Alliance Finance Corporation Limited

ABN 72 052 507 507

Annual Report 2003

ALLIANCE

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Corporate Directory

Alliance Finance Corporation Limited

ABN 72 052 507 507

DIRECTORS

John W. Saleeba, *Chairman*
Martin Kane, *Managing Director*
Derrice Dillon, *Executive Director*
Peter Leonhardt, *Non Executive Director*

COMPANY SECRETARY

Ian Magee

SOLICITORS

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AUDITORS

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Chartered Accountants
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Phone: +61 8 9225 5355
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COMPANY BANKERS

National Australia Bank Limited
Level 13
50 St. George's Terrace
Perth WA 6000
Phone: +61 8 9441 9200
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6-12 Gordon Street
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SECTION 2

Chairman's Statement

For Alliance Finance Corporation Limited ('Alliance' or 'the Company'), the first full year of trading as a public listed company has presented some interesting challenges. The most immediate of these involved changes to the Company's funding arrangements, and matters flowing from them. In addition, recognition of the best practice recommendations on good corporate governance, as suggested by the Australian Stock Exchange ('ASX'), is being reflected in the development of Alliance's structure and procedures.

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Operations

The financial results for the year are reported in detail in the Financial Statements section of this report. In summary, the Company completed the year with a $1.33 million profit after tax, from revenues of just over $7 million. Both figures represent increases on the previous year's performance but are below the projected forecasts contained in the prospectus issued in May 2002.

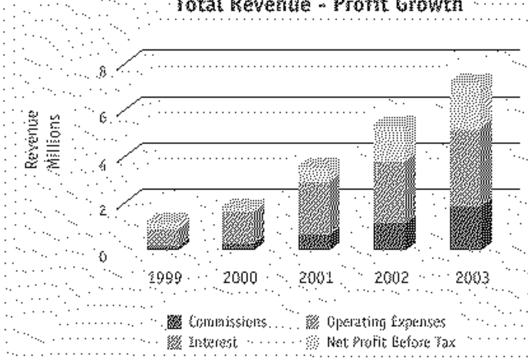
Early in the financial year, it became apparent that Alliance required a greater degree of funding support than was then available to it. Thus, after detailed and successful negotiations, the National Australia Bank became the Company's bankers. To meet reporting requirements for the increased facilities, internal processes were altered and further administrative changes put in place. While these did come at a cost, the results have been excellent. Our two executive directors – Martin Kane, Managing Director and Derrice Dillon – are to be congratulated on this outcome, which has strengthened the Company and facilitated further expansion.

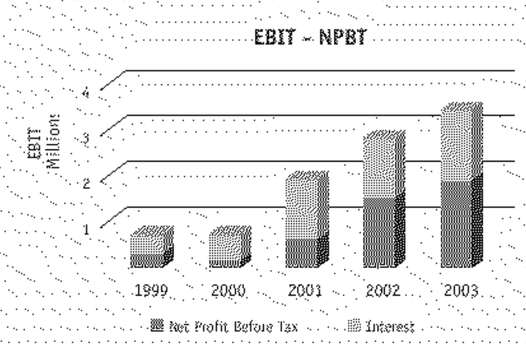
Financial management

The appointment of Ian Magee, who joined Alliance in May 2003, as Chief Financial Officer and Company Secretary has strengthened our management reporting. Ian, together with the other members of the executive and audit committee, chaired by Peter Leonhardt, has expanded on the Company's financial reporting and developed additional key performance indicators, with which management can monitor progress and respond to changes.

Dividend

Recently, the Alliance board declared a final dividend of 1 cent per share, taking the total dividend for our first year as a listed company to 2.5 cents fully franked. It should be noted that this dividend represents a pay-out of about 70 per cent of post-tax profit, which is above the 60 per cent indicated in the prospectus. The board wishes to clarify that this does not represent a permanent alteration to policy but, rather, signals the directors' confidence in the Company's future.





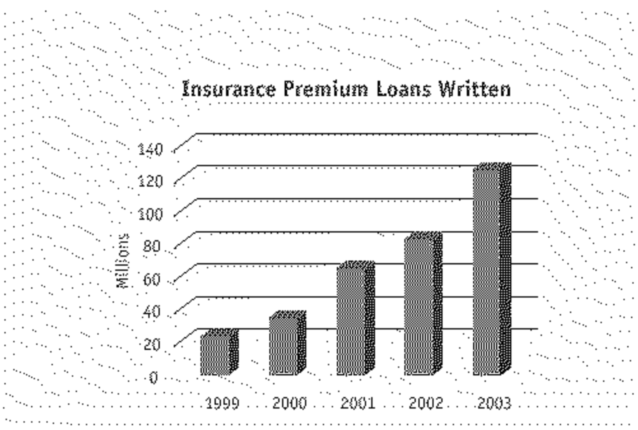
Employees

The team at Alliance continues to meet the challenges of increased levels of business, and to look to further areas for expansion. Having embraced the changes I mentioned above, and by continuing to enhance the Company's procedures for doing business, we will satisfy our expectation of being the best and meeting the demands of our clients.

The future

The Alliance board is comfortable that it has addressed matters raised in the best practice recommendations on good corporate governance, as suggested by the ASX. At this time, due to the size of the board, there is not a majority of 'independent non-executive directors'. Although the current board works effectively, it is recognised that, when appropriate, additional independent directors with requisite skills should be invited to join. However, no immediate change to the composition of the board is anticipated.

Alliance continues, with careful consideration, to expand its operations and achieve growth in a cost-effective manner. As this occurs, further opportunities for growth open up. While there is no shortage of these, it is more a matter of achieving growth in a manner that maximises benefits to the Company.



Finally, I extend my thanks and appreciation to Peter Leonhardt and our executive directors, as well as the rest of the team at Alliance, for their contribution and commitment, and I look forward to the continued growth of the Company.

John Saleeba
Chairman
25th September 2003

Business Overview

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THE COMPANY AND ITS BUSINESS

Alliance Finance Corporation Limited ('Alliance' or 'the Company') is based in Western Australia, with branches in Sydney, Melbourne and Brisbane. Established in 1991, Alliance provides niche financial products to the corporate business community.

Managing Director Martin Kane – who founded, and is a substantial shareholder of, Alliance – has 35 years' experience in the finance industry, including six with Custom Credit, as its State Manager, Western Australia – Consumer and Dealer Financial Services.

Capitalising on this experience, Alliance offers:

- niche products tailored to clients' needs;
- superior service delivery;
- streamlined administrative processes, to maximise margins and ensure the Company remains competitive, and
- relationship-driven outcomes aided by finely tuned networking systems.

Alliance will continue developing and distributing niche products to its growing client base, as well as maximising the efficiency of its systems to the mutual advantage of both its network participants and customers.

Existing Product Lines

Alliance has provided insurance premium funding (IPF) facilities in both metropolitan and regional areas of Western Australia for more than 12 years now. In so doing, it has gained a reputation for high-quality, personalised service and this has engendered strong customer loyalty. The Company, which views this loyalty as a major competitive advantage, is now expanding its activities – to a significant extent – beyond state boundaries.

Currently, Alliance products include IPF and equipment leasing.

Insurance Premium Funding (IPF)

Alliance's IPF is discussed below in terms of:

- the product;
- credit risk management;
- account growth;
- risk diversification, and
- customer retention.

The Product

Many years of experience have given Alliance a competitive edge in the provision of cost-effective IPF solutions for buyers in the commercial insurance market. The Company backs its IPF product with sophisticated back-office support systems.

Companies can improve their cash flow and free up working capital by obtaining finance for their insurance premiums. It also represents an additional line of credit. Thus, as a provider of premium funding, Alliance finances the commercial insurance premiums of the end-customer, the insured. Almost all of Alliance's business is referred from insurance brokers who have established relationships with these end-customers.

