



Financial Statements

For the nine months ended 31st December 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			Nine months ended		
	31.12.2018	31.12.2017	Variance	31.12.2018	31.12.2017	Variance
	(unaudited) Rs.	(unaudited) Rs.	%	(unaudited) Rs.	(unaudited) Rs.	%
Gross Income	1,792,322,281	1,773,535,769	1	5,338,345,318	5,020,456,262	6
Interest income	1,695,662,242	1,668,174,687	2	5,125,065,247	4,732,448,986	8
Interest expenses	(806,994,349)	(830,070,819)	(3)	(2,434,311,451)	(2,398,566,609)	1
Net Interest Income	888,667,893	838,103,869	6	2,690,753,796	2,333,882,377	15
Fee and commission income	38,011,014	52,102,927	(27)	114,774,840	148,483,227	(23)
Fee and commission expenses	(56,965,875)	(52,388,305)	9	(137,415,830)	(94,376,965)	46
Net Fee and Commission Income	(18,954,861)	(285,378)	6,542	(22,640,990)	54,106,262	(142)
Net gain/(loss) from trading	1,960,597	(9,978,994)	(120)	(36,418,454)	2,341,961	(1,655)
Other operating income (net)	56,688,428	63,237,148	(10)	134,923,685	137,182,088	(2)
Total Operating Income	928,362,057	891,076,645	4	2,766,618,037	2,527,512,688	9
Impairment (charges) / reversal for loans and other losses	(256,533,245)	(244,429,041)	5	(769,214,059)	(413,034,391)	86
Net Operating Income	671,828,812	646,647,603	4	1,997,403,978	2,114,478,297	(6)
Operating Expenses						
Personnel expenses	(194,582,884)	(209,289,665)	(7)	(533,881,860)	(632,829,799)	(16)
Other operating expenses	(342,263,341)	(248,792,646)	38	(891,408,992)	(748,003,908)	19
Depreciation of property & equipment	(34,645,384)	(28,583,976)	21	(101,180,204)	(86,503,837)	17
Total operating expenses	(571,491,609)	(486,666,286)	17	(1,526,471,056)	(1,467,337,544)	4
Operating Profit before Value Added Tax on Financial Services	100,337,203	159,981,318	(37)	470,932,922	647,140,754	(27)
Value added tax on financial services	(28,355,844)	(51,585,542)	(45)	(112,788,152)	(157,258,910)	(28)
Operating Profit after Value Added Tax on Financial Services	71,981,359	108,395,776	(34)	358,144,770	489,881,844	(27)
Share of profit from associates	(1,387,367)	3,689,920	(138)	(5,466,432)	3,512,060	(256)
Profit before Taxation from Operations	70,593,992	112,085,695	(37)	352,678,338	493,393,904	(29)
Provision for income taxation	(34,211,252)	23,402,223	(246)	(124,211,252)	(47,597,777)	161
Profit for the Period	36,382,740	135,487,918	(73)	228,467,086	445,796,127	(49)
Basic/ Diluted earnings per share	1.08	4.02		9.04	17.64	
Dividend Per Share (Rs./Cts.)	-	-		-	-	

