



Financial Statements

For the Three Months ended 30th June 2021

ISO 9001 REGISTERED



DNV

DNV Certification B.V., The Netherlands



MGMT. SYS.
RvA C 024

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

For the Three months ended 30th June	Company			Group		
	2021	2020	Variance %	2021	2020	Variance %
	(unaudited) Rs.	(unaudited) Rs.		(unaudited) Rs.	(unaudited) Rs.	
Gross Income	1,766,018,783	1,779,705,639	(0.77)	1,783,041,635	1,797,939,796	(0.83)
Interest income	1,658,764,105	1,705,423,927	(2.74)	1,659,570,385	1,706,109,886	(2.73)
Interest expenses	(600,549,000)	(826,420,749)	(27.33)	(600,549,000)	(826,420,749)	(27.33)
Net Interest Income	1,058,215,105	879,003,178	20.39	1,059,021,385	879,689,137	20.39
Fee and commission income	34,828,310	29,926,422	16.38	51,044,882	47,474,620	7.52
Fee and commission expenses	(53,205,720)	(57,531,813)	(7.52)	(53,205,714)	(57,531,813)	(7.52)
Net Fee and Commission Income	(18,377,410)	(27,605,391)	(33.43)	(2,160,832)	(10,057,193)	(78.51)
Net gain/(loss) from trading	(1,077,293)	74,936	(1,537.62)	(1,077,293)	74,936	(1,537.62)
Other operating income (net)	73,503,661	44,280,354	66.00	73,503,661	44,280,354	66.00
Total Operating Income	1,112,264,063	895,753,077	24.17	1,129,286,921	913,987,234	23.56
Impairment (charges) / reversal for loans and other losses	(480,811,839)	(331,052,670)	45.24	(480,811,839)	(331,052,670)	45.24
Net Operating Income	631,452,224	564,700,407	11.82	648,475,082	582,934,564	11.24
Operating Expenses						
Personnel expenses	(204,327,291)	(188,217,439)	8.56	(207,156,349)	(190,975,626)	8.47
Other operating expenses	(297,983,681)	(243,563,636)	22.34	(299,598,574)	(245,037,759)	22.27
Depreciation and amortization	(29,792,332)	(32,966,857)	(9.63)	(29,837,230)	(32,993,588)	(9.57)
Total operating expenses	(532,103,304)	(464,747,932)	14.49	(536,592,153)	(469,006,973)	14.41
Operating Profit before Taxes on Financial Services	99,348,920	99,952,475	(0.60)	111,882,929	113,927,591	(1.79)
Taxes on financial services	(44,190,317)	(36,836,476)	19.96	(44,190,317)	(36,836,476)	19.96
Operating Profit after Taxes on Financial Services	55,158,603	63,115,999	(12.61)	67,692,612	77,091,115	(12.19)
Share of profit/(loss) from associates	(938,394)	(8,507,707)	88.97	(938,394)	(8,507,707)	88.97
Profit before Taxation from Operations	54,220,209	54,608,292	(0.71)	66,754,218	68,583,408	(2.67)
Provision for income taxation	(26,477,073)	(39,000,000)	(32.11)	(29,547,853)	(42,432,656)	(30.37)
Profit for the Period	27,743,136	15,608,292	77.75	37,206,365	26,150,752	42.28
Profit attributable to :						
Equity holders of the Company	-	-		33,793,927	22,349,142	51.21
Non controlling interest	-	-		3,412,438	3,801,610	(10.24)
Profit for the Period	27,743,136	15,608,292		37,206,365	26,150,752	
Basic/ Diluted earnings per share (Annualized)	3.29	1.85		4.42	3.10	
Dividend Per Share (Rs./Cts.)	-	-		-	-	

