



Financial Statements

For the Twelve Months ended 31 March 2021



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

For the period ended 31st March	For the Quarter ended			For the Twelve months ended		
	2021 (unaudited) Rs.	2020 (audited) Rs.	Variance %	2021 (unaudited) Rs.	2020 (audited) Rs.	Variance %
Gross Income	2,402,174,499	1,894,088,874	26.82	7,799,463,274	7,679,217,661	1.57
Interest income	2,195,984,412	1,774,200,692	23.77	7,172,427,543	7,212,017,278	(0.55)
Interest expenses	(630,697,796)	(841,657,306)	(25.06)	(2,912,756,756)	(3,321,169,317)	(12.30)
Net Interest Income	1,565,286,616	932,543,386	67.85	4,259,670,787	3,890,847,961	9.48
Fee and commission income	63,208,982	48,052,387	31.54	191,518,532	180,002,654	6.40
Fee and commission expenses	(72,628,714)	(55,149,710)	31.69	(272,347,232)	(178,059,341)	52.95
Net Fee and Commission Income	(9,419,732)	(7,097,323)	(32.72)	(80,828,700)	1,943,313	(4,259.32)
Net gain/(loss) from trading	8,687,249	(15,284,394)	156.84	17,262,743	49,512,493	(65.13)
Other operating income (net)	134,293,856	87,120,189	54.15	418,254,456	237,685,236	75.97
Total Operating Income	1,698,847,989	997,281,858	70.35	4,614,359,286	4,179,989,003	10.39
Impairment (charges) / reversal for loans and other losses	(379,844,231)	(262,485,605)	44.71	(752,126,049)	(1,112,357,328)	(32.38)
Net Operating Income	1,319,003,758	734,796,253	79.51	3,862,233,237	3,067,631,675	25.90
Operating Expenses						
Personnel expenses	(237,667,879)	(214,729,222)	10.68	(923,854,826)	(821,722,767)	12.43
Other operating expenses	(338,690,650)	(309,316,790)	9.50	(1,204,412,964)	(1,283,645,436)	(6.17)
Depreciation and amortization	(34,237,722)	(35,989,026)	(4.87)	(132,270,692)	(131,646,655)	0.47
Total operating expenses	(610,596,251)	(560,035,038)	9.03	(2,260,538,482)	(2,237,014,858)	1.05
Operating Profit before Taxes on Financial Services	708,407,507	174,761,215	305.36	1,601,694,755	830,616,817	92.83
Taxes on financial services	(114,345,753)	(53,287,392)	114.58	(307,871,498)	(296,140,836)	3.96
Operating Profit after Taxes on Financial Services	594,061,754	121,473,823	389.05	1,293,823,257	534,475,981	142.07
Share of profit/(loss) from associates	5,280,449	(4,533,420)	216.48	2,129,344	(2,842,382)	174.91
Profit before Taxation from Operations	599,342,203	116,940,403	412.52	1,295,952,601	531,633,599	143.77
Provision for income taxation	(365,537,807)	(102,000,000)	258.37	(735,062,807)	(323,000,000)	127.57
Profit for the Period	233,804,396	14,940,403	1,464.91	560,889,794	208,633,599	168.84
Basic/ Diluted earnings per share (Annualized)	27.75	1.77		16.65	6.19	
Dividend Per Share (Rs./Cts.)	-	-		-	-	

