



## **Financial Statements**

**For the six months ended 30th September 2018**



The first company in the banking and non-banking sector of Sri Lanka to be certified with ISO 9001:2015 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   |                    |          |
|--|--------------------|--------------------|----------|--------------------|--------------------|----------|
|  | 30.09.2018         | 30.09.2017         | Variance | 30.09.2018         | 30.09.2017         | Variance |
|  | (unaudited)<br>Rs. | (unaudited)<br>Rs. | %        | (unaudited)<br>Rs. | (unaudited)<br>Rs. | %        |
| <b>Gross Income</b>  | 1,754,190,686      | 1,675,099,966      | 5        | 3,546,023,037      | 3,246,920,493      | 9        |
| Interest income  | 1,714,587,916      | 1,605,216,349      | 7        | 3,429,403,005      | 3,064,274,299      | 12       |
| Interest expenses  | (803,351,950)      | (835,498,178)      | (4)      | (1,627,317,102)    | (1,568,495,790)    | 4        |
| <b>Net Interest Income</b>   | 911,235,966        | 769,718,171        | 18       | 1,802,085,903      | 1,495,778,509      | 20       |
| Fee and commission income  | 18,545,008         | 42,901,120         | (57)     | 76,763,826         | 96,380,300         | (20)     |
| Fee and commission expenses  | (44,940,106)       | (26,355,664)       | 71       | (80,449,955)       | (41,988,660)       | 92       |
| <b>Net Fee and Commission Income</b>                                 | (26,395,098)       | 16,545,456         | (260)    | (3,686,129)        | 54,391,640         | (107)    |
| Net gain/(loss) from trading   | (25,351,038)       | (8,670,028)        | 192      | (38,379,051)       | 12,320,954         | (411)    |
| Other operating income (net)   | 46,408,800         | 35,652,526         | 30       | 78,235,257         | 73,944,940         | 6        |
| <b>Total Operating Income</b>  | 905,898,630        | 813,246,125        | 11       | 1,838,255,980      | 1,636,436,043      | 12       |
| Impairment (charges) / reversal for loans and other losses           | (247,545,090)      | (34,037,085)       | 627      | (512,680,814)      | (168,605,349)      | 204      |
| <b>Net Operating Income</b>  | 658,353,540        | 779,209,040        | (16)     | 1,325,575,166      | 1,467,830,694      | (10)     |
| <b>Operating Expenses</b>  |                    |                    |          |                    |                    |          |
| Personnel expenses   | (196,726,541)      | (206,361,767)      | (5)      | (339,298,976)      | (423,540,134)      | (20)     |
| Other operating expenses   | (289,930,499)      | (270,943,230)      | 7        | (549,145,651)      | (499,211,262)      | 10       |
| Depreciation of property & equipment                                 | (33,590,544)       | (28,918,538)       | 16       | (66,534,820)       | (57,919,861)       | 15       |
| <b>Total operating expenses</b>                                      | (520,247,584)      | (506,223,535)      | 3        | (954,979,447)      | (980,671,257)      | (3)      |
| <b>Operating Profit before Value Added Tax on Financial Services</b> | 138,105,956        | 272,985,505        | (49)     | 370,595,719        | 487,159,437        | (24)     |
| Value added tax on financial services                                | (37,929,973)       | (54,639,452)       | (31)     | (84,432,308)       | (105,673,368)      | (20)     |
| <b>Operating Profit after Value Added Tax on Financial Services</b>  | 100,175,983        | 218,346,053        | (54)     | 286,163,411        | 381,486,069        | (25)     |
| Share of profit from associates                                      | (246,509)          | 1,162,405          | (121)    | (4,079,065)        | (177,860)          | 2,193    |
| <b>Profit before Taxation from Operations</b>                        | 99,929,474         | 219,508,458        | (54)     | 282,084,346        | 381,308,209        | (26)     |
| Provision for income taxation  | (40,000,000)       | (42,000,000)       | (5)      | (90,000,000)       | (71,000,000)       | 27       |
| <b>Profit for the Period</b>   | 59,929,474         | 177,508,458        | (66)     | 192,084,346        | 310,308,209        | (38)     |
| Basic/ Diluted earnings per share                                    | 7.11               | 21.07              |          | 11.40              | 18.42              |          |
| Dividend Per Share (Rs./Cts.)  | -                  | -                  |          | -                  | -                  |          |

