



## Financial Statements

**For the Nine Months ended 31 December 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

For the period ended 31st December	For the Quarter ended			For the Nine months ended		
	2020	2019	Variance %	2020	2019	Variance %
	(unaudited) Rs.	(unaudited) Rs.		(unaudited) Rs.	(unaudited) Rs.	
<b>Gross Income</b>	1,703,273,340	1,960,815,632	(13)	5,397,288,775	5,785,128,787	(7)
Interest income	1,551,054,914	1,818,662,094	(15)	4,976,443,131	5,437,816,586	(8)
Interest expenses	(719,491,258)	(826,920,671)	(13)	(2,282,058,960)	(2,479,512,011)	(8)
<b>Net Interest Income</b>	831,563,656	991,741,423	(16)	2,694,384,171	2,958,304,575	(9)
Fee and commission income	51,434,913	46,076,530	12	128,309,550	131,950,267	(3)
Fee and commission expenses	(64,977,199)	(43,121,704)	51	(199,718,518)	(122,909,631)	62
<b>Net Fee and Commission Income</b>	(13,542,286)	2,954,826	(558)	(71,408,968)	9,040,636	(890)
Net gain/(loss) from trading	6,306,672	39,515,672	(84)	8,575,494	64,796,887	(87)
Other operating income (net)	94,476,841	56,561,336	67	283,960,600	150,565,047	89
<b>Total Operating Income</b>	918,804,883	1,090,773,257	(16)	2,915,511,297	3,182,707,145	(8)
Impairment (charges) / reversal for loans and other losses	114,206,433	(270,854,245)	(142)	(372,281,818)	(849,871,723)	(56)
<b>Net Operating Income</b>	1,033,011,316	819,919,012	26	2,543,229,479	2,332,835,422	9
<b>Operating Expenses</b>						
Personnel expenses	(275,315,752)	(209,899,432)	31	(686,186,947)	(606,993,545)	13
Other operating expenses	(308,246,048)	(356,215,826)	(13)	(865,722,314)	(974,328,646)	(11)
Depreciation and amortization	(32,341,123)	(32,206,041)	0	(98,032,970)	(95,657,629)	2
<b>Total operating expenses</b>	(615,902,923)	(598,321,299)	3	(1,649,942,231)	(1,676,979,820)	(2)
<b>Operating Profit before Taxes on Financial Services</b>	417,108,393	221,597,713	88	893,287,248	655,855,602	36
Taxes on financial services	(86,720,156)	(57,075,568)	52	(193,525,745)	(159,495,123)	21
Debt repayment levy	-	(30,384,165)	(100)	-	(83,358,321)	(100)
<b>Operating Profit after Taxes on Financial Services</b>	330,388,237	134,137,980	146	699,761,503	413,002,158	69
Share of profit/(loss) from associates	(51,906)	651,777	(108)	(3,151,105)	1,691,038	(286)
<b>Profit before Taxation from Operations</b>	330,336,331	134,789,757	145	696,610,398	414,693,196	68
Provision for income taxation	(174,025,000)	(89,000,000)	96	(369,525,000)	(221,000,000)	67
<b>Profit for the Period</b>	<b>156,311,331</b>	<b>45,789,757</b>	241	<b>327,085,398</b>	<b>193,693,196</b>	69
Basic/ Diluted earnings per share (Annualized)	18.56	5.44		12.94	7.66	
Dividend Per Share (Rs./Cts.)	-	-		-	-	