Alliance Finance Company PLC

STATEMENT OF PROFIT OR LOSS - GROUP

For the period ended 31st March	For the Quarter ended			For the Twelve months ended		
	2021	2020	Variance %	2021	2020	Variance %
	(unaudited) Rs.	(audited) Rs.		(unaudited) Rs.	(audited) Rs.	
Gross Income	2,416,775,194	1,904,820,428	26.88	7,863,173,738	7,738,764,376	1.61
Interest income	2,196,637,258	1,774,929,247	23.76	7,175,165,275	7,214,750,962	(0.55)
Interest expenses	(630,697,796)	(841,657,306)	(25.06)	(2,912,756,756)	(3,321,169,317)	(12.30)
Net Interest Income	1,565,939,462	933,271,941	67.79	4,262,408,519	3,893,581,645	9.47
Fee and commission income	77,156,831	58,050,982	32.91	252,491,264	236,811,281	6.62
Fee and commission expenses	(72,635,848)	(55,164,110)	31.67	(272,354,366)	(178,073,741)	52.94
Net Fee and Commission Income	4,520,983	2,886,872	56.60	(19,863,102)	58,737,540	(133.82)
Net gain/(loss) from trading	8,687,249	(15,284,394)	156.84	17,262,743	49,512,493	(65.13)
Other operating income (net)	134,293,856	87,124,593	54.14	418,254,456	237,689,640	75.97
Total Operating Income	1,713,441,550	1,007,999,012	69.98	4,678,062,616	4,239,521,318	10.34
Impairment (charges) / reversal for loans and other losses	(379,844,231)	(262,485,605)	44.71	(752,126,049)	(1,112,357,328)	(32.38)
Net Operating Income	1,333,597,319	745,513,407	78.88	3,925,936,567	3,127,163,990	25.54
Operating Expenses						
Personnel expenses	(239,763,658)	(215,992,643)	11.01	(934,266,544)	(831,086,788)	12.42
Other operating expenses	(340,880,350)	(311,347,164)	9.49	(1,211,268,151)	(1,290,134,774)	(6.11)
Depreciation and amortization	(34,273,617)	(36,029,617)	(4.87)	(132,376,288)	(131,782,247)	0.45
Total operating expenses	(614,917,625)	(563,369,424)	9.15	(2,277,910,983)	(2,253,003,809)	1.11
Operating Profit before Taxes on Financial Services	718,679,694	182,143,983	294.57	1,648,025,584	874,160,181	88.53
Taxes on financial services	(114,345,753)	(136,645,713)	(16.32)	(307,871,498)	(296,140,836)	3.96
Debt repayment levy	-	83,358,321	(100.00)	-	-	
Operating Profit after Taxes on Financial Services	604,333,941	128,856,591	369.00	1,340,154,086	578,019,345	131.85
Share of profit/(loss) from associates	5,280,449	(4,533,420)	216.48	2,129,344	(2,842,382)	174.91
Profit before Taxation from Operations	609,614,390	124,323,171	390.35	1,342,283,430	575,176,963	133.37
Provision for income taxation	(367,769,288)	(103,424,556)	255.59	(746,181,731)	(334,797,494)	122.88
Profit for the Period	241,845,102	20,898,615	1,057.23	596,101,699	240,379,469	147.98
Profit attributable to :						
Equity holders of the Company	238,945,625	18,750,072	1,174.37	583,404,287	228,931,908	154.84
Non controlling interest	2,899,477	2,148,542	34.95	12,697,411	11,447,561	10.92
Profit for the Period	241,845,102	20,898,614	1,057.23	596,101,699	240,379,469	147.98
Basic/ Diluted earnings per share (Annualized)	28.71	2.48		17.31	6.79	
Dividend Per Share (Rs./Cts.)	-	-		-	-	

Alliance Finance Company PLC

STATEMENT OF OTHER COMPREHENSIVE INCOME - COMPANY

	For the Quarter ended			For the Twelve months ended		
For the period ended 31st March	2021 (unaudited) Rs.	2020 (audited) Rs.	Variance %	2021 (unaudited) Rs.	2020 (audited) Rs.	Variance %
Profit for the period	233,804,396	14,940,403	1,464.91	560,889,794	208,633,599	168.84
Other Comprehensive Income						
Other Comprehensive Income not to be Reclassified to Profit or Loss						
Actuarial gains /(losses) on defined benefit plans	(25,068,189)	12,086,651	(307.40)	(25,068,189)	12,086,651	(307.40)
Deferred tax effect on above	6,016,365	(2,900,796)	307.40	6,016,365	(2,900,796)	307.40
	(19,051,824)	9,185,855	(307.40)	(19,051,824)	9,185,855	(307.40)
Surplus from revaluation of property, plant & equipment	707,379,021	-	100.00	707,379,021	-	100.00
Deferred tax effect on land	(153,209,514)	-	(100.00)	(153,209,514)	-	(100.00)
Deferred tax effect on building	(16,561,451)	-	(100.00)	(16,561,451)	-	(100.00)
	537,608,056	-	100.00	537,608,056	-	100.00
Other Comprehensive Income not to be Reclassified to Profit or Loss						
Equity investments at FVOCI -Transfer of realized profit to retained earnings	(3,408,042)	-	(100.00)	-	-	-
Equity investments at FVOCI - net change in fair value	6,053,903	(61,455,160)	109.85	123,996,645	(61,455,160)	301.77
Net Other Comprehensive Income not be Classified to Profit or Loss	2,645,861	(61,455,160)	104.31	123,996,645	(61,455,160)	301.77
Total Comprehensive Income for the period	755,006,490	(37,328,902)	2,122.58	1,203,442,672	156,364,294	669.64

