



Financial Statements

For the financial year ended 31st March 2020



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			Twelve months ended		
	31.03.2020	31.03.2019	Variance	31.03.2020	31.03.2019	Variance
	(audited) Rs.	(audited) Rs.		(audited) Rs.	(audited) Rs.	
Gross Income	1,894,088,874	1,905,253,051	(1)	7,679,217,661	7,243,598,369	6
Interest income	1,774,200,692	1,707,659,750	4	7,212,017,278	6,832,724,997	6
Interest expenses	(841,657,306)	(809,722,718)	(4)	(3,321,169,317)	(3,244,034,169)	(2)
Net Interest Income	932,543,386	897,937,032	4	3,890,847,961	3,588,690,828	8
Fee and commission income	48,052,387	65,278,416	(26)	180,002,654	180,053,256	(0)
Fee and commission expenses	(55,149,710)	(77,180,594)	29	(178,059,341)	(214,596,424)	17
Net Fee and Commission Income	(7,097,323)	(11,902,178)	40	1,943,313	(34,543,168)	106
Net gain/(loss) from trading	(15,284,394)	32,356,140	(147)	49,512,493	(4,062,314)	1,319
Other operating income (net)	87,120,189	99,958,745	(13)	237,685,236	234,882,430	1
Total Operating Income	997,281,858	1,018,349,739	(2)	4,179,989,003	3,784,967,776	10
Impairment (charges) / reversal for loans and other losses	(262,485,605)	(44,280,751)	(493)	(1,112,357,328)	(813,494,810)	(37)
Net Operating Income	734,796,253	974,068,988	(25)	3,067,631,675	2,971,472,966	3
Operating Expenses						
Personnel expenses	(214,729,222)	(246,469,539)	13	(821,722,767)	(780,351,399)	(5)
Other operating expenses	(309,316,790)	(352,508,486)	12	(1,283,645,436)	(1,224,682,084)	(5)
Depreciation and amortization	(35,989,026)	(34,906,555)	(3)	(131,646,655)	(136,086,759)	3
Total operating expenses	(560,035,038)	(633,884,580)	12	(2,237,014,858)	(2,141,120,242)	(4)
Operating Profit before Taxes on Financial Services	174,761,215	340,184,409	(49)	830,616,817	830,352,725	0
Taxes on financial services	(53,287,392)	(89,167,139)	40	(296,140,836)	(221,190,685)	(34)
Operating Profit after Taxes on Financial Services	121,473,823	251,017,270	(52)	534,475,981	609,162,040	(12)
Share of profit/(loss) from associates	(4,533,420)	(3,427,372)	(32)	(2,842,382)	(8,893,804)	68
Profit before Taxation from Operations	116,940,403	247,589,898	(53)	531,633,599	600,268,236	(11)
Provision for income taxation	(102,000,000)	(169,885,428)	40	(323,000,000)	(294,096,680)	(10)
Profit for the Period	14,940,403	77,704,470	(81)	208,633,599	306,171,556	(32)
Basic/ Diluted earnings per share	1.77	9.22		6.19	9.09	
Dividend Per Share (Rs./Cts.)	-	1.00		-	1.00	