In terms of loans written annually, Alliance estimates that, nationally, the IPF market is worth some $2 billion. Based on this estimate, and having written loans for the year ending 30 June 2003 of $123 million, the Company enjoys around 6 per cent of the Australian market.

Alliance believes that this market will continue to grow as a result of many factors, among them the following.

- Customers' increasing knowledge, and acceptance, of IPF as an attractive product (market maturity).
- The greater size, overall, of the insurance market, due to natural market growth and increases in premiums.
- The increasing penetration of IPF as a percentage of the entire insurance premium market, due in part to the expectation that premium increases will 'squeeze' business cash flows.

Credit Risk Management

Alliance's IPF product delivers a most acceptable and manageable credit risk outcome, as evidenced by the following.

- The majority of insurance policies can be cancelled if the customer defaults. This provides Alliance with a premium rebate from the insurer for the unexpired term of the cancelled insurance cover.
- Due to the size and diversification of its IPF book, the effect on Alliance of a single bad IPF debt is minimised
- Alliance has in place credit approval policies designed to minimise its exposure to bad debt.

IPF Account Growth

Alliance's IPF product continues to enjoy excellent account growth. Acquisition of new IPF accounts tends to be seasonal, peaking at around the beginning of the financial year, when many corporate/business insurance renewals and placements are highest.

The continuing growth in value of Alliance's IPF loan book is due in part to the following.

- Increases in the percentage of insurance brokers' total IPF business that is referred to the Company.
- Increases in the level of premiums.
- Greater national market penetration by Alliance, as evidenced by the growth in the number of its accounts.
- The Company's establishment of new insurance broker connections.

At $123 million, the IPF loans written by Alliance for the financial year ended 30 June 2003 are within 5 per cent of its directors' forecasts.

IPF Risk Diversification

Alliance enjoys the support of a wide range of insurance brokers. As a consequence, the type and mix of business it deals with is varied rather than concentrated in particular industry segments. Also, because the term of a typical IPF transaction is less than 12 months, ledger turnover is high so the risk is continually spread.

For Alliance, as previously noted, a fundamental protection against risk is the fact that most policies can be cancelled. Another is the Company's ability to manage risk. To that end, Alliance has in place a credit collection policy, the application of which has been audited several times by an external investigating accountant to ensure that guidelines are being adhered to. In addition, as part of its operating practice, the Company secures each receivable by a charge over the relevant insurance policies, as well as proceeds from them.

Customer Retention

Through minimisation of its IPF renewal costs (other than statutory charges), Alliance remains the most attractive funding provider for most clients, and thus enjoys strong customer retention.

Equipment Leasing

Equipment leasing, which is generic to the finance industry, incorporates operating leases (rentals) and finance leases (leases).

Since 1995, Alliance has been involved in both areas, which are financed either 'on' or 'off' balance sheet. Due to the success of its IPF product and the demand for capital funding, however, the Company's equipment leasing is written largely off balance sheet. As part of this business, Alliance establishes lease finance for computer laptops and other information technology (IT) equipment used at private schools around Australia.

The off balance sheet funding is obtained from a major Australian bank that accepts balance sheet risk, while the equipment is provided by a leading reseller of such products who enjoys an 80 per cent share of the private schools market in New South Wales, Victoria and Western Australia. Although it is the parents of students, primarily, who service the finance stream under this facility, the lease agreements themselves are executed with the schools. This not only minimises the Company's exposure to credit risk but also enhances the prospects of credit approval. Alliance manages the entire process, as well as individual accounts, and receives a fee for doing so.

Again demand is seasonal, with most revenue received between December and February, in line with the start of the school year. That said, the product is low-risk for Alliance as it is off balance sheet. Indeed, equipment leasing can deliver significant upside benefits for the Company.

Alliance has not actively promoted its on balance sheet equipment leasing products in the past, due to balance

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sheet limitations and prioritisation of its IPF product. Instead, the existing lease receivables portfolio has been built in a modest and measured way, with restrictions on the size of individual transactions and the terms written. Such business is referred by finance brokers and sourced from the Company's existing client base

Operational Efficiencies and Improvements

Scaleable Operations

In the past, Alliance's IT operating systems have been sufficient to meet most requirements. However, in the last 12 months, with increased funding levels, it has become necessary to track considerably more information than was previously the case. Hence, the Company has replaced its data management system with a fully integrated accounting package and report-generating system. Substantial customisation – including a bar-code reading system (designed in-house) for easy filing of the considerable documentation and supporting data that accompany each loan – has further enhanced the program currently in use. Now all Alliance offices nationwide can access loan documentation at the push of a button.

With such a stable and reliable IT platform on which to base its business, Alliance's revenue growth should far outstrip the increased administrative costs associated with these improvements.

Cumulatively, Alliance personnel have considerable experience in the finance, insurance and banking sectors. With the benefit of this, a full needs analysis, translated into design and technical specifications, has simplified the processing of quotations as well as the management of new business and existing loan contracts.

As technology evolves, so too does the sophistication of the Company's other IT programs. Today, a complete internet-based system provides insurance brokers with accurate quotations on Alliance's IPF product instantly, 24 hours a day, seven days a week. Brokers can also generate the documentation to be signed when requesting a quote. Further, the system generates reports and information that assist in the tracking of accounts and monitoring of business written by brokers who have done this.

Also advantageous is the fact that Alliance's management team is now readily contactable by brokers with special needs in relation to a client's funding portfolio and who seek a payment schedule outside the normal online system parameters.

Growth Opportunities

Alliance believes there are significant opportunities for growth in cross-selling different product lines within its loyal customer base.

Insurance Premium Funding (IPF)

Having established strong relationships with insurance broking houses based on the east coast, Alliance has successfully serviced that market since January 2003. As a result, growth in the Company's IPF business is expected to continue not just within Western Australia but also Australia-wide.

Alliance's strategy of expanding its presence nationally has led to the establishment of offices in Sydney, Melbourne and Brisbane, and three new state managers, each with considerable industry experience, have been recruited. Further enhancing the Company's profile in the east are insurance brokers who not only have a relationship with Alliance here in WA but also belong to national networks and are keen to expand that local relationship into the wider arena.

Continuing rises in insurance premiums mean that clients of Alliance will have to increase their loan facilities annually, and this will also contribute to growth. Further, it is anticipated that companies which to date have not availed themselves of the Company's IPF will look to this product, rather than those of other financial facilities, as a way of smoothing the impact of premium increases on cash flow.

Equipment Leasing

As Alliance moves forward with a stronger balance sheet, it can take advantage of competitive and market-driven pressures, as well as pricing issues. These will enhance the Company's flexibility in delivering its products to the marketplace.

Alliance's off balance sheet equipment leasing business continues to grow. Bringing at least some of that new business on balance sheet should significantly increase margins, albeit with attendant credit and financing risks. This opportunity is available to the Company at its discretion.

There is further potential for growth in both on and off balance sheet leasing on several fronts namely:

- by increasing the number of school clients;
- through continued growth in the IT/educational interface, which should enhance business opportunities -- via the funding of more IT equipment -- in other market sectors (commerce and industry, as well as education);
- through greater margins on extra business, such as sales in the secondary market, rental extensions and the like;
- by way of traditional marketing initiatives, including identifying and developing a network of introducers similar to that successfully employed for IPF, and
- through both industry networking and value-adding via product innovation and delivery.

On balance sheet leasing, in particular, is expected to grow.

In recent years, the finance industry has witnessed many changes. Traditional lenders, for example, have vacated the 'small ticket' end of the market, presumably because it is no longer cost-effective for them to accept such business. Alliance, which has been in this market for some time now, in a modest way, will continue building its portfolio in a measured manner. Indeed, the Company sees room for considerable expansion of its services in this area. To that end, additional funding facilities to accommodate on balance sheet leasing and rentals are now in place.

FUTURE OPPORTUNITIES

As noted, Alliance has experienced strong growth in its IPF business within Western Australia and, in this last financial year, in the Eastern States. As also noted above, increases in insurance premiums are likely to increase demand for IPF lending, with end-customers seeking to smooth the cash-flow impact of those increases from outside established financial facilities.