Alliance Finance Company PLC

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Three months ended 30th June	Company			Group		
	2021 (unaudited) Rs.	2020 (unaudited) Rs.	Variance %	2021 (unaudited) Rs.	2020 (unaudited) Rs.	Variance %
Profit for the period	27,743,136	15,608,292	77.75	37,206,365	26,150,752	42.28
Other Comprehensive Income not to be Reclassified to Profit or Loss						
Equity investments at FVOCI - Transfer of realized profit to retained earnings	(13,181,214)	-	100.00	(13,181,214)	-	100.00
Equity investments at FVOCI - net change in fair value	<u>1,353,097</u>	<u>29,159,666</u>	(95.36)	<u>1,353,097</u>	<u>29,159,666</u>	(95.36)
Net Other Comprehensive Income not be Classified to Profit or Loss	<u>(11,828,117)</u>	<u>29,159,666</u>	(140.56)	<u>(11,828,117)</u>	<u>29,159,666</u>	(140.56)
Total Comprehensive Income for the period	<u>15,915,019</u>	<u>44,767,958</u>	(64.45)	<u>25,378,248</u>	<u>55,310,418</u>	(54.12)
Attributable to:						
Equity holders of the company	-	-		21,965,810	51,508,808	
Non controlling interest	-	-		<u>3,412,438</u>	<u>3,801,610</u>	
Total Comprehensive Income for the period	<u>15,915,019</u>	<u>44,767,958</u>		<u>25,378,248</u>	<u>55,310,418</u>	

Alliance Finance Company PLC

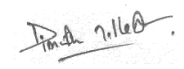
STATEMENT OF FINANCIAL POSITION

As at	Company		Group	
	30-06-2021 (unaudited) Rs.	31-03-2021 (audited) Rs.	30-06-2021 (unaudited) Rs.	31-03-2021 (audited) Rs.
Assets				
Cash and cash equivalents	471,033,462	587,405,947	561,996,107	637,840,499
Repurchase agreements	-	400,203,715	-	400,203,715
Placements with banks & financial institutions	808,845,013	793,564,909	808,845,013	793,564,909
Financial assets recognized through profit or loss	1,151,894,904	1,177,459,993	1,151,894,904	1,177,459,993
Loans and advances - at amortized cost	6,996,652,891	6,630,287,692	6,996,994,211	6,630,437,142
Lease rentals receivable & stock out on hire - at amortized cost	19,760,539,326	19,978,211,851	19,760,539,326	19,978,211,851
Hire purchase rentals receivable & stock out on hire - at amortized cost	5,543,557	5,542,117	5,543,557	5,542,117
Financial assets- fair value through other comprehensive income	225,862,804	203,724,802	225,862,804	203,724,802
Other trading stocks	291,647,554	279,566,570	291,647,554	279,566,570
Other financial assets	475,617,942	489,616,233	564,564,689	560,626,424
Other non financial assets	183,324,550	163,285,409	183,799,873	163,760,732
Investments in associates	46,817,667	47,756,062	95,625,137	96,563,532
Investments in subsidiaries	16,924,038	16,924,038	-	-
Investment property	574,254,000	574,254,000	574,254,000	574,254,000
Property, plant & equipment	2,363,481,893	2,377,684,658	2,364,080,499	2,377,956,161
Intangible assets	58,961,702	58,497,170	58,961,702	58,497,170
Right of use asset	201,162,200	193,321,481	201,162,200	193,321,481
Deferred tax assets	144,831,785	144,831,784	145,567,344	145,567,344
Total Assets	33,777,395,288	34,122,138,431	33,991,338,920	34,277,098,442
Liabilities				
Due to banks	12,051,997,978	13,214,241,102	12,100,227,549	13,214,241,102
Due to depositors	13,992,869,676	12,918,786,478	13,992,869,676	12,918,786,478
Other financial liabilities	774,993,978	883,877,701	791,426,588	899,693,781
Other non financial liabilities	24,498,621	60,188,110	24,498,621	60,188,110
Derivative financial liabilities	5,295,205	13,545,550	5,295,205	13,545,550
Income tax liabilities	520,665,745	646,313,080	524,490,825	649,705,208
Retirement benefit liabilities	18,896,685	12,924,029	22,202,857	15,988,862
Deferred tax liabilities	555,848,404	555,848,404	555,855,791	555,855,791
Total Liabilities	27,945,066,292	28,305,724,454	28,016,867,112	28,328,004,882
Shareholders' Funds				
Stated capital	613,980,000	613,980,000	613,980,000	613,980,000
Retained earnings	2,310,111,812	2,295,549,890	2,394,887,181	2,374,274,468
Reserves	2,908,237,184	2,906,884,087	2,908,237,184	2,906,884,087
Total Equity Attributable to Equity Holders of the Company	5,832,328,996	5,816,413,977	5,917,104,365	5,895,138,555
Non controlling interest	-	-	57,367,443	53,955,005
Total Equity	5,832,328,996	5,816,413,977	5,974,471,808	5,949,093,560
Total Liabilities and Shareholders' Funds	33,777,395,288	34,122,138,431	33,991,338,920	34,277,098,442
Contingent Liabilities and Commitments	178,506,876	261,333,077	178,006,876	261,333,077
Net assets value per share (Rs.)	173	173	176	175