Alliance Finance Company PLC

STATEMENT OF PROFIT OR LOSS - GROUP

	Quarter ended			Twelve months ended		
	31.03.2020	31.03.2019	Variance %	31.03.2020	31.03.2019	Variance %
	(audited) Rs.	(audited) Rs.		(audited) Rs.	(audited) Rs.	
Gross Income	1,904,820,428	1,943,951,842	(2)	7,738,764,376	7,324,060,190	6
Interest income	1,774,929,247	1,708,391,970	4	7,214,750,962	6,835,674,145	6
Interest expenses	(841,657,306)	(809,722,718)	(4)	(3,321,169,317)	(3,244,034,169)	(2)
Net Interest Income	933,271,941	898,669,252	4	3,893,581,645	3,591,639,976	8
Fee and commission income	58,050,982	103,217,544	(44)	236,811,281	257,538,486	(8)
Fee and commission expenses	(55,164,110)	(77,406,741)	29	(178,073,741)	(214,822,571)	17
Net Fee and Commission Income	2,886,872	25,810,803	89	58,737,540	42,715,915	38
Net gain/(loss) from trading	(15,284,394)	32,356,140	(147)	49,512,493	(4,062,314)	1,319
Other operating income (net)	87,124,593	99,986,188	(13)	237,689,640	234,909,873	1
Total Operating Income	1,007,999,012	1,056,822,383	(5)	4,239,521,318	3,865,203,450	10
Impairment (charges) / reversal for loans and other losses	(262,485,605)	(44,280,751)	(493)	(1,112,357,328)	(813,494,810)	(37)
Net Operating Income	745,513,406	1,012,541,632	(26)	3,127,163,989	3,051,708,640	2
Operating Expenses						
Personnel expenses	(215,992,643)	(261,181,207)	17	(831,086,788)	(802,968,838)	(4)
Other operating expenses	(311,347,164)	(366,101,103)	15	(1,290,134,774)	(1,244,382,252)	(4)
Depreciation and amortization	(36,029,617)	(34,939,263)	(3)	(131,782,247)	(136,213,766)	3
Total operating expenses	(563,369,423)	(662,221,573)	15	(2,253,003,809)	(2,183,564,855)	(3)
Operating Profit before Taxes on Financial Services	182,143,983	350,320,059	(48)	874,160,181	868,143,785	1
Taxes on financial services	(53,287,392)	(89,167,139)	40	(296,140,836)	(221,190,685)	(34)
Operating Profit after Taxes on Financial Services	128,856,591	261,152,920	(51)	578,019,345	646,953,100	(11)
Share of profit/(loss) from associates	(4,533,420)	(3,427,372)	(32)	(2,842,382)	(8,893,804)	68
Profit before Taxation from Operations	124,323,171	257,725,548	(52)	575,176,963	638,059,296	(10)
Provision for income taxation	(103,424,556)	(172,093,350)	40	(334,797,494)	(304,370,093)	(10)
Profit for the Period	20,898,616	85,632,198	(76)	240,379,469	333,689,203	(28)
Profit attributable to :						
Equity holders of the Company	18,750,074	82,773,458	(77)	228,931,908	323,766,338	(29)
Non controlling interest	2,148,542	2,858,740	(25)	11,447,561	9,922,865	15
Profit for the Period	20,898,616	85,632,199	(76)	240,379,469	333,689,204	(28)
Basic/ Diluted earnings per share	2.48	10.17		6.79	9.61	
Dividend Per Share (Rs./Cts.)	-	1.00		-	1.00	

Alliance Finance Company PLC

STATEMENT OF COMPREHENSIVE INCOME - COMPANY

	Quarter ended		Twelve months ended	
	31.03.2020 (audited) Rs.	31.03.2019 (audited) Rs.	31.03.2020 (audited) Rs.	31.03.2019 (audited) Rs.
Profit for the period	<u>14,940,403</u>	<u>77,704,470</u>	<u>208,633,599</u>	<u>306,171,556</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	-	(10,259,768)	-	-
Net other comprehensive income to reclassified to profit or loss	<u>-</u>	<u>(10,259,768)</u>	<u>-</u>	<u>-</u>
Other Comprehensive Income not to be Reclassified to Profit or Loss				
Actuarial gains /(losses) on defined benefit plans	12,086,651	8,681,427	12,086,651	8,681,427
Deferred tax effect on above	(2,900,796)	(2,430,800)	(2,900,796)	(2,430,800)
Equity investments at FVOCI - net change in fair value	<u>(52,269,305)</u>	<u>-</u>	<u>(52,269,305)</u>	<u>-</u>
Net Other Comprehensive Income not be Classified to Profit or Loss	<u>(43,083,450)</u>	<u>6,250,627</u>	<u>(43,083,450)</u>	<u>6,250,627</u>
Total Comprehensive Income for the period	<u>(28,143,047)</u>	<u>73,695,330</u>	<u>165,550,149</u>	<u>312,422,183</u>

Alliance Finance Company PLC

STATEMENT OF COMPREHENSIVE INCOME - GROUP

	Quarter ended		Twelve months ended	
	31.03.2020 (audited) Rs.	31.03.2019 (audited) Rs.	31.03.2020 (audited) Rs.	31.03.2019 (audited) Rs.
Profit for the period	<u>20,898,616</u>	<u>85,632,199</u>	<u>240,379,469</u>	<u>333,689,204</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	-	(10,259,768)	-	-
Net other comprehensive income to reclassified to profit or loss	<u>-</u>	<u>(10,259,768)</u>	<u>-</u>	<u>-</u>
Other Comprehensive Income not to be Reclassified to Profit or Loss				
Actuarial gains /(losses) on defined benefit plans	12,076,162	8,760,704	12,076,162	8,760,704
Deferred tax effect on above	(2,900,796)	(2,430,800)	(2,900,796)	(2,430,800)
Equity investments at FVOCI - net change in fair value	<u>(61,455,160)</u>	<u>-</u>	<u>(61,455,160)</u>	<u>-</u>
Net Other Comprehensive Income not be Classified to Profit or Loss	<u>(52,279,794)</u>	<u>6,329,904</u>	<u>(52,279,794)</u>	<u>6,329,904</u>
Total Comprehensive Income for the period	<u>(31,381,178)</u>	<u>81,702,335</u>	<u>188,099,675</u>	<u>340,019,108</u>
Attributable to:				
Equity holders of the company	(33,886,545)	78,815,007	176,295,289	330,067,656
Non controlling interest	2,505,367	2,887,328	11,804,386	9,951,452
Total Comprehensive Income for the period	<u>(31,381,178)</u>	<u>81,702,335</u>	<u>188,099,675</u>	<u>340,019,108</u>