## Alliance Finance Company PLC

### STATEMENT OF PROFIT OR LOSS - GROUP

For the period ended 31st December	For the Quarter ended			For the Nine months ended		
	2020	2019	Variance %	2020	2019	Variance %
	(unaudited) Rs.	(unaudited) Rs.		(unaudited) Rs.	(unaudited) Rs.	
<b>Gross Income</b>	1,719,006,178	1,974,514,204	(13)	5,446,398,544	5,833,943,948	(7)
Interest income	1,551,773,215	1,819,323,105	(15)	4,978,528,017	5,439,821,715	(8)
Interest expenses	(719,491,258)	(826,920,671)	(13)	(2,282,058,960)	(2,479,512,011)	(8)
<b>Net Interest Income</b>	832,281,957	992,402,434	(16)	2,696,469,057	2,960,309,704	(9)
Fee and commission income	66,449,450	59,114,091	12	175,334,433	178,760,299	(2)
Fee and commission expenses	(64,977,199)	(43,121,704)	51	(199,718,518)	(122,909,631)	62
<b>Net Fee and Commission Income</b>	1,472,251	15,992,387	(91)	(24,384,085)	55,850,668	(144)
Net gain/(loss) from trading	6,306,672	39,515,672	(84)	8,575,494	64,796,887	(87)
Other operating income (net)	94,476,841	56,561,336	67	283,960,600	150,565,047	89
<b>Total Operating Income</b>	934,537,721	1,104,471,829	(15)	2,964,621,066	3,231,522,306	(8)
Impairment (charges) / reversal for loans and other losses	114,206,433	(270,854,245)	(142)	(372,281,818)	(849,871,723)	(56)
<b>Net Operating Income</b>	1,048,744,154	833,617,584	26	2,592,339,248	2,381,650,583	9
<b>Operating Expenses</b>						
Personnel expenses	(278,087,434)	(212,614,324)	31	(694,502,886)	(615,094,145)	13
Other operating expenses	(309,898,687)	(357,765,877)	(13)	(870,387,801)	(978,787,610)	(11)
Depreciation and amortization	(32,362,608)	(32,227,526)	0	(98,102,671)	(95,752,630)	2
<b>Total operating expenses</b>	(620,348,729)	(602,607,727)	3	(1,662,993,358)	(1,689,634,385)	(2)
<b>Operating Profit before Taxes on Financial Services</b>	428,395,425	231,009,857	85	929,345,890	692,016,198	34
Taxes on financial services	(86,720,156)	(57,075,568)	52	(193,525,745)	(159,495,123)	21
Debt repayment levy	-	(30,384,165)	(100)	-	(83,358,321)	(100)
<b>Operating Profit after Taxes on Financial Services</b>	341,675,269	143,550,124	138	735,820,145	449,162,754	64
Share of profit/(loss) from associates	(51,906)	651,777	(108)	(3,151,105)	1,691,038	(286)
<b>Profit before Taxation from Operations</b>	341,623,363	144,201,901	137	732,669,040	450,853,792	63
Provision for income taxation	(176,811,258)	(91,715,201)	93	(378,412,443)	(231,372,938)	64
<b>Profit for the Period</b>	164,812,105	52,486,700	214	354,256,597	219,480,855	61
Profit attributable to :						
Equity holders of the Company	161,746,726	50,071,793	223	344,458,663	210,181,836	64
Non controlling interest	3,065,379	2,414,907	27	9,797,934	9,299,019	5
<b>Profit for the Period</b>	164,812,105	52,486,700	214	354,256,597	219,480,855	61
Basic/ Diluted earnings per share (Annualized)	19.56	6.23		13.63	8.32	
Dividend Per Share (Rs./Cts.)	-	-		-	-	

# Alliance Finance Company PLC

## STATEMENT OF OTHER COMPREHENSIVE INCOME - COMPANY

	For the Quarter ended			For the Nine months ended		
For the period ended 31st December	2020 (unaudited) Rs.	2019 (unaudited) Rs.	Variance %	2020 (unaudited) Rs.	2019 (unaudited) Rs.	Variance %
<b>Profit for the period</b>	<b>156,311,331</b>	<b>45,789,757</b>		<b>327,085,398</b>	<b>193,693,196</b>	
<b>Other Comprehensive Income</b>						
<b>Other Comprehensive Income not to be Reclassified to Profit or Loss</b>						
Equity investments at FVOCI -Transfer of realized profit to retained earnings	3,408,042	-	100	3,408,042	-	100
Equity investments at FVOCI - net change in fair value	58,161,662	-	100	117,942,742	-	100
<b>Net Other Comprehensive Income not be Classified to Profit or Loss</b>	<b>61,569,704</b>	<b>-</b>		<b>121,350,784</b>	<b>-</b>	
<b>Total Comprehensive Income for the period</b>	<b>217,881,035</b>	<b>45,789,757</b>		<b>448,436,182</b>	<b>193,693,196</b>	