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



 Romani 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.
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	4,612,971,305
Profit for the period	-	-	-	-	-	-	15,608,292	15,608,292
Other comprehensive income, net of tax								
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	-
Equity investments at FVOCI - net change in fair value	-	-	-	-	29,159,666	-	-	29,159,666
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Balances as at 30th June 2020 (Unaudited)	613,980,000	876,036,520	1,018,409,546	388,258,055	(32,295,494)	-	1,793,350,637	4,657,739,264
Balance as at 1st April 2021 (Audited)	613,980,000	904,081,009	1,556,017,602	388,258,055	58,527,420	-	2,295,549,890	5,816,413,977
Profit for the period	-	-	-	-	-	-	27,743,136	27,743,136
Other comprehensive income, net of tax								
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	-
Equity investments at FVOCI - net change in fair value	-	-	-	-	(11,828,117)	-	-	(11,828,117)
Transfer of realised profit from equity investment	-	-	-	-	13,181,214	-	(13,181,214)	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Balances as at 30th June 2021 (Unaudited)	613,980,000	904,081,009	1,556,017,602	388,258,055	59,880,517	-	2,310,111,812	5,832,328,996

Figures in brackets indicate deductions.

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

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 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	-	-	-	-	-	3,801,610	22,349,142	26,150,752
Other comprehensive income, net of tax -								
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	-
Equity investments at FVOCI - net change in fair value	-	-	-	-	29,159,666	-	-	29,159,666
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Balances as at 30th June 2020 (Unaudited)	613,980,000	876,036,520	1,018,409,546	388,258,055	(32,295,494)	45,059,918	1,856,302,835	4,765,751,379
Balance as at 1st April 2021 (Audited)	613,980,000	904,081,009	1,556,017,602	388,258,055	58,527,421	53,955,005	2,374,274,468	5,949,093,560
Profit for the period	-	-	-	-	-	3,412,438	33,793,927	37,206,365
Other comprehensive income, net of tax -								
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	-
Equity investments at FVOCI - net change in fair value	-	-	-	-	(11,828,117)	-	-	(11,828,117)
Transfer of realized profit on equity instrument disposal to r	-	-	-	-	13,181,214	-	(13,181,214)	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Balances as at 30th June 2021 (Unaudited)	613,980,000	904,081,009	1,556,017,602	388,258,055	59,880,518	57,367,443	2,394,887,181	5,974,471,808