# Alliance Finance Company PLC

## STATEMENT OF PROFIT OR LOSS - GROUP

|  | Quarter ended      |                    |          | Six months ended   |                    |          |
|--|--------------------|--------------------|----------|--------------------|--------------------|----------|
|  | 30.09.2018         | 30.09.2017         | Variance | 30.09.2018         | 30.09.2017         | Variance |
|  | (unaudited)<br>Rs. | (unaudited)<br>Rs. | %        | (unaudited)<br>Rs. | (unaudited)<br>Rs. | %        |
| <b>Gross Income</b>  | 1,784,700,765      | 1,695,257,280      | 5        | 3,576,533,116      | 3,267,077,806      | 9        |
| Interest income  | 1,716,040,311      | 1,610,304,388      | 7        | 3,430,855,400      | 3,069,362,338      | 12       |
| Interest expenses  | (803,351,950)      | (835,537,163)      | (4)      | (1,627,317,102)    | (1,568,534,775)    | 4        |
| <b>Net Interest Income</b>   | 912,688,361        | 774,767,225        | 18       | 1,803,538,298      | 1,500,827,563      | 20       |
| Fee and commission income  | 47,602,692         | 57,970,394         | (18)     | 105,821,510        | 111,449,574        | (5)      |
| Fee and commission expenses  | (44,940,106)       | (26,361,944)       | 70       | (80,449,955)       | (41,994,940)       | 92       |
| <b>Net Fee and Commission Income</b>                                 | 2,662,586          | 31,608,450         | (92)     | 25,371,555         | 69,454,634         | (63)     |
| Net gain/(loss) from trading   | (25,351,038)       | (8,670,028)        | 192      | (38,379,051)       | 12,320,954         | (411)    |
| Other operating income (net)   | 46,408,800         | 35,652,526         | 30       | 78,235,257         | 73,944,940         | 6        |
| <b>Total Operating Income</b>  | 936,408,709        | 833,358,173        | 12       | 1,868,766,059      | 1,656,548,091      | 13       |
| Impairment (charges) / reversal for loans and other losses           | (247,545,090)      | (34,037,085)       | 627      | (512,680,814)      | (168,605,349)      | 204      |
| <b>Net Operating Income</b>  | 688,863,619        | 799,321,088        | (14)     | 1,356,085,245      | 1,487,942,742      | (9)      |
| <b>Operating Expenses</b>  |                    |                    |          |                    |                    |          |
| Personnel expenses   | (201,983,440)      | (211,343,091)      | (4)      | (344,555,875)      | (428,521,458)      | (20)     |
| Other operating expenses   | (293,094,717)      | (274,589,500)      | 7        | (552,309,869)      | (502,857,532)      | 10       |
| Depreciation of property & equipment                                 | (33,653,409)       | (29,067,570)       | 16       | (66,597,685)       | (58,068,893)       | 15       |
| <b>Total operating expenses</b>                                      | (528,731,566)      | (515,000,161)      | 3        | (963,463,429)      | (989,447,883)      | (3)      |
| <b>Operating Profit before Value Added Tax on Financial Services</b> | 160,132,053        | 284,320,927        | (44)     | 392,621,816        | 498,494,859        | (21)     |
| Value added tax on financial services                                | (37,929,973)       | (54,639,452)       | (31)     | (84,432,308)       | (105,673,368)      | (20)     |
| <b>Operating Profit after Value Added Tax on Financial Services</b>  | 122,202,080        | 229,681,475        | (47)     | 308,189,508        | 392,821,491        | (22)     |
| Share of profit from associates                                      | (246,509)          | 1,162,405          | (121)    | (4,079,065)        | (177,860)          | 2,193    |
| <b>Profit before Taxation from Operations</b>                        | 121,955,571        | 230,843,880        | (47)     | 304,110,443        | 392,643,631        | (23)     |
| Provision for income taxation  | (52,657,003)       | (30,668,917)       | 72       | (96,461,057)       | (74,308,508)       | 30       |
| <b>Profit for the Period</b>   | 69,298,568         | 200,174,963        | (65)     | 207,649,386        | 318,335,123        | (35)     |
| Profit attributable to :   |                    |                    |          |                    |                    |          |
| Equity holders of the Company  | 69,298,568         | 200,174,963        | (65)     | 202,003,818        | 315,440,618        | (36)     |
| Non controlling interest   | -                  | -                  |          | 5,645,568          | 2,894,505          | 95       |
| <b>Profit for the Period</b>   | <b>69,298,568</b>  | <b>200,174,963</b> |          | <b>207,649,386</b> | <b>318,335,123</b> |          |
| Basic/ Diluted earnings per share                                    | 8.23               | 23.76              |          | 11.99              | 18.72              |          |
| Dividend Per Share (Rs./Cts.)  | -                  | -                  |          | -                  | -                  |          |

**Alliance Finance Company PLC****STATEMENT OF COMPREHENSIVE INCOME - COMPANY**

|  | Quarter ended |              | Six months ended |             |
|--|---------------|--------------|------------------|-------------|
|  | 30.09.2018    | 30.09.2017   | 30.09.2018       | 30.09.2017  |
|  | (unaudited)   | (unaudited)  | (unaudited)      | (unaudited) |
|  | Rs.           | Rs.          | Rs.              | Rs.         |
| <b>Profit for the period</b>   | 59,929,474    | 177,508,458  | 192,084,346      | 310,308,209 |
| <b>Other Comprehensive Income</b>  |               |              |                  |             |
| <b>Other Comprehensive Income to be Reclassify to Profit or Loss</b>       |               |              |                  |             |
| <u>Net gains and losses on available-for-sale financial assets:</u>        |               |              |                  |             |
| Sri Lanka government securities  | (4,427,534)   | (11,171,801) | 559,768          | 71,224      |
| Net other comprehensive income to reclassified to profit or loss           | (4,427,534)   | (11,171,801) | 559,768          | 71,224      |
| <b>Other Comprehensive Income not to be Reclassified to Profit or Loss</b> |               |              |                  |             |
| Actuarial gains /(losses ) on defined benefit plans                        | -             | -            | -                | -           |
| Deferred tax effect on above   | -             | -            | -                | -           |
|  | -             | -            | -                | -           |
|  | -             | -            | -                | -           |
| Net Other Comprehensive Income not be Classified to Profit or Loss         | -             | -            | -                | -           |
| <b>Total Comprehensive Income for the period</b>                           | 55,501,940    | 166,336,658  | 192,644,114      | 310,379,433 |