Alliance Finance Company PLC

STATEMENT OF PROFIT OR LOSS - GROUP

	Quarter ended			Nine months ended		
	31.12.2018	31.12.2017	Variance	31.12.2018	31.12.2017	Variance
	(unaudited) Rs.	(unaudited) Rs.	%	(unaudited) Rs.	(unaudited) Rs.	%
Gross Income	1,803,575,231	1,784,521,695	1	5,380,108,348	5,051,599,502	7
Interest income	1,696,426,775	1,670,565,182	2	5,127,282,175	4,739,927,520	8
Interest expenses	(806,994,349)	(830,077,719)	(3)	(2,434,311,451)	(2,398,612,494)	1
Net Interest Income	889,432,426	840,487,463	6	2,692,970,724	2,341,315,026	15
Fee and commission income	48,499,432	60,698,359	(20)	154,320,942	172,147,933	(10)
Fee and commission expenses	(56,965,875)	(52,391,445)	9	(137,415,830)	(94,386,385)	46
Net Fee and Commission Income	(8,466,443)	8,306,914	(202)	16,905,112	77,761,548	(78)
Net gain/(loss) from trading	1,960,597	(9,978,994)	(120)	(36,418,454)	2,341,961	(1,655)
Other operating income (net)	56,688,428	63,237,148	(10)	134,923,685	137,182,088	(2)
Total Operating Income	939,615,007	902,052,531	4	2,808,381,067	2,558,600,622	10
Impairment (charges) / reversal for loans and other losses	(256,533,245)	(244,429,041)	5	(769,214,059)	(413,034,391)	86
Net Operating Income	683,081,762	657,623,490	4	2,039,167,007	2,145,566,232	(5)
Operating Expenses						
Personnel expenses	(197,231,756)	(211,785,995)	(7)	(541,787,631)	(640,307,453)	(15)
Other operating expenses	(345,206,674)	(253,864,574)	36	(897,516,543)	(756,722,106)	19
Depreciation of property & equipment	(34,676,817)	(28,615,975)	21	(101,274,502)	(86,684,868)	17
Total operating expenses	(577,115,246)	(494,266,543)	17	(1,540,578,675)	(1,483,714,427)	4
Operating Profit before Value Added Tax on Financial Services	105,966,516	163,356,947	(35)	498,588,332	661,851,805	(25)
Value added tax on financial services	(28,355,844)	(51,585,542)	(45)	(112,788,152)	(157,258,910)	(28)
Operating Profit after Value Added Tax on Financial Services	77,610,672	111,771,405	(31)	385,800,180	504,592,895	(24)
Share of profit from associates	(1,387,367)	3,689,920	(138)	(5,466,432)	3,512,060	(256)
Profit before Taxation from Operations	76,223,305	115,461,324	(34)	380,333,748	508,104,955	(25)
Provision for income taxation	(35,815,686)	21,505,656	(267)	(132,276,743)	(52,802,852)	151
Profit for the Period	40,407,619	136,966,980	(70)	248,057,005	455,302,103	(46)
Profit attributable to :						
Equity holders of the Company	40,407,619	136,433,630	(70)	240,992,881	451,874,248	(47)
Non controlling interest	1,418,556	533,350	166	7,064,124	3,427,855	106
Profit for the Period	41,826,176	136,966,980	(69)	248,057,005	455,302,103	(46)
Basic/ Diluted earnings per share	1.24	4.06		9.54	17.88	
Dividend Per Share (Rs./Cts.)	-	-		-	-	

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

	Quarter ended		Nine months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Rs.	Rs.	Rs.	Rs.
Profit for the period	<u>36,382,740</u>	<u>135,487,918</u>	<u>228,467,086</u>	<u>445,796,127</u>
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	<u>9,700,000</u>	<u>3,412,228</u>	<u>10,259,768</u>	<u>3,483,452</u>
Net other comprehensive income to reclassified to profit or loss	<u>9,700,000</u>	<u>3,412,228</u>	<u>10,259,768</u>	<u>3,483,452</u>
Other Comprehensive Income not to be Reclassified to Profit or Loss				
Actuarial gains /(losses) on defined benefit plans	-	-	-	-
Deferred tax effect on above	-	-	-	-
	-	-	-	-
	-	-	-	-
Net Other Comprehensive Income not be Classified to Profit or Loss	-	-	-	-
Total Comprehensive Income for the period	<u>46,082,740</u>	<u>138,900,147</u>	<u>238,726,854</u>	<u>449,279,579</u>

