



**Alliance Finance Co. PLC**

Making the world a better place through sustainable finance



**Financial Statements  
for the Six Months Ended  
30th September 2021**



The first financial institution in South Asia to receive the SSCI Certification, the world's first measurable and certifiable standard for value driven financial institutions with holistic sustainability integration to the business.

# Alliance Finance Company PLC

## Statement of Profit or Loss - Company

For the period ended 30th September	For the Quarter ended			For the Six months ended		
	2021 (unaudited) Rs.	2020 (unaudited) Rs.	Variance %	2021 (unaudited) Rs.	2020 (unaudited) Rs.	Variance %
<b>Gross Income</b>	1,949,138,703	1,914,309,796	2	3,715,157,486	3,694,015,435	1
Interest income	1,782,931,742	1,719,964,290	4	3,441,695,847	3,425,388,217	0
Interest expenses	(590,225,038)	(736,146,953)	(20)	(1,190,774,038)	(1,562,567,702)	(24)
<b>Net Interest Income</b>	1,192,706,704	983,817,337	21	2,250,921,809	1,862,820,515	21
Fee and commission income	66,021,290	46,948,215	41	100,849,600	76,874,637	31
Fee and commission expenses	(58,158,086)	(77,209,506)	(25)	(111,363,806)	(134,741,319)	(17)
<b>Net Fee and Commission Income</b>	7,863,204	(30,261,291)	126	(10,514,206)	(57,866,682)	82
Net gain/(loss) from trading	2,619,430	2,193,886	19	1,542,137	2,268,822	(32)
Other operating income (net)	97,566,241	145,203,405	(33)	171,069,902	189,483,759	(10)
<b>Total Operating Income</b>	1,300,755,579	1,100,953,337	18	2,413,019,642	1,996,706,414	21
Impairment (charges) / reversal for loans and other losses	109,894,728	(155,435,581)	(171)	(370,917,111)	(486,488,251)	(24)
<b>Net Operating Income</b>	1,410,650,307	945,517,756	49	2,042,102,531	1,510,218,163	35
<b>Operating Expenses</b>						
Personnel expenses	(284,337,645)	(222,653,756)	28	(488,664,936)	(410,871,195)	19
Other operating expenses	(467,983,379)	(313,912,630)	49	(765,967,060)	(557,476,266)	37
Depreciation and amortization	(30,507,659)	(32,724,990)	(7)	(60,299,991)	(65,691,847)	(8)
<b>Total operating expenses</b>	(782,828,683)	(569,291,376)	38	(1,314,931,987)	(1,034,039,308)	27
<b>Operating Profit before Taxes on Financial Services</b>	627,821,624	376,226,380	67	727,170,544	476,178,855	53
Taxes on financial services	(112,515,462)	(69,969,113)	61	(156,705,779)	(106,805,589)	47
<b>Operating Profit after Taxes on Financial Services</b>	515,306,162	306,257,267	68	570,464,765	369,373,266	54
Share of profit/(loss) from associates	1,065,349	5,408,508	(80)	126,955	(3,099,199)	104
<b>Profit before Taxation from Operations</b>	516,371,511	311,665,775	66	570,591,720	366,274,067	56
Provision for income taxation	(193,250,805)	(156,500,000)	23	(219,727,878)	(195,500,000)	12
<b>Profit for the Period</b>	<b>323,120,706</b>	<b>155,165,775</b>	108	<b>350,863,842</b>	<b>170,774,067</b>	105
Basic/ Diluted earnings per share (Annualised)	38.36	18.42		20.83	10.14	
Dividend Per Share (Rs./Cts.)	5.50	-		5.50	-	