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 Three months ended 30th June	Company		Group	
	2021	2020	2021	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Rs.	Rs.	Rs.	Rs.
Cash Flows From / (Used in) Operating Activities				
Profit before Income Tax Expense	54,220,209	54,608,292	66,754,218	68,583,408
Adjustments for;		-		
Depreciation of property, plant & equipment	27,042,091	30,670,975	27,086,989	30,697,706
Amortization of intangible assets	2,750,241	2,295,882	2,750,241	2,295,882
Amortization of Right of use asset	19,013,552	20,606,446	19,013,552	20,606,446
Impairment (reversal)/provision	473,721,381	327,517,370	473,721,381	327,517,370
Interest on fixed deposits, commercial paper & treasury bills	(23,005,751)	(45,781,459)	(23,812,031)	(46,467,417)
Fair value (gain)/loss on equity investments (FVTPL)	29,745	1,071,413	29,745	1,071,413
Bad debt written-off	7,090,458	3,535,300	7,090,458	3,535,300
Diminution/(appreciation) in value of treasury bonds	(9,883,007)	(7,050,000)	(9,883,007)	(7,050,000)
Loss/(profit) on disposal of property, plant & equipment	1,036,204	(5,098,405)	1,036,204	(5,098,405)
Provision/(reversal) for defined benefit plans	7,500,000	7,500,000	7,741,340	7,814,513
Dividend received	(6,282,400)	(1,018,254)	(6,282,400)	(1,018,254)
Share of loss/(profit) from associates	938,394	8,507,707	938,394	8,507,708
Operating Profit before Working Capital Changes	554,171,117	397,365,267	566,185,084	410,995,669
(Increase)/decrease in trading stock	(12,080,984)	34,885,834	(12,080,984)	34,885,834
(Increase)/decrease in loans and advances	(610,601,208)	(38,132,418)	(610,793,078)	(38,237,888)
(Increase)/decrease in lease rentals receivable & stock out on hire	(18,903,305)	(1,631,242,702)	(18,903,305)	(1,631,242,702)
(Increase)/decrease in hire purchase rentals receivable & stock out on hire	(1,440)	(4,808)	(1,440)	(4,808)
(Increase)/decrease in fixed deposits & repurchase agreements	384,923,611	(65,719,594)	384,923,611	(65,719,594)
(Increase)/decrease in other financial assets	13,998,278	1,801,381	(3,938,276)	138,157
(Increase)/decrease in other non financial assets	(31,179,301)	44,532,879	(31,179,301)	44,532,879
Increase/(decrease) in amounts due to depositors	1,074,083,198	(274,299,374)	1,074,083,198	(274,299,374)
Increase/(decrease) in derivative financial liabilities	(8,250,345)	(7,166,417)	(8,250,345)	(7,166,417)
Increase/(decrease) in other financial liabilities	(106,144,050)	844,964,044	(105,527,492)	855,688,259
Increase/(decrease) in other non financial liabilities	(35,689,489)	10,377,029	(35,689,489)	6,612,659
Cash generated from/(used in) Operations	1,204,326,082	(682,638,879)	1,198,828,183	(663,817,326)
Retirement benefit liabilities paid	(1,527,344)	(2,364,554)	(1,527,344)	(2,364,554)
Taxes paid	(154,864,081)	(71,251,708)	(157,501,910)	(70,279,740)
Net cash generated from/(used in) operating activities	1,047,934,657	(756,255,141)	1,039,798,929	(736,461,619)
Cash Flows from Investing Activities				
Acquisition of property, plant & equipment	(13,915,530)	(10,374,220)	(14,287,560)	(10,374,220)
Acquisition of right of use assets	6,193,412	-	6,193,412	-
Acquisition of Intangible Assets	(3,214,773)	(374,634)	(3,214,773)	(374,634)
Proceeds from sales of property, plant & equipment	40,000	5,202,000	40,000	5,202,000
Net sales/ (purchases) of financial investments -FVTPL/FVOCI	1,452,244	39,435,824	1,452,244	39,435,824
Dividend received	6,282,400	1,018,254	6,282,400	1,018,254
Interest on fixed deposits, commercial paper & treasury bills	23,005,751	45,781,459	23,812,031	46,467,417
Net cash generated from investing activities	19,843,504	80,688,683	20,277,754	81,374,640
Cash flows from / (used in) financing activities				
Settlement of operating Lease liabilities	(21,907,522)	(18,872,750)	(21,907,522)	(18,872,750)
Net increase /(decrease) in other borrowings	(1,162,243,124)	728,990,345	(1,114,013,553)	716,051,131
Net cash generated from/(used in) financing activities	(1,184,150,646)	710,117,595	(1,135,921,075)	697,178,381
Net increase/(decrease) in cash and cash equivalents	(116,372,485)	34,551,138	(75,844,392)	42,091,403
Cash and cash equivalents at the beginning of the year	587,405,947	986,553,659	637,840,499	1,027,324,614
Cash and cash equivalents at the end of the year	471,033,462	1,021,104,797	561,996,107	1,069,416,017
Movement in Cash and Cash Equivalent	(116,372,485)	34,551,138	(75,844,392)	42,091,403