Alliance Finance Company PLC
STATEMENT OF COMPREHENSIVE INCOME - GROUP

For the period ended 31st March	For the Quarter ended			For the Twelve months ended		
	2021 (unaudited) Rs.	2020 (audited) Rs.	Variance %	2021 (unaudited) Rs.	2020 (audited) Rs.	Variance %
Profit for the period	<u>241,845,102</u>	<u>20,898,614</u>	1,057.23	<u>596,101,699</u>	<u>240,379,469</u>	147.98
Other Comprehensive Income not to be Reclassified to Profit or Loss						
Actuarial gains /(losses) on defined benefit plans	(25,070,165)	12,076,162	(307.60)	(25,070,165)	12,076,162	(307.60)
Deferred tax effect on above	6,016,365	(2,900,796)	(307.40)	6,016,365	(2,900,796)	(307.40)
	<u>(19,053,800)</u>	<u>9,175,366</u>	(307.66)	<u>(19,053,800)</u>	<u>9,175,366</u>	(307.66)
Surplus from revaluation of property, plant & equipment	707,379,021	-	100.00	707,379,021	-	100.00
Deferred tax effect on land	(153,209,514)	-	(100.00)	(153,209,514)	-	(100.00)
Deferred tax effect on building	(16,561,451)	-	(100.00)	(16,561,451)	-	(100.00)
	<u>537,608,056</u>	<u>-</u>	100.00	<u>537,608,056</u>	<u>-</u>	100.00
Equity investments at FVOCI -Transfer of realized profit to retained earnings	(3,408,042)	-	(100.00)	-	-	-
Equity investments at FVOCI - net change in fair value	6,053,903	(61,455,160)	109.85	123,996,645	(61,455,160)	301.77
Net Other Comprehensive Income not be Classified to Profit or Loss	<u>2,645,861</u>	<u>(61,455,160)</u>	104.31	<u>123,996,645</u>	<u>(61,455,160)</u>	301.77
Total Comprehensive Income for the period	<u>763,045,220</u>	<u>(31,381,180)</u>	2,531.54	<u>1,238,652,601</u>	<u>188,099,675</u>	558.51
Attributable to:						
Equity holders of the company	760,145,742	(33,886,545)	2,343.21	1,225,955,189	176,295,289	595.40
Non controlling interest	2,899,477	2,505,367	15.73	12,697,411	11,804,386	7.57
Total Comprehensive Income for the period	<u>763,045,220</u>	<u>(31,381,180)</u>	2,531.54	<u>1,238,652,601</u>	<u>188,099,675</u>	558.51

Alliance Finance Company PLC

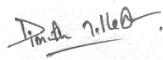
STATEMENT OF FINANCIAL POSITION

As at	Company		Group	
	31.3.2021 (unaudited) Rs.	31.03.2020 (audited) Rs.	31.3.2021 (unaudited) Rs.	31.03.2020 (audited) Rs.
Assets				
Cash and cash equivalents	587,405,947	986,553,659	637,840,499	1,027,324,614
Repurchase agreements	400,203,715	350,388,985	400,203,715	350,388,985
Placements with banks & financial institutions	793,564,909	915,617,034	793,564,909	915,617,034
Financial assets recognized through profit or loss	1,177,459,993	1,550,282,902	1,177,459,993	1,550,282,902
Loans and advances - at amortized cost	6,630,287,692	6,184,304,979	6,630,437,142	6,184,454,429
Lease rentals receivable & stock out on hire - at amortized cost	19,978,211,851	20,055,543,842	19,978,211,851	20,055,543,842
Hire purchase rentals receivable & stock out on hire - at amortized cost	5,542,117	4,527,976	5,542,117	4,527,976
Financial assets- fair value through other comprehensive income	203,724,802	137,940,332	203,724,802	137,940,332
Other trading stocks	279,566,570	207,388,189	279,566,570	207,388,189
Other financial assets	489,616,233	459,367,873	560,626,424	535,032,270
Other non financial assets	163,285,409	176,524,164	163,760,732	176,999,477
Investments in associates	47,756,062	45,626,717	96,563,532	94,434,188
Investments in subsidiaries	16,924,038	16,924,038	-	-
Investment property	574,254,000	549,000,000	574,254,000	549,000,000
Property, plant & equipment	2,377,684,658	1,694,020,530	2,377,956,161	1,694,141,728
Intangible assets	58,497,170	55,957,723	58,497,170	55,957,723
Right of use asset	193,321,481	259,039,810	193,321,481	259,039,810
Retirement benefit Assets	-	1,046,687	-	-
Deferred tax assets	144,831,784	295,240,407	145,567,344	295,790,313
Total Assets	34,122,138,431	33,945,295,847	34,277,098,442	34,093,863,812
Liabilities				
Due to banks	13,214,241,102	15,424,806,028	13,214,241,102	15,453,081,166
Due to depositors	12,918,786,478	12,347,296,849	12,918,786,478	12,347,296,849
Other financial liabilities	883,877,701	791,703,913	899,693,781	810,353,917
Other non financial liabilities	60,188,110	26,266,583	60,188,110	26,266,583
Derivative financial liabilities	13,545,550	59,836,277	13,545,550	59,836,277
Income tax liabilities	646,313,080	152,139,514	649,705,208	155,059,678
Retirement benefit liabilities	12,924,029	-	15,988,862	1,244,584
Deferred tax liabilities	555,848,404	530,275,377	555,855,791	530,283,797
Total Liabilities	28,305,724,454	29,332,324,541	28,328,004,881	29,383,422,851
Shareholders' Funds				
Stated capital	613,980,000	613,980,000	613,980,000	613,980,000
Retained earnings	2,295,549,890	1,777,742,345	2,374,274,468	1,833,953,692
Reserves	2,906,884,087	2,221,248,961	2,906,884,087	2,221,248,961
Total Equity Attributable to Equity Holders of the Company	5,816,413,977	4,612,971,306	5,895,138,555	4,669,182,653
Non controlling interest	-	-	53,955,005	41,258,308
Total Equity	5,816,413,977	4,612,971,306	5,949,093,561	4,710,440,961
Total Liabilities and Shareholders' Funds	34,122,138,431	33,945,295,847	34,277,098,442	34,093,863,812
Contingent Liabilities and Commitments	261,333,077	273,286,699	261,333,077	273,286,699
Net assets value per share (Rs.)	173	137	175	139

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

Certification

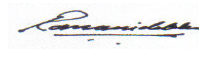
I certify that these Financial Statements are presented in compliance with the requirements of the Companies Act No. 07 of 2007.