Alliance, which is benefiting from increased recognition of its role as a listed public company, as well as a strengthened balance sheet, has now secured funding facilities on substantially better terms than were previously available to it. Now, with a solid facility structure established, the Company is well placed to meet the demands of continuing growth in volume. Further, the new arrangements allow Alliance to improve its competitive position as the need arises.

While general increases in insurance premiums across the industry are likely to encourage new market entrants and increase competition, potential competitors must establish distribution networks and relationships with insurance brokers, and this represents the greatest barrier to their entry.

Alliance's expansion into other states has been very well received, and this too creates excellent opportunities for growth. Having formed strong relationships in the Eastern States prior to setting up infrastructure there, the Company ensured there was sufficient income to establish branch offices and man them with suitably qualified personnel.

Opportunities similar to those for Alliance's IPF business apply to growth in the school leasing business. Success in this area depends not only on strong sales relationships between the Company, the supplier and individual schools but also good back-office support and systems with which to adequately process documentation and payments. With all of the above now in place, this business should produce useful economies of scale.

SECTION 4 | Managing Director's Report

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The 12 months ending June 30, 2003 were historic for Alliance Finance Corporation Limited ('Alliance' or 'the Company') in that this was the first full year in which it operated as a publicly listed entity. With the transition now complete, we have in place the staff, the systems and the financial resources necessary for the Company to grow in the years ahead.

While Alliance's underlying business is very sound, it was disappointing that net profit fell short of the prospectus forecast. In general, however, margins on funding have been broadly in line with those forecast. The lower profit after tax was due primarily to a major shortfall in business under the Company's school lap-top computer funding program, as well as abnormal costs related to:

- the establishment of new bank funding facilities;
- implementation/upgrading of back-office systems;
- the listing of Alliance on the Australian Stock Exchange ('ASX'), which involved greater than anticipated expenses and services, and
- additional bad debt provisioning.

New lending for the year reached record levels, with a 51 per cent increase on that for 2002. However, the insurance premium funding component was 5 per cent short of the prospectus forecast of $130 million. Final figures are as follows.

New lending	$125 million (up 51 per cent)
Total revenue	$7 million (up 30 per cent)
Net profit after tax	$1.33 million (up 28 per cent)
Earnings per share	3.54 cents

Final dividend

I am delighted to report that the Alliance board has approved a final fully franked dividend of 1 cent per share. This brings the total dividend pay-out for the year to 2.5 cents per share, or $942,500, a pay-out of around 70 per cent of the Company's after-tax profit.

All shareholders registered at the close of business on October 29, 2003 will be eligible to receive the dividend, which will be paid on November 20, 2003.

Infrastructure

Investment in staff, systems, funding facilities and general infrastructure is critical to the Company's future growth and competitiveness. During the year, we replaced all our financial and operational software and upgraded or replaced our computer hardware. This initiative is already showing exceptional results – the hardware provides a stable network operating environment, and the upgraded operational software (necessary to support Alliance's new funding lines) is producing excellent information, allowing us to better manage our receivables and monitor key business fundamentals.

A review of the Company's internal processing systems during the year has also led to significant savings in processing time, as well as that taken to access and retrieve information. These systems continue to render the business highly scaleable at little additional cost.

As the Company moves forward, we will continue to improve, and strive to achieve maximum efficiencies from, these systems.

Funding lines

Alliance's new banking arrangements and funding lines, which have been in place since February 2003, are operating well. Efficient performance has meant lower costs in relation to funds, as well as greater flexibility in the way we transact our day-to-day business.

Alliance now has the capacity to cater to new business requirements without the need to raise additional capital. With the establishment of such a robust banking facility this year, we can look forward to achieving our annual and strategic objectives.

IBNA Limited ('IBNA')

As previously reported, Alliance has entered into a joint venture agreement with IBNA, a cluster buying group of insurance brokers. With over 80 outlets nationally, IBNA is represented in every state and regional centre throughout Australia.

Alliance's relationship with IBNA, which commenced nationally in January of this year, is providing support in line with expectations. With new business heading in the right direction, we now look forward to volume support. Our dealings with the staff of IBNA, and that company's insurance broker members, have been excellent. We greatly appreciate the friendships that have developed, the courtesies extended to our staff and the professionalism with which IBNA members go about their business.

The lap-top computer program and other products

Alliance's lap-top computer leasing program, while producing a disappointing result this year, actually operated very well. Indeed, certain processing changes implemented early in the season allowed us to provide clients with exceptionally high levels of service. Although competition is fierce, we believe there is a place for the Company in this market. That said, we do not anticipate further growth in the product in 2004. Rather, having established a number of solid key relationships, we will consolidate these, as well as existing business, to improve our market share and facilitate growth in the future.

Our small lease product, meanwhile, performed above expectations this year, and we look forward to growing the receivables base in 2004.

Several initiatives have been undertaken in relation to other niche products, and these will be developed and trialled in the market this year.

Insurance industry trends

Insurance premiums are expected to rise again this year, but not to same extent as last year. In fact, in Western Australia there has been a decrease in some workers' compensation premiums as specific industries report lower claims levels.

Distribution

I am delighted to announce that Alliance is now represented along Australia's eastern seaboard, and I welcome on board our new staff in Queensland, New South Wales and Victoria. Business for the Company now emanates from every state, and we must move strategically to protect and build on that business base.

While Alliance's ASX listing was a challenge, I sincerely believe that we now have the people, the systems, the funding lines, the capacity and the direction required to become a strong, national financial institution, one that continues to create and build wealth for its shareholders.

Finally, I wish to thank our small but loyal team of staff, all of whom have worked diligently to achieve so much in such a short time.

Martin Kane
Managing Director

Martin Kane - Managing Director

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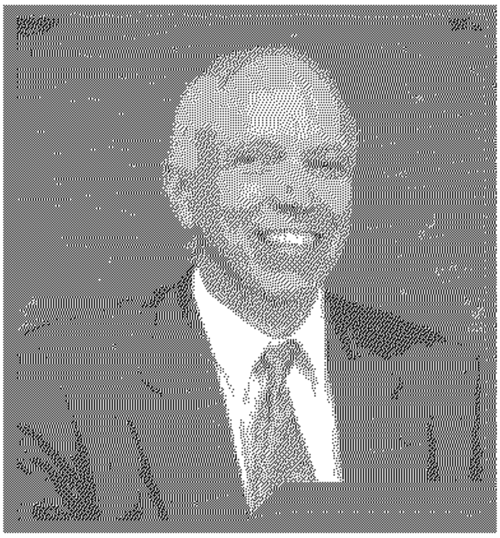
DIRECTORS' REPORTS

Your directors present their report for the year ended 30 June 2003. In order to comply with the provsions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

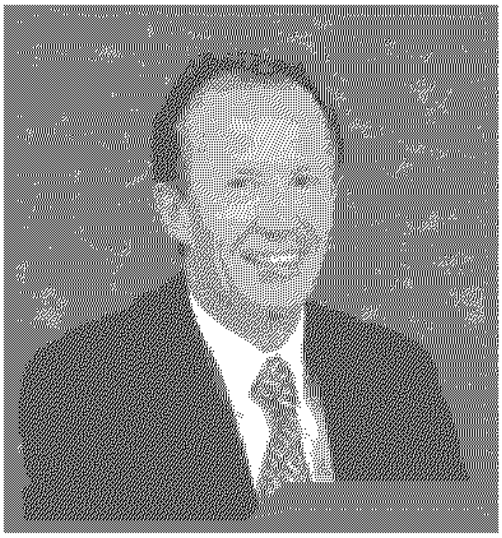
Directors' profiles

Chairman – John Walter Saleeba (59)
B.Comm, LLB, CPA, FAICD



John brings to the Board considerable corporate experience, having spent more than 37 years in commerce and the law. In 1980, he joined solicitors Clayton Utz (formally Robinson Cox) as a partner, providing corporate and commercial legal advice. John, who retired from that firm in June 2003, also has experience as a director across a broad range of industries, including engineering and plastics manufacture. Further, he is chairman of Repcol Limited, a director of Skywest Limited and a member of The Law Society of Western Australia, CPA Australia and the Australian Institute of Company Directors.