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			Total Rs.
	Quoted Prices in Active Markets	Significant Observable Inputs	Significant Unobservable Inputs	
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	
As at 30th June 2021				
Financial assets - Fair value through profit and loss				
Government of Sri Lanka treasury bills	-	865,680,759	-	865,680,759
Government of Sri Lanka treasury bonds	-	286,214,145	-	286,214,145
Financial assets - Fair value through Other Comprehensive Income				
Quoted Investments	225,283,554	-	-	225,283,554
Unquoted Investments	-	-	579,250	579,250
	<u>225,283,554</u>	<u>1,151,894,904</u>	<u>579,250</u>	<u>1,377,757,708</u>
Liabilities				
Due to Depositors	-	13,992,869,676	-	13,992,869,676
Due to Banks	-	12,051,997,978	-	12,051,997,978
Derivative financial liabilities	-	5,295,205	-	5,295,205
	<u>-</u>	<u>26,050,162,859</u>	<u>-</u>	<u>26,050,162,859</u>
As at 30th June 2020				
Financial assets - Fair value through profit and loss				
Government of Sri Lanka treasury bills	-	1,216,380,771	-	1,216,380,771
Government of Sri Lanka treasury bonds	-	298,171,631	-	298,171,631
Investments in Unit Trusts	-	2,004,741	-	2,004,741
Financial assets - Fair value through Other Comprehensive Income				
Quoted Investments	166,789,270	-	-	166,789,270
Unquoted Investments	-	-	579,250	579,250
	<u>166,789,270</u>	<u>1,516,557,143</u>	<u>579,250</u>	<u>1,683,925,663</u>
Liabilities				
Due to Depositors	-	12,072,997,475	-	12,072,997,475
Due to Banks	-	16,153,796,373	-	16,153,796,373
Derivative financial liabilities	-	52,669,860	-	52,669,860
	<u>-</u>	<u>28,279,463,708</u>	<u>-</u>	<u>28,279,463,708</u>

Alliance Finance Company PLC

ANALYSIS OF FINANCIAL STATEMENTS MEASUREMENT BASIS

Company

As at 30th June 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	-	471,033,462	-	471,033,462
Placement with banks and other financial institutions	-	808,845,013	-	808,845,013
Financial asset recognized through profit or loss	1,151,894,904	-	-	1,151,894,904
Loans and receivables-Amortized cost	-	6,996,652,891	-	6,996,652,891
Lease rental receivables at amortized cost	-	19,760,539,326	-	19,760,539,326
Financial asset recognized through other comprehensive income	-	-	225,862,804	225,862,804
Hire purchase and rental receivables amortized cost	-	5,543,557	-	5,543,557
	<u>1,151,894,904</u>	<u>28,042,614,249</u>	<u>225,862,804</u>	<u>29,420,371,957</u>
Liabilities				
Due to Depositors	-	13,992,869,676	-	13,992,869,676
Due to Banks	-	12,051,997,978	-	12,051,997,978
Derivative financial liabilities	-	5,295,205	-	5,295,205
	<u>-</u>	<u>26,050,162,859</u>	<u>-</u>	<u>26,050,162,859</u>