Dimuthu Tillekeratne
AGM - Finance



Kusal Jayawardana
Director Finance & Operations



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

12-May-21
Colombo

Alliance Finance Company PLC

STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	General Reserve	FVOCI	Non Controlling Interest	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2019 (Audited)	613,980,000	834,309,800	1,018,409,546	388,258,055	-	-	1,655,299,368	4,510,256,769
Profit for the period	-	-	-	-	-	-	208,633,599	208,633,599
Impact on adoption of SLFRS 16							(19,953,757)	(19,953,757)
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 (Audited)	613,980,000	876,036,520	1,018,409,546	388,258,055	(61,455,160)	-	1,777,742,345	4,612,971,306
Balance as at 1st April 2020 (Audited)	613,980,000	876,036,520	1,018,409,546	388,258,055	(61,455,160)	-	1,777,742,345	4,612,971,306
Profit for the period	-	-	-	-	-	-	560,889,794	560,889,794
Other comprehensive income, net of tax			537,608,056					537,608,056
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	(19,051,824)	(19,051,824)
Revaluation Surplus								
Equity investments at FVOCI - net change in fair value	-	-	-	-	123,996,645	-	-	123,996,645
Transfer of realized profit on equity instrument disposal to retained earning					(4,014,065)		4,014,065	
Dividend paid	-	28,044,490	-	-	-	-	(28,044,490)	-
Balances as at 31st March 2021 (Unaudited)	613,980,000	904,081,010	1,556,017,602	388,258,055	58,527,420	-	2,295,549,890	5,816,413,977

Alliance Finance Company PLC

STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	General Reserve	FVOCI	Non Controlling Interest	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2019 (Audited)	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)
Profit for the period	-	-	-	-	-	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
Transfer to statutory reserve		41,726,720					(41,726,720)	-
Equity investments at FVOCI - net change in fair value	-	-	-	-	(61,455,160)	-	-	(61,455,160)
Dividend paid	-	-	-	-	-	-	(33,696,000)	(33,696,000)
Balances as at 31st March 2020 (Audited)	613,980,000	876,036,520	1,018,409,546	388,258,055	(61,455,160)	41,258,307	1,833,953,693	4,710,440,961
Balance as at 1st April 2020 (Audited)	613,980,000	876,036,520	1,018,409,546	388,258,055	(61,455,160)	41,258,308	1,833,953,693	4,710,440,961
Profit for the period	-	-	-	-	-	12,697,411	583,404,287	596,101,698
Other comprehensive income, net of tax -						(714)	(19,053,087)	(19,053,801)
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	-
Revaluation Surplus			537,608,056					537,608,056
Equity investments at FVOCI - net change in fair value	-	-	-	-	123,996,645	-	-	123,996,645
Transfer of realized profit on equity instrument disposal to retained earning					(4,014,065)		4,014,065	-
Transfer to statutory reserve	-	28,044,490	-	-	-	-	(28,044,490)	-
Balances as at 31st March 2021 (Unaudited)	613,980,000	904,081,010	1,556,017,602	388,258,055	58,527,421	53,955,005	2,374,274,468	5,949,093,561

Figures in brackets indicate deductions.

