



Financial Statements

For the Six Months Ended 30th September 2016



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			Six months ended		
	30.09.2016	30.09.2015	Variance	30.09.2016	30.09.2015	Variance
	(Unaudited) Rs.	(Unaudited) Rs.	%	(Unaudited) Rs.	(Unaudited) Rs.	%
Gross Income	1,314,425,165	1,120,290,768	17	2,585,789,111	2,223,077,442	16
Interest income	1,204,193,340	998,690,874	21	2,361,866,437	1,972,094,144	20
Interest expenses	(597,228,457)	(455,682,524)	31	(1,148,362,556)	(897,816,648)	28
Net Interest Income	606,964,883	543,008,349	12	1,213,503,881	1,074,277,495	13
Fee and commission income	49,360,172	71,661,613	(31)	104,205,870	137,015,581	(24)
Fee and commission expenses	7,882,992	(24,982,494)	(132)	(11,749,590)	(53,638,009)	(78)
Net Fee and Commission Income	57,243,164	46,679,119	23	92,456,280	83,377,572	11
Net gain/(loss) from trading	11,859,509	17,419,702	(32)	37,204,614	43,795,388	(15)
Other operating income (net)	49,012,144	32,518,580	51	82,512,189	70,172,330	18
Total Operating Income	725,079,701	639,625,750	13	1,425,676,965	1,271,622,785	12
Impairment (charges) / reversal for loans and other losses	(5,888,712)	(69,404,644)	(92)	(60,396,621)	(173,913,073)	(65)
Gold Loan Auction Losses	14,638	(4,155,819)	(100)	(142,124)	(25,132,416)	(99)
Net Operating Income	719,205,627	566,065,286	27	1,365,138,219	1,072,577,297	27
Operating Expenses						
Personnel expenses	(208,284,050)	(198,687,844)	5	(431,249,808)	(364,612,332)	18
Other operating expenses	(229,704,816)	(213,680,299)	7	(435,080,520)	(376,505,608)	16
Depreciation of property & equipment	(28,654,046)	(23,741,811)	21	(63,728,538)	(46,967,263)	36
Total operating expenses	(466,642,913)	(436,109,953)		(930,058,866)	(788,085,203)	18
Operating Profit before Value Added Tax on Financial Services	252,562,714	129,955,333	94	435,079,354	284,492,094	53
Value added tax on financial services	(31,207,777)	(17,117,363)	82	(66,043,272)	(27,921,663)	137
Operating Profit after Value Added Tax on Financial Services	221,354,937	112,837,970	96	369,036,082	256,570,431	44
Share of profit from associates	3,208,504	4,226,243	(24)	9,243,235	8,942,293	3
Profit before Taxation from Operations	224,563,441	117,064,213	92	378,279,317	265,512,724	42
Provision for income taxation	(39,000,000)	(25,000,000)	56	(69,000,000)	(55,000,000)	25
Profit for the Period	185,563,441	92,064,213	102	309,279,317	210,512,724	47
Basic/ Diluted earnings per share	76.36	37.89		127.28	86.63	
Dividend Per Share (Rs./Cts.)	-	-		-	-	