# Alliance Finance Company PLC

## STATEMENT OF COMPREHENSIVE INCOME - GROUP

	For the Quarter ended			For the Nine months ended		
For the period ended 31st December	2020 (unaudited) Rs.	2019 (unaudited) Rs.	Variance %	2020 (unaudited) Rs.	2019 (unaudited) Rs.	Variance %
<b>Profit for the period</b>	<u>164,812,105</u>	<u>52,486,700</u>		<u>354,256,597</u>	<u>219,480,855</u>	
<b>Other Comprehensive Income</b>						
Equity investments at FVOCI -Transfer of realized profit to retained earnings	3,408,042	-	100	3,408,042	-	100
Equity investments at FVOCI - net change in fair value	<u>58,161,662</u>	<u>-</u>	100	<u>117,942,742</u>	<u>-</u>	100
<b>Net Other Comprehensive Income not be Classified to Profit or Loss</b>	<u>61,569,704</u>	<u>-</u>		<u>121,350,784</u>	<u>-</u>	
<b>Total Comprehensive Income for the period</b>	<u>226,381,809</u>	<u>52,486,700</u>		<u>475,607,381</u>	<u>219,480,855</u>	
Attributable to:						
Equity holders of the company	223,316,429	50,071,791		465,809,447	210,181,834	
Non controlling interest	<u>3,065,380</u>	<u>2,414,907</u>		<u>9,797,934</u>	<u>9,299,019</u>	
<b>Total Comprehensive Income for the period</b>	<u>226,381,809</u>	<u>52,486,700</u>		<u>475,607,381</u>	<u>219,480,855</u>	

# Alliance Finance Company PLC

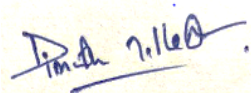
## STATEMENT OF FINANCIAL POSITION

As at	Company		Group	
	31.12.2020	31.03.2020	31.12.2020	31.03.2020
	Rs.	Rs.	Rs.	Rs.
	(unaudited)	(audited)	(unaudited)	(audited)
<b>Assets</b>				
Cash and cash equivalents	1,404,142,311	986,553,659	1,470,334,133	1,027,324,614
Repurchase agreements	-	350,388,985	-	350,388,985
Placements with banks & financial institutions	777,152,791	915,617,034	777,152,791	915,617,034
Financial assets recognised through profit or loss	1,261,747,873	1,550,282,902	1,261,747,873	1,550,282,902
Loans and advances - at amortised cost	6,156,649,288	6,184,304,979	6,156,905,168	6,184,454,429
Lease rentals receivable & stock out on hire - at amortised cost	20,365,422,977	20,055,543,842	20,365,422,977	20,055,543,842
Hire purchase rentals receivable & stock out on hire - at amortised cost	5,301,443	4,527,976	5,301,443	4,527,976
Financial assets- fair value through other comprehensive income	346,903,962	137,940,332	346,903,962	137,940,332
Other trading stocks	178,695,948	207,388,189	178,695,948	207,388,189
Other financial assets	450,401,464	459,367,873	522,562,916	535,032,270
Other non financial assets	142,449,947	176,524,164	142,925,260	176,999,477
Investments in associates	42,475,612	45,626,717	91,283,082	94,434,188
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	1,622,863,132	1,694,020,530	1,622,914,630	1,694,141,728
Intangible assets	53,045,450	55,957,723	53,045,450	55,957,723
Right of use asset	241,495,540	259,039,810	241,495,540	259,039,810
Retirement benefit Assets	-	1,046,687	-	-
Deferred tax assets	295,240,407	295,240,407	295,790,313	295,790,313
<b>Total Assets</b>	<b>33,909,912,183</b>	<b>33,945,295,847</b>	<b>34,081,481,486</b>	<b>34,093,863,812</b>
<b>Liabilities</b>				
Due to banks	14,336,934,489	15,424,806,029	14,367,806,645	15,453,081,167
Due to depositors	12,741,612,683	12,347,296,849	12,741,612,683	12,347,296,849
Other financial liabilities	745,235,176	791,703,913	754,436,453	810,353,917
Other non financial liabilities	45,319,971	26,266,583	45,319,971	26,266,583
Derivative financial liabilities	69,571,812	59,836,277	69,571,812	59,836,277
Income tax liabilities	360,546,711	152,139,514	364,158,497	155,059,678
Retirement benefit liabilities	22,416,519	-	25,651,328	1,244,584
Deferred tax liabilities	530,275,376	530,275,376	530,283,797	530,283,797
<b>Total Liabilities</b>	<b>28,851,912,737</b>	<b>29,332,324,541</b>	<b>28,898,841,186</b>	<b>29,383,422,851</b>
<b>Shareholders' Funds</b>				
Stated capital	613,980,000	613,980,000	613,980,000	613,980,000
Retained earnings	2,101,419,701	1,777,742,345	2,175,004,313	1,833,953,692
Reserves	2,342,599,745	2,221,248,961	2,342,599,745	2,221,248,961
<b>Total Equity Attributable to Equity Holders of the Company</b>	<b>5,057,999,446</b>	<b>4,612,971,306</b>	<b>5,131,584,058</b>	<b>4,669,182,653</b>
Non controlling interest	-	-	51,056,242	41,258,308
<b>Total Equity</b>	<b>5,057,999,446</b>	<b>4,612,971,306</b>	<b>5,182,640,300</b>	<b>4,710,440,961</b>
<b>Total Liabilities and Shareholders' Funds</b>	<b>33,909,912,183</b>	<b>33,945,295,847</b>	<b>34,081,481,486</b>	<b>34,093,863,812</b>
Contingent Liabilities and Commitments	483,513,000	339,910,381	483,513,000	339,910,381
Net assets value per share (Rs.)	151	137	153	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  
Head of Finance