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

Alliance Finance Company PLC

STATEMENT OF CASH FLOWS

For the period ended 31st March	Company		Group	
	2021	2020	2021	2020
	(unaudited)	(audited)	(unaudited)	(audited)
	Rs.	Rs.	Rs.	Rs.
Cash Flows From / (Used in) Operating Activities				
Profit before Income Tax Expense	1,295,952,601	531,633,599	1,342,283,430	575,176,963
Adjustments for;		-		
Depreciation of property, plant & equipment	123,282,161	122,791,253	123,387,757	122,926,845
Amortization of intangible assets	8,988,531	8,855,402	8,988,531	8,855,402
Intangible asset write-off	(753,265)	-	(753,265)	
Amortization of Right of use asset	71,961,239	75,954,501	71,961,239	75,954,501
Impairment (reversal)/provision	279,399,091	651,044,667	279,399,091	651,044,667
Interest on fixed deposits, commercial paper & treasury bills	(123,297,343)	(118,946,904)	(126,035,075)	(121,680,588)
(Profit) /loss on sale of securities		(7,446,395)	-	(7,446,395)
Fair value (gain)/loss on equity investments (FVTPL)	2,031,684	(939,142)	2,031,684	(939,142)
Bad debt written-off	472,726,958	461,312,661	472,726,958	461,312,661
Diminution/(appreciation) in value of investments	(25,254,000)	(14,108,468)	(25,254,000)	(14,108,468)
Diminution/(appreciation) in value of treasury bonds	4,222,979	2,566,699	4,222,979	2,566,699
Loss/(profit) on disposal of property, plant & equipment	(42,278,926)	(21,293,820)	(42,278,926)	(21,293,820)
Provision/(reversal) for defined benefit plans	31,822,498	28,944,650	32,594,083	29,391,316
Dividend received	(6,825,336)	(4,317,948)	(6,825,336)	(4,317,948)
Share of loss/(profit) from associates	(2,129,344)	2,842,382	(2,129,344)	2,842,382
Operating Profit before Working Capital Changes	2,089,849,528	1,718,893,137	2,134,319,806	1,760,285,075
(Increase)/decrease in trading stock	(72,178,381)	194,830,180	(72,178,381)	194,830,180
(Increase)/decrease in loans and advances	(772,080,576)	118,483,740	(772,080,576)	118,472,611
(Increase)/decrease in lease rentals receivable & stock out on hire	(348,913,589)	(2,116,276,583)	(348,913,589)	(2,116,276,583)
(Increase)/decrease in hire purchase rentals receivable & stock out on hire	(796,750)	7,508,010	(796,750)	7,508,010
(Increase)/decrease in fixed deposits & repurchase agreements	72,237,395	(323,788,890)	72,237,395	(323,788,890)
(Increase)/decrease in other financial assets	(30,248,360)	(53,517,048)	(25,594,154)	(88,169,863)
(Increase)/decrease in other non financial assets	78,542,359	(219,182,358)	78,542,351	(219,657,677)
Increase/(decrease) in amounts due to depositors	571,489,629	(146,385,959)	571,489,629	(146,385,959)
Increase/(decrease) in derivative financial liabilities	(46,290,727)	(39,934,502)	(46,290,727)	(39,934,502)
Increase/(decrease) in other financial liabilities	92,173,788	9,770,675	89,339,863	28,816,338
Increase/(decrease) in other non financial liabilities	48,712,361	(30,265,169)	48,712,361	(30,265,169)
Cash generated from/(used in) Operations	1,682,496,677	(879,864,767)	1,728,787,229	(854,566,430)
Retirement benefit liabilities paid	(11,433,290)	(14,889,015)	(11,433,290)	(14,998,915)
Investment in gratuity fund	(31,486,681)	(33,714,921)	(31,486,681)	(33,714,921)
Taxes paid	(243,453,026)	(397,860,929)	(254,286,674)	(409,877,470)
Net cash generated from/(used in) operating activities	1,396,123,680	(1,326,329,632)	1,431,580,584	(1,313,157,736)
Cash Flows from Investing Activities				
Acquisition of property, plant & equipment	(116,837,204)	(78,139,072)	(117,093,104)	(78,139,072)
Acquisition of ROU	6,434,908	(12,180,000)	6,434,908	(12,180,000)
Acquisition of Intangible Assets	(12,230,194)	(8,289,630)	(12,230,194)	(8,289,630)
Investment in unquoted equities	-	-	-	(12,545,020)
Proceeds from sales of property, plant & equipment	61,048,800	29,024,526	61,048,800	29,024,526
Net sales/ (purchases) of financial investments -FVTPL/FVOCI	424,735,963	78,007,252	424,735,963	78,007,249
Dividend received	6,825,336	4,317,948	6,825,336	4,317,948
Interest on fixed deposits, commercial paper & treasury bills	123,297,343	118,946,904	126,035,075	121,680,588
Net cash generated from investing activities	493,274,953	131,687,928	495,756,785	121,876,589
Cash flows from / (used in) financing activities				
Settlement of operating Lease liabilities	(77,981,423)	(82,967,050)	(77,981,423)	(82,967,050)
Increase in borrowed funds -Debentures	-	(819,062,771)	-	(819,062,771)
Net increase /(decrease) in other borrowings	(2,210,564,922)	2,837,253,658	(2,238,840,061)	2,865,528,794
Net increase /(decrease) in finance lease	-	(1,917,211)	-	(1,917,211)
Dividend paid	-	(33,696,000)	-	(33,696,000)
Net cash generated from/(used in) financing activities	(2,288,546,345)	1,899,610,626	(2,316,821,484)	1,927,885,762
Net increase/(decrease) in cash and cash equivalents	(399,147,712)	704,968,923	(389,484,115)	736,604,615
Cash and cash equivalents at the beginning of the year	986,553,659	281,584,736	1,027,324,614	290,719,999
Cash and cash equivalents at the end of the year	587,405,947	986,553,659	637,840,499	1,027,324,614
Movement in Cash and Cash Equivalent	(399,147,712)	704,968,923	(389,484,115)	736,604,615

Note : Reporting on 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

FAIR VALUE HIERARCHY

Company
Financial assets

	Fair Value Measurement using			
	Quoted Prices in Active Markets	Significant Observable Inputs	Significant Unobservable Inputs	
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
As at 31st March 2021				
Financial assets - Fair value through profit and loss				
Government of Sri Lanka treasury bills	-	905,162,506	-	905,162,506
Government of Sri Lanka treasury bonds	-	272,297,487	-	272,297,487
Financial assets - Fair value through Other Comprehensive Income				
Quoted Investments	203,145,552	-	-	203,145,552
Unquoted Investments			579,250	579,250
	203,145,552	1,177,459,993	579,250	1,381,184,795
Liabilities				
Due to Depositors	-	12,918,786,478	-	12,918,786,478
Due to Banks	-	13,214,241,102	-	13,214,241,102
Derivative financial liabilities	-	13,545,550	-	13,545,550
	-	26,146,573,130	-	26,146,573,130