Alliance Finance Company PLC
STATEMENT OF PROFIT OR LOSS - GROUP

	Quarter ended			Six months ended		
	30.09.2016	30.09.2015	Variance	30.09.2016	30.09.2015	Variance
	(Unaudited) Rs.	(Unaudited) Rs.	%	(Unaudited) Rs.	(Unaudited) Rs.	%
Gross Income	1,322,446,478	1,128,293,327	17	2,602,204,049	2,239,461,232	16
Interest income	1,204,986,375	997,724,620	21	2,364,777,131	1,973,042,685	20
Interest expenses	(597,265,225)	(455,714,866)	31	(1,148,399,324)	(897,857,890)	28
Net Interest Income	607,721,149	542,009,753	12	1,216,377,807	1,075,184,794	13
Fee and commission income	54,687,711	77,773,869	(30)	115,809,376	149,594,273	(23)
Fee and commission expenses	7,877,892	(24,951,390)	(132)	(11,754,690)	(53,640,874)	(78)
Net Fee and Commission Income	62,565,604	52,822,479	18	104,054,686	95,953,399	8
Net gain/(loss) from trading	13,368,207	20,276,259	(34)	38,713,312	46,651,945	(17)
Other operating income (net)	49,404,184	32,518,580	52	82,904,229	70,172,330	18
Total Operating Income	733,059,145	647,627,071	13	1,442,050,034	1,287,962,468	12
Impairment (charges) / reversal for loans and other losses	(5,888,712)	(69,404,644)	(92)	(60,396,621)	(173,913,073)	(65)
Gold Loan Auction Losses	14,638	(4,155,819)	(100)	(142,124)	(25,132,416)	(99)
Net Operating Income	727,185,071	574,066,608	27	1,381,511,289	1,088,916,980	27
Operating Expenses						
Personnel expenses	(212,327,444)	(202,809,054)	5	(437,647,039)	(371,277,584)	18
Other operating expenses	(231,242,121)	(214,351,331)	8	(438,490,489)	(380,717,254)	15
Depreciation of property & equipment	(28,919,021)	(23,928,007)	21	(64,258,488)	(47,339,655)	36
Total operating expenses	(472,488,586)	(441,088,391)		(940,396,016)	(799,334,493)	18
Operating Profit before Value Added Tax on Financial Services	254,696,484	132,978,216	92	441,115,273	289,582,487	52
Value added tax on financial services	(31,207,777)	(17,117,363)	82	(66,043,272)	(27,921,663)	137
Operating Profit after Value Added Tax on Financial Services	223,488,707	115,860,853	93	375,072,001	261,660,824	43
Share of profit from associates	3,208,504	4,226,243	(24)	9,243,235	8,942,293	3
Profit before Taxation from Operations	226,697,211	120,087,096	89	384,315,236	270,603,117	42
Provision for income taxation	(40,482,431)	(25,783,417)	57	(70,482,431)	(55,783,417)	-
Profit for the Period	186,214,780	94,303,679	97	313,832,805	214,819,700	46
Profit attributable to :						
Equity holders of the Company	185,979,907	93,478,548	99	312,190,816	213,249,025	46
Non controlling interest	234,873	825,131	(72)	1,641,988	1,570,675	5
Profit for the Period	186,214,780	94,303,679	97	313,832,804	214,819,700	46
Basic/ Diluted earnings per share	76.63	38.81		129.15	88.40	
Dividend Per Share (Rs./Cts.)	-	-		-	-	

Alliance Finance Company PLC

STATEMENT OF COMPREHENSIVE INCOME - COMPANY

	Quarter ended		Six months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	Rs.	Rs.	Rs.	Rs.
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	185,563,441	92,064,213	309,279,317	210,512,724
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	(9,848,823)	(17,597,822)	1,177	(4,018,459)
Equity securities - Quoted	-	-	-	-
Equity securities - Un quoted	-	-	-	-
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	(9,848,823)	(17,597,822)	1,177	(4,018,459)
Net Other Comprehensive Income not be classified to profit or loss	-	-	-	-
Total Comprehensive Income for the Period	175,714,618	74,466,391	309,280,493	206,494,265

Alliance Finance Company PLC

STATEMENT OF COMPREHENSIVE INCOME - GROUP

	Quarter ended		Six months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	Rs.	Rs.	Rs.	Rs.
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	186,214,780	94,303,679	313,832,804	214,819,700
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	(9,848,823)	(17,597,822)	1,177	(4,018,459)
Equity securities - Quoted	-	-	-	-
Equity securities - Un quoted	-	-	-	-
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	(9,848,823)	(17,597,822)	1,177	(4,018,459)
Net Other Comprehensive Income not be classified to profit or loss	-	-	-	-
Total Comprehensive Income for the Period	176,365,957	76,705,857	313,833,981	210,801,241
Attributable to:				
Equity holders of the Company	176,163,032	75,880,725	312,191,993	209,230,566
Non controlling interest	202,925	825,131	1,641,988	1,570,675
Total Comprehensive Income for the period	176,365,957	76,705,857	313,833,981	210,801,241