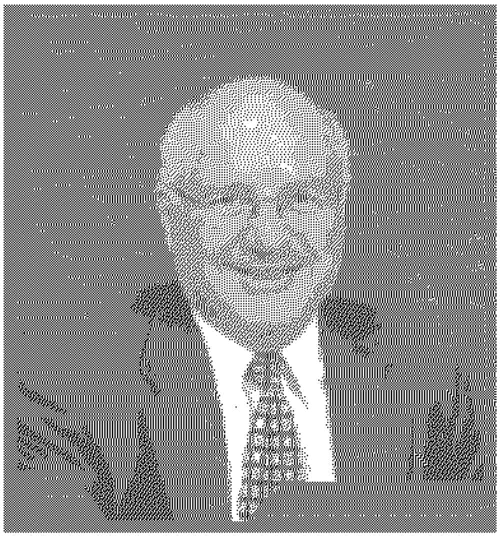
Managing Director – Martin Michael Kane (52)
AAIBF (Snr) MAICD



Martin began his career with Perpetual Trustees in Sydney. He then spent a short time in stockbroking before further developing his finance industry career at Custom Credit Corporation Limited (a subsidiary of the National Australia Bank), where he spent 20 years. During his time with that firm, Martin was exposed to most areas of operations and held positions at branch, state and national levels.

Alliance, under Martin's direction, has developed from its initial start-up 12 years ago to its current position as a publicly listed entity. Martin's 36 years of experience in finance have underpinned that growth and will continue to do so well into the future.

Non Executive Director – Peter James Leonhardt (56)
FCA FAICD



Peter, an independent company director and advisor, has extensive business, financial and corporate experience. He is also a chartered accountant, a former senior partner of PricewaterhouseCoopers and managing partner of Coopers & Lybrand in Western Australia. Peter's professional accounting career, which has spanned 35 years – both within Australia and overseas – includes six spent as a member of the national governing body of Coopers & Lybrand.

Currently chairman of Voyager Energy Limited, Peter is also a director of CTI Logistics Limited and the Western Australian Institute for Medical Research. Further, he is a member of numerous professional bodies, among them the Australian Institute of Company Directors, of which he is a life member and former state councillor.

Executive Director – Derrice-Ann Dillon (46)
MAICD

Derrice's hands-on experience in the commercial financial and accounting arenas includes more than seven years with WA-based insurance brokers. She also served as an executive drector and joint company secretary at Mermaid Marine Australia Limited, and her involvement in the ASX listing of that company was extensive. At Alliance, the breadth of Derrice's knowledge, and her sound commercial skills, are real assets. Having taken a leading role in the listing of the Company, she now manages Alliance's accounts, systems and administration.

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ACTIVITIES

The principal activity of the company during the course of the financial year was the provision of finance products, largely in the specialist areas of insurance premium financing and equipment leasing.
There were no significant changes in the nature of activities during the year.

OPERATING RESULTS

The profit of the company for the financial year after providing for income tax was $1,331,292 (2002: $1,039,265).

REVIEW OF OPERATIONS

New lending for the year was $125 million versus $82 million in 2002.

Total revenue for the year ended 30 June 2003 was $7 million, which compares with $5.4 million for the year ended 30 June 2002.

Total assets have increased 50% from $27,238,909 as at 30 June 2002 to $40,830,388 at 30 June 2003.

Profit from ordinary activities before income tax was $1,846,274 (2002: $1,541,313) and income tax expense was $514,982 (2002: $502,049).

FUTURE DEVELOPMENTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the directors believe on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the company.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of the company's affairs during the financial period.

ENVIRONMENTAL REGULATION

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

DIVIDENDS

A fully franked interim dividend of $565,500 (2002: $150,000) was declared and paid during the financial year.

OPTIONS

Under the terms of an agreement dated 20th October 2002, the Company issued the following options to acquire ordinary shares in the Company to IBNA Limited on 23rd December 2002:

- 200,000 options, which were exercised to acquire 200,000 ordinary shares at 44.54 cents each on 31st December 2002
- 500,000 options exercisable at 50 cents each on or before 31st December 2003
- 500,000 options exercisable at 75 cents each on or before 31st December 2004
- 500,000 options exercisable at $1.00 each on or before 31st December 2005

None of these options are listed on the Australian Stock Exchange.

EVENTS SUBSEQUENT TO BALANCE DATE

A final dividend of $377,000 (2002: $Nil) has been recommended by the Directors.

No other matters or events have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial periods.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

The company's policy for determining the nature and amount of emoluments of board members and senior executive of the company is as follows:

The remuneration structure is reviewed annually with due regard to performance and other relevant factors.

SECTION 5 | # Directors' Report

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the company's operations, the Board seeks the advice of external advisers in connection with the structure of remuneration packages.

Having regard to the size and structure of the company, the nature of it's operations, and the close involvement of the two executive directors, it is the opinion of the directors that there are no executive officers of the Company. Accordingly emoluments disclosures have been provided for the executive directors only.

Remuneration packages contain the following key elements:

(a) Salary

(b) Benefits – including the provision of motor vehicle and superannuation.

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Directors

	Base Payment	Superannuation Contributions	Non-cash Benefits	Total
Mr. J.W. Saleeba	52,500	4,725	-	57,225
Mr. M.M. Kane	150,000	13,500	7,221	170,721
Ms D.A. Dillon	135,000	12,150	-	147,150
Mr. P.J. Leonhardt	35,000	-	-	35,000

MEETINGS OF DIRECTORS

During the financial year, 16 meetings of directors were held. Attendances were as follows:

	Directors Meetings		Audit Committee	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
John W Saleeba	16	16	2	2
Martin M Kane	16	16	-	-
Derrice A Dillon	16	16	-	-
Peter J Leonhardt	16	16	2	2

INDEMNITIES

During the Financial Year, Alliance entered into Deeds of Access and Indemnity with each of its directors and paid a premium for a contract insuring all of the directors of the Company, the company secretaries and all executive officers of Alliance against any liability incurred by such director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The policy does not allocate an identifiable part of the premium to specific directors or officers. Accordingly, the premium paid has not been apportioned to directors remuneration.

The company has not otherwise during or since the end of the Financial Year, indemnified or agreed to indemnify any officer or auditor of the company against a liability incurred as such officer or auditors.

Signed in accordance with a resolution of Directors made pursuant to S.298(2) of the Corporations Act 2001.

John W Saleeba

John Saleeba
Chairman

Perth, 25th September, 2003

Corporate Governance Statement

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Corporate Governance

The Company's main corporate governance policies and practices are outlined below.

(a) The Board of Directors

The Company's Board of Directors is responsible for corporate governance of the Company. The Board will guide management in the development of strategies for the Company, set and review the Company's strategic objectives and monitor the performance of the Company against those objectives. The overall goals of the corporate governance process are to:

- deliver corporate and operational performance against objectives;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.
- drive shareholder value;

Consistent with these goals, the Board assumes the following responsibilities:

- developing initiatives for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to, the Company's shareholders;
- identifying business risks and implementing actions to manage those risks; and
- developing and effecting management and corporate systems to assure quality corporate performance.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.

(b) Composition of the Board

Election of Board members is substantially the province of the Company's shareholders in general meeting. However, subject thereto, the Company commits to the following principles:

- a Board comprising Directors with a blend of skills, experience and attributes appropriate for the Company and its business;
- the Board has equal numbers of executive and non-executive Directors; and
- the principal criterion for the appointment of new Directors being their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of Board membership, but an informal assessment process, facilitated by the Chairman, has been committed to by the Board.