15-Feb-21

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	FVOCI	Non Controlling Interest	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 1st April 2019 (Audited)</b>	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	-	-	-	-	-	-	193,693,196	193,693,196
Other comprehensive income, net of tax								
Equity investments at FVOCI - net change in fair value	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(33,696,000)	(33,696,000)
<b>Balances as at 31st December 2019</b>	<b>613,980,000</b>	<b>834,309,800</b>	<b>1,018,409,546</b>	<b>388,258,055</b>	<b>-</b>	<b>-</b>	<b>1,815,296,564</b>	<b>4,670,253,965</b>
<b>Balance as at 1st April 2020 (Audited)</b>	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	-	-	-	-	-	-	327,085,398	327,085,398
Other comprehensive income, net of tax								
Equity investments at FVOCI - net change in fair value	-	-	-	-	117,942,742	-	-	117,942,742
Transfer to retained earnings					3,408,042		(3,408,042)	
Dividend paid	-	-	-	-	-	-	-	-
<b>Balances as at 31st December 2020</b>	<b>613,980,000</b>	<b>876,036,520</b>	<b>1,018,409,546</b>	<b>388,258,055</b>	<b>59,895,624</b>	<b>-</b>	<b>2,101,419,701</b>	<b>5,057,999,446</b>

**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.
<b>Balance as at 1st April 2019 (Audited)</b>	613,980,000	834,309,800	1,018,409,546	388,258,055	-	29,810,747	1,691,222,896	4,575,991,044
Profit for the period	-	-	-	-	-	9,299,019	210,181,836	219,480,855
Other comprehensive income, net of tax -								
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	-
Equity investments at FVOCI - net change in fair value	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(33,696,000)	(33,696,000)
<b>Balances as at 31st December 2019</b>	<b>613,980,000</b>	<b>834,309,800</b>	<b>1,018,409,546</b>	<b>388,258,055</b>	<b>-</b>	<b>39,109,766</b>	<b>1,867,708,732</b>	<b>4,761,775,899</b>
<b>Balance as at 1st April 2020 (Audited)</b>	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
Profit for the period	-	-	-	-	-	9,797,934	344,458,663	354,256,597
Other comprehensive income, net of tax -								
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	-
Equity investments at FVOCI - net change in fair value	-	-	-	-	117,942,742	-	-	117,942,742
Transfer to retained earnings	-	-	-	-	3,408,042	-	(3,408,042)	-
Dividend paid	-	-	-	-	-	-	-	-
<b>Balances as at 31st December 2020</b>	<b>613,980,000</b>	<b>876,036,520</b>	<b>1,018,409,546</b>	<b>388,258,055</b>	<b>59,895,624</b>	<b>51,056,242</b>	<b>2,175,004,313</b>	<b>5,182,640,300</b>