Alliance Finance Company PLC

STATEMENT OF COMPREHENSIVE INCOME - GROUP

	Quarter ended		Nine months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Rs.	Rs.	Rs.	Rs.
Profit for the period	40,407,619	136,966,980	248,057,005	455,302,103
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	9,700,000	3,412,228	10,259,768	3,483,452
Net other comprehensive income to reclassified to profit or loss	9,700,000	3,412,228	10,259,768	3,483,452
Other Comprehensive Income not to be Reclassified to Profit or Loss				
Actuarial gains /(losses) on defined benefit plans	-	-	-	-
Deferred tax effect on above	-	-	-	-
	-	-	-	-
	-	-	-	-
Net Other Comprehensive Income not be Classified to Profit or Loss	-	-	-	-
Total Comprehensive Income for the period	50,107,619	140,379,209	258,316,773	458,785,556
Attributable to:				
Equity holders of the company	48,689,063	139,845,859	251,252,648	455,357,700
Non controlling interest	1,418,556	533,350	7,064,124	3,427,855
Total Comprehensive Income for the period	50,107,619	140,379,209	258,316,773	458,785,556

Alliance Finance Company PLC

STATEMENT OF FINANCIAL POSITION

As at	Company		Group	
	31.12.2018	31.03.2018	31.12.2018	31.03.2018
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Rs.	Rs.	Rs.	Rs.
Assets				
Cash and cash equivalents	567,826,182	510,364,191	605,469,507	551,552,815
Repurchase agreements	149,259,060	638,820,384	149,259,060	638,820,384
Placements with banks & financial institutions	543,396,912	476,510,425	543,396,912	476,510,425
Financial investments - held for trading	1,375,990,510	751,264,686	1,375,990,510	751,264,686
Loans and advances	6,957,200,730	7,877,246,355	6,957,440,410	7,877,373,054
Lease rentals receivable & stock out on hire	17,883,148,891	17,553,965,443	17,883,148,892	17,553,965,443
Hire purchase rentals receivable & stock out on hire	16,950,387	62,388,835	16,950,388	62,388,835
Financial investments - available for sale	416,471,869	381,521,952	441,616,899	400,570,342
Other trading stocks	447,413,671	140,786,132	447,413,671	140,786,132
Other financial assets	324,309,497	323,549,421	397,814,564	349,638,381
Other non financial assets	161,815,644	115,538,483	162,397,405	115,985,991
Investments in associates	51,896,471	57,362,904	51,896,471	57,362,904
Investments in subsidiaries	16,924,038	16,924,038	-	-
Property, plant & equipment	2,203,710,961	2,167,727,899	2,203,910,462	2,168,021,698
Intangible assets	55,691,123	56,746,867	55,691,123	56,746,867
Deferred tax assets	647,838,785	647,838,785	648,285,323	648,285,324
Total Assets	31,819,844,731	31,778,556,800	31,940,681,597	31,849,273,281
Liabilities				
Due to banks	12,288,240,369	11,042,104,540	12,303,484,324	11,053,987,058
Due to customers	12,606,236,600	13,256,951,431	12,606,236,600	13,256,951,431
Debt instruments issued and other borrowed funds	814,820,054	1,645,799,918	814,820,051	1,645,799,918
Other financial liabilities	502,652,611	456,262,778	546,424,589	473,689,206
Other non financial liabilities	23,738,047	36,923,025	23,738,033	36,923,025
Derivative financial liabilities	87,157,520	39,238,389	87,157,520	39,238,389
Income tax liability	55,702,332	25,004,302	57,378,390	26,636,671
Retirement benefit liability	66,710,256	64,596,330	69,084,818	66,191,109
Deferred tax liabilities	981,828,524	981,828,524	981,871,583	981,871,560
Total liabilities	27,427,086,313	27,548,709,237	27,490,195,909	27,581,288,367
Shareholders' Funds				
Stated capital	613,980,000	613,980,000	613,980,000	613,980,000
Retained earnings	1,652,627,781	1,499,976,696	1,683,431,631	1,518,254,751
Reserves	2,126,150,637	2,115,890,867	2,126,150,637	2,115,890,867
Total Equity Attributable to Equity Holders of the Company	4,392,758,418	4,229,847,563	4,423,562,268	4,248,125,618
Non controlling interest	-	-	26,923,420	19,859,296
Total Equity	4,392,758,418	4,229,847,563	4,450,485,688	4,267,984,914
Total Liabilities and Shareholders' Funds	31,819,844,731	31,778,556,800	31,940,681,597	31,849,273,281

Net Assets Value Per Share (Rs.) 130.36 125.53 131.28 126.07

Certification

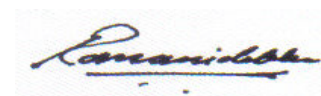
We certify that the above Interim Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.