## Alliance Finance Company PLC

### STATEMENT OF COMPREHENSIVE INCOME - GROUP

|  | Quarter ended |              | Six months ended |             |
|--|---------------|--------------|------------------|-------------|
|  | 30.09.2018    | 30.09.2017   | 30.09.2018       | 30.09.2017  |
|  | (unaudited)   | (unaudited)  | (unaudited)      | (unaudited) |
|  | Rs.           | Rs.          | Rs.              | Rs.         |
| <b>Profit for the period</b>   | 69,298,568    | 200,174,963  | 207,649,386      | 318,335,123 |
| <b>Other Comprehensive Income</b>  |               |              |                  |             |
| <b>Other Comprehensive Income to be Reclassify to Profit or Loss</b>       |               |              |                  |             |
| <u>Net gains and losses on available-for-sale financial assets:</u>        |               |              |                  |             |
| Sri Lanka government securities  | (4,427,534)   | (11,171,801) | 559,768          | 71,224      |
| Net other comprehensive income to reclassified to profit or loss           | (4,427,534)   | (11,171,801) | 559,768          | 71,224      |
| <b>Other Comprehensive Income not to be Reclassified to Profit or Loss</b> |               |              |                  |             |
| Actuarial gains /( losses ) on defined benefit plans                       | -             | -            | -                | -           |
| Deferred tax effect on above   | -             | -            | -                | -           |
|  | -             | -            | -                | -           |
| Net Other Comprehensive Income not be Classified to Profit or Loss         | -             | -            | -                | -           |
| <b>Total Comprehensive Income for the period</b>                           | 64,871,034    | 189,003,162  | 208,209,153      | 318,406,347 |
| Attributable to:   |               |              |                  |             |
| Equity holders of the company  | -             | -            | 202,563,585      | 315,511,842 |
| Non controlling interest   | -             | -            | 5,645,568        | 2,894,505   |
| <b>Total Comprehensive Income for the period</b>                           | 64,871,034    | 189,003,162  | 208,209,153      | 318,406,347 |

# Alliance Finance Company PLC

## STATEMENT OF FINANCIAL POSITION

| As at   | Company               |                       | Group                 |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 30.09.2018            | 31.03.2018            | 30.09.2018            | 31.03.2018            |
|   | (Unaudited)           | (Audited)             | (Unaudited)           | (Audited)             |
|   | Rs.                   | Rs.                   | Rs.                   | Rs.                   |
| <b>Assets</b>   |                       |                       |                       |                       |
| Cash and cash equivalents   | 967,034,755           | 510,364,191           | 998,870,798           | 551,552,815           |
| Repurchase agreements   | -                     | 638,820,384           | -                     | 638,820,384           |
| Placements with banks & financial institutions                    | 532,322,647           | 476,510,425           | 532,322,647           | 476,510,425           |
| Financial investments - held for trading                          | 1,351,088,268         | 751,264,686           | 1,351,088,268         | 751,264,686           |
| Loans and advances  | 7,199,059,304         | 7,877,246,355         | 7,199,182,604         | 7,877,373,054         |
| Lease rentals receivable & stock out on hire                      | 17,356,650,487        | 17,553,965,443        | 17,356,650,488        | 17,553,965,443        |
| Hire purchase rentals receivable & stock out on hire              | 22,949,966            | 62,388,835            | 22,949,967            | 62,388,835            |
| Financial investments - available for sale                        | 401,333,969           | 381,521,952           | 426,478,999           | 400,570,342           |
| Other trading stocks  | 304,912,866           | 140,786,132           | 304,912,866           | 140,786,132           |
| Other financial assets  | 317,249,951           | 323,549,421           | 391,207,894           | 349,638,381           |
| Other non financial assets  | 213,270,953           | 115,538,483           | 213,493,187           | 115,985,991           |
| Investments in associates   | 53,283,839            | 57,362,904            | 53,283,839            | 57,362,904            |
| Investments in subsidiaries                                       | 16,924,038            | 16,924,038            | -                     | -                     |
| Property, plant & equipment                                       | 2,136,262,199         | 2,167,727,899         | 2,136,493,133         | 2,168,021,698         |
| Intangible assets   | 56,667,103            | 56,746,867            | 56,667,103            | 56,746,867            |
| Deferred tax assets   | 647,838,785           | 647,838,785           | 648,285,323           | 648,285,324           |
| <b>Total Assets</b>   | <b>31,576,849,130</b> | <b>31,778,556,800</b> | <b>31,691,887,115</b> | <b>31,849,273,281</b> |
| <b>Liabilities</b>  |                       |                       |                       |                       |
| Due to banks  | 10,898,949,422        | 11,042,104,540        | 10,915,919,487        | 11,053,987,058        |
| Due to customers  | 12,923,827,403        | 13,256,951,431        | 12,923,827,403        | 13,256,951,431        |
| Debt instruments issued and other borrowed funds                  | 1,712,926,331         | 1,645,799,918         | 1,712,926,328         | 1,645,799,918         |
| Other financial liabilities                                       | 447,774,154           | 456,262,778           | 487,174,407           | 473,689,206           |
| Other non financial liabilities                                   | 19,573,565            | 36,923,025            | 19,573,565            | 36,923,025            |
| Derivative financial liabilities                                  | 130,030,541           | 39,238,389            | 130,030,541           | 39,238,389            |
| Income tax liability  | 49,368,031            | 25,004,302            | 52,175,647            | 26,636,671            |
| Retirement benefit liability                                      | 65,895,480            | 64,596,330            | 68,010,114            | 66,191,109            |
| Deferred tax liabilities  | 981,828,524           | 981,828,524           | 981,871,553           | 981,871,560           |
| <b>Total liabilities</b>  | <b>27,230,173,451</b> | <b>27,548,709,237</b> | <b>27,291,509,046</b> | <b>27,581,288,367</b> |
| <b>Shareholders' Funds</b>  |                       |                       |                       |                       |
| Stated capital  | 613,980,000           | 613,980,000           | 613,980,000           | 613,980,000           |
| Retained earnings   | 1,616,245,042         | 1,499,976,696         | 1,644,442,569         | 1,518,254,751         |
| Reserves  | 2,116,450,637         | 2,115,890,867         | 2,116,450,637         | 2,115,890,867         |
| <b>Total Equity Attributable to Equity Holders of the Company</b> | <b>4,346,675,679</b>  | <b>4,229,847,563</b>  | <b>4,374,873,206</b>  | <b>4,248,125,618</b>  |
| Non controlling interest  | -                     | -                     | 25,504,864            | 19,859,296            |
| <b>Total Equity</b>   | <b>4,346,675,679</b>  | <b>4,229,847,563</b>  | <b>4,400,378,069</b>  | <b>4,267,984,914</b>  |
| <b>Total Liabilities and Shareholders' Funds</b>                  | <b>31,576,849,130</b> | <b>31,778,556,800</b> | <b>31,691,887,115</b> | <b>31,849,273,281</b> |

Net Assets Value Per Share (Rs.) 129.00 125.53 129.83 126.07

Certification

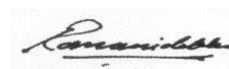
We certify that the above Interim Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.