Alliance Finance Company PLC
STATEMENT OF FINANCIAL POSITION

As at	Company		Group	
	30.09.2016 (Unaudited) Rs.	31.03.2016 (Audited) Rs.	30.09.2016 (Unaudited) Rs.	31.03.2016 (Audited) Rs.
Assets				
Cash and cash equivalents	387,743,838	143,982,481	425,030,373	177,180,931
Repurchase agreements	13,101,770	735,591,742	13,101,770	735,591,742
Placements with banks & financial institutions	2,246,637,552	1,834,356,115	2,296,637,552	1,834,356,115
Financial investments - held for trading	1,541,562,528	1,081,001,402	1,541,562,528	1,159,449,583
Loans and advances	5,822,254,680	5,603,981,321	5,822,254,680	5,604,087,836
Lease rentals receivable & stock out on hire	14,119,354,608	13,283,110,374	14,119,354,608	13,283,110,374
Hire purchase rentals receivable & stock out on hire	295,668,654	462,569,201	295,668,654	462,569,201
Financial investments - available for sale	597,080,233	450,254,097	610,580,233	463,754,097
Other trading stocks	195,746,287	207,857,305	195,746,287	207,857,305
Other financial assets	195,135,126	181,511,534	210,977,057	178,653,619
Other non financial assets	121,685,965	113,445,442	122,023,037	118,146,354
Investments in associates	77,401,914	68,158,680	77,401,914	68,158,680
Investments in subsidiaries	16,924,038	16,924,038	-	-
Property, plant & equipment	1,414,060,616	1,460,365,873	1,414,933,058	1,461,115,815
Deferred tax assets	213,869,894	213,869,894	214,166,914	214,166,914
Total Assets	27,258,227,703	25,856,979,499	27,359,438,664	25,968,198,566
Liabilities				
Due to banks	9,399,892,317	8,328,978,742	9,413,543,415	8,353,691,241
Due to customers	10,536,045,192	10,464,149,566	10,536,045,192	10,464,149,566
Debt instruments issued and other borrowed funds	2,594,346,168	3,062,414,964	2,594,346,168	3,062,414,964
Other financial liabilities	1,318,720,423	884,210,568	1,332,113,624	890,116,107
Other non financial liabilities	25,797,411	35,880,403	26,561,904	35,880,403
Income Tax liability	42,641,478	62,954,733	42,641,478	67,590,682
Retirement benefit liability	104,351,218	91,237,518	105,795,602	92,298,302
Deferred tax liabilities	192,818,369	192,818,369	192,934,106	192,934,106
Total liabilities	24,214,612,576	23,122,644,863	24,243,981,490	23,159,075,371
Shareholders' Funds				
Stated capital	24,300,000	24,300,000	24,300,000	24,300,000
Retained earnings	1,125,366,423	816,087,109	1,162,490,765	857,799,949
Reserves	1,893,948,704	1,893,947,527	1,893,948,700	1,893,947,526
Total Equity Attributable to equity holders of the company	3,043,615,127	2,734,334,636	3,080,739,466	2,776,047,475
Non controlling interest	-	-	34,717,708	33,075,720
Total Equity	3,043,615,127	2,734,334,636	3,115,457,174	2,809,123,195
Total Liabilities and Shareholders' Funds	27,258,227,703	25,856,979,499	27,359,438,664	25,968,198,566
Net Assets Value Per Share (Rs.)	1,126	1,008	1,143	1,021



Chamindra de Silva
Chief Financial Officer



Mahinda Gunasekara
Director



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

15th November 2016
Colombo

Alliance Finance Company PLC
STATEMENT OF CHANGES IN EQUITY
For the Six months ended 30th September 2016