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 December	Company		Group	
	2020	2019	2020	2019
Cash Flows From / (Used in) Operating Activities	Rs.	Rs.	Rs.	Rs.
Profit before Income Tax Expense	696,610,398	414,693,196	732,669,040	450,853,792
<b>Adjustments for;</b>				
Depreciation of property, plant & equipment	91,613,970	88,945,959	91,683,671	89,040,960
Amortization of intangible assets	6,419,000	6,711,670	6,419,000	6,711,670
Amortization of Right of use asset	64,814,146	-	64,814,146	-
Impairment (reversal)/provision	120,877,114	564,502,418	120,877,114	564,502,418
Interest on fixed deposits, commercial paper & treasury bills	(100,272,363)	(85,939,826)	(102,357,247)	(87,944,954)
(Profit) /loss on sale of securities	-	(7,386,085)	-	(7,386,085)
Fair value (gain)/loss on equity investments (FVTPL)	(808,755)	(3,229,919)	(808,755)	(3,229,919)
Bad debt written-off	251,404,704	285,369,304	251,404,704	285,369,304
Diminution/(appreciation) in value of investments	-	(14,108,468)	-	(14,108,468)
Diminution/(appreciation) in value of treasury bonds	(7,481,881)	(4,484,143)	(7,481,881)	(4,484,143)
Loss/(profit) on disposal of property, plant & equipment	(41,491,588)	164,924	(41,491,588)	164,924
Provision/(reversal) for defined benefit plans	32,500,000	18,000,000	33,443,536	18,857,760
Dividend received	(6,423,581)	(3,269,379)	(6,423,581)	(3,269,379)
Share of loss/(profit) from associates	3,151,105	(1,691,038)	3,151,105	(1,691,038)
<b>Operating Profit before Working Capital Changes</b>	<b>1,110,912,269</b>	<b>1,258,278,613</b>	<b>1,145,899,264</b>	<b>1,293,386,842</b>
(Increase)/decrease in trading stock	28,692,241	190,426,337	28,692,241	190,426,337
(Increase)/decrease in loans and advances	80,294,228	35,466,719	80,187,798	35,342,859
(Increase)/decrease in lease rentals receivable & stock out on hire	(734,788,867)	(1,814,343,406)	(734,788,867)	(1,814,343,406)
(Increase)/decrease in hire purchase rentals receivable & stock out on hire	(784,089)	11,073,642	(784,089)	11,073,642
(Increase)/decrease in fixed deposits & repurchase agreements	488,853,227	444,101,417	488,853,227	444,101,417
(Increase)/decrease in other financial assets	8,966,409	3,221,105	12,469,354	(37,734,983)
(Increase)/decrease in other non financial assets	62,305,640	(42,639,575)	62,305,639	(43,588,894)
Increase/(decrease) in amounts due to depositors	394,315,834	(107,390,610)	394,315,834	(107,390,610)
Increase/(decrease) in derivative financial liabilities	9,735,535	(14,295,336)	9,735,535	(14,295,336)
Increase/(decrease) in other financial liabilities	(46,468,737)	(55,114,048)	(55,917,464)	(9,778,455)
Increase/(decrease) in other non financial liabilities	19,053,388	(18,942,035)	19,053,388	(18,942,035)
<b>Cash generated from/(used in) Operations</b>	<b>1,421,087,078</b>	<b>(110,157,177)</b>	<b>1,450,021,860</b>	<b>(71,742,622)</b>
Retirement benefit liabilities paid	(11,130,168)	(11,025,414)	(11,130,168)	(11,135,314)
Taxes paid	(178,129,414)	(314,173,412)	(186,325,233)	(323,282,721)
<b>Net cash generated from/(used in) operating activities</b>	<b>1,231,827,496</b>	<b>(435,356,003)</b>	<b>1,252,566,459</b>	<b>(406,160,657)</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of property, plant & equipment	(38,545,040)	(63,866,862)	(38,545,040)	(63,866,862)
Acquisition of ROU	(5,458,000)	-	(5,458,000)	-
Acquisition of Intangible Assets	(3,506,728)	-	(3,506,728)	-
Investment in unquoted equities	-	-	-	(12,545,022)
Proceeds from sales of property, plant & equipment	54,784,000	2,953,000	54,784,000	2,953,000
Net sales/ (purchases) of financial investments -FVTPL/FVOCI	229,705,820	(51,461,637)	229,705,820	(51,461,637)
Dividend received	6,423,581	3,269,379	6,423,581	3,269,379
Interest on fixed deposits, commercial paper & treasury bills	100,272,363	85,939,826	102,357,248	87,944,955
<b>Net cash generated from investing activities</b>	<b>343,675,996</b>	<b>(23,166,294)</b>	<b>345,760,881</b>	<b>(33,706,187)</b>
<b>Cash flows from / (used in) financing activities</b>				
Settlement of operating Lease liabilities	(70,043,299)	-	(70,043,299)	-
Increase in borrowed funds	-	(819,062,771)	-	(819,062,771)
Net increase /(decrease) in other borrowings	(1,087,871,541)	1,388,695,030	(1,085,274,522)	1,400,299,112
Net increase /(decrease) in finance lease	-	(1,917,211)	-	(1,917,211)
Dividend paid	-	(33,696,000)	-	(33,696,000)
<b>Net cash generated from/(used in) financing activities</b>	<b>(1,157,914,840)</b>	<b>534,019,048</b>	<b>(1,155,317,821)</b>	<b>545,623,130</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>417,588,652</b>	<b>75,496,751</b>	<b>443,009,519</b>	<b>105,756,286</b>
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	1,404,142,311	357,081,487	1,470,334,133	396,476,285
<b>Movement in Cash and Cash Equivalent</b>	<b>417,588,652</b>	<b>75,496,751</b>	<b>443,009,519</b>	<b>105,756,286</b>