(c) Conflict of Interest

In accordance with the Corporations Act 2001 and the company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company. Where the Board believes that a significant conflict exists the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. Details of director related entity transactions with the Company are set out in Note 22.

(d) Director dealings in Company Shares

The Constitution permits directors to acquire shares in the Company. Company policy prohibits directors and senior management, without Board consultation, from dealing in Company shares or exercising options:

- Except between 2 and 30 days after either the release of the Company's half-year and annual results to the Australian Stock Exchange, the annual general meeting or any major announcement.
- Whilst in possession of price sensitive information.

Directors are required to advise the Chairman of the Board and notify the Company Secretary before they sell or buy shares in the Company. Such transactions must also be reported to the Board. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Stock Exchange, directors advise the Exchange of any transactions conducted by them in shares in the Company.

(e) Independent Professional Advice

Each Director has the right of access to all relevant information and to the Company's executives and, subject to the Chairman's prior consultation may obtain independent professional advice on issues arising in the course of their duties, at the Company's expense. A copy of advice received by the Director is made available to all other members of the Board.

(f) Remuneration Arrangements

The remuneration of an executive director will be decided by the Board, without the affected executive director participating in that decision making process.

The maximum remuneration of non-executive Directors is the subject of shareholder resolution in accordance with the Company's Articles of Association, the Corporations Act and the ASX Listing Rules, as applicable. The apportionment of non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

(g) Audit Committee

The role of the Audit Committee is documented in a Charter which is approved by the Board of Directors. In accordance with this Charter, the committee comprises of two members, including a non-executive director as chairman. The role of the Committee is to advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the Company.

It also gives the Board of Directors additional assurances regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion the in the financial report.

The present members of the Audit Committee are:

Peter J Leonhardt (Non executive Chairman)

John W. Saleeba

The external auditors, the Managing Director and Company Secretary, are invited to Audit Committee meetings at the discretion of the Committee. The committee met twice during the past year.

The committee's responsibilities are to:

- Oversee the financial reporting process
- Nominate external auditors
- Review the performance and fees of the existing auditors
- To review the pro forma half yearly and pro forma preliminary final reports prior to lodgement of these documents with the ASX
- Make the necessary recommendations to the Board for the approval of these documents.
- Review the half yearly and annual findings of the auditors, the adequacy of accounting of accounting and financial controls and to monitor the implementation of any recommendations.
- To organise, review and report on any special reviews or investigations deemed necessary by the Board.

6

(h) Identification and Management of Risk

The Board's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Management of these risks will be discussed by the Board at periodic (at least annual) strategic planning meetings. In addition, key operational risks and their management, will be recurring items for deliberation at Board meetings.

(i) Ethical Standards

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

(j) ASX Corporate Governance Council Recommendations

The Board recognises the importance of the corporate governance principles which underpin the best practice recommendations released by the ASX Corporate Governance Council in March 2003. The Company is actively considering in what ways its existing governance related practices and procedures can be strengthened by adopting those aspects of the recommendations that were not an established part of its practices and procedures in the financial year. Initiatives are in train to achieve such outcomes. The Company is also in the process of publishing additional information on the Company's website to support its internal policies and practices.

(k) Communications with Shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- The Annual Report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). The Board ensures that the Annual Report includes relevant information about the operations of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the Corporations Act 2001.
- The half yearly report contains summarised financial information and a review of the operations of the Company during the period. The half year audited financial report is prepared in accordance with the requirement of applicable Accounting Standards and the Corporations Act 2001 and is lodged with the Australian Securities and Investment Commission and the Australian Stock Exchange. The financial report is sent to any shareholder who requests it.
- Proposed major changes in the company which may impact on share ownership rights are submitted to a vote of shareholders.
- Notices of all meetings of shareholders

All documents that are released publicly are made available on the company's internet web site at www.alliance.net.au.

The Board encourages full participation of shareholders at the Annual General Meeting.

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	Notes	30 June 2003 $	30 June 2002 $
Revenues from ordinary activities			
Interest revenue	2(a)	6,298,724	4,425,674
Non interest revenue	2(b)	711,511	970,510
Total revenue		**7,010,235**	**5,396,184**
Borrowing expenses	3(a)	(1,521,100)	(1,284,750)
Commission expenses		(1,544,943)	(1,164,677)
Other general and administration expenses	3(b)	(2,097,918)	(1,405,444)
Profit from ordinary activities before income tax expense		1,846,274	1,541,313
Income tax expense	4	(514,982)	(502,049)
Profit from ordinary activities after income tax expense	5	1,331,292	1,039,265
Decrease in retained profits on adoption of an Accounting Standard		-	(11,802)
Total revenues, expenses and valuation adjustments attributable to members recognised directly in equity		-	(11,802)
Total changes in equity other than those resulting from transactions with owners as owners attributable to the members		1,331,292	1,027,463

		Cents	Cents
Earnings per share (Basic)	15(c)	3.5	6.5
Earnings per share (Diluted)	15(c)	3.5	6.5
Franked Dividends per share	6	1.5	0.7

The Statement of Financial Performance is to be read in conjunction with the notes to the financial statements included in pages 25 to 39.

	Notes	30 June 2003 $	30 June 2002 $
ASSETS			
Cash assets		534,667	360,304
Receivables	7	39,464,491	26,314,662
Other financial assets	8	15,000	15,000
Other assets	9	413,103	299,490
Deferred tax assets	10	2,360	23,859
Plant and equipment	11	400,767	225,594
TOTAL ASSETS		40,830,388	27,238,909
LIABILITIES			
Deferred income		-	20,000
Payables	12	7,760,834	5,088,529
Interest bearing liabilities	13	21,303,707	10,984,217
Tax liabilities		230,844	505,793
Provisions	14	102,551	62,781
TOTAL LIABILITIES		29,397,936	16,661,320
NET ASSETS		11,432,452	10,577,589
EQUITY			
Contributed equity	15	8,464,480	8,375,409
Retained earnings	5	2,967,972	2,202,180
TOTAL EQUITY		11,432,452	10,577,589

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements included in pages 25 to 39.

	Notes	30 June 2003 $	30 June 2002 $
Cash Flows from Operating Activities			
Interest received		6,298,724	4,425,674
Fees and other income received		711,511	970,510
Personnel and other operating expenses paid		(3,351,156)	(2,747,690)
Borrowing costs paid		(1,521,100)	(1,284,750)
Income tax paid		(768,432)	(48,165)
Net Cash Provided by Operating Activities	17(b)	1,369,547	1,315,579
Cash Flows From Investing Activities			
Net increase in loan funds advanced		(13,221,519)	(7,573,598)
Net increase in amounts due to brokers		2,428,740	319,865
Proceeds from disposal of assets		1,440	-
Purchases of plant and equipment		(243,683)	(172,167)
Net Cash Used in Investing Activities		(11,035,022)	(7,425,900)
Cash Flows from Financing Activities			
Increase (decrease) in bank loans		15,153,777	(4,978,928)
Net increase (decrease) in other loans		(1,647,517)	1,741,699
Lease payments		(3,408)	(7,107)
Proceeds from issue of securities		89,071	7,355,459
Dividends paid		(565,500)	-
Net cash provided by financing activities		13,026,423	4,111,123
Net increase/(decrease) in cash held		3,360,948	(1,999,198)
Cash at the beginning of the financial period		(2,966,479)	(967,281)
Cash at the end of the financial period	17(a)	394,469	(2,966,479)

The Statement of Cash Flows is to be read in conjunction with the attached notes to the financial statements included in pages 25 to 39.

Notes to the Financial Statements

ALLIANCE

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared as a general purpose financial report which complies with the requirements of the Corporations Act 2001, Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The accounting policies used are consistent with those adopted in the previous year.

The financial statements have also been prepared in accordance with the historical cost convention and do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets.