Company	Stated	Statutory	Capital	Dividend	Diversification	General	Development	Investment	Available for	Non	Retained	Total
	Capital	Reserve	Reserve	Equalization								
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balances as at 31st March 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	2,449,343,392
Profit for the period	-	-	-	-	-	-	-	-	-	-	210,512,724	210,512,724
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	(4,018,459)	-	-	(4,018,459)
Transfer to General Reserve	-	-	-	(7,000,000)	(255,000,000)	370,141,275	(108,141,275)	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	(55,890,000)	(55,890,000)
Balances as at 30th September 2015	<u>24,300,000</u>	<u>418,257,400</u>	<u>479,906,644</u>	<u>-</u>	<u>-</u>	<u>823,441,275</u>	<u>-</u>	<u>83,216,780</u>	<u>17,663,330</u>	<u>-</u>	<u>753,162,226</u>	<u>2,599,947,657</u>
Balances as at 31st March 2016	24,300,000	501,317,400	479,906,644	-	-	823,441,275	-	83,216,780	6,065,427	-	816,087,109	2,734,334,634
Profit for the period	-	-	-	-	-	-	-	-	-	-	309,279,316	309,279,316
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	1,177	-	-	1,177
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Balances as at 30th September 2016	<u>24,300,000</u>	<u>501,317,400</u>	<u>479,906,644</u>	<u>-</u>	<u>-</u>	<u>823,441,275</u>	<u>-</u>	<u>83,216,780</u>	<u>6,066,604</u>	<u>-</u>	<u>1,125,366,425</u>	<u>3,043,615,127</u>
Group												
Balances as at 31st March 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	2,507,036,197
Non controlling Interest arising from business combination	-	-	-	-	-	-	-	-	-	1,570,675	-	1,570,675
Profit for the period	-	-	-	-	-	-	-	-	-	-	213,249,025	213,249,025
Transfer to General Reserve	-	-	-	(7,000,000)	(255,000,000)	370,141,275	(108,141,275)	-	-	-	-	-
Transfer of realized gain/(loss) on available for sale financial assets	-	-	-	-	-	-	-	-	(4,018,459)	-	-	(4,018,459)
Other comprehensive Income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	(55,890,000)	(55,890,000)
Balances as at 30th September 2015	<u>24,300,000</u>	<u>418,257,400</u>	<u>479,906,644</u>	<u>-</u>	<u>-</u>	<u>823,441,275</u>	<u>-</u>	<u>83,216,780</u>	<u>17,663,330</u>	<u>28,481,670</u>	<u>786,680,338</u>	<u>2,661,947,438</u>
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	857,799,949	2,809,123,195
Non controlling Interest arising from business combination	-	-	-	-	-	-	-	-	-	1,641,988	-	1,641,988
Profit for the period	-	-	-	-	-	-	-	-	-	-	312,190,816	312,190,816
Other comprehensive Income, net of tax	-	-	-	-	-	-	-	-	1,177	-	-	1,176
Dividend paid	-	-	-	-	-	-	-	-	-	-	(7,500,000)	(7,500,000)
Balances as at 30th September 2016	<u>24,300,000</u>	<u>501,317,400</u>	<u>479,906,644</u>	<u>-</u>	<u>-</u>	<u>823,441,275</u>	<u>-</u>	<u>83,216,780</u>	<u>6,066,603</u>	<u>34,717,708</u>	<u>1,162,490,765</u>	<u>3,115,457,174</u>

Alliance Finance Company PLC
STATEMENT OF CASH FLOWS
For the Six months ended 30th September 2016

