. Perera	553,556	1.64
10	Janashakthi PLC A/c No. 1	504,663	1.50
11	Mrs.S.R.L. Marcelline	492,480	1.46
12	Trading Partners (Pvt) Ltd.	422,475	1.25
13	Mrs.C.R. de Silva	374,400	1.11
14	Mr. D.F.W. Perera	310,560	0.92
15	Ms.D.D.P.T. Perera	309,384	0.92
16	Mrs.P. Weththasinghe	299,975	0.89
17	Seylan Bank PLC/Janashakthi Ltd.,	276,742	0.82
18	Mrs.A.S. Wijewardena	259,200	0.77
19	Mrs.L.S. Semage	249,016	0.74
20	Ms.D.C.M.A. Perera	236,632	0.70

Public Shareholding as at 31st March 2017

<u>No of Shares</u>	<u>%</u>
18,100,071	53.72

No of Shareholders

The percentage of ordinary shares held by the public as at 31st March 2017 was 53.72% and the number of shareholders representing the public holding was 1098

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 - FCA, FCMA (UK), MBA - *Chairman*
Romani de Silva, F.I.C.M. (SL), *Deputy Chairman & Managing Director*
Lt. Col (Retd) A.R. Samarasinghe, MSc, CS (Security), BIT.
R.N. Ponnambalam
J.M. Gunasekara, B. Sc (Agri), MBA, *Executive Director Sustainability*
L. A. P. Medis, PhD, MBA, B.Com (Sp), MCIM, CMA, Consultant Director Marketing

Secretaries

Alliance Management Services (Pvt) Ltd.,
No.84, Ward Place
Colombo 7.

Audit Committee

Mr. Sunil Karunanayake - Chairman
Lt. Col (Retd) A.R. Samarasinghe

Remuneration Committee

Mrs. R. N. Ponnambalam - Chairperson
Mr. Athula Samarasinghe

Auditors

M/s Baker Tilly, Edirisinghe & Co.
Chartered Accountants,
No. 45, 2nd Floor, Bray Brooke Street,
Colombo 2.

Legal Consultants

Gunawardene Ranasinghe Associates
Sudath Perera Associates

Advisory Council

Pratapkumar de Silva - FICM (SL) FICM (Eng.), JP
B. Pannambalam
Abbas Akbarally - Chairman, Akbar Brother Group of Companies
K. Kanag Isvaran LLB (London) of Lincoln's Inn
Barrister President's Counsel
S.P. Morawake - Former Registrar of Companies

Bankers

Sampath Bank PLC
Seylan Bank PLC
Public Bank Berhad
Peoples Bank
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Bank of Ceylon
Nations Trust Bank PLC
Union Bank of Colombo PLC

ALLIANCE FINANCE COMPANY PLC

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L. A. P. Medis, PhD, MBA, B.Com (Sp), MCIM, CMA, Consultant Director Marketing
W.P. Kusal Jayawardana - CFA, MBA, ACMA, CGMA, ACCA - *Finance Director*

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Barrister President's Counsel
S.P. Morawake - Former Registrar of Companies

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Nations Trust Bank PLC
Union Bank of Colombo PLC

ALLIANCE FINANCE COMPANY PLC