Alliance Finance Company PLC
STATEMENT OF FINANCIAL POSITION

As at 31st March	Company 2020 Rs. (audited)	2019 Rs. (audited)	Group 2020 Rs. (audited)	2019 Rs. (audited)
Assets				
Cash and cash equivalents	986,553,659	281,584,736	1,027,324,614	290,719,999
Repurchase agreements	350,388,985	210,053,286	350,388,985	210,053,286
Placements with banks & financial institutions	915,617,034	732,163,843	915,617,034	732,163,843
Financial assets recognised through profit or loss	1,550,282,902	1,807,179,090	1,550,282,902	1,807,179,087
Loans and advances - at amortised cost	6,184,304,979	6,512,027,536	6,184,454,429	6,512,165,856
Lease rentals receivable & stock out on hire - at amortised cost	20,055,543,842	18,842,072,665	20,055,543,842	18,842,072,665
Hire purchase rentals receivable & stock out on hire - at amortised cost	4,527,976	12,349,092	4,527,976	12,349,092
Financial assets- fair value through other comprehensive income	137,940,332	579,250	137,940,332	579,250
Other trading stocks	207,388,189	402,218,369	207,388,189	402,218,369
Other financial assets	459,367,873	405,850,825	535,032,270	446,862,407
Other non financial assets	176,524,164	217,142,825	176,999,477	217,142,819
Investments in associates	45,626,717	48,469,100	94,434,188	84,731,550
Investments in subsidiaries	16,924,038	16,924,038	-	-
Investment property	549,000,000	549,000,000	549,000,000	549,000,000
Property, plant & equipment	1,694,020,530	1,746,403,417	1,694,141,728	1,746,660,210
Intangible assets	55,957,723	56,523,495	55,957,723	56,523,495
Right of use asset	259,039,810	-	259,039,810	-
Retirement benefit Assets	1,046,687	-	-	-
Deferred tax assets	295,240,407	291,123,246	295,790,313	291,667,571
Total Assets	33,945,295,847	32,131,664,813	34,093,863,812	32,202,089,499
Liabilities				
Due to banks	15,424,806,029	12,589,469,582	15,453,081,167	12,589,469,582
Due to depositors - at amortised cost	12,347,296,849	12,493,682,808	12,347,296,849	12,493,682,808
Debt instruments issued and other borrowed funds	-	819,062,771	-	819,062,771
Other financial liabilities	791,703,913	781,933,240	810,353,917	781,537,579
Other non financial liabilities	26,266,583	56,531,752	26,266,583	56,531,752
Derivative financial liabilities	59,836,277	99,770,779	59,836,277	99,770,779
Income tax liabilities	152,139,514	142,874,259	155,059,677	145,940,743
Retirement benefit liabilities	-	30,699,249	1,244,584	32,643,265
Deferred tax liabilities	530,275,376	607,383,605	530,283,797	607,459,177
Total Liabilities	29,332,324,541	27,621,408,045	29,383,422,851	27,626,098,456
Shareholders' Funds				
Stated capital	613,980,000	613,980,000	613,980,000	613,980,000
Retained earnings	1,777,742,345	1,655,299,368	1,833,953,692	1,691,222,895
Reserves	2,221,248,961	2,240,977,401	2,221,248,961	2,240,977,401
Total Equity Attributable to Equity Holders of the Company	4,612,971,306	4,510,256,769	4,669,182,653	4,546,180,296
Non controlling interest	-	-	41,258,308	29,810,748
Total Equity	4,612,971,306	4,510,256,769	4,710,440,961	4,575,991,044
Total Liabilities and Shareholders' Funds	33,945,295,847	32,131,664,813	34,093,863,812	32,202,089,499
Contingent Liabilities and Commitments	339,910,381	312,100,000	339,910,381	312,100,000
Net assets value per share (Rs.)	137	134	139	135

Accounting policies & notes to the accounts form an integral part of these Financial Statements.

Certification

I certify that these Financial Statements are presented in compliance with the requirements of the Companies Act No. 07 of 2007.