As at 30th June 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	-	1,021,104,797	-	1,021,104,797
Placement with banks and other financial institutions	-	844,801,103	-	844,801,103
Financial asset recognized through profit or loss	1,516,557,143	-	-	1,516,557,143
Loans and receivables-Amortized cost	-	6,071,953,314	-	6,071,953,314
Lease rental receivables at amortized cost	-	21,506,222,767	-	21,506,222,767
Financial asset recognized through other comprehensive income	-	-	167,368,520	167,368,520
Hire purchase and rental receivables amortized cost	-	4,527,974	-	4,527,974
	<u>1,516,557,143</u>	<u>29,448,609,955</u>	<u>167,368,520</u>	<u>31,132,535,618</u>
Liabilities				
Due to Depositors	-	12,072,997,475	-	12,072,997,475
Due to Banks	-	16,153,796,373	-	16,153,796,373
Derivative financial liabilities	-	52,669,860	-	52,669,860
	<u>-</u>	<u>28,279,463,708</u>	<u>-</u>	<u>28,279,463,708</u>

Alliance Finance Company PLC

NOTES TO THE FINANCIAL STATEMENTS

For the Three months ended 30th June

SEGMENT REPORT

30th June 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	3,342,148,437	134,893,357	193,175,280	7,348,255	6,282,400	23,618,550	1,992,670	68,662,261	3,778,121,210
Total revenue	3,342,148,437	134,893,357	193,175,280	7,348,255	6,282,400	23,618,550	1,992,670	68,662,261	3,778,121,210
Total income	1,351,796,550	129,624,730	193,175,280	7,348,255	6,282,400	23,618,550	2,533,609	68,662,261	1,783,041,635
RESULTS									
Segment results	813,129,807	(175,106,898)	146,343,827	699,441	6,169,640	22,690,432	2,533,609	61,243,398	877,703,256
Unallocated company expenses									(209,461,646)
Operating profit									668,241,610
Interest expenses	(394,504,307)	(73,411,285)	(66,239,266)	(1,995,269)	(4,507,916)	(22,990,266)	(813,807)	(36,086,884)	(600,549,000)
Share of profits of associates before tax									(938,394)
Income taxes									(29,547,851)
Net Profit									37,206,365
OTHER INFORMATION									
Segment assets	19,766,082,872	3,678,169,065	3,318,825,146	99,970,145	225,862,804	1,151,894,904	40,774,633	1,808,082,506	30,089,662,075
Investment in associates									95,625,137
Unallocated company assets									3,806,051,708
Total assets									33,991,338,920
Segment liabilities	16,636,306,116	2,920,587,869	2,635,256,915	79,379,601	179,342,535	914,642,645	32,376,407	1,435,677,301	24,833,569,389
Unallocated company liabilities									3,183,297,723
Total liabilities									28,016,867,112

Alliance Finance Company PLC

NOTES TO THE FINANCIAL STATEMENTS

SEGMENT REPORT

30th June 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	3,550,955,077	199,615,238	143,240,224	6,182,548	1,018,254	40,568,668	1,380,838	73,562,674	4,016,523,521
Total revenue	3,550,955,077	199,615,238	143,240,224	6,182,548	1,018,254	40,568,668	1,380,838	73,562,674	4,016,523,521
Total income	1,333,146,696	199,610,832	143,240,224	6,182,548	1,018,254	40,643,604	609,899	73,487,738	1,797,939,796
RESULTS									
Segment results	893,198,159	(14,404,366)	120,557,146	633,446	905,896	31,772,216	609,899	65,273,180	1,098,545,576
Unallocated company expenses									(195,033,712)
Operating profit									903,511,864
Interest expenses	(563,373,281)	(106,932,122)	(52,100,909)	(2,543,029)	(4,383,434)	(52,471,810)	(681,336)	(43,934,828)	(826,420,749)
Share of profits of associates before tax									(8,507,707)
Income taxes									(42,432,656)
Net Profit									26,150,752
OTHER INFORMATION									
Segment assets	21,510,750,742	4,082,888,362	1,989,319,871	97,098,082	167,368,520	2,003,481,653	26,014,808	1,677,522,110	31,554,444,148
Investment in associates									85,926,330
Unallocated company assets									3,783,292,737
Total assets									35,423,663,215
Segment liabilities	18,781,935,767	3,465,663,344	1,688,587,183	82,419,413	142,066,815	1,700,608,077	22,082,056	1,423,925,018	27,307,287,673
Unallocated company liabilities									3,350,624,162
Total liabilities									30,657,911,835

Alliance Finance Company PLC

EXPLANATORY NOTES

- 1 These Interim Financial Statements have been prepared in accordance with the requirements of Sri Lanka Accounting Standard -LKAS 34 on 'Interim Financial Reporting'.
- 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 2021.