Note : Reporting cash flows from operating activities

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

## 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 December 2020				
Financial assets - Fair value through profit and loss				
Government of Sri Lanka treasury bills	-	804,727,856	-	804,727,856
Government of Sri Lanka treasury bonds	-	346,514,718	-	346,514,718
Investments in Unit Trusts	-	110,505,299	-	110,505,299
Financial assets - Fair value through Other Comprehensive Income				
Quoted Investments	346,324,712	-	579,250	346,903,962
	346,324,712	1,261,747,873	579,250	1,608,651,835
Liabilities				
Due to Depositors	-	12,741,612,683	-	12,741,612,683
Due to Banks	-	14,336,934,488	-	14,336,934,488
Interest Bearing Borrowings	-	69,571,812	-	69,571,812
	-	27,148,118,983	-	27,148,118,983

**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	-	579,250	137,940,332
	137,361,082	1,550,282,902	579,250	1,688,223,234

**Liabilities**

Due to Depositors	-	12,347,296,849	-	12,347,296,849
Due to Banks	-	15,424,806,029	-	15,424,806,029
Interest Bearing Borrowings	-	59,836,277	-	59,836,277
	-	27,831,939,155	-	27,831,939,155

**ANALYSIS OF FINANCIAL STATEMENTS MEASUREMENT BASIS**
**Company**
**As at 31st December 2020**

	Financial assets recognised through profit or loss (FVTPL )	Financial assets at amortised cost (AC)	Financial assets at fair value through other comprehensive income(FVOCI)	Total
	Rs.	Rs.	Rs.	Rs.
<b>Asset</b>				
Cash and cash equivalents	-	1,404,142,311	-	1,404,142,311
Placement with banks and other financial institutions	-	777,152,792	-	777,152,792
Financial asset recognized through profit or loss	1,261,747,873	-	-	1,261,747,873
Loans and receivables-Amortized cost	-	6,156,649,288	-	6,156,649,288
Lease rental receivables at amortized cost	-	20,365,422,977	-	20,365,422,977
Financial asset recognized through other comprehensive income	-	-	346,903,962	346,903,962
Hire purchase and rental receivables amortized cost	-	5,301,443	-	5,301,443
	<u>1,261,747,873</u>	<u>28,708,668,811</u>	<u>346,903,962</u>	<u>30,317,320,646</u>
<b>Liabilities</b>				
Due to Depositors	-	12,741,612,683	-	12,741,612,683
Due to Banks	-	14,336,934,488	-	14,336,934,488
Interest Bearing Borrowings	-	69,571,812	-	69,571,812
	<u>-</u>	<u>27,148,118,983</u>	<u>-</u>	<u>27,148,118,983</u>

**As at 31st March 2020**

	Financial assets recognised through profit or loss (FVTPL )	Financial assets at amortised cost (AC)	Financial assets at fair value through other comprehensive income(FVOCI)	Total
	Rs.	Rs.	Rs.	Rs.
<b>Asset</b>				
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>
<b>Liabilities</b>				
Due to Depositors	-	12,347,296,849	-	12,347,296,849
Due to Banks	-	15,424,806,029	-	15,424,806,029
Interest Bearing Borrowings	-	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 December