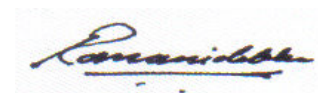
.....
Chamindra de Silva
Chief Financial Officer

29-Jun-20

Colombo



.....
Kusal Jayawardana
Director Finance & Operations



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

Alliance Finance Company PLC
STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	General Reserve	Available for Sale Reserve	FVOCI	Non Controlling Interest	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balances as at 31st March 2018	613,980,000	773,074,800	1,018,409,546	388,258,055	5,358,466	-	-	1,499,994,909	4,299,075,776
Impact of adopting SLFRS 9	-	-	-	-	(5,358,466)	5,358,466	-	(20,066,724)	(20,066,724)
Restated opening balance under SLFRS 9	613,980,000	773,074,800	1,018,409,546	388,258,055	-	5,358,466	-	1,479,928,185	4,279,009,052
Profit for the year	-	-	-	-	-	-	-	306,171,556	306,171,556
Other comprehensive income, net of tax	-	-	-	-	-	-	-	6,250,627	6,250,627
Reclassified to profit or loss as per SLFRS 09	-	-	-	-	-	(5,358,466)	-	-	(5,358,466)
Transfer to statutory reserve	-	61,235,000	-	-	-	-	-	(61,235,000)	-
Dividend paid	-	-	-	-	-	-	-	(75,816,000)	(75,816,000)
Balances as at 31st March 2019	613,980,000	834,309,800	1,018,409,546	388,258,055	-	-	-	1,655,299,368	4,510,256,769
Balance as at 1st April 2019	613,980,000	834,309,800	1,018,409,546	388,258,055	-	-	-	1,655,299,368	4,510,256,769
Impact on adoption of SLFRS 16								(19,953,757)	(19,953,757)
Profit for the year	-	-	-	-	-	-	-	208,633,599	208,633,599
Other comprehensive income, net of tax									-
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	9,185,855	9,185,855
Equity investments at FVOCI - net change in fair value	-	-	-	-	-	(61,455,160)	-	-	(61,455,160)
Transfer to statutory reserve	-	41,726,720	-	-	-	-	-	(41,726,720)	-
Dividend paid	-	-	-	-	-	-	-	(33,696,000)	(33,696,000)
Balances as at 31st March 2020	613,980,000	876,036,520	1,018,409,546	388,258,055	-	(61,455,160)	-	1,777,742,345	4,612,971,305

Alliance Finance Company PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2020

Group	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	General Reserve	Available for Sale Reserve	FVOCI	Non Controlling Interest	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balances as at 31st March 2018	613,980,000	773,074,800	1,018,409,546	388,258,055	5,358,466	-	19,859,296	1,518,272,964	4,337,213,127
Impact of adopting SLFRS 9	-	-	-	-	(5,358,466)	5,358,466	-	(20,066,724)	(20,066,724)
Restated opening balance under SLFRS 9	613,980,000	773,074,800	1,018,409,546	388,258,055	-	5,358,466	19,859,296	1,498,206,240	4,317,146,403
Profit for the year	-	-	-	-	-	-	9,922,865	323,766,338	333,689,203
Other comprehensive income, net of tax	-	-	-	-	-	-	28,587	6,301,317	6,329,904
Reclassified to profit or loss as per SLFRS 09	-	-	-	-	-	(5,358,466)	-	-	(5,358,466)
Transfer to statutory reserve	-	61,235,000	-	-	-	-	-	(61,235,000)	-
Dividend paid	-	-	-	-	-	-	-	(75,816,000)	(75,816,000)
Balances as at 31st March 2019	613,980,000	834,309,800	1,018,409,546	388,258,055	-	-	29,810,747	1,691,222,896	4,575,991,044
Balance as at 1st April 2019	613,980,000	834,309,800	1,018,409,546	388,258,055	-	-	29,810,747	1,691,222,896	4,575,991,044
Impact on adoption of SLFRS 16	-	-	-	-	-	-	-	(19,953,757)	(19,953,757)
Restated opening balance under SLFRS 16	613,980,000	834,309,800	1,018,409,546	388,258,055	-	-	29,810,747	1,671,269,139	4,556,037,287
Profit for the year	-	-	-	-	-	-	11,447,560	228,931,908	240,379,468
Other comprehensive income, net of tax - Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	9,175,366	9,175,366
Equity investments at FVOCI - net change in fair value	-	-	-	-	-	(61,455,160)	-	-	(61,455,160)
Transfer to statutory reserve	-	41,726,720	-	-	-	-	-	(41,726,720)	-
Dividend paid	-	-	-	-	-	-	-	(33,696,000)	(33,696,000)
Balances as at 31st March 2020	613,980,000	876,036,520	1,018,409,546	388,258,055	-	(61,455,160)	41,258,308	1,833,953,692	4,710,440,961

Alliance Finance Company PLC
STATEMENT OF CASH FLOWS
For the year ended 31st March 2020