As at 31st March 2020

Financial assets - Fair value through profit and loss				
Government of Sri Lanka treasury bills	-	1,205,125,799	-	1,205,125,799
Government of Sri Lanka treasury bonds	-	287,807,781	-	287,807,781
Investments in Unit Trusts	-	57,349,322	-	57,349,322
Financial assets - Fair value through Other Comprehensive Income				
Quoted Investments	137,361,082	-	-	137,361,082
Unquoted Investments			579,250	579,250
	<u>137,361,082</u>	<u>1,550,282,902</u>	<u>579,250</u>	<u>1,688,223,234</u>
Liabilities				
Due to Depositors	-	12,347,296,849	-	12,347,296,849
Due to Banks	-	15,424,806,028	-	15,424,806,028
Derivative financial liabilities	-	59,836,277	-	59,836,277
	<u>-</u>	<u>27,831,939,154</u>	<u>-</u>	<u>27,831,939,154</u>

Alliance Finance Company PLC

ANALYSIS OF FINANCIAL STATEMENTS MEASUREMENT BASIS

Company

As at 31st March 2021

	Financial assets recognized through profit or loss (FVTPL)	Financial assets at amortized cost (AC)	Financial assets at fair value through other comprehensive income(FVOCI)	Total
	Rs.	Rs.	Rs.	Rs.
Asset				
Cash and cash equivalents	-	587,405,947	-	587,405,947
Placement with banks and other financial institutions	-	793,564,909	-	793,564,909
Financial asset recognized through profit or loss	1,177,459,993	-	-	1,177,459,993
Loans and receivables-Amortized cost	-	6,630,287,692	-	6,630,287,692
Lease rental receivables at amortized cost	-	19,978,211,851	-	19,978,211,851
Financial asset recognized through other comprehensive income	-	-	203,724,802	203,724,802
Hire purchase and rental receivables amortized cost	-	5,542,117	-	5,542,117
	<u>1,177,459,993</u>	<u>27,995,012,516</u>	<u>203,724,802</u>	<u>29,376,197,311</u>
Liabilities				
Due to Depositors	-	12,918,786,478	-	12,918,786,478
Due to Banks	-	13,214,241,102	-	13,214,241,102
Derivative financial liabilities	-	13,545,550	-	13,545,550
	<u>-</u>	<u>26,146,573,130</u>	<u>-</u>	<u>26,146,573,130</u>

As at 31st March 2020

	Financial assets recognized through profit or loss (FVTPL)	Financial assets at amortized cost (AC)	Financial assets at fair value through other comprehensive income(FVOCI)	Total
	Rs.	Rs.	Rs.	Rs.
Asset				
Cash and cash equivalents	-	986,553,659	-	986,553,659
Placement with banks and other financial institutions	-	915,617,034	-	915,617,034
Financial asset recognized through profit or loss	1,550,282,902	-	-	1,550,282,902
Loans and receivables-Amortized cost	-	6,184,304,979	-	6,184,304,979
Lease rental receivables at amortized cost	-	20,055,543,842	-	20,055,543,842
Financial asset recognized through other comprehensive income	-	-	137,940,332	137,940,332
Hire purchase and rental receivables amortized cost	-	4,527,976	-	4,527,976
	<u>1,550,282,902</u>	<u>28,146,547,490</u>	<u>137,940,332</u>	<u>29,834,770,724</u>
Liabilities				
Due to Depositors	-	12,347,296,849	-	12,347,296,849
Due to Banks	-	15,424,806,029	-	15,424,806,029
Derivative financial liabilities	-	59,836,277	-	59,836,277
	<u>-</u>	<u>27,831,939,155</u>	<u>-</u>	<u>27,831,939,155</u>

Alliance Finance Company PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31st March

SEGMENT REPORT

31st March 2021- Group	Leasing & Hire Purchase	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.
REVENUE									
External sales	18,428,346,046	705,904,625	625,829,719	27,621,688	6,825,336	100,630,750	9,088,795	505,868,096	20,410,115,055
Total revenue	18,428,346,046	705,904,625	625,829,719	27,621,688	6,825,336	100,630,750	9,088,795	505,868,096	20,410,115,055
Total income	5,876,541,499	706,144,970	625,829,719	27,621,688	6,825,336	113,029,684	13,711,680	493,469,162	7,863,173,738
RESULTS									
Segment results	4,525,494,816	197,257,696	510,031,077	9,876,396	6,109,349	101,913,579	13,711,680	457,672,983	5,822,067,576
Unallocated company expenses									(1,569,156,732)
Operating profit									4,252,910,844
Interest expenses	(1,921,671,743)	(354,135,052)	(283,459,051)	(9,337,117)	(19,590,523)	(151,710,823)	(4,701,332)	(168,151,119)	(2,912,756,760)
Share of profits of associates before tax									2,129,346
Income taxes									(746,181,731)
Net Profit									596,101,699
OTHER INFORMATION									
Segment assets	19,983,753,968	3,682,703,763	2,947,733,379	97,098,082	203,724,803	1,577,663,708	48,889,858	1,748,628,777	30,290,196,338
Investment in associates									96,563,532
Unallocated company assets									3,890,338,571
Total assets									34,277,098,442
Segment liabilities	16,914,468,639	2,920,523,162	2,337,663,892	77,002,446	161,561,462	1,251,146,901	38,771,504	1,386,728,658	25,087,866,664
Unallocated company liabilities									3,240,138,218
Total liabilities									28,328,004,881