Chamindra de Silva  
Chief Financial Officer



Kusal Jayawardana  
Director Finance & Operations



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

# Alliance Finance Company PLC

## STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2018

| Company                                   | Stated Capital<br>Rs. | Statutory<br>Reserve<br>Rs. | Capital Reserve<br>Rs. | General<br>Reserve<br>Rs. | Available for<br>Sale Reserve<br>Rs. | Non<br>Controlling<br>Interest<br>Rs. | Retained<br>Earnings<br>Rs. | Total<br>Rs.         |
|---|-----------------------|-----------------------------|------------------------|---------------------------|--------------------------------------|---------------------------------------|-----------------------------|----------------------|
| <b>Balances as at 01st April 2017</b>     | 613,980,000           | 631,208,800                 | 1,277,405,588          | 388,258,055               | 6,863,586                            | -                                     | 1,147,080,445               | 4,064,796,475        |
| Profit for the period                     | -                     | -                           | -                      | -                         | -                                    | -                                     | 310,308,209                 | 310,308,209          |
| Other comprehensive income, net of tax    | -                     | -                           | -                      | -                         | 71,224                               | -                                     | -                           | 71,224               |
| Dividend paid                             | -                     | -                           | -                      | -                         | -                                    | -                                     | (74,131,200)                | (74,131,200)         |
| <b>Balances as at 30th September 2017</b> | <u>613,980,000</u>    | <u>631,208,800</u>          | <u>1,277,405,588</u>   | <u>388,258,055</u>        | <u>6,934,811</u>                     | <u>-</u>                              | <u>1,383,257,454</u>        | <u>4,301,044,708</u> |
| <b>Balances as at 01st April 2018</b>     | 613,980,000           | 773,074,800                 | 949,199,546            | 388,258,055               | 5,358,466                            | -                                     | 1,499,976,696               | 4,229,847,563        |
| Profit for the period                     | -                     | -                           | -                      | -                         | -                                    | -                                     | 192,084,346                 | 192,084,346          |
| Other comprehensive income, net of tax    | -                     | -                           | -                      | -                         | 559,768                              | -                                     | -                           | 559,768              |
| Dividend paid                             | -                     | -                           | -                      | -                         | -                                    | -                                     | (75,816,000)                | (75,816,000)         |
| <b>Balances as at 30th September 2018</b> | <u>613,980,000</u>    | <u>773,074,800</u>          | <u>949,199,546</u>     | <u>388,258,055</u>        | <u>5,918,234</u>                     | <u>-</u>                              | <u>1,616,245,042</u>        | <u>4,346,675,678</u> |
| <b>Group</b>                              |                       |                             |                        |                           |                                      |                                       |                             |                      |
| <b>Balances as at 01st April 2017</b>     | 613,980,000           | 631,208,800                 | 1,277,405,588          | 388,258,055               | 6,863,586                            | 35,292,909                            | 1,192,724,704               | 4,145,733,642        |
| Profit for the period                     | -                     | -                           | -                      | -                         | -                                    | 2,894,505                             | 315,440,618                 | 318,335,123          |
| Other comprehensive income, net of tax    | -                     | -                           | -                      | -                         | 71,224                               | -                                     | -                           | 71,224               |
| Dividend paid                             | -                     | -                           | -                      | -                         | -                                    | -                                     | (74,131,200)                | (74,131,200)         |
| <b>Balances as at 30th September 2017</b> | <u>613,980,000</u>    | <u>631,208,800</u>          | <u>1,277,405,588</u>   | <u>388,258,055</u>        | <u>6,934,811</u>                     | <u>38,187,414</u>                     | <u>1,434,034,122</u>        | <u>4,390,008,790</u> |
| <b>Balances as at 01st April 2018</b>     | 613,980,000           | 773,074,800                 | 949,199,546            | 388,258,055               | 5,358,466                            | 19,859,296                            | 1,518,254,751               | 4,267,984,914        |
| Profit for the period                     | -                     | -                           | -                      | -                         | -                                    | 5,645,568                             | 202,003,818                 | 207,649,386          |
| Other comprehensive income, net of tax    | -                     | -                           | -                      | -                         | 559,768                              | -                                     | -                           | 559,768              |
| Dividend paid                             | -                     | -                           | -                      | -                         | -                                    | -                                     | (75,816,000)                | (75,816,000)         |
| <b>Balances as at 30th September 2018</b> | <u>613,980,000</u>    | <u>773,074,800</u>          | <u>949,199,546</u>     | <u>388,258,055</u>        | <u>5,918,234</u>                     | <u>25,504,864</u>                     | <u>1,644,442,569</u>        | <u>4,400,378,068</u> |