Cash Flows From / (Used in) Operating Activities	Company		Group	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	Rs. Unaudited	Rs. Unaudited	Rs. Unaudited	Rs. Unaudited
Profit before Income Tax Expense	378,279,317	265,512,723	384,315,236	270,603,117
Adjustments for;				
Depreciation of property, plant & equipment	63,728,538	46,967,263	64,258,488	47,339,655
Impairment provision	23,329,128	183,550,152	23,329,128	183,550,152
Interest on fixed deposits, commercial paper & treasury bills	(132,259,058)	(83,009,157)	(135,169,753)	(83,957,698)
Profit /(loss) on sale of securities	598,295	(5,513,585)	598,295	(5,513,585)
Fair value gain or loss on equity investments (FVTPL)	(6,550,773)	447,912	(6,550,773)	447,912
Diminution/(appreciation) in value of investments	(16,945,039)	(16,214,861)	(16,945,039)	(16,214,861)
Loss/(Profit) on disposal of property & equipment	(6,703,000)	(15,128,318)	(6,703,000)	(15,128,318)
Provision/(reversal) for defined benefit plans	16,900,000	23,500,000	17,283,600	23,911,000
Dividend received	(10,640,509)	(7,167,450)	(11,032,549)	(7,167,450)
Share of profit from associates	(9,243,235)	(8,942,293)	(9,243,235)	(8,942,293)
Operating Profit before Working Capital Changes	300,493,663	384,002,387	304,140,397	388,927,631
(Increase)/decrease in trading stock	12,111,018	(467,855,130)	12,111,018	(478,607,510)
(Increase)/decrease in loans and advances	(229,494,388)	(127,432,499)	(229,387,873)	(127,292,449)
(Increase)/decrease in lease rentals receivable & stock out on hire	(851,422,708)	(1,591,187,703)	(851,422,708)	(1,591,187,703)
(Increase)/decrease in hire purchase rentals Receivable & Stock out on hire	169,970,922	395,940,460	169,970,922	395,940,460
(Increase)/decrease in fixed deposits & repurchase agreements	310,208,535	193,302,922	260,208,535	193,302,922
(Increase)/decrease in other financial assets	(13,623,592)	(24,301,141)	(32,323,438)	(50,378,925)
(Increase)/decrease in other non financial assets	(8,240,523)	(19,699,040)	(3,876,683)	(18,544,014)
Increase/(decrease) in amounts due to customers	71,895,626	572,165,083	71,895,626	572,165,083
Increase/(decrease) in other financial liabilities	434,509,855	256,316,177	441,997,518	306,169,372
Increase/(decrease) in other non financial liabilities	(10,082,992)	(14,223,572)	(9,318,498)	(16,132,195)
Cash (used in)/ generated from operations	186,325,415	(442,972,056)	133,994,816	(425,637,327)
Retirement benefit liabilities paid	(3,786,299)	(18,554,628)	(4,052,153)	(18,554,628)
Taxes paid	(92,509,824)	-	(93,554,201)	-
Net cash used in operating activities	90,029,292	(461,526,684)	36,388,462	(444,191,955)
Cash Flows from / (Used in) Investing Activities				
Acquisition of property, plant & equipment	(33,441,063)	(68,878,638)	(34,093,512)	(69,251,031)
Proceeds from sales of property, plant & equipment	22,720,781	40,463,127	22,720,781	40,463,127
Net dividend and sales proceeds received from associates	-	(506,857,216)	-	(519,465,968)
Net Sales/ (purchases) of financial investments held -for- trading	(434,465,864)	-	(360,825,834)	-
Net Sale/(purchase) of financial investments - available- for- sale	(146,826,135)	59,922,114	(146,826,135)	53,822,394
Dividend received	10,640,509	7,167,450	11,032,549	7,167,450
Interest on fixed deposits, commercial paper & treasury bills	132,259,058	83,009,157	135,169,753	83,957,698
Net cash flows from/(used in) investing activities	(449,112,714)	(385,174,006)	(372,822,398)	(403,306,331)
Cash Flows from / (Used in) Financing Activities				
Proceeds from debentures and increase in borrowed funds	(468,068,796)	(79,434,616)	(468,068,796)	(79,434,616)
Net increase /(decrease) in other borrowings	1,070,913,575	1,087,657,215	1,059,852,174	1,065,293,510
Dividends paid	-	(55,890,000)	(7,500,000)	(55,890,000)
Net cash flows from/(used in) financing activities	602,844,779	952,332,600	584,283,378	929,968,894
Net Increase/(Decrease) in Cash and Cash Equivalents	243,761,357	105,631,909	247,849,442	82,470,608
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	387,743,838	224,204,958	425,030,373	250,718,225
Movement in Cash and Cash Equivalent	243,761,357	105,631,909	247,849,442	82,470,609