Chamindra de Silva
Chief Financial Officer



Kusal Jayawardana
Director Finance & Operations



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

7th February 2019
Colombo

Alliance Finance Company PLC

STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31st December 2018

Company	Stated Capital Rs.	Statutory Reserve Rs.	Capital Reserve Rs.	General Reserve Rs.	Available for Sale Reserve Rs.	Non Controlling Interest Rs.	Retained Earnings Rs.	Total Rs.
Balances as at 01st April 2017	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	-	-	-	-	-	-	445,796,127	445,796,127
Other comprehensive income, net of tax	-	-	-	-	3,483,452	-	-	3,483,452
Dividend paid	-	-	-	-	-	-	(74,131,200)	(74,131,200)
Balances as at 31st December 2017	<u>613,980,000</u>	<u>631,208,800</u>	<u>1,277,405,588</u>	<u>388,258,055</u>	<u>10,347,039</u>	<u>-</u>	<u>1,518,745,372</u>	<u>4,439,944,854</u>
Balances as at 01st April 2018	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	-	-	-	-	-	-	228,467,086	228,467,086
Other comprehensive income, net of tax	-	-	-	-	10,259,768	-	-	10,259,768
Dividend paid	-	-	-	-	-	-	(75,816,000)	(75,816,000)
Balances as at 31st December 2018	<u>613,980,000</u>	<u>773,074,800</u>	<u>949,199,546</u>	<u>388,258,055</u>	<u>15,618,234</u>	<u>-</u>	<u>1,652,627,782</u>	<u>4,392,758,418</u>
Group								
Balances as at 01st April 2017	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	-	-	-	-	-	3,427,855	451,874,248	455,302,103
Other comprehensive income, net of tax	-	-	-	-	3,483,452	-	-	3,483,452
Dividend paid	-	-	-	-	-	-	(74,131,200)	(74,131,200)
Balances as at 31st December 2017	<u>613,980,000</u>	<u>631,208,800</u>	<u>1,277,405,588</u>	<u>388,258,055</u>	<u>10,347,039</u>	<u>38,720,764</u>	<u>1,570,467,752</u>	<u>4,530,387,998</u>
Balances as at 01st April 2018	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	-	-	-	-	-	7,064,124	240,992,881	248,057,005
Other comprehensive income, net of tax	-	-	-	-	10,259,768	-	-	10,259,768
Dividend paid	-	-	-	-	-	-	(75,816,000)	(75,816,000)
Balances as at 31st December 2018	<u>613,980,000</u>	<u>773,074,800</u>	<u>949,199,546</u>	<u>388,258,055</u>	<u>15,618,234</u>	<u>26,923,420</u>	<u>1,683,431,632</u>	<u>4,450,485,688</u>

Alliance Finance Company PLC
STATEMENT OF CASH FLOWS
For the nine months ended 31st December 2018