The following specific policies, have been applied in the preparation of these financial statements:

(a) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

(b) Recoverable Amounts of Non-Current Assets

All non-current assets are reviewed at least annually to determine whether their carrying amounts require write down to recoverable amounts. Recoverable amount is determined using net cash flows discounted to present values.

(c) Depreciation of plant and equipment

Plant and equipment are carried at cost and depreciated over their useful economic lives as follows:

Owned Plant and Equipment	2 – 5 years	Diminishing Value
Leased Plant and Equipment	5 years	Diminishing Value
Motor Vehicles	5 years	Diminishing Value
Computer Software	2.5 years	Straight Line

(d) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. They include interest on bank overdrafts, bills of exchange and other borrowings.

(e) Debtors - Insurance Premium Finance

Debtors – Insurance Premium Finance comprises finance provided to customers by way of insurance premium finance facilities. All insurance premiums receivable are for terms not exceeding 12 months.

Interest income is brought to account over the term of each insurance premium contract using the Rule of 78 method.

(f) Debtors – Leases

Debtors – leases comprises finance provided to customers by way of finance lease facilities. Lease rentals receivable comprise future lease payments plus residuals due to the company on completion of the contracts.

Income is brought to account over the term of each lease.

(g) Bad and Doubtful Debts

Bad debts are written off as incurred and provisions are made for doubtful debts when there is reasonable doubt whether all the principal can be collected. A general provision for doubtful debts is maintained to cover any unidentified losses within the debtor portfolios.

(h) Income Tax

The financial statements apply the principles of tax effect accounting. The income tax expense in the Statement of Financial Performance represents the tax on the pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. The provision for deferred income tax liability and the future income tax benefit include the tax effect of differences between income and expense items recognised in different accounting periods for book and tax purposes, calculated at the tax rates expected to apply when the differences reverse.

(i) Prepaid Commission

Commission incurred in relation to providing finance to debtors is initially capitalised and amortised over the period of each finance contract.

(j) Equipment Leasing Fee Income

Equipment leasing fee income, in relation to "off balance sheet" equipment leasing programs, is recognised upon the settlement of finance agreements and is brought to account as income at that time.

(k) Provision for Employee Entitlements

Provision is made in the accounts for unpaid annual leave and long service leave entitlements of employees.

Provision has been made for benefits accruing to employees in relation to such matters as annual leave and long service leave. Long Service provisions represent the present value of the estimated future cash flows to be made by the employer resulting from employees' services provided up to the balance date.

All on costs are included in the determination of provisions.

(l) Foreign Currency Transactions

Foreign currency items are translated to Australian currency on the following basis:

- Transactions are converted at exchange rates applicable at the date of each transaction;
- Amounts payable and receivable are translated at the exchange rates applicable on the close of business at balance date.

Exchange differences relating to monetary items are included in the Statement of Financial Performance, as exchange gains or losses, in the period when the exchange rates change.

(m) Other Investments

Interests in non-controlled, non-associated companies are included in other financial assets at the lower of cost or recoverable amount. Dividend income is brought to account when received.

(n) Leased assets

Finance Leases

Assets acquired under finance leases are capitalised and amortised over the life of the relevant lease or, where ownership is likely to be obtained on expiration of the lease, over the expected useful life of the asset. Lease payments are allocated between interest expense and reduction in the lease liability.

Operating Leases

Operating lease assets are not capitalised and rental payments are expensed in the period in which they are incurred.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

	30 June 2003 $	30 June 2002 $
2. REVENUE FROM ORDINARY ACTIVITIES		
(a) Interest Revenue		
Insurance premium finance	6,062,211	4,244,542
Finance leases	220,191	162,279
Other	16,322	18,853
	6,298,724	4,425,674
(b) Non Interest Revenue		
Fees – equipment leasing	378,237	652,224
Fees – insurance premium finance	333,274	246,037
Other	-	72,249
	711,511	970,510
	7,010,235	5,396,184
3. EXPENSES AND GAINS/LOSSES		
(a) Borrowing Costs		
Bank fees	394,281	271,644
Bank Interest	1,013,992	839,259
Interest – deposits	112,827	173,847
	1,521,100	1,284,750
(b) Other General and Administrative Expenses		
Depreciation of plant and equipment	58,093	21,939
Loss on sale/diminution in value of assets	8,977	20,000
Bad debts written off	187,960	93,289
Provisions for doubtful debts	71,691	137,406
Provision for employee entitlements	39,771	12,107
Personnel costs	943,031	694,369
Other	788,395	426,334
	2,097,918	1,405,444
(c) Individually significant items included in profit from ordinary activities before income tax included in (a) and (b) above		
Provision for doubtful debts regarding 1999 debtor	-	(100,000)
	-	(100,000)

	30 June 2003 $	30 June 2002 $
4. INCOME TAX		
The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:		
Profit from ordinary activities	1,846,274	1,541,313
Prima Facie tax thereon at 30%	553,882	462,394
Tax effect of permanent differences		
- Non deductible expenses	2,292	8,847
- Non assessable income	-	-
- Capital costs of ASX listing	(41,192)	(41,192)
Individually Significant Income Tax Items		
- Prior year deductions disallowed in relation to a tax scheme	-	72,000
Total income tax attributable to profit from ordinary activities	514,982	502,049
5. RETAINED EARNINGS		
Opening balance	2,202,180	1,324,718
Adjustment on adoption of an Accounting Standard	-	(11,802)
Net profit for the year	1,331,292	1,039,264
Dividends provided for or paid (Note 6)	(565,500)	(150,000)
Closing Balance	2,967,972	2,202,180
6. DIVIDENDS		
The following fully franked dividends were provided for or paid:		
Interim dividend of 1.5 cents (2002: 0.7 cents) per share	565,500	150,000

The interim dividend was paid on 19 March 2003.

The Directors have recommended a final dividend of one cent per share (2002: Nil cents), which will be paid on 20 November 2003. The record date for determining entitlements to the dividend will be the 29 October 2003.

The Company's Dividend Reinvestment Plan is not currently in operation.

		30 June 2003 $	30 June 2002 $
7. RECEIVABLES			
Debtors – Insurance Premium Finance	(a)	37,810,747	25,886,571
Less: Unearned Interest		(1,300,236)	(816,218)
Provision for doubtful debts		(189,179)	(225,351)
		36,321,332	24,845,002
Debtors – Finance Leases	(b)	3,049,689	1,815,235
Less: Unearned Interest		(547,407)	(338,190)
Provision for doubtful debts		(15,248)	(7,385)
		2,487,034	1,469,660
Other Secured Loans	(c)	656,125	-
		39,464,491	26,314,662

a) Debtors – Insurance Premium Finance are collectable over periods ranging up to a maximum of 12 months. Maturity analysis is as follows:

Not longer than 3 months	20,436,596	15,524,176
Longer than 3 months and not longer than 12 months	17,374,151	10,362,395
	37,810,747	25,886,571

b) Debtors - Finance leases are reconciled to the investment in finance leases as follows:
Aggregate of minimum lease payments and un-guaranteed residual values due;

Not later than one year	1,559,269	826,676
Later than one year but not later than five years	1,490,420	988,559
	3,049,689	1,815,235
Future Finance Revenue	(547,407)	(338,190)
Provision for doubtful debts	(15,248)	(7,385)
Net receivable	2,487,034	1,469,660

c) Other Secured Loans are repayable as follows:

Not later than one year	356,125	-
Later than one year but not later than five years	300,000	-
	656,125	-

Provision for Doubtful Debts comprises;

Specific Provision		
Opening Balance	100,000	-
Doubtful debts expense	-	100,000
Bad debts written off	(100,000)	-
Closing balance	-	100,000
General Provision		
Opening Balance	132,736	95,330
Doubtful debts expense	71,691	37,406
Bad debts written off	-	-
Closing Balance	204,427	132,736