**Alliance Finance Company PLC**  
**Statement of Profit or Loss - Group**

For the period ended 30th September	For the Quarter ended			For the Six months ended		
	2021	2020	Variance %	2021	2020	Variance %
	(unaudited) Rs.	(unaudited) Rs.		(unaudited) Rs.	(unaudited) Rs.	
<b>Gross Income</b>	1,969,096,089	1,929,452,570	2	3,752,137,724	3,727,392,366	1
Interest income	1,784,058,370	1,720,644,916	4	3,443,628,755	3,426,754,802	0
Interest expenses	(590,225,038)	(736,146,953)	(20)	(1,190,774,038)	(1,562,567,702)	(24)
<b>Net Interest Income</b>	<b>1,193,833,332</b>	<b>984,497,963</b>	<b>21</b>	<b>2,252,854,717</b>	<b>1,864,187,100</b>	<b>21</b>
Fee and commission income	84,435,923	61,410,363	37	135,480,805	108,884,983	24
Fee and commission expenses	(58,158,086)	(77,209,506)	(25)	(111,363,800)	(134,741,319)	(17)
<b>Net Fee and Commission Income</b>	<b>26,277,837</b>	<b>(15,799,143)</b>	<b>266</b>	<b>24,117,005</b>	<b>(25,856,336)</b>	<b>193</b>
Net gain/(loss) from trading	2,619,430	2,193,886	19	1,542,137	2,268,822	(32)
Other operating income (net)	97,982,366	145,203,405	(33)	171,486,027	189,483,759	(9)
<b>Total Operating Income</b>	<b>1,320,712,965</b>	<b>1,116,096,111</b>	<b>18</b>	<b>2,449,999,886</b>	<b>2,030,083,345</b>	<b>21</b>
Impairment (charges) / reversal for loans and other losses	109,894,687	(155,435,581)	(171)	(370,917,152)	(486,488,251)	(24)
<b>Net Operating Income</b>	<b>1,430,607,652</b>	<b>960,660,530</b>	<b>49</b>	<b>2,079,082,734</b>	<b>1,543,595,094</b>	<b>35</b>
<b>Operating Expenses</b>						
Personnel expenses	(287,212,121)	(225,439,825)	27	(494,368,470)	(416,415,452)	19
Other operating expenses	(469,521,620)	(315,451,355)	49	(769,120,194)	(560,489,114)	37
Depreciation and amortization	(30,556,134)	(32,746,475)	(7)	(60,393,363)	(65,740,063)	(8)
<b>Total operating expenses</b>	<b>(787,289,875)</b>	<b>(573,637,655)</b>	<b>37</b>	<b>(1,323,882,027)</b>	<b>(1,042,644,629)</b>	<b>27</b>
<b>Operating Profit before Taxes on Financial Services</b>	<b>643,317,777</b>	<b>387,022,874</b>	<b>66</b>	<b>755,200,707</b>	<b>500,950,465</b>	<b>51</b>
Taxes on financial services	(112,515,462)	(69,969,113)	61	(156,705,779)	(106,805,589)	47
<b>Operating Profit after Taxes on Financial Services</b>	<b>530,802,315</b>	<b>317,053,761</b>	<b>67</b>	<b>598,494,928</b>	<b>394,144,876</b>	<b>52</b>
Share of profit/(loss) from associates	1,065,349	5,408,508	(80)	126,955	(3,099,199)	104
<b>Profit before Taxation from Operations</b>	<b>531,867,664</b>	<b>322,462,269</b>	<b>65</b>	<b>598,621,883</b>	<b>391,045,677</b>	<b>53</b>
Provision for income taxation	(197,042,997)	(159,168,529)	24	(226,590,850)	(201,601,185)	12
<b>Profit for the Period</b>	<b>334,824,667</b>	<b>163,293,740</b>	<b>105</b>	<b>372,031,033</b>	<b>189,444,492</b>	<b>96</b>
Profit attributable to :						
Equity holders of the Company	330,557,204	160,362,796	106	364,351,130	182,711,938	99
Non controlling interest	4,267,463	2,930,944	46	7,679,903	6,732,554	14
<b>Profit for the Period</b>	<b>334,824,667</b>	<b>163,293,740</b>	<b>105</b>	<b>372,031,033</b>	<b>189,444,492</b>	<b>96</b>
Basic/ Diluted earnings per share (Annualised)	39.75	19.38		21.63	10.84	
Dividend Per Share (Rs./Cts.)	5.50	-		5.50	-	

# Alliance Finance Company PLC

## Statement of Comprehensive Income - Company

For the period ended 30th September	For the Quarter ended			For the Six months ended		
	2021	2020	Variance %	2021	2020	Variance %
	(unaudited) Rs.	(unaudited) Rs.		(unaudited) Rs.	(unaudited) Rs.	
<b>Profit for the period</b>	<b>323,120,706</b>	<b>155,165,775</b>	108	<b>350,863,842</b>	<b>170,774,067</b>	105
<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/ (loss) to retained earnings	(6,580,334)	-	-100	(19,761,547)	-	-100
Equity investments at FVOCI - net change in fair value	19,948,523	30,621,414	(35)	21,301,619	59,781,080	(64)
<b>Net Other Comprehensive Income not be Classified to Profit or Loss</b>	<b>13,368,189</b>	<b>30,621,414</b>	(56)	<b>1,540,072</b>	<b>59,781,080</b>	(97)
<b>Total Comprehensive Income for the period</b>	<b>336,488,895</b>	<b>185,787,189</b>	81	<b>352,403,914</b>	<b>230,555,147</b>	53