#### SEGMENT REPORT

31st December 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.
<b>REVENUE</b>									
External sales	13,189,301,777	346,084,176	442,282,541	20,158,809	6,423,581	97,674,018	5,959,886	343,803,602	14,451,688,390
<b>Total revenue</b>	<b>13,189,301,777</b>	<b>346,084,176</b>	<b>442,282,541</b>	<b>20,158,809</b>	<b>6,423,581</b>	<b>97,674,018</b>	<b>5,959,886</b>	<b>343,803,602</b>	<b>14,451,688,390</b>
Total income	4,179,867,231	346,021,566	442,282,541	20,158,809	6,423,581	106,249,512	10,167,196	335,228,108	5,446,398,544
<b>RESULTS</b>									
<b>Segment results</b>	<b>2,829,928,382</b>	<b>215,870,692</b>	<b>326,483,899</b>	<b>2,413,517</b>	<b>5,707,594</b>	<b>95,133,407</b>	<b>10,167,196</b>	<b>299,431,929</b>	<b>3,785,136,616</b>
Unallocated company expenses									(767,257,511)
Operating profit									3,017,879,105
Interest expenses	(1,557,113,910)	(282,508,234)	(188,118,262)	(7,422,062)	(26,516,926)	(96,446,504)	(675,583)	(123,257,479)	(2,282,058,960)
Share of profits of associates before tax									(3,151,105)
Income taxes									(378,412,443)
<b>Net Profit</b>									<b>354,256,597</b>
<b>OTHER INFORMATION</b>									
Segment assets	20,370,724,421	3,695,874,372	2,461,030,795	97,098,082	346,903,962	1,261,747,873	8,838,220	1,612,498,695	29,854,716,420
Investment in associates									91,283,082
Unallocated company assets									4,135,481,984
<b>Total assets</b>									<b>34,081,481,486</b>
Segment liabilities	17,529,862,796	3,042,228,082	2,025,776,918	79,925,474	285,551,095	1,038,597,210	7,275,107	1,327,314,816	25,336,531,498
Unallocated company liabilities									3,562,309,688
<b>Total liabilities</b>									<b>28,898,841,186</b>

# Alliance Finance Company PLC

## NOTES TO THE FINANCIAL STATEMENTS

### SEGMENT REPORT

31st December 2019 - 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.
<b>REVENUE</b>									
External sales	11,450,683,654	898,168,463	342,295,158	23,466,597	68,066,266	123,461,195	8,494,608	219,663,470	13,134,299,411
<b>Total revenue</b>	<b>11,450,683,654</b>	<b>898,168,463</b>	<b>342,295,158</b>	<b>23,466,597</b>	<b>68,066,266</b>	<b>123,461,195</b>	<b>8,494,608</b>	<b>219,663,470</b>	<b>13,134,299,411</b>
Total income	4,188,460,858	897,677,415	342,295,158	23,466,597	24,763,932	151,376,529	14,155,323	191,748,136	5,833,943,948
<b>RESULTS</b>									
<b>Segment results</b>	<b>2,505,437,950</b>	<b>117,817,846</b>	<b>262,563,833</b>	<b>6,862,261</b>	<b>38,078,608</b>	<b>111,601,159</b>	<b>14,155,323</b>	<b>115,942,629</b>	<b>3,172,459,609</b>
Unallocated company expenses									(243,784,846)
Operating profit									2,928,674,764
Interest expenses	(1,670,471,708)	(367,986,346)	(161,235,164)	(8,559,548)	(16,683,169)	(132,791,097)	(120,266)	(121,664,712)	<b>(2,479,512,010)</b>
Share of profits of associates before tax									1,691,038
Income taxes									(231,372,938)
<b>Net Profit</b>									<b>219,480,855</b>
<b>OTHER INFORMATION</b>									
Segment assets	19,960,852,634	4,397,153,911	1,926,636,249	102,280,019	199,351,039	1,586,751,512	1,437,083	1,453,799,764	29,628,262,211
Investment in associates									98,967,609
Unallocated company assets									3,005,004,179
<b>Total assets</b>									<b>32,732,234,000</b>
Segment liabilities	17,528,610,083	3,749,173,684	1,642,720,285	87,207,672	169,973,961	1,352,922,170	1,225,310	1,239,562,664	25,771,395,829
Unallocated company liabilities									2,199,062,273
<b>Total liabilities</b>									<b>27,970,458,102</b>

- 1 The figures given in the financial statements for the quarter ended 31st December 2020 are provisional and subject to audit.
- 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 Amendments to the Income Tax Law Announced by the Government**

The Ministry of Finance has instructed on 31st January 2020 and 05th 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 income tax provisions for the quarter ended 31st December 2020.