	Company		Group	
Cash Flows From / (Used in) Operating Activities	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	Rs.	Rs.	Rs.	Rs.
	Unaudited	Unaudited	Unaudited	Unaudited
Profit before Income Tax Expenses	352,678,338	493,393,904	380,333,748	508,104,955
Adjustments for;				
Depreciation of property, plant & equipment	94,432,794	86,503,837	94,527,092	86,684,868
Amortization of intangible assets	6,747,410	-	6,747,410	-
Impairment (reversal)/provision	541,946,344	390,240,098	541,946,344	390,240,098
Bad debt written-off	227,267,715	-	227,267,715	-
Interest on fixed deposits, commercial paper & treasury bills	(80,465,234)	(80,018,789)	(82,682,162)	(87,497,323)
Profit / (loss) on sale of securities	4,076,301	(4,623,657)	4,076,301	(4,623,657)
Fair value gain or loss on equity investments (FVTPL)	4,374,294	(2,672,616)	4,374,294	(2,672,616)
Diminution/(appreciation) in value of investments	33,204,050	3,299,151	33,204,050	3,299,151
Loss/(Profit) on disposal of property & equipment	(1,310,279)	(2,882,628)	(1,310,279)	(2,882,628)
Provision/(reversal) for defined benefit plans	18,000,000	18,000,000	18,779,783	18,708,894
Dividend received	(3,300,208)	(39,942,359)	(3,300,208)	(39,942,359)
Share of profit from associates	5,466,432	(3,512,060)	5,466,432	(3,512,060)
Operating Profit before Working Capital Changes	1,203,117,956	857,784,881	1,229,430,521	865,907,324
(Increase)/decrease in trading stock	(306,627,539)	(56,831,878)	(306,627,539)	(56,831,878)
(Increase)/decrease in loans and advances	580,629,101	(772,200,356)	580,505,238	(772,300,205)
(Increase)/decrease in lease rentals receivable & stock out on hire	(745,319,244)	(1,954,759,508)	(745,308,364)	(1,954,759,508)
(Increase)/decrease in hire purchase rentals receivable & Stock out on hire	31,787,263	91,937,236	31,787,264	91,937,235
(Increase)/decrease in fixed deposits & repurchase agreements	422,674,837	865,045,229	422,674,837	919,437,776
(Increase)/decrease in other financial assets	(760,076)	(47,574,626)	(48,176,183)	(35,321,015)
(Increase)/decrease in other non financial assets	(46,277,161)	4,171,588	(46,411,414)	4,190,899
Increase/(decrease) in amounts due to customers	(650,714,831)	3,088,737,064	(650,714,831)	3,088,737,064
Increase/(decrease) in derivative financial liabilities	47,919,131	95,201,636	47,919,131	95,201,636
Increase/(decrease) in other financial liabilities	46,389,833	(206,485,489)	72,735,383	(211,009,866)
Increase/(decrease) in other non financial liabilities	(13,184,973)	(25,617,154)	(13,184,973)	(22,552,011)
Cash (used in)/ generated from operations	569,634,297	1,939,408,623	574,629,071	2,012,637,451
Retirement benefit liabilities paid	(15,886,074)	(21,769,387)	(15,886,074)	(21,769,387)
Taxes paid	(93,523,778)	(79,683,476)	(101,545,580)	(86,106,098)
Net cash used in operating activities	460,224,445	1,837,955,760	457,197,416	1,904,761,967
Cash Flows from / (Used in) Investing Activities				
Acquisition of property, plant & equipment	(136,980,517)	(99,559,778)	(136,980,517)	(102,624,908)
Acquisition of Intangible Assets	(5,691,666)	-	(5,691,666)	-
Proceeds from sales of property, plant & equipment	7,874,940	41,298,218	7,874,940	41,298,218
Net Sales/ (purchases) of financial investments held -for- trading	(666,380,469)	(107,004,332)	(666,380,469)	(107,004,332)
Net Sale/(purchase) of financial investments - available- for- sale	(24,690,149)	168,312,500	(30,786,789)	165,436,861
Dividend received	3,300,208	39,942,359	3,300,208	39,942,359
Interest on fixed deposits, commercial paper & treasury bills	80,465,234	84,015,911	82,682,162	91,494,445
Net cash flows from/(used in) investing activities	(742,102,419)	127,004,878	(745,982,132)	128,542,643
Cash Flows from / (Used in) Financing Activities				
Proceeds from debentures and increase in borrowed funds	(830,979,864)	(915,587,486)	(830,979,867)	(915,587,486)
Net increase /(decrease) in other borrowings	1,251,507,082	(211,468,693)	1,254,868,526	(224,847,516)
Net increase /(decrease) in finance lease	(5,371,252)	-	(5,371,252)	-
Dividends paid	(75,816,000)	(74,131,200)	(75,816,000)	(134,131,200)
Net cash flows from/(used in) financing activities	339,339,966	(1,201,187,379)	342,701,407	(1,274,566,202)
Net Increase/(Decrease) in Cash and Cash Equivalents	57,461,991	763,773,259	53,916,692	758,738,407
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	567,826,182	1,013,969,631	605,469,507	1,053,303,566
Movement in Cash and Cash Equivalents	57,461,991	763,773,259	53,916,692	758,738,407