	30 June 2003 $	30 June 2002 $
8. OTHER FINANCIAL ASSETS		
Share investments in other companies at cost	15,000	15,000
9. OTHER ASSETS		
Prepayments - Commission	315,110	216,603
- Other	19,506	19,383
Other debtors	78,487	62,704
Preliminary expenses	-	800
	413,103	299,490
10. DEFERRED TAX ASSETS		
Future Income Tax Benefits:		
Attributable to timing differences:		
- Deferred Income	-	6,000
- Provision for doubtful debts	61,328	69,821
- Provision for employee entitlements	30,765	18,834
- Other Provisions	4,800	-
- Prepayments	(94,533)	(70,796)
	2,360	23,859
11. PLANT & EQUIPMENT		
Plant and equipment		
At cost	225,800	270,499
Less: Accumulated depreciation	(56,364)	(69,591)
	169,436	200,908
Leased plant and equipment		
At cost	11,615	11,615
Less: Accumulated depreciation	(3,804)	(1,852)
	7,811	9,763
Motor vehicles		
At cost	33,810	33,810
Less: Accumulated depreciation	(22,245)	(18,887)
	11,565	14,923
Computer software		
At cost	224,891	-
Less: Accumulated depreciation	(12,936)	-
	211,955	-
	400,767	225,594

11. PLANT & EQUIPMENT (continued)

Movements during the period:

	Opening WDV	Additions	Disposals	Transfers	Depreciation	Closing WDV
	$	$	$	$	$	$
Plant	200,908	129,120	(10,417)	(109,965)	(40,210)	169,436
Leased Plant	9,763	-	-	-	(1,952)	7,811
Vehicles	14,923	-	-	-	(3,358)	11,565
Software	-	114,563	-	109,965	(12,573)	211,955
Total	225,594	243,563	(10,417)	-	(58,093)	400,767

	30 June 2003 $	30 June 2002 $
12. PAYABLES		
Unsecured		
Insurance premium settlements	7,329,038	4,900,299
Trade creditors	22,478	47,769
Amounts payable – equipment leasing	92,537	140,461
Other creditors and accruals	316,781	-
	7,760,834	5,088,529
13. INTEREST BEARING LIABILITIES		
Bank overdraft	140,198	3,326,782
Bank borrowings - other	21,153,777	-
Bills of exchange	-	6,000,000
Other loans/deposits – unsecured at call	-	1,647,517
Finance lease liabilities	11,953	12,237
Less: Unexpired charges	(2,221)	(2,319)
	21,303,707	10,984,217

The Company has a multi-option facility and a receivable finance facility with the National Australia Bank Limited. These facilities are secured by a registered mortgage debenture over all the assets and undertakings of the Company. In addition, amounts advanced under the receivable finance facility are secured by the partial assignment to the National Australia Bank of loan contract receivables.

Interest rates and associated risk exposures are set out in Note 24.

	30 June 2003 $	30 June 2002 $
14. PROVISIONS		
Employee entitlements	102,551	62,781
The number of full time equivalents employed at 30 June	12	10
15. CONTRIBUTED EQUITY		
a) Paid up capital		
37,700,000 (2002: 37,500,000) ordinary shares each fully paid	8,464,480	8,375,409
b) Movements in Contributed Equity		
On issue at start of year	8,375,409	20,000
Issued during the year (200,000 shares)	89,071	9,041,952
Float Expenses	-	(686,543)
On issue at end of year	8,464,480	8,375,409

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	30 June 2003 $	30 June 2002 $
c) Weighted average shares on issue		
Weighted average number of ordinary shares used in calculating basic earnings per share.	37,600,000	16,059,838
Weighted average number of ordinary shares used in calculating diluted earnings per share.	38,376,712	16,059,838
16. FRANKING CREDITS		
Available Credits:		
Retained profits that could be distributed as dividends and franked out of existing franking credits or out of franking credits arising from income tax payable.	3,043,618	2,276,104

Dividend Franking

Dividends paid of $565,500 (2002:$150,000) were franked at the current tax rate of 30%.

	30 June 2003 $	30 June 2002 $
17. NOTES TO STATEMENT OF CASH FLOWS		
a) Reconciliation of Cash		
For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and deposits at call, net of outstanding bank overdrafts.		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash at bank	534,667	360,304
Bank overdraft	(140,198)	(3,326,783)
	394,469	(2,966,479)
b) Reconciliation of Net Profit After Tax to Net Cash Provided by Operating Activities		
Net profit after income tax	1,331,292	1,039,265
Adjustment for non-cash items:		
Depreciation of plant & equipment	58,093	21,939
Loss on sale/diminution in value of assets	8,977	20,000
Increase/(decrease) in provisions for;		
- Employee entitlements	39,771	12,107
- Doubtful debts	71,691	137,406
- Tax	(274,949)	489,544
Changes in Assets and Liabilities:		
(Increase)/decrease in assets		
- Other debtors and prepayments	(113,613)	(69,157)
- Deferred tax assets	21,499	(35,661)
(Decrease)/increase in liabilities		
- Sundry creditors and accruals	246,786	(319,865)
- Deferred Income	(20,000)	20,000
Net cash from operating activities	1,369,547	1,315,579

c) Non-Cash Financing and Investing Activities

During the financial period there were no non-cash financing or investing transactions not reflected in the Statement of Cash Flows.

	30 June 2003 $	30 June 2002 $
18. COMMITMENTS		
a) Contracted operating lease expenditure		
is payable as follows:		
- Not later than one year	27,060	27,000
- Later than one year but not later than five years	13,530	40,500
	40,590	67,500

The West Perth premises is committed under a 3 year plus 3 year option arrangement which commenced on 1st January 2002 with an annual rental of $27,060

	30 June 2003 $	30 June 2002 $
b) Contracted finance lease expenditure		
is payable as follows:		
- Not later than one year	3,408	3,408
- Later than one year but not later than five years	5,421	8,829
	8,829	12,237

19. FINANCING ARRANGEMENTS

The company has access, as at 30 June 2003, to the following financing facilities with a number of financial institutions:

	Accessible $	Used $	Unused $
1. Bank Overdraft	5,000,000	140,198	4,859,802
2. Bank Loan Facility	45,000,000	21,153,777	23,846,223
3. Vendor Equipment Finance	85,000,000	3,776,385	81,223,615

Items 1, 2 and 3 - Refer to Note 13.

Item 3 – An undisclosed principal and agency agreement between a major Australian bank and Alliance is in place. The agreement was established in order to provide funding for the provision of "off balance sheet" equipment leases to the Company's clients. The aggregate limit of principal funding by the Bank in the terms of the agreement, from time to time must not exceed $85 million.

	30 June 2003 $	30 June 2002 $
20. REMUNERATION OF OFFICERS		
(a) Remuneration of Directors		
The number of directors of the company who were paid, or were due to be paid income directly or indirectly from the company or any related party, as shown in the following bands, were:		
\$ 30,000 - \$ 39,999	1	-
\$ 40,000 - \$ 49,999	-	1
\$ 50,000 - \$ 59,999	1	-
\$ 80,000 - \$ 89,999	-	1
\$140,000 - \$149,999	1	-
\$170,000 - \$179,999	1	-
Total remuneration of directors	410,096	114,765
(b) Remuneration of Executives		
The number of executive officers, including executive directors, whose remuneration in connection with the management of the Company is \$100,000 or more was as follows:		
\$140,000 - \$149,999	1	-
\$170,000 - \$179,999	1	-
Total remuneration of executives	317,871	-

21. REMUNERATION OF AUDITORS

Remuneration received, or due and receivable, by the auditors for:

	30 June 2003 $	30 June 2002 $
- Audit or review of financial statements	32,000	9,700
- Other consultancy and assurance related services	17,554	39,200
	49,554	48,900

	30 June 2003 $	30 June 2002 $

22. RELATED PARTY DISCLOSURES

(a) Directors

The following persons held the position of director of the company during the period:
J.W. Saleeba
M.M. Kane
D.A. Dillon
P.J. Leonhardt

(b) Directors Shareholdings

Ordinary shares held indirectly at the end of the year:

	30 June 2003 $	30 June 2002 $
- J.W. Saleeba	190,000	190,000
- M.M. Kane	17,011,098	17,011,098
- D.A. Dillon	1,211,554	1,211,554
- P.J. Leonhardt	104,000	104,000
	18,516,652	18,516,652

(c) Loans from Directors

A number of 'at call' unsecured deposits from directors or related entities were held during the period. These were fully repaid on or before 30 April 2003. Interest was paid at a rate of 7% (2002: 10%).