As at 31st March	Company		Group	
	2020	2019	2020	2019
Cash Flows From / (Used in) Operating Activities	Rs.	Rs.	Rs.	Rs.
Profit before Income Tax Expense	531,633,599	600,268,236	575,176,963	638,059,296
Adjustments for;				
Depreciation of property, plant & equipment	122,791,253	127,514,906	122,926,845	127,641,913
Amortization of intangible assets	8,855,402	8,571,853	8,855,402	8,571,853
Amortization of Right of use asset	75,954,501	-	75,954,501	-
Impairment (reversal)/provision	651,044,667	436,855,346	651,044,667	436,855,346
Interest on fixed deposits, commercial paper & treasury bills	(118,946,904)	(105,930,809)	(121,680,588)	(108,879,957)
(Profit) /loss on sale of securities	(7,446,395)	4,076,301	(7,446,395)	4,076,301
Fair value (gain)/loss on equity investments (FVTPL)	(939,142)	1,129,628	(939,142)	1,129,628
Fair value gain on investment property	-	(60,909,500)	-	(60,909,500)
Previous year WHT written-off	-	10,546	-	10,546
Bad debt written-off	461,312,661	376,639,464	461,312,661	376,639,464
Diminution/(appreciation) in value of investments	(14,108,468)	39,152,075	(14,108,468)	39,152,075
Diminution/(appreciation) in value of treasury bonds	2,566,699	(5,862,896)	2,566,699	(5,862,896)
Loss/(profit) on disposal of property, plant & equipment	(21,293,820)	(912,208)	(21,293,820)	(912,208)
Provision/(reversal) for defined benefit plans	28,944,650	32,693,185	29,391,316	33,121,699
Dividend received	(4,317,948)	(5,635,045)	(4,317,948)	(5,635,045)
Share of loss/(profit) from associates	2,842,382	8,893,804	2,842,382	8,893,804
Operating Profit before Working Capital Changes	1,718,893,137	1,456,554,885	1,760,285,075	1,491,952,318
(Increase)/decrease in trading stock	194,830,180	(260,869,694)	194,830,180	(260,869,694)
(Increase)/decrease in loans and advances	118,483,740	1,007,521,857	118,472,611	1,007,510,236
(Increase)/decrease in lease rentals receivable & stock out on hire	(2,116,276,583)	(1,752,643,849)	(2,116,276,583)	(1,752,643,849)
(Increase)/decrease in hire purchase rentals receivable & stock out on hi	7,508,010	30,908,072	7,508,010	30,908,072
(Increase)/decrease in fixed deposits & repurchase agreements	(323,788,890)	173,113,680	(323,788,890)	173,113,680
(Increase)/decrease in other financial assets	(53,517,048)	(82,301,404)	(88,169,863)	(97,224,026)
(Increase)/decrease in other non financial assets	(219,182,358)	(102,166,888)	(219,657,677)	(101,719,371)
Increase/(decrease) in amounts due to depositors	(146,385,959)	(763,268,623)	(146,385,959)	(763,268,623)
Increase/(decrease) in derivative financial liabilities	(39,934,502)	60,532,390	(39,934,502)	60,532,390
Increase/(decrease) in other financial liabilities	9,770,675	325,670,462	28,816,338	307,848,373
Increase/(decrease) in other non financial liabilities	(30,265,169)	19,608,727	(30,265,169)	20,439,642
Cash generated from/(used in) Operations	(879,864,767)	112,659,615	(854,566,430)	116,579,148
Retirement benefit liabilities paid	(14,889,015)	(26,065,445)	(14,998,915)	(26,065,445)
Investment in gratuity fund	(33,714,921)	(31,843,394)	(33,714,921)	(31,843,394)
Taxes paid	(397,860,929)	(121,674,674)	(409,877,470)	(131,410,137)
Net cash generated from/(used in) operating activities	(1,326,329,632)	(66,923,898)	(1,313,157,736)	(72,739,828)
Cash Flows from Investing Activities				
Acquisition of property, plant & equipment	(78,139,072)	(198,964,496)	(78,139,072)	(199,054,496)
Acquisition of ROU	(12,180,000)	-	(12,180,000)	-
Acquisition of Intangible Assets	(8,289,630)	(8,348,481)	(8,289,630)	(8,348,481)
Investment in unquoted equities	-	-	(12,545,020)	(17,214,060)
Proceeds from sales of property, plant & equipment	29,024,526	7,904,944	29,024,526	7,904,944
Net sales/ (purchases) of financial investments -FVTPL/FVOCI	78,007,252	(718,825,274)	78,007,249	(718,825,274)
Dividend received	4,317,948	5,635,045	4,317,948	5,635,045
Interest on fixed deposits, commercial paper & treasury bills	118,946,904	105,930,809	121,680,588	108,879,957
Net cash generated from investing activities	131,687,928	(806,667,453)	121,876,589	(821,022,365)
Cash flows from / (used in) financing activities				
Settlement of operating Lease liabilities	(82,967,050)	-	(82,967,050)	-
Increase in borrowed funds	(819,062,771)	(826,737,147)	(819,062,771)	(826,737,147)
Net increase /(decrease) in other borrowings	2,837,253,658	1,554,607,570	2,865,528,794	1,542,725,052
Net increase /(decrease) in finance lease	(1,917,211)	(7,242,528)	(1,917,211)	(7,242,528)
Dividend paid	(33,696,000)	(75,816,000)	(33,696,000)	(75,816,000)
Net cash generated from/(used in) financing activities	1,899,610,626	644,811,895	1,927,885,762	632,929,377
Net increase/(decrease) in cash and cash equivalents	704,968,923	(228,779,455)	736,604,615	(260,832,816)
Cash and cash equivalents at the beginning of the year	281,584,736	510,364,191	290,719,999	551,552,815
Cash and cash equivalents at the end of the year	986,553,659	281,584,736	1,027,324,614	290,719,999
Movement in Cash and Cash Equivalent	704,968,923	(228,779,455)	736,604,615	(260,832,816)