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

SEGMENT REPORT

For the nine months ended 31st December 2018

<i>31st December 2018</i>	<i>Leasing</i>	<i>Hire Purchase & Consumer Durables</i>	<i>Loans</i>	<i>Pawning</i>	<i>Hire of vehicles</i>	<i>Investing in Shares</i>	<i>Investing in Government Securities</i>	<i>Collaboration Finance</i>	<i>Others</i>	<i>Total</i>
REVENUE										
External Sales	10,131,353,787	32,853,168	1,379,993,521	275,743,002	27,187,128	9,466,501	92,439,044	6,861,231	133,803,668	12,089,701,050
<i>Total revenue</i>	10,131,353,787	32,853,168	1,379,993,521	275,743,002	27,187,128	9,466,501	92,439,044	6,861,231	133,803,668	12,089,701,050
RESULTS										
<i>Total income</i>	3,495,852,345	2,547,256	1,379,654,817	275,743,002	27,187,128	(33,980,143)	92,439,044	6,861,231	133,803,668	5,380,108,347
<i>Segment results</i>	2,389,134,633	(12,299,720)	611,661,891	193,502,278	14,654,147	(67,375,779)	56,313,445	6,861,231	68,256,555	3,260,708,681
Unallocated company expenses										(440,597,051)
<i>Operating profit</i>										2,820,111,630
Interest expense	(1,528,125,303)	(1,448,420)	(489,697,696)	(104,776,017)	(9,658,385)	(16,710,494)	(151,359,371)	(379,000)	(132,156,764)	(2,434,311,451)
Share of Profits of Associates before tax										(5,466,432)
Income taxes										(132,276,743)
<i>Net Profit</i>										248,057,005
OTHER INFORMATION										
Segment assets	17,883,148,892	16,950,388	5,730,401,632	1,227,038,778	113,028,906	195,557,428	1,771,309,041	4,435,313	1,546,587,239	28,488,457,618
Investment in associates										51,896,471
Unallocated company assets										3,400,327,509
<i>Total assets</i>										31,940,681,597
Segment liabilities	15,588,662,123	14,023,199	4,740,809,646	1,015,139,540	93,509,768	161,786,311	1,465,418,923	3,669,372	1,279,504,679	24,362,523,561
Unallocated company liabilities										3,127,672,348
<i>Total liabilities</i>										27,490,195,909
<i>31st December 2017</i>	<i>Leasing</i>	<i>Hire Purchase & Consumer Durables</i>	<i>Loans</i>	<i>Pawning</i>	<i>Hire of vehicles</i>	<i>Investing in Shares</i>	<i>Investing in Government Securities</i>	<i>Collaboration Finance</i>	<i>Others</i>	<i>Total</i>
REVENUE										
External Sales	8,426,876,452	114,590,217	1,545,731,858	163,892,390	27,996,392	44,566,016	115,371,245	3,201,012	103,862,059	10,546,087,641
<i>Total revenue</i>	8,426,876,452	114,590,217	1,545,731,858	163,892,390	27,996,392	44,566,016	115,371,245	3,201,012	103,862,059	10,546,087,641
RESULTS										
<i>Total income</i>	3,025,942,444	24,552,636	1,545,514,458	163,892,390	27,996,392	41,266,865	115,371,245	3,201,012	103,862,059	5,051,599,502
<i>Segment results</i>	2,262,967,532	12,941,131	828,492,810	92,979,823	10,636,383	37,537,962	75,862,096	3,201,012	103,862,059	3,428,480,809
Unallocated company expenses										(525,275,420)
<i>Operating profit</i>										2,903,205,389
Interest expense	(1,443,048,231)	(5,543,627)	(626,819,067)	(86,053,716)	(13,430,640)	(17,464,753)	(126,128,853)	(375,372)	(79,748,234)	(2,398,612,494)
Share of Profits of Associates before tax										3,512,060
Income taxes										(52,802,852)
<i>Net Profit</i>										455,302,103
OTHER INFORMATION										
Segment assets	17,645,135,327	67,785,711	7,664,544,421	1,052,237,501	164,225,601	213,553,451	1,542,263,549	4,589,926	975,136,076	29,329,471,563
Investment in associates										72,274,502
Unallocated company assets										2,847,304,469
<i>Total assets</i>										32,249,050,534
Segment liabilities	14,999,202,598	56,010,584	6,333,128,380	869,452,222	135,697,800	176,456,857	1,274,355,332	3,792,605	805,744,167	24,653,840,546
Unallocated company liabilities										3,124,821,989
<i>Total liabilities</i>										27,778,662,535