**Alliance Finance Company PLC**  
**STATEMENT OF CASH FLOWS**  
For the six months ended 30th September 2018

|   | Company              |                      | Group                |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 30.09.2018           | 30.09.2017           | 30.09.2018           | 30.09.2017           |
|   | Rs.                  | Rs.                  | Rs.                  | Rs.                  |
|   | Unaudited            | Unaudited            | Unaudited            | Unaudited            |
| <b>Cash Flows From / (Used in) Operating Activities</b>                     |                      |                      |                      |                      |
| Profit before Income Tax Expenses   | 282,084,346          | 381,308,209          | 304,110,443          | 392,643,631          |
| Adjustments for;  |                      |                      |                      |                      |
| Depreciation of property, plant & equipment                                 | 62,105,583           | 57,919,861           | 62,168,448           | 58,068,893           |
| Amortization of intangible assets   | 4,429,237            | -                    | 4,429,237            | -                    |
| Impairment (reversal)/provision   | 342,129,322          | 146,751,443          | 342,129,322          | 146,751,443          |
| Bad debt written-off  | 170,551,491          | -                    | 170,551,492          | -                    |
| Interest on fixed deposits, commercial paper & treasury bills               | (59,049,545)         | (85,651,371)         | (60,501,940)         | (90,739,410)         |
| Profit/(loss) on sale of securities   | 4,076,301            | (4,622,670)          | 4,076,301            | (4,622,670)          |
| Fair value gain or loss on equity investments (FVTPL)                       | (1,124,829)          | (2,547,221)          | (1,124,829)          | (2,547,221)          |
| Diminution/(appreciation) in value of investments                           | 36,713,136           | (6,124,943)          | 36,713,136           | (6,124,943)          |
| Loss/(Profit) on disposal of property & equipment                           | (3,106,391)          | (3,081,212)          | (3,106,391)          | (3,226,212)          |
| Provision/(reversal) for defined benefit plans                              | 12,000,000           | 12,000,000           | 12,519,856           | 12,472,596           |
| Dividend received   | (2,838,374)          | (4,513,074)          | (2,838,374)          | (5,409,114)          |
| Share of profit from associates   | 4,079,065            | 177,860              | 4,079,065            | 177,860              |
| <b>Operating Profit before Working Capital Changes</b>                      | <b>852,049,342</b>   | <b>491,616,881</b>   | <b>873,205,766</b>   | <b>497,444,853</b>   |
| (Increase)/decrease in trading stock  | (164,126,734)        | (75,440,212)         | (164,126,734)        | (75,440,212)         |
| (Increase)/decrease in loans and advances                                   | 470,944,907          | (742,875,937)        | 470,948,306          | (742,864,391)        |
| (Increase)/decrease in lease rentals receivable & stock out on hire         | (94,474,581)         | (1,618,327,783)      | (94,474,582)         | (1,618,327,783)      |
| (Increase)/decrease in hire purchase rentals receivable & Stock out on hire | 25,789,736           | 70,036,492           | 25,789,736           | 70,036,492           |
| (Increase)/decrease in fixed deposits & repurchase agreements               | 583,008,162          | 100,864,030          | 583,008,162          | 100,864,031          |
| (Increase)/decrease in other financial assets                               | 6,299,470            | (45,374,407)         | (41,569,513)         | (39,532,841)         |
| (Increase)/decrease in other non financial assets                           | (97,732,470)         | 3,452,485            | (97,507,195)         | 3,471,796            |
| Increase/(decrease) in amounts due to customers                             | (333,124,028)        | 1,791,968,459        | (333,124,028)        | 1,791,968,459        |
| Increase/(decrease) in derivative financial liabilities                     | 90,792,152           | 55,100,677           | 90,792,152           | 55,100,677           |
| Increase/(decrease) in other financial liabilities                          | (8,488,626)          | (156,120,520)        | 13,485,205           | (158,642,763)        |
| Increase/(decrease) in other non financial liabilities                      | (17,349,454)         | (8,483,250)          | (17,349,471)         | (6,740,838)          |
| Cash (used in)/ generated from operations                                   | <b>1,313,587,876</b> | <b>(133,583,084)</b> | <b>1,309,077,804</b> | <b>(122,662,520)</b> |
| Retirement benefit liabilities paid   | (10,700,850)         | (21,056,702)         | (10,700,850)         | (21,056,702)         |
| Taxes paid  | (65,636,271)         | (50,738,157)         | (70,922,081)         | (57,493,568)         |
| Net cash used in operating activities                                       | <b>1,237,250,755</b> | <b>(205,377,943)</b> | <b>1,227,454,872</b> | <b>(201,212,790)</b> |
| <b>Cash Flows from / (Used in) Investing Activities</b>                     |                      |                      |                      |                      |
| Acquisition of property, plant & equipment                                  | (35,142,432)         | (29,421,975)         | (35,142,432)         | (29,276,974)         |
| Acquisition of Intangible Assets  | (4,349,473)          | -                    | (4,349,473)          | -                    |
| Proceeds from sales of property, plant & equipment                          | 7,608,940            | 41,207,072           | 7,608,940            | 41,207,072           |
| Net Sales/ (purchases) of financial investments held -for- trading          | (639,488,190)        | (144,710,965)        | (639,488,190)        | (144,710,965)        |
| Net Sale/(purchase) of financial investments - available- for- sale         | (19,252,249)         | 12,899,400           | (25,348,889)         | 12,899,400           |
| Dividend received   | 2,838,374            | 4,513,074            | 2,838,374            | 5,409,114            |
| Interest on fixed deposits, commercial paper & treasury bills               | 59,049,545           | 98,946,205           | 60,501,940           | 104,034,244          |
| Net cash flows from/(used in) investing activities                          | <b>(628,735,485)</b> | <b>(16,567,189)</b>  | <b>(633,379,730)</b> | <b>(10,438,109)</b>  |
| <b>Cash Flows from / (Used in) Financing Activities</b>                     |                      |                      |                      |                      |
| Proceeds from debentures and increase in borrowed funds                     | 67,126,413           | 47,212,730           | 67,126,410           | 47,212,730           |
| Net increase /(decrease) in other borrowings                                | (139,614,117)        | 245,395,254          | (134,526,568)        | 221,456,061          |
| Net increase /(decrease) in finance lease                                   | (3,541,001)          | -                    | (3,541,001)          | -                    |
| Dividends paid  | (75,816,000)         | (74,131,200)         | (75,816,000)         | (74,131,200)         |
| Net cash flows from/(used in) financing activities                          | <b>(151,844,705)</b> | <b>218,476,784</b>   | <b>(146,757,159)</b> | <b>194,537,591</b>   |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>                 | <b>456,670,564</b>   | <b>(3,468,347)</b>   | <b>447,317,983</b>   | <b>(17,113,308)</b>  |
| Cash and cash equivalents at the beginning of the period                    | 510,364,191          | 250,196,373          | 551,552,815          | 294,565,160          |
| Cash and cash equivalents at the end of the period                          | 967,034,755          | 246,728,026          | 998,870,798          | 277,451,852          |
| <b>Movement in Cash and Cash Equivalents</b>                                | <b>456,670,564</b>   | <b>(3,468,347)</b>   | <b>447,317,983</b>   | <b>(17,113,308)</b>  |