**4 Going Concern**

In determining the basis of preparing the financial statements for the quarter ended 31st December 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.

**5 Commitments & Contingencies as at 31st December 2020**

	RFS.
Financial guarantees	25,000,000
Tax assessments	458,513,000
	<u>483,513,000</u>

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

**6 Changes in Board of Directors**

**6.1 Retirement of Directors**

Mrs.Ramani Nelun Ponnambalam, the Chairperson and Mr. Athula Ranmal Samarasinghe, an Independent Non Executive Director retired from the Board with effect from 22nd October 2020 on completion of nine years of service in a non executive capacity.

**6.2 Appointment of new Directors**

Mrs.Gopa Sarojini Tamara Dharmakirti-Herath was appointed as the new Chairperson to the Board and Mr. Don Lasantha Ivers Hettiarachchi was appointed as an Independent Non Executive Director with effect from 22nd October 2020.

- 7 There were no material events that took place since December 31st, 2020, that require disclosure in these Interim Financial Statements other than those disclosed above.
- 8 All known expenses including management fees and other similar expenses have been provided for nine months ended 31st December 2020.

Selected Performance Indicators		
	31-12-20	31-12-19
<b>Capital Adequacy (%)</b>		
Tier 1 Capital Adequacy Ratio (minimum 6.5%)	9.93%	9.88%
Total Capital Adequacy Ratio (minimum 10.5%)	12.63%	13.32%
Capital Funds to Deposit Liabilities Ratio	29.81%	29.68%
<b>Profitability (%)</b>		
Return on average shareholders funds (before tax)- Annualized	19.10%	12.42%
Return on average assets (before tax)- Annualized	2.79%	1.72%
<b>Quality of Loan Portfolio (%)</b>		
Gross Non-Performing Loans Ratio	8.89%	10.50%
Net-Non-Performing Loans Ratio	2.72%	4.82%
<b>Liquidity ('000)</b>		
Required Minimum Amount of Liquid Assets	815,661	1,323,475
Available Amount of Liquid Assets	2,414,388	2,866,038
Required Minimum Amount of Government Securities	726,836	1,219,543
Available Amount of Government Securities	1,008,855	1,286,366

## Alliance Finance Company PLC

### SHAREHOLDERS' INFORMATION

#### Market price per share

Quarter ended 01st October to 31st December	2020	2019
Highest Price	59.00	53.90
Lowest Price	35.00	42.80
Last Traded	53.50	51.40

#### Issued capital

As at 31st December 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 December 2020

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	-

#### Twenty Largest Ordinary Shareholders as at 31st December 2020

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.F.W.S.K. Perera & Mr.D.F.W. Perera	1,381,536	4.10
5	Orient Hotels Ltd.,	1,358,323	4.03
6	Mr.D.G. Wijemanne	1,173,631	3.48
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	Miss Z. Marcelline	246,240	0.73
16	Ms.D.C.M.A. Perera	236,632	0.70
17	People's Leasing Finance PLC/Mr.K.K. Shujeevan	235,594	0.70
18	Mr.G.P. Kapilasena	201,180	0.60
19	Mrs.K.G.G.S.L. Perera	201,066	0.60
20	Mrs.L.S. Semage	181,510	0.54



## Alliance Finance Company PLC

### SHAREHOLDERS' INFORMATION

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#### Public Shareholding as at 31st December 2020

No of Shares	%
18,076,875	53.65

#### No of Shareholders

The percentage of ordinary shares held by the public as at 31st December 2020 was 53.65 and the number of shareholders representing the public holding was 1,283.

#### Float Adjusted Market Capitalization

The Float adjusted market capitalization as at 31st December 2020 - Rs.967,112,813/- 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*  
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

K.S.K. de Silva  
B. Ponnambalam  
K. Kanag Isvaran LLB (London) of Lincoln's Inn  
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