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.

4 **Going Concern**

In determining the basis of preparing the financial statements for the quarter ended 30th June 2021, 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 30th June 2021	As at 31st March 2021
	Rs.	Rs.
Financial guarantees	27,484,181	102,810,381
Tax assessments	362,667,198	362,667,198
Provision already made	(211,644,503)	(204,144,502)
	<u>178,506,876</u>	<u>261,333,077</u>

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

- 6 There were no material events that took place since 30th June 2021, that require disclosure in these Interim Financial Statements.
- 7 During the quarter, there were no material changes in the composition of assets, liabilities and/or contingent liabilities, other than those disclosed above.
- 9 All known expenses including management fees and other similar expenses have been provided for three months ended 30th June 2021.

Alliance Finance Company PLC

EXPLANATORY NOTES (Continued.)

Selected Performance Indicators

	30-06-21	30-06-20
Capital Adequacy (%)		
Tier 1 Capital Adequacy Ratio (minimum 6.5%)	11.52%	9.74%
Total Capital Adequacy Ratio (minimum 10.5%)	14.28%	12.78%
Capital Funds to Deposit Liabilities Ratio	30.83%	26.51%
Profitability (%)		
Return on average shareholders funds (before tax) - Annualised	4.13%	4.73%
Return on average assets (before tax) - Annualised	0.63%	0.64%
Quality of Loan Portfolio (%)		
Gross Non-Performing Loans Ratio	10.57%	11.68%
Net-Non-Performing Loans Ratio	2.87%	5.02%
Liquidity ('000)		
Required Minimum Amount of Liquid Assets	894,706	780,981
Available Amount of Liquid Assets	1,578,732	3,425,359
Required Minimum Amount of Government Securities	661,013	726,836
Available Amount of Government Securities	1,022,162	1,698,116

Alliance Finance Company PLC

SHAREHOLDERS' INFORMATION

Market price per share

Quarter ended 01st April to 30th June	2021	2020
Highest Price	83.90	42.90
Lowest Price	59.60	30.00
Last Traded	76.40	38.80

Issued capital

As at 30th June 2021 the Stated Capital was Rs. 613,980,000/- of 33,696,000 Ordinary shares were issued.

Directors'/ CEO's Holding in Shares as at 30th June 2021

<u>No</u>	<u>Name of Director</u>	<u>No of Shares</u>
1	Mrs.G.S.T. Dharmakirti-Herath	100
2	Mr.R.K.E.P. de Silva	11,335,291
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 30th June 2021

<u>No.</u>	<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>%</u>
1	Mr.R.K.E.P. de Silva	11,335,291	33.64
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	Mrs.S.E. Canekeratne	612,268	1.82
7	Mr.D.L.S.R. Perera	553,556	1.64
8	Sampath Bank PLC/W D N H Perera	454,940	1.35
9	Mr.J.M.S.J.B.P. Peiris	412,626	1.22
10	Mrs.C.R. de Silva	374,400	1.11
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.A.S. Wijewardena	259,200	0.77
16	Hatton National Bank PLC/Mr.K.K. Shujeevan	240,189	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 30th June 2021

No of Shares	%
17,776,775	52.76

No of Shareholders

The percentage of ordinary shares held by the public as at 30th June 2021 was 52.76 and the number of shareholders representing the public holding was 1382.

Float Adjusted Market Capitalization

The Float adjusted market capitalization as at 30th June 2021 - Rs.1,358,239,933/- 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.Tamara Dharmakirti-Herath - *Chairperson*

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

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

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

Mr. 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.Tamara Dharmakirti-Herath

Mr.Hiran de Silva

Remuneration Committee

Mrs.Tamara Dharmakirti-Herath -*Chair Person*

Mr.Hiran de Silva

Mr.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