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.



## SEGMENT REPORT

**For the six months ended 30th September 2018**

|   | Leasing              | Hire Purchase<br>& Consumer<br>Durables | Loans                | Pawning            | Hire of<br>vehicles | Investing in<br>Shares | Investing in<br>Government<br>Securities | Collaboration<br>Finance | Others            | Total                 |
|---|----------------------|---|----------------------|--------------------|---------------------|------------------------|--|--------------------------|-------------------|-----------------------|
| <b>30th September 2018</b>                |                      |   |                      |                    |                     |                        |  |                          |                   |                       |
| <b>REVENUE</b>                            |                      |   |                      |                    |                     |                        |  |                          |                   |                       |
| External Sales                            | 6,707,217,926        | 25,997,484                              | 965,911,690          | 184,298,864        | 17,560,117          | 9,004,667              | 70,334,669                               | 4,281,916                | 75,589,462        | 8,060,196,795         |
| <b>Total revenue</b>                      | <b>6,707,217,926</b> | <b>25,997,484</b>                       | <b>965,911,690</b>   | <b>184,298,864</b> | <b>17,560,117</b>   | <b>9,004,667</b>       | <b>70,334,669</b>                        | <b>4,281,916</b>         | <b>75,589,462</b> | <b>8,060,196,795</b>  |
| <b>RESULTS</b>                            |                      |   |                      |                    |                     |                        |  |                          |                   |                       |
| <b>Total income</b>                       | <b>2,295,972,763</b> | <b>726,487</b>                          | <b>965,719,902</b>   | <b>184,298,864</b> | <b>17,560,117</b>   | <b>(37,951,063)</b>    | <b>70,334,669</b>                        | <b>4,281,916</b>         | <b>75,589,462</b> | <b>3,576,533,117</b>  |
| <b>Segment results</b>                    | <b>1,570,058,575</b> | <b>(13,911,099)</b>                     | <b>468,260,148</b>   | <b>134,081,901</b> | <b>9,140,907</b>    | <b>(74,856,227)</b>    | <b>44,684,358</b>                        | <b>4,281,916</b>         | <b>53,209,495</b> | <b>2,194,949,975</b>  |
| Unallocated company expenses              |                      |   |                      |                    |                     |                        |  |                          |                   | (259,443,366)         |
| <b>Operating profit</b>                   |                      |   |                      |                    |                     |                        |  |                          |                   | <b>1,935,506,610</b>  |
| Interest expense                          | (1,011,907,293)      | (1,338,002)                             | (351,317,218)        | (68,401,171)       | (6,653,640)         | (11,196,579)           | (92,437,084)                             | (41,229)                 | (84,024,885)      | (1,627,317,102)       |
| Share of Profits of Associates before tax |                      |   |                      |                    |                     |                        |  |                          |                   | (4,079,065)           |
| Income taxes                              |                      |   |                      |                    |                     |                        |  |                          |                   | (96,461,057)          |
| <b>Net Profit</b>                         |                      |   |                      |                    |                     |                        |  |                          |                   | <b>207,649,386</b>    |
| <b>OTHER INFORMATION</b>                  |                      |   |                      |                    |                     |                        |  |                          |                   |                       |
| Segment assets                            | 17,356,650,488       | 22,949,967                              | 6,025,937,552        | 1,173,245,052      | 114,125,972         | 192,048,341            | 1,585,518,926                            | 707,175                  | 1,441,229,419     | 27,912,412,892        |
| Investment in associates                  |                      |   |                      |                    |                     |                        |  |                          |                   | 53,283,839            |
| Unallocated company assets                |                      |   |                      |                    |                     |                        |  |                          |                   | 3,726,190,384         |
| <b>Total assets</b>                       |                      |   |                      |                    |                     |                        |  |                          |                   | <b>31,691,887,115</b> |
| Segment liabilities                       | 15,155,874,741       | 18,997,269                              | 4,988,083,681        | 971,175,762        | 94,469,930          | 158,971,643            | 1,312,443,253                            | 585,377                  | 1,193,004,886     | 23,893,606,543        |
| Unallocated company liabilities           |                      |   |                      |                    |                     |                        |  |                          |                   | 3,397,902,507         |
| <b>Total liabilities</b>                  |                      |   |                      |                    |                     |                        |  |                          |                   | <b>27,291,509,050</b> |
| <b>30th September 2017</b>                |                      |   |                      |                    |                     |                        |  |                          |                   |                       |
| <b>REVENUE</b>                            |                      |   |                      |                    |                     |                        |  |                          |                   |                       |
| External Sales                            | 4,511,238,622        | 81,705,800                              | 1,020,255,652        | 92,641,283         | 20,705,564          | 9,135,744              | 76,356,909                               | 1,737,878                | 77,574,809        | 5,891,352,261         |
| <b>Total revenue</b>                      | <b>4,511,238,622</b> | <b>81,705,800</b>                       | <b>1,020,255,652</b> | <b>92,641,283</b>  | <b>20,705,564</b>   | <b>9,135,744</b>       | <b>76,356,909</b>                        | <b>1,737,878</b>         | <b>77,574,809</b> | <b>5,891,352,261</b>  |
| <b>RESULTS</b>                            |                      |   |                      |                    |                     |                        |  |                          |                   |                       |
| <b>Total income</b>                       | <b>1,940,169,232</b> | <b>22,375,792</b>                       | <b>1,020,255,652</b> | <b>92,641,283</b>  | <b>20,705,564</b>   | <b>15,260,687</b>      | <b>76,356,909</b>                        | <b>1,737,878</b>         | <b>77,574,809</b> | <b>3,267,077,806</b>  |
| <b>Segment results</b>                    | <b>1,491,819,780</b> | <b>17,401,722</b>                       | <b>613,380,899</b>   | <b>40,138,162</b>  | <b>6,867,836</b>    | <b>21,033,430</b>      | <b>49,959,711</b>                        | <b>1,737,878</b>         | <b>77,574,809</b> | <b>2,319,914,228</b>  |
| Unallocated company expenses              |                      |   |                      |                    |                     |                        |  |                          |                   | (358,557,962)         |
| <b>Operating profit</b>                   |                      |   |                      |                    |                     |                        |  |                          |                   | <b>1,961,356,265</b>  |
| Interest expense                          | (923,519,018)        | (5,048,595)                             | (391,608,489)        | (39,866,788)       | (8,715,716)         | (11,702,633)           | (88,874,003)                             | (356,491)                | (98,843,043)      | (1,568,534,775)       |
| Share of Profits of Associates before tax |                      |   |                      |                    |                     |                        |  |                          |                   | (177,860)             |
| Income taxes                              |                      |   |                      |                    |                     |                        |  |                          |                   | (74,308,509)          |
| <b>Net Profit</b>                         |                      |   |                      |                    |                     |                        |  |                          |                   | <b>318,335,122</b>    |
| <b>OTHER INFORMATION</b>                  |                      |   |                      |                    |                     |                        |  |                          |                   |                       |
| Segment assets                            | 17,402,356,619       | 95,133,341                              | 7,379,285,594        | 751,230,940        | 164,234,841         | 220,518,896            | 1,674,699,778                            | 6,717,545                | 1,862,551,656     | 29,556,               |