Note : Reporting cash flows from operating activities

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

Alliance Finance Company PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

SEGMENT REPORT

31st March 2020 - Group	Leasing	Hire Purchase & Consumer Durables	Loans	Gold Loans	Hire of vehicles	Investing in Shares	Investing in Government Securities	Collaboration Finance	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
REVENUE										
External sales	15,402,838,706	9,265,813	1,115,365,293	487,475,177	31,522,368	53,830,441	153,599,731	11,466,694	311,224,805	17,576,589,028
Total revenue	15,402,838,706	9,265,813	1,115,365,293	487,475,177	31,522,368	53,830,441	153,599,731	11,466,694	311,224,805	17,576,589,028
Total income	5,591,963,071	5,461,447	1,114,704,987	487,475,177	31,522,368	25,872,811	186,538,349	16,939,978	278,286,187	7,738,764,375
RESULTS										
Segment results	3,550,013,243	4,202,130	558,552,300	325,753,542	11,490,778	(22,430,026)	133,891,227	16,939,978	192,195,764	4,770,608,938
Unallocated company expenses										(871,420,278)
Operating profit										3,899,188,661
Interest expenses	(2,188,655,836)	(494,137)	(448,030,529)	(226,877,237)	(10,596,286)	(30,106,778)	(216,151,447)	(3,955,745)	(196,301,322)	(3,321,169,317)
Share of profits of associates before tax										(2,842,382)
Income taxes										(334,797,494)
Net Profit										240,379,468
OTHER INFORMATION										
Segment assets	20,055,543,842	4,527,976	4,105,486,008	2,078,968,421	97,098,082	275,880,660	1,980,683,647	36,248,097	1,798,788,873	30,433,225,605
Investment in associates										94,434,188
Unallocated company assets										3,566,204,019
Total assets										34,093,863,812
Segment liabilities	17,779,410,213	3,889,289	3,526,392,530	1,785,722,493	83,402,050	236,966,706	1,701,301,138	31,135,173	1,545,063,272	26,693,282,865
Unallocated company liabilities										2,690,139,986
Total liabilities										29,383,422,851

Alliance Finance Company PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

SEGMENT REPORT

31st March 2019 - Group	Leasing	Hire Purchase & Consumer Durables	Loans	Gold Loans	Hire of vehicles	Investing in Shares	Investing in Government Securities	Collaboration Finance	Others	Restated	Total	Restated
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.		Rs.
REVENUE												
External sales	13,772,592,971	38,099,735	1,727,362,883	372,628,650	37,006,705	(29,169,745)	144,197,530	9,555,901	254,162,014		16,326,436,645	
Total revenue	13,772,592,971	38,099,735	1,727,362,883	372,628,650	37,006,705	(29,169,745)	144,197,530	9,555,901	254,162,014		16,326,436,645	
Total income	4,806,176,442	9,014,348	1,726,832,570	372,628,650	37,006,705	(37,593,331)	144,197,530	11,635,261	254,162,014		7,324,060,190	
RESULTS												
Segment results	3,641,831,390	(6,239,725)	872,918,236	315,163,513	24,473,724	(70,988,967)	108,071,931	11,635,261	188,614,901		5,085,480,264	
Unallocated company expenses											(1,194,492,996)	
Operating profit											3,890,987,268	
Interest expenses	(2,086,530,632)	(1,367,512)	(575,979,020)	(145,164,231)	(12,395,091)	(18,258,644)	(205,189,478)	(4,566,766)	(194,582,794)		(3,244,034,168)	
Share of profits of associates before tax											(8,893,804)	
Income taxes											(304,370,093)	
Net Profit											333,689,203	
OTHER INFORMATION												
Segment assets	18,842,072,665	12,349,092	5,201,284,072	1,310,881,784	111,931,839	164,881,693	1,852,929,930	41,239,434	1,757,148,004		29,294,718,513	
Investment in associates											84,731,550	
Unallocated company assets											2,822,639,436	
Total assets											32,202,089,499	
Segment liabilities	16,621,445,714	10,499,447	4,422,236,728	1,114,538,158	95,166,709	140,185,744	1,575,398,436	35,062,599	1,493,962,709		25,508,496,245	
Unallocated company liabilities											2,117,602,210	
Total liabilities											27,626,098,455	