Alliance Finance Company PLC

SEGMENT REPORT

For the Six months ended 30th September 2016

	<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>
30th September 2016										
REVENUE										
External Sales	4,384,329,045	203,953,846	800,500,349	52,769,039	23,707,994	10,434,254	83,631,461	36,371,462	120,997,661	40,791,327,468
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	4,384,329,045	203,953,846	800,500,349	52,769,039	23,707,994	10,434,254	83,631,461	36,371,462	120,997,661	40,791,327,468
<i>Total income</i>	1,443,545,603	47,431,219	799,595,824	52,769,039	23,707,994	27,379,293	99,450,884	9,848,955	98,475,237	2,602,204,049
RESULTS										
<i>Segment results</i>	1,079,951,026	42,839,319	460,475,234	19,297,711	10,800,690	44,087,162	76,461,571	9,848,955	98,474,709	1,842,236,377
Unallocated company expenses										(318,765,052)
<i>Operating profit</i>										1,523,471,325
Interest expense	(638,570,140)	(13,372,082)	(246,933,491)	(16,334,054)	(7,480,492)	(10,730,282)	(75,720,529)	(248,639)	(139,009,615)	(1,148,399,324)
Share of Profits of Associates before tax										9,243,235
Income taxes										(70,482,431)
Net Profit										313,832,805
OTHER INFORMATION										
Segment assets	14,119,354,608	295,668,654	5,459,919,451	361,160,489	165,400,341	237,256,090	1,674,248,340	5,497,624	3,073,626,400	25,392,131,998
Investment in Associates										77,401,914
Unallocated company assets										1,889,904,753
Total assets										27,359,438,664
Segment liabilities	12,557,731,929	259,044,172	4,783,599,119	316,423,532	144,912,197	207,867,173	1,466,859,165	4,816,634	2,692,896,236	22,434,150,157
Unallocated company liabilities										1,809,831,333
Total liabilities										24,243,981,490
30th September 2015										
REVENUE										
External Sales	4,202,619,900	477,161,977	532,321,496	47,054,951	22,140,142	28,895,895	69,968,768	96,490,666	72,966,283	5,549,620,077
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	4,202,619,900	477,161,977	532,321,496	47,054,951	22,140,142	28,895,895	69,968,768	96,490,666	72,966,283	5,549,620,077
<i>Total income</i>	1,324,590,127	117,866,662	541,008,617	47,054,951	22,140,142	28,895,895	95,340,179	14,969,788	47,594,872	2,239,461,232
RESULTS										
<i>Segment results</i>	821,451,811	96,036,404	334,835,052	(74,980,010)	9,447,838	44,907,066	75,785,113	14,969,788	47,341,229	1,369,794,291
Unallocated company expenses										(210,275,577)
<i>Operating profit</i>										1,159,518,714
Interest expense	(502,156,792)	(31,823,434)	(140,291,753)	(25,054,093)	(9,627,106)	(15,086,053)	(78,150,399)	(446,083)	(95,222,177)	(897,857,890)
Share of Profits of Associates before tax										8,942,293
Income taxes										(55,783,417)
Net Profit										214,819,700
OTHER INFORMATION										
Segment assets	11,532,279,222	730,840,917	3,221,869,538	575,379,637	221,091,248	346,458,666	1,794,762,576	10,244,524	2,143,806,175	20,576,732,502
Investment in Associates and Subsidiaries										78,817,657
Unallocated company assets										1,314,464,853
Total assets										21,970,015,012
Segment liabilities	10,147,730,678	636,259,703	2,804,913,774	500,917,325	192,478,894	301,621,985	1,562,494,761	8,918,736	1,866,367,151	18,021,703,008
Unallocated company liabilities										1,286,364,568
Total liabilities										19,308,067,576