# Alliance Finance Company PLC

## EXPLANATORY NOTES

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- 1 The figures given in the statements for the six months ended 30th September 2018 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 2018 were consistently followed during the said period.
- 3 The financial statements for the six months ended 30th September 2018 have been presented in the same format adopted in the audited accounts as at 31st March 2018, 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 2018.
- 5 During the quarter ended 30th September 2018, the Company raised foreign funds amounting of USD 5 million from International Financial Corporation (IFC).
- 6 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 2018.
- 7 Mr. Sunil Karunanayake, chairman deceased unexpectedly on 27th May 2018. The Board of Directors of the Company resolved to appoint Mrs. Ramani Nelun Ponnambalam as the Chairperson w.e.f. 31st July 2018 and Mrs. Priyanthi de Silva as an Independent Non Executive Director w.e.f. 09th August 2018. Mr. Ravindra Erle Rambukwelle appointed as Executive Director Credit Operations and Marketing w.e.f. 06th September 2018.
- 8 On 10th July 2018, the Company paid a final dividend of Rs. 2.25 per share totaling to Rs. 75.8 million for the financial year 2017/18.
- 9 The Sri Lanka Accounting Standard – SLFRS9 on “Financial Instruments”, which replaces the existing guidance on LKAS 39 on “Financial Instruments : Recognition and Measurement” has become effective for annual reporting periods beginning on or after January 01,2018. SLFRS 9 replaces the “Incurred Loss Model” in LKAS 39 with forward looking “Expected Loss Model” (“ECL”) which requires considerable judgment over how changes in economic factors affect ECL, which in turn is to be determined on probability weighted basis. SLFRS 9 also contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics.

Based on the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” issued by The Institute of Chartered Accountants of Sri Lanka entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the Statement of Profit or Loss and Other Comprehensive Income for the period if SLFRS 9 has been applied.

New models and systems for expected loss computation are being developed to meet the requirements of SLFRS 9. The impairment model and computation was reviewed by an Independent audit team in Edirisinghe & Company and agreed with the Model.

According to the assessment the total estimated additional impairment provision as at 30th September 2018 on adoption of SLFRS 9 is expected to be increase by approximately 5% compared to the total impairment provision determined as per LKAS 39. Such expected increase in impairment provision will impact the Company net assets by approximately 1% and capital adequacy will be reduced by 10 basis points.

- 10 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

### SHAREHOLDERS' INFORMATION

#### INFORMATION ON ORDINARY SHARES

##### Market price per share

| Quarter ended 01st July– 30th September | 2018  | 2017  |
|---|-------|-------|
| Highest Price                           | 67.40 | 79.40 |
| Lowest Price                            | 62.00 | 64.10 |
| Last Traded                             | 62.60 | 64.30 |

##### Issued capital

As at 30th September 2018 the Stated Capital was Rs. 613,980,000/- of 33,696,000 Ordinary shares were issued.