	30 June 2003 $	30 June 2002 $
Loan balances		
M.M. Kane	-	344,748
D.A. Dillon	-	644,425
Interest expense		
Interest paid during the period	74,015	55,434

(d) Other Director Related Transactions

Directors of the company, or their director related entities, conduct transactions with the company that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the director or director related entity at arms length in similar circumstances. These transactions include:

- Rent paid to a trust controlled by Mr M.M. Kane, to the value of $25,025 (2002: $25,276).
- An amount of $7,260 was paid for the rental of car parking bays to Mainridge Holdings Pty Ltd a company in which Ms D. Dillon has a significant interest.
- Insurance premium funding loans have been advanced under normal commercial terms and conditions to the following related parties:
  - Skywest Airlines Limited (of which Mr J. Saleeba is a director).
  - Achiever Partnership (in which Ms D. Dillon has a financial interest).
  - Owners of 32 Victoria Street (in which Ms D. Dillon has a financial interest).

23. EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or events which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

24. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposure

The company is exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for the company, together with effective interest rates as at balance date.

		Fixed Interest Rate Maturing in				Average Interest Rate	
30 June 2003	Floating Interest Rate $000	1 year or less $000	1 to 5 Years $000	Non Interest Bearing $000	Total $000	Floating %	Fixed %
Financial Assets							
Cash	124	411			535	2.0	4.3
Debtors		37,604	1,860		39,464		15.0
Other debtors				79	79		
	124	38,015	1,860	79	40,078		
Financial Liabilities							
Trade Creditors				7,351	7,351		
Other amounts payable				640	640		
Bank Overdraft	140				140	8.5	
Bank Loans	21,154				6,000	7.8	-
Other loans/deposits	1,647				21,154	5.3	
Finance Leases		3	6		9		11.0
	21,294	3	6	7,991	29,294		
30 June 2002							
Financial Assets							
Cash	360				360	3.0	
Debtors		25,445	870		26,315		15.0
Other debtors				62	62		
	360	18,439	235	155	26,737		
Financial Liabilities							
Trade Creditors				4,948	4,948		
Other amounts payable				140	140		
Bank Overdraft	3,326				3,326	9.3	
Bank Loans	6,000				6,000	4.9	-
Other loans/deposits	1,647				1,647	10.0	
Finance Leases		7	2		9		11.0
	10,973	7	2	5,088	16,070		

24. FINANCIAL INSTRUMENTS (cont)

(b) Foreign Exchange

The company has no exposure to currency exchange rate risk for financial assets and liabilities, other than in respect of the Bank Advance USD Facility which is repayable in US Dollars.

(c) Credit Risk Exposure

The company's exposure to on balance sheet credit risk is indicated by the carrying amounts of its financial assets.

Credit exposure represents the extent of credit related losses that the company may be subject to on amounts to be received for financial assets. Wherever possible collateral is obtained in the form of cancellable insurance policies.

All credit risks are located in Australia and the company does not have a significant exposure to any individual customer or industry.

(d) Net Fair Value of Financial Assets and Liabilities

The carry amounts and estimated net fair values of financial assets and liabilities held at balance date approximate those set out in Note 24(a) above.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1) The financial statements and notes, set out on pages 21 to 39:

a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b) give a true and fair view of the Company's financial position as at 30 June 2003 and of the performance for the year ended on that date.

2) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the directors:

John W Saleeba

John Saleeba
Chairman
Perth, 25th September 2003

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF ALLIANCE FINANCE CORPORATION LIMITED

Scope

We have audited the financial report of Alliance Finance Corporation Ltd for the year ended 30 June 2003, as set out on pages 21 to 39. The company's directors are responsible for the preparation and presentation of the financial report and the information it contains. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements In Australia so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Company is properly drawn up:

(a) So as to give a true and fair view of the financial position of the company as at 30 June 2003 and of the performance of the company for the year ended on that date; and

(b) In accordance with the provisions of the Corporations Act 2001 and the Corporations Regulations; and

(c) In accordance with Accounting Standards and other mandatory professional reporting requirements.

Neil Pace　　　　Moore Stephens BG

NEIL PACE
PARTNER

MOORE STEPHENS BG
CHARTERED ACCOUNTANTS

Signed at Perth, 25th September 2003

ASX ADDITIONAL INFORMATION

The following information required by the Australian Stock Exchange is current as at 22nd September 2003.

1. Current Shareholdings

(a) Securities on issue

There are 37,700,000 fully paid ordinary shares on issue which are held by 412 individual shareholders. Of these, 21,300,000 shares are subject to voluntary escrow which expires on 30th September 2003. During the financial year 200,000 ordinary shares were issued on 31 December 2002 as a result of the conversion of options.

(b) Distribution of Shareholders Number

Category (size of Holding)	Number of Ordinary Share Holders	Number of Share
1 – 1,000	4	2,063
1,001 – 5,000	77	292,880
5,001 – 10,000	123	1,126,812
10,001 – 100,000	178	5,812,184
100,001 – and over	30	30,466,061
	412	37,700,000

(c) The number of shareholdings held in less than marketable parcels is 5.

(d) The names of the substantial shareholders listed in the company's register as at 22nd September 2003 are:

Shareholder	No. of Shares	% Held
Bligh Pty Ltd	17,011,098	45.12
Sircourt Nominees Pty Ltd	3,473,751	9.21

(c) 20 Largest Shareholders – Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	Bligh Pty Ltd (Martin Kane)	17,011,098	45.12%
2	Sircourt Nominees Pty Ltd	3,473,751	9.21%
3	Benefund Limited	1,565,926	4.15%
4	Richpride Pty Ltd (Derrice Dillon)	1,031,112	2.74%
5	Centrepoint Finance Pty Ltd	914,328	2.43%
6	Invia Custodian Pty Ltd	646,000	1.71%
7	Permanent Trustee Australia Ltd <PVA 0002 A/C>	631,874	1.68%
8	Griffin Funds Management	580,000	1.54%
9	Mr R.J. & Mrs K.M. Nelson	559,642	1.48%
10	Permanent Trustee Australia Pty Ltd <PVA 0001 A/c>	500,000	1.33%
11	Sultene Pty Ltd	335,557	0.89%
12	Shareholding Pty Ltd	306,000	0.81%
13	Cy-Anne Aylmore	290,038	0.77%
14	Graham Bond	250,000	0.66%
15	Westpac Custodian Nominees Limited	230,400	0.61%
16	Oceanfront Properties Pty Ltd	225,000	0.60%
17	Marilyn Holdings Pty Ltd	220,000	0.58%
18	Giovanni Nominees Pty Ltd	200,000	0.53%
19	IBNA Limited	200,000	0.53%
20	Derrice Dillon <D&S Super Fund>	180,422	0.48%
		29,351,148	77.85%

2. Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands

3. Secretary

The Company Secretary is Mr. Ian Robert Magee.

4. Registered Office

The address of the principal registered office in Australia is Level 1, 6 – 12 Gordon Street, West Perth, Western Australia 6005.

5. Share Registry

The Register of securities is maintained by:
Computershare Investor Services Pty Ltd
Level 2, 45 St. George's Terrace, Perth, Western Australia 6000

6. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

7. Publications

The Annual Report is the main source of information for shareholders.