Alliance Finance Company PLC

NOTES TO THE FINANCIAL STATEMENTS

- 1 The figures given in the statements for the six months ended 30th September 2016 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 six months ended 30th September 2016 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 six months ended 30th September 2016.
- 5 The Board of Directors have recommended a Final Dividend of Rs.24/- per share for the financial year ended 31st March 2016 which is approved by the shareholders at the Annual General Meeting of the Company held on 29th September 2016.
- 6 Mr.L.A.P. Medis was appointed to the Board of Directors on 9th August 2016.
- 7 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.
- 8 There has not been a significant change in the nature of the Contingent Liabilities which were disclosed in the six months period ended 30th September 2016.

Alliance Finance Company PLC

NOTES TO THE FINANCIAL STATEMENTS

SUBDIVISION OF SHARES / CAPITALIZATION OF RESERVES / RIGHTS ISSUE OF SHARES

The Extrarordinary General Meeting of the Company will be held on Wednesday, 16th November 2016

1 **To amend the Memorandum and Articles of Association to give effect to the issuance of shares and subivision**

2 **Subdivision of Shares**

The Articles of Association of the Company will be amended at the forthcoming Extraordinary General Meeting (EGM) to facilitate the Company to subdivide Shares.

Subdivision of shares – to subdivide One (1) existing share to a in to Ten (10) shares. Thereby the existing number of shares will increase to 24,300,000 shares but there will be no change to the Stated Capital.

3 **Capitalization [post Subdivision of Shares as set out in (1)]**

8,100,000 shares will be issued in the proportion of One (1) Ordinary Share for every Three (3) shares held, the consideration for capitalization is Rs.64/- per share and the Reserve to be capitalized and the Value of Capitalization – a sum of Rs.518,400,000/- from and out of the General Reserve.

4

1,296,000 Ordinary Shares will be issued which shall rank pari passu with the existing Ordinary Shares will be issued in the proportion of One (1) new Ordinary Share for every Twenty Five (25) Ordinary Shares held at the relevant date and the consideration for which shares are to be issued is at Rs.55/- per share.

4 **Capital Structure**

The current Stated Capital of the Company – Rs.24,300,000/- represented by 2,430,000, Ordinary shares, which post subdivision as aforesaid would be Rs.24,300,000/- represented by 24,300,000 Ordinary shares, which post Capitalization of General Reserves would increase to Rs.542,700,000/- represented by 32,400,000 shares. If the Rights Issue is fully subscribed the Stated Capital will increase by a further Rs.71,280,000/-, thereby increasing the Stated Capital to Rs.613,980,000/-, and the number of shares to 33,696,000. The proceeds of the Rights Issue will be utilized for working capital of the Company.

Alliance Finance Company PLC

INFORMATION ON ORDINARY SHARES

Market Price per share

	Quarter ended 01st July – 30th September 2016	Quarter ended 01st July – 30th September 2015
Highest Price	1,300.00	1,000
Lowest Price	725.00	806
Last Traded	1,042.90	900

Issued Capital

As at 30th September 2016 the Stated Capital was Rs. 24,300,000/- of 2,430,000 Ordinary shares were issued.

INFORMATION ON DEBENTURE

Debenture Investor Indicators

	30.09.2016
Debt/equity ratio times	7.40
Interest cover times	2.06
Liquid assets ratio (%)	29.05%

Debenture 2012-2017 Market Price (Rs.)

	Lowest	Highest	Last Traded
5 Years - 20.0% p.a payable monthly	101.00	101.00	101.00

Debenture 2013-2018 Market Price (Rs.)