- 1 The figures given in the statements for the financial year ended 31st March 2020 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 2019 were consistently followed during the said period.
- 3 The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of new standards effective as of 1 April 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued

4 Amendments to the Income Tax Law Announced by the Government

The Ministry of Finance has instructed on January 31, 2020 and March 05, 2020, that the revised income tax rates proposed to the Inland Revenue Act, No. 24 of 2017 (IRA) by Circular No. PN/IT/2020-03 (Revised), be implemented with effect from 1 January 2020, pending formal amendments being made to the IRA.

The Company's management having applied significant judgment to the said proposed revision of income tax rates, have determined that it is probable that formal amendments to the IRA will be made. The management concluded that Circular No. PN/IT/2020-03 (Revised) is more likely to be enacted in the near future and therefore, income tax rates and proposed basis of quantifying current income tax stipulated in the said Circular to be effective from 1 January 2020 have been used to calculate the last quarter income tax provision of the 2019/20 financial year of the Company. Accordingly, the Company has decided to apply the revised income tax rates with effective from 1 January 2020

5 Impact due to the COVID – 19

The outbreak of COVID 19 has caused disruption to business and economic activities, and uncertainty to the global and local economy. Subsequent to the outbreak of COVID 19 in Sri Lanka, the Company has strictly adhered to the guidelines and directions issued by both Government and Central Bank of Sri Lanka (CBSL) when conducting its business operations. Accordingly, the Company is currently in the process of providing relief for the affected businesses and individuals in line with the directions issued by the CBSL. These relief measures include deferment of repayment terms of credit facilities, offering concessionary rates of interest to eligible loan products and waiving off certain fees and charges. The Company is continuously assessing possible disruptions to its operations due to COVID 19 pandemic. However, the Company is of the view that, it is too early to quantify the impact considering the fact that COVID-19 crisis is far from over and the Company is still processing applications for reliefs.

i). Impairment Provision

The Company has continued the same staging that exists as on 29th February 2020 and Economic factor adjustment used in 31st December 2019 due to uncertainties and lack of sufficient information available to make any adjustments to factor the impact of COVID 19. LGDs are computed for end of March 20. Further, the Company has increased the weightage assigned to worst case scenario by transferring the weightage from base case to capture potential impact on COVID 19.

ii). Reclassification of equity portfolio

As per the guidelines issued by CA Sri Lanka a one-off option is provided to reclassify equity portfolio as at 1, January 2020. Accordingly the Company has reclassified equity portfolio held under fair value through profit or loss to fair value through other comprehensive income.

iii). Fair value measurement of Financial Assets

As per the guidelines issued by CA Sri Lanka and the provisions in SLFRS13–Fair value measurement, there is an impossibility to derive the fair value of financial assets as at 31 March 2020 due to unavailability of reliable information and distress prices. Accordingly Company has used the 20th March 2020 the last traded market prices for the fair valuation of quoted equity securities.

6 New standards, interpretations and amendments adopted by the Company

The Company applies, for the first time, SLFRS 16 Leases. As required by LKAS 34, the nature and effect of these changes are disclosed below. The approach adapted by the Company is subject to the verification of the external auditors.

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Company has adopted SLFRS 16 using modified retrospective method from 1 April 2019, without restating comparatives for the 2018/19 reporting period, the cumulative impact on adopting the standard is adjusted in the opening retained earnings as permitted under the specific transitional provisions in the standard.

Lessor accounting under SLFRS 16 is substantially unchanged from under LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Company is the lessor.

The effect of adoption SLFRS 16 as at 1 April 2019 is as follows:

	Rs.
Right of Use Assets	248,880,992
Operating Leasing Liability	228,949,484
Opening retained earning	19,953,757

Nature of the effect of adoption of SLFRS 16

The Company has lease contracts with the building owners for branches which are rented out. The rented out properties are the major asset included in the right of use assets category, typically for in between 3 to 10 years of lease term. On adoption of SLFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 Leases. These liabilities were measured at the present value of the lease payments, discounted using the Company's cost of fund rate as of the transition date.