Alliance Finance Company PLC

EXPLANATORY NOTES

- 1 The figures given in the statements for the nine months ended 31st December 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 nine months ended 31st December 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 nine months ended 31st December 2018.
- 5 During the quarter ended 31st December 2018, the Company raised foreign funds amounting of USD 10 million from Netherlands Development Finance Company.
- 6 During the quarter ended 31st December 2018, the Company redeemed 2,000,000 Unsecured Redeemable Listed and rated Debenture issued in December 2014 of Rs. 100/- each upon maturity.
- 7 There has not been a significant change in the nature of the Contingent Liabilities which were disclosed in the nine months period ended 31st December 2018.
- 8 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.
- 9 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.
- 10 The Sri Lanka Accounting Standard – SLFRS 9 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 Figure s 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 31st December 2018 on adoption of SLFRS 9 is expected to be increase by approximately 10% 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 2% and capital adequacy will be reduced by 25 basis points.

- 11 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 October– 31st December	2018	2017
Highest Price	68.50	64.70
Lowest Price	56.50	52.30
Last Traded	57.70	55.00

Issued capital

As at 31st December 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 31st December 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 31st December 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	311,877	0.93
13	Elgin Investments Ltd.	310,560	0.92
14	Mr. D.F.W. Perera	309,384	0.92
15	Ms.D.D.P.T. Perera	299,975	0.89
16	Mrs.P. Weththasinghe	262,571	0.78
17	Miss R.H. Abdulhussein	259,200	0.77
18	Mrs.A.S. Wijewardena	249,878	0.74
19	Mrs.L.S. Semage	236,632	0.70
20	Ms.D.C.M.A. Perera	232,560	0.69

Public Shareholding as at 31st December 2018

No of Shares	%
18,089,665	53.68

No of Shareholders

The percentage of ordinary shares held by the public as at 31st December 2018 was 53.68% and the number of shareholders representing the public holding was 1,260.

Float Adjusted Market Capitalization

The Float adjusted market capitalization as at 31st December 2018 - Rs. 1,043,678,339 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.

Alliance Finance Company PLC

INFORMATION ON DEBENTURE

Debenture Investor Indicators

31.12.2018

Debt/equity ratio times	5.85
Interest cover times	2.11
Liquid assets ratio (%)	17.02%

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 (%)

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 (%)

4 Years - 9% p.a payable annually	Not Traded
5 Years - 9.35% p.a payable annually	Not Traded

Yield of comparable government securities (%)

31.12.2018

03 years treasury bonds	11.60%
04 years treasury bonds	11.80%
05 years treasury bonds	11.90%

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

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

Remuneration Committee

Lt.Col (Retd.) A.R. Samarasinghe - *Chairman*
Mrs. P. de Silva
Mrs. R.N. Ponnamlalam

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