Alliance Finance Company PLC

NOTES TO THE FINANCIAL STATEMENTS

SEGMENT REPORT

31st March 2020- Group	Leasing & Hire Purchase	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.
REVENUE									
External sales	15,412,104,519	1,115,365,293	487,475,177	31,522,368	53,830,441	153,599,731	11,466,694	311,224,806	17,576,589,029
Total revenue	15,412,104,519	1,115,365,293	487,475,177	31,522,368	53,830,441	153,599,731	11,466,694	311,224,806	17,576,589,029
Total income	5,597,424,517	1,114,704,987	487,475,178	31,522,368	25,872,811	186,538,349	16,939,978	278,286,187	7,738,764,376
RESULTS									
Segment results	3,554,215,374	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									3,899,188,660
Interest expenses	(2,189,149,973)	(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	20,060,071,818	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	17,783,299,502	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

EXPLANATORY NOTES

1 The figures given in the Financial Statements for the quarter ended 31st March 2021 are provisional and are unaudited. External auditors are in the process of finalizing the statutory audit for the year ended 2020/21.

2 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 2020.

3 **Expected Credit Loss Computation**

The Group's estimated Expected Credit Loss (ECL) was based on the Probability of Default (PD), Loss Given Default (LGD) and Economic Factor Adjustment (EFA) applying the forecasts and projections published by the Central Bank of Sri Lanka.

Given the high degree of uncertainty and unprecedented circumstances in the short-term economic outlook mainly due to the continuous disruptions to businesses, significant amount of additional ECL provision was made by using credit judgements along with the modelled ECL provisions to ensure that the overall ECL provisions are adequate to cover unseen risk factors in the uncertain and highly volatile environment.

4 **Taxation - Impact of corporate Income Tax rate change, effective from January 01, 2020**

As per the Bill published on March 18, 2021, to amend the Inland Revenue Act No. 24 of 2017 (the Act), Income Tax rate of corporates was changed from 28% to 24%, effective from January 01, 2020. However, revisions as per the Bill were not enacted via an amendment to the Act as of the Reporting Date.

As per Sri Lanka Accounting Standard No. 12 on "Income Taxes", current tax and deferred tax shall be measured based on tax rates (and tax laws) that have been "enacted" or "substantively enacted" by the end of the reporting period.

However, as per guidelines issued by the CA Sri Lanka, revision to the Income Tax rate as mentioned above has been determined as "substantively enacted".

5 **Going Concern**

In determining the basis of preparing the Financial Statements for the quarter ended 31st March 2021 based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the group and the appropriateness of the use of the going concern basis.

6 **Commitments & Contingencies**

	As at 31 March 2021	As at 31 March 2020
	Rs.	Rs.
Financial Guarantees	102,810,381	27,810,381
Tax Assessments	362,667,198	310,323,435
Provision already made	(204,144,502)	(64,847,117)
	<u>261,333,077</u>	<u>273,286,699</u>

Comparative figure on Commitments & Contingencies reported on gross basis as of 31 March 2020 is now reported on a net basis as mentioned above.

7 There were no material events that took place since 31st March 2021, that require disclosure in these Interim Financial Statements other than those disclosed below.

Impact due to the COVID-19

The outbreak of COVID-19 has caused disruption to business and economic activities, and uncertainty in 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 the Government and the Central Bank of Sri Lanka (CBSL) when conducting its business operations. Further, the Company has provided reliefs to affected businesses and individuals in line with the directions issued by the CBSL in addition to its own relief schemes.

Alliance Finance Company PLC

EXPLANATORY NOTES (Continued.)

Impact due to the COVID-19 (Continued.)

The Company continued to provide its services to the customers despite certain regions of the island being isolated with a view to mitigating third wave of COVID 19 post Sinhala and Tamil New Year. In preparing to face the pandemic, the Company announced work from home policy and roster arrangements with immediate effect.

PCR tests and antigen tests were undertaken by the Company for identified staff and their close contacts with strict quarantine periods to safeguard the staff and customers being affected. In person meetings were converted to organization wide virtual meetings adhering to all safety protocols.

As the pandemic situation continues to evolve and bring fresh challenges, the Company capitalised on the lessons learnt in the past to strengthen resilience. At these unprecedented times Company's move towards digital platforms helps all stakeholders to stay connected.

The Company believes that the impact of a third wave is too early to be determined, yet it could have a short to medium term impact on our businesses. Given the fact that an island-wide vaccination program is in place while containment of the pandemic is planned via travel restrictions rather than complete lockdown, the Company does not foresee a long-term impact on the pandemic.

Company is continuously monitoring the liquidity position of the Company and has adequate lines of unutilized credit arranged via banks to face any liquidity challenge

- 8 According to the Company policy, Land and Building fleet of the Company was revalued by the independent professional valuer as at 31st March 2021.
- 9 During the quarter, there were no material changes in the composition of assets, liabilities and/or contingent liabilities, other than those disclosed above.
- 10 All known expenses including management fees and other similar expenses have been provided for twelve months ended 31st March 2021.