Amounts recognised in the Statement of Financial Position and Income Statement set out below, the carrying amounts of the Company's right of use assets and lease liabilities and the movements for the period ended 31 March 2020.

<u>Right of Use Assets (ROU)</u>	Rs.
Opening ROU	248,880,992
Amortization during the year	(76,581,401)
Additions	86,740,219
Closing ROU	<u>259,039,810</u>
<u>Operating Lease Liability</u>	
Opening Lease Liability	228,949,484
Interest Expense	34,162,923
Additions	74,560,219
Payments	(82,967,050)
Closing Lease Liability	<u>254,705,576</u>

Alliance Finance Company PLC

EXPLANATORY NOTES

7 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Company and the appropriateness of the use of the going concern basis.

8 Commitments & Contingencies as at 31st March 2020

	Rs.
Financial guarantees	27,810,381
Tax assessments	312,100,000
	<u>339,910,381</u>

There has not been a significant changes in the nature of the Contingent Liabilities which were disclosed above.

- 9 There were no material events that took place since March 31, 2020, that require disclosure in these Interim Financial Statements other than those disclosed above.
- 10 Dr. L.A.P Medis - Non Executive Director has resigned from the Board of Directors of the Company with effect from 22nd July 2019.
Mr. L.J.H. de Silva - Independent Non Executive Director appointed to the Board on 16th October
- 11 On 9th July 2019, the Company paid a first and final dividend of Rs. 1/- per share totaling to Rs. 33,696,000 for the financial year 2018/19.
- 12 All known expenses including management fees and other similar expenses have been provided for in full for the financial year ended 31st March 2020.

Alliance Finance Company PLC

SHAREHOLDERS' INFORMATION

Market price per share

Quarter ended 01st January to 31st March	2020	2019
Highest Price	51.90	60.00
Lowest Price	30.00	50.00
Last Traded	34.40	53.60

Issued capital

As at 31st March 2020 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 March 2020

<u>No</u>	<u>Name of Director</u>	<u>No of Shares</u>
1	Mrs.R.N. Ponnambalam	2,712
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	Mr.W.P.K. Jayawardana	100
6	Mrs.P. De Silva	100
7	Mr.R.E. Rambukwelle	10,000
8	Mr.L.J.H. De Silva (Apptd. 16th Oct 2019)	3,052
	* Jt Holding with Mr.J.E.P.A. de Silva	2,101,216

Twenty Largest Ordinary Shareholders as at 31st March 2020

<u>No.</u>	<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>%</u>
1	Mr.R.K.E.P. de Silva	8,934,075	26.51
2	Motor Service Station (Pvt) Ltd.,	4,542,220	13.48
3	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.E. Canekaratne	612,268	1.82
8	Mr.D.L.S.R. Perera	553,556	1.64
9	Mr. S. Vasudevan	515,000	1.53
10	Mrs.C.R. de Silva	374,400	1.11
11	Elgin Investments Ltd.	311,877	0.93
12	Mr. D.F.W. Perera	310,560	0.92
13	Ms.D.D.P.T. Perera	309,384	0.92
14	Mrs.P. Weththasinghe	299,975	0.89
15	Mrs.S.J. Amarasinghe	264,728	2.39
16	Mrs.A.S. Wijewardena	259,200	0.77
17	Miss S. Marcelline	246,240	0.73
18	Miss Z. Marcelline	246,240	0.73
19	Ms.D.C.M.A. Perera	236,632	0.70
20	Mrs.K.G.G.S.L. Perera	201,066	0.60

Alliance Finance Company PLC

SHAREHOLDERS' INFORMATION

Public Shareholding as at 31st March 2020

No of Shares	%
18,089,299	53.68

No of Shareholders

The percentage of ordinary shares held by the public as at 31st March 2020 was 53.68 and the number of shareholders representing the public holding was 1,380.

Float Adjusted Market Capitalization

The Float adjusted market capitalization as at 31st March 2020 - Rs. 622,227,640/- 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.

INFORMATION ON DEBENTURE

Debenture Investor Indicators

	31.03.2020
Debt/equity ratio times	6.08
Interest cover times	2.21
Liquid assets ratio (%)	24.85%
	31.12.2019
05 years treasury bonds	9.71%

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*
Romani de Silva - F.I.C.M.(SL) - *Deputy Chairman / Managing*
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*
Lt. Col (Retd) A.R. Samarasinghe, MSc, CS (Security), BIT-*Independent Non Executive Director*
Priyanthi de Silva - FCMA, CGMA, FCPA - *Independent Non Executive Director*
L.J.H. de Silva - *Independent Non Executive Director*

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