##### Directors'/ CEO's Holding in Shares as at 30th September 2018

| No | Name of Director   | No of Shares |
|----|--|--------------|
| 1  | Mrs.R.N. Ponnambalam   | 2,666        |
| 2  | Mr.R.K.E.P. de Silva *   | 8,934,075    |
| 3  | Mr.A.R. Samarasinghe   | 1,386        |
| 4  | Mr.J.M. Gunasekera   | 1,500        |
| 5  | Dr.L.A.P. Medis  | 100          |
| 6  | Mr.W.P.K. Jayawardana  | 100          |
| 7  | Mrs.P. De Silva  | 100          |
| 8  | Mr.R.E. Rambukwelle  | 10,000       |
|    | * Jt Holding with Mr.J.E.P.A. de Silva   | 2,101,216    |
|    | ** Please refer note No.7 of the Explanatory notes for changes in Directorate. |              |

##### Twenty Largest Ordinary Shareholders as at 30th September 2018

| No. | Name of Shareholder                         | No. of Shares | %     |
|-----|---|---------------|-------|
| 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   | Mrs 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   | Mrs.S.J. Amarasinghe                        | 838,040       | 2.49  |
| 8   | Mrs.S.E. Canekaratne                        | 612,268       | 1.82  |
| 9   | Mr.D.L.S.R. Perera                          | 553,556       | 1.64  |
| 10  | Mrs.S.R.L. Marcelline                       | 492,480       | 1.46  |
| 11  | Mrs.C.R. de Silva                           | 374,400       | 1.11  |
| 12  | Mr.Y.H. Abdulhussein                        | 317,950       | 0.94  |
| 13  | Elgin Investments Ltd.                      | 311,877       | 0.93  |
| 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  | Miss R.H. Abdulhussein                      | 283,000       | 0.84  |
| 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 30th September 2018

| No of Shares | %     |
|--------------|-------|
| 18,089,771   | 53.68 |

##### No of Shareholders

The percentage of ordinary shares held by the public as at 30th September 2018 was 53.68% and the number of shareholders representing the public holding was 1,216.

##### Float Adjusted Market Capitalization

The Float adjusted market capitalization as at 30th September 2018 - Rs. 1,132,309,601 and the Company falls under Option 5 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

# liance Finance Company PLC

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## INFORMATION ON DEBENTURE

### Debenture Investor Indicators

**30.09.2018**

|                         |        |
|-------------------------|--------|
| Debt/equity ratio times | 2.11   |
| Interest cover times    | 5.87   |
| Liquid assets ratio (%) | 18.86% |

### **Debenture 2013-2018 Market Price (Rs.)**

**Lowest      Highest      Last 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 - 16.5% p.a payable semi annually | Not Traded |
| 5 Years - 16.5% p.a payable at maturity   | Not Traded |
| 4 Years - 9% p.a payable annually         | Not Traded |
| 5 Years - 9.35% p.a payable annually      | Not Traded |

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

|   |            |
|---|------------|
| 5 Years - 16.5% p.a payable semi annually | Not Traded |
| 5 Years - 16.5% p.a payable at maturity   | Not Traded |
| 4 Years - 9% p.a payable annually         | Not Traded |
| 5 Years - 9.35% p.a payable annually      | Not Traded |

### **Yield of comparable government securities (%)**

**30.09.2018**

|                         |        |
|-------------------------|--------|
| 03 years treasury bonds | 10.90% |
| 04 years treasury bonds | 11.00% |
| 05 years treasury bonds | 11.10% |

## Alliance Finance Company PLC

### CORPORATE INFORMATION

#### Name of the 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.06 of 1949 and the Trust receipt Ordinance No.12 of 1947.

#### Company Registration

Registered under the Companies Act No.07 of 2007.  
Company Registration number PQ 93

#### Registered Office

Alliance House, No.84, Ward Place, Colombo 07.  
Tel : 011 2673673 Fax: 011 2697205  
e mail : info@alliancefinance.lk

#### Board of Directors

R.N Ponnambalam - *Chairperson (Appointed 31st July 2018)*

Romani de Silva - F.I.C.M.(SL) - *Deputy Chairman / Managing Director*

J.M. Gunasekara, B.Sc. (Agri), MBA, *Executive Director Sustainability*

W.P. Kusal Jayawardana - CFA, MBA, ACMA, CGMA - *Executive Director Finance and Operations*

Ravi Rambukwelle - BA, MCIM(UK), ACI (UK), *Executive Director - Credit Operations and Marketing (Appointed 6th September 2018)*

L.A.P. Medis, PhD, MBA, B. Com (Sp), MCIM, CMA - *Consultant Director Marketing*

Lt. Col (Retd) A.R. Samarasinghe, MSc, CS (Security), BIT- *Independent Non Executive Director*

Priyanthi de Silva - FCMA, CGMA, FCPA - *Independent Non Executive Director (Appointed 9th August 2018)*

#### Secretaries

Alliance Management Services (Pvt) Ltd.  
No. 84, Ward Place  
Colombo 07.

#### Audit Committee

Lt.Col (Retd.) A.R. Samarasinghe  
Mrs. P. de Silva

#### Remuneration Committee

Mrs. R.N. Ponnamlalam - *Chairperson*  
Lt.Col (Retd.) A.R. Samarasinghe

#### Auditors

M/s Baker Tilly Edirisinghe & Co.  
Chartered Accountants,  
No.45, 2nd Floor, Bray Brooke Street,  
Colombo 02.

#### Legal Consultants

Gunawardene Ranasinghe Associates  
Sudath Perera Associates

#### Advisory Council

K.S.K. de Silva  
B. Ponnambalam  
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  
People's Bank  
Hatton National Bank PLC  
Commercial Bank of Ceylon PLC  
Bank of Ceylon  
Nations Trust Bank PLC  
Union Bank of Colombo PLC  
DFCC Bank PLC  
NDB Bank PLC  
Lankaputhra Development Bank Limited  
Deutsche Bank