Selected Performance Indicators

	31-03-21	31-03-20
Capital Adequacy (%)		
Tier 1 Capital Adequacy Ratio (minimum 6.5%)	9.90%	9.86%
Total Capital Adequacy Ratio (minimum 10.5%)	12.54%	12.97%
Capital Funds to Deposit Liabilities Ratio	32.82%	25.29%
Profitability (%)		
Return on average shareholders funds (before tax)	24.85%	11.65%
Return on average assets (before tax)	3.81%	1.61%
Quality of Loan Portfolio (%)		
Gross Non-Performing Loans Ratio	8.45%	11.10%
Net-Non-Performing Loans Ratio	1.44%	4.50%
Liquidity ('000)		
Required Minimum Amount of Liquid Assets	824,386	1,324,771
Available Amount of Liquid Assets	1,845,285	3,455,213
Required Minimum Amount of Government Securities	726,836	1,219,543
Available Amount of Government Securities	1,461,832	1,555,027

Alliance Finance Company PLC

SHAREHOLDERS' INFORMATION

Market price per share

Quarter ended 01st January to 31st March	2021	2020
Highest Price	52.50	51.90
Lowest Price	48.00	30.00
Last Traded	49.50	34.40

Issued capital

As at 31st March 2021 the Stated Capital was Rs. 613,980,000/- and 33,696,000 Ordinary shares had been issued.

Directors'/ CEO's Holding in Shares as at 31st March 2021

No	Name of Director	No of Shares
1	Mrs.G.S.T. Dharmakirti-Herath	100
2	Mr.R.K.E.P. de Silva	11,035,291
3	Mr.J.M. Gunasekera	1,500
4	Mr.W.P.K. Jayawardana	100
5	Mrs.P. De Silva	100
6	Mr.R.E. Rambukwelle	10,000
7	Mr.L.J.H. De Silva	3,052
8	Mr.D.L.I. Hettiarachchi	100

Twenty Largest Ordinary Shareholders as at 31st March 2021

No.	Name of Shareholder	No. of Shares	%
1	Mr.R.K.E.P. de Silva	11,035,291	32.75
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.D.D. Wijemanne	1,422,974	4.22
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	Mrs.C.R. de Silva	374,400	1.11
10	Elgin Investments Ltd.	311,877	0.93
11	Mr. D.F.W. Perera	310,560	0.92
12	Ms.D.D.P.T. Perera	309,384	0.92
13	Mrs.P. Weththasinghe	299,975	0.89
14	Mrs.A.S. Wijewardena	259,200	0.77
15	Mutiara Holdings (Pvt) Ltd.	250,000	0.74
16	Hatton National Bank PLC/Mr.K.K. Shujeevan	238,786	0.71
17	Ms.D.C.M.A. Perera	236,632	0.70
18	Mr.G.P. Kapilasena	201,180	0.60
19	Mrs.K.G.G.S.L. Perera	201,066	0.60
20	Miss R.H. Abdulhussein	180,000	0.53

Alliance Finance Company PLC

SHAREHOLDERS' INFORMATION

Public Shareholding as at 31st March 2021

No of Shares	%
18,076,775	53.65

No of Shareholders

The percentage of ordinary shares held by the public as at 31st March 2021 was 53.65 and the number of shareholders representing the public holding was 1,226.

Float Adjusted Market Capitalization

The Float adjusted market capitalization as at 31st March 2021 - Rs.894,805,313/- and the Company falls under Option 5 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Alliance Finance Company PLC

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

Mrs. G.S.Tamara Dharmakirti-Herath - *Chairperson*

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

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

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

Mr. Ravi Rambukwelle - BA, MCIM(UK), ACI (UK), *Executive Director - Credit Operations and Marketing*

Mrs. Priyanthi de Silva - FCMA, CGMA, FCPA - *Independent Non Executive Director*

Mr. L.J.Hiran de Silva - *Independent Non Executive Director*

Mr.D.Lasantha Ivers Hettiarachchi -*Independent Non Executive Director*

Secretaries

Alliance Management Services (Pvt) Ltd.

No. 84, Ward Place

Colombo 07.

Audit Committee

Mrs. Priyanthi de Silva - *Chairperson*

Mrs.G.S.Tamara Dharmakirti-Herath

Mr.L.J.Hiran de Silva

Remuneration Committee

Mrs.G.S.Tamara Dharmakirti-Herath -*Chair Person*

Mr.L.J.Hiran de Silva

Mr.D.Lasantha Ivers Hettiarachchi -
Independent Non Executive Director

Auditors

M/s Edirisinghe & Co.

Chartered Accountants,

No.45, 2nd Floor, Bray Brooke Street,
Colombo 02.

Legal Consultants

Gunawardene Ranasinghe Associates

Sudath Perera Associates

Advisory Council

Mrs. K.S.K. de Silva

Mr. B. Ponnambalam

Mr. K. Kanag Isvaran LLB (London) of Lincoln's
Inn Barrister (President's Counsel)

Mr.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

Cargills Bank