	Lowest	Highest	Last Traded
3 Years - 15.5% p.a payable semi annually		Has not been traded	
4 Years - 16.00% p.a payable semi annually		Has not been traded	
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	19.80%
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Yield to maturity of last trade done during the quarter (%)

5 Years - 20% p.a payable monthly	11.03%
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Yield of comparable government securities (%)

	30.09.2016
03 year treasury bonds	10.60%
04 year treasury bonds	10.75%
05 year treasury bonds	10.85%

Alliance Finance Company PLC

SHAREHOLDERS' INFORMATION

Directors Shareholding as at 30th September 2016

<u>No</u>	<u>Name of Director</u>	<u>No of Shares</u>
1	Mr.S. Karunanayake	119
2	Mr.R.K.E.P. de Silva *	644,068
3	Mrs.R.N. Ponnambalam	200
4	Mr.A.R. Samarasinghe	100
5	Mr.J.M. Gunasekera	-
6	Mr.L.A.P. Medis	-
	* Jt Holding with Mr.J.E.P.A. de Silva	151,530

Twenty Largest Ordinary Shareholders as at 30th September 2016

<u>No.</u>		<u>No. of Shares</u>	<u>%</u>
1	Mr.R.K.E.P. de Silva	644,068	26.50
2	Motor Service Station (Pvt) Ltd.,	327,564	13.48
3	Miss D.M.E.P. Perera	182,181	7.50
4	Mr.R.K.E.P. de Silva & Mr.J.E.P.A. de Silva	151,530	6.24
5	Mr.D.F.W.S.K. Perera & Mr.D.F.W. Perera	99,630	4.10
6	Orient Hotels Ltd.,	97,956	4.03
7	Mr.N. Amarasinghe	74,340	3.06
8	Janashakthi PLC A/c No. 1	46,119	1.90
9	Mrs.S.E. Canekeratne	44,154	1.82
10	Mr.D.L.S.R. Perera	39,920	1.64
11	Mrs.S.R.L. Marcelline	36,936	1.52
12	Trading Partners (Pvt) Ltd.	30,467	1.25
13	Mrs.C.R. de Silva	27,000	1.11
14	Mr. D.F.W. Perera	23,292	0.96
15	Seylan Bank PLC/Janashakthi Ltd.,	22,924	0.94
16	Ms.D.D.P.T. Perera	21,460	0.88
17	Mrs.P. Weththasinghe	21,397	0.88
18	Mrs.A.S. Wijewardena	19,440	0.80
19	Mrs.L.S. Semage	17,958	0.74
20	Ms.D.C.M.A. Perera	17,000	0.70

Public Shareholding as at 30th September 2016

No of Shares	%
1,305,573	53.73

No of Shareholders

The percentage of ordinary shares held by the public as at 30th September 2016 was 53.73% and the number of shareholders representing the public holding was 679

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 – F.C.A, FCMA(UK), MBA -
Chairman
Romani de Silva – *Deputy Chairman & Managing
Director*
Lt. Col (Retd) A.R. Samarasinghe
R.N. Ponnambalam
E. C. S. R. Muttupulle
J.M. Gunasekera
L.A.P. Medis

Advisory Council

Pratapkumar de Silva– FICM (SL) FICM (Eng.)
JP
B. Ponnambalam
Abbas Akbarally – Chairman, Akbar Brother
Group of Companies
K.Kanag Isvaran LLB (London) of Lincoin’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

Remuneration Committee

Mrs. R.N. Ponnambalam – Chairperson
Lt. Col (Retd) A.R. Samarasinghe

Related party Transaction Committee

Lt. Col (Retd) A.R. Samarasinghe – Chairman
Mr. Sunil Karunanayaka
Mrs. R.N. Ponnambalam

Auditors

M/s Baker Tilly, 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.
Public Bank Berhad
Peoples Bank
Hatton National Bank PLC
Commercial Bank PLC.
Bank of Ceylon
Nations Trust Bank PLC
Union Bank PLC

ALLIANCE FINANCE COMPANY PLC