Alliance Finance Company PLC  
Statement of Comprehensive Income - Group

For the period ended 30th September	For the Quarter ended			For the Six months ended		
	2021	2020	Variance %	2021	2020	Variance %
	(unaudited) Rs.	(unaudited) Rs.		(unaudited) Rs.	(unaudited) Rs.	
<b>Profit for the period</b>	<u>334,824,667</u>	<u>163,293,740</u>	105	<u>372,031,033</u>	<u>189,444,492</u>	96
<b>Other Comprehensive Income</b>						
Equity investments at FVOCI -Transfer of realized profit/ (loss) to retained earnings	(6,580,334)	-	(100)	(19,761,547)	-	-100
Equity investments at FVOCI - net change in fair value	<u>19,948,523</u>	<u>30,621,414</u>	(35)	<u>21,301,619</u>	<u>59,781,080</u>	(64)
<b>Net Other Comprehensive Income not be Classified to Profit or Loss</b>	<u>13,368,189</u>	<u>30,621,414</u>	(56)	<u>1,540,072</u>	<u>59,781,080</u>	(97)
<b>Total Comprehensive Income for the period</b>	<u>348,192,856</u>	<u>193,915,154</u>	80	<u>373,571,105</u>	<u>249,225,572</u>	50
Attributable to:						
Equity holders of the company	343,925,392	190,984,210	80	365,891,202	242,493,018	51
Non controlling interest	<u>4,267,464</u>	<u>2,930,944</u>	46	<u>7,679,903</u>	<u>6,732,554</u>	14
<b>Total Comprehensive Income for the period</b>	<u>348,192,856</u>	<u>193,915,154</u>	80	<u>373,571,105</u>	<u>249,225,572</u>	50

## Alliance Finance Company PLC

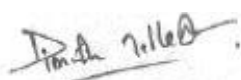
### Statement of Financial Position

As at	Company			Group		
	30.09.2021 Rs. (unaudited)	31.03.2021 Rs. (audited)	Variance %	30.09.2021 Rs. (unaudited)	31.03.2021 Rs. (audited)	Variance %
<b>Assets</b>						
Cash and cash equivalents	1,213,099,743	587,405,947	107	1,287,866,627	637,840,499	102
Repurchase agreements	428,248,827	400,203,715	7	428,248,827	400,203,715	7
Placements with banks & financial institutions	292,167,461	793,564,909	(63)	292,167,461	793,564,909	(63)
Financial assets recognised through profit or loss	749,016,407	1,177,459,993	(36)	749,016,407	1,177,459,993	(36)
Loans and advances - at amortised cost	10,215,765,056	6,630,287,692	54	10,215,946,356	6,630,437,142	54
Lease rentals receivable & stock out on hire - at amortised cost	20,985,186,180	19,978,211,851	5	20,985,186,180	19,978,211,851	5
Hire purchase rentals receivable & stock out on hire - at amortised cost	5,543,557	5,542,117	0	5,543,557	5,542,117	0
Financial assets- fair value through other comprehensive income	253,828,738	203,724,802	25	253,828,738	203,724,802	25
Other trading stocks	421,014,530	279,566,570	51	421,014,532	279,566,570	51
Other financial assets	613,548,221	489,616,233	25	692,575,277	560,626,424	24
Other non financial assets	225,616,635	163,285,409	38	226,091,958	163,760,732	38
Derivative financial assets	4,332,823	-	100	4,332,823	-	100
Investments in associates	44,018,531	47,756,062	(8)	77,273,026	96,563,532	(20)
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	2,354,918,036	2,377,684,658	(1)	2,357,475,327	2,377,956,161	(1)
Intangible assets	57,223,795	58,497,170	(2)	57,782,820	58,497,170	(1)
Right of use asset	251,529,526	193,321,481	30	251,529,526	193,321,481	30
Deferred tax assets	144,831,784	144,831,784	-	145,567,344	145,567,344	-
<b>Total Assets</b>	<b>38,851,067,888</b>	<b>34,122,138,431</b>	<b>14</b>	<b>39,025,700,786</b>	<b>34,277,098,442</b>	<b>14</b>
<b>Liabilities</b>						
Due to banks	16,822,068,851	13,214,241,102	27	16,848,440,087	13,214,241,102	28
Due to depositors - at amortised cost	13,943,052,901	12,918,786,478	8	13,943,052,901	12,918,786,478	8
Other financial liabilities	1,105,558,917	883,877,701	25	1,108,890,210	899,693,781	23
Other non financial liabilities	45,120,918	60,188,110	(25)	45,120,918	60,188,110	(25)
Derivative financial liabilities	-	13,545,550	(100)	-	13,545,550	(100)
Income tax liabilities	375,059,146	646,313,080	(42)	379,095,715	649,705,208	(42)
Retirement benefit liabilities	24,733,345	12,924,029	91	28,280,897	15,988,862	77
Deferred tax liabilities	555,848,404	555,848,404	-	555,855,792	555,855,791	0
<b>Total Liabilities</b>	<b>32,871,442,482</b>	<b>28,305,724,454</b>	<b>16</b>	<b>32,908,736,520</b>	<b>28,328,004,882</b>	<b>16</b>
<b>Shareholders' Funds</b>						
Stated capital	613,980,000	613,980,000	-	613,980,000	613,980,000	-
Retained earnings	2,437,459,700	2,295,549,890	6	2,513,163,651	2,374,274,468	6
Reserves	2,928,185,706	2,906,884,087	1	2,928,185,707	2,906,884,087	1
<b>Total Equity Attributable to Equity Holders of the Company</b>	<b>5,979,625,406</b>	<b>5,816,413,977</b>	<b>3</b>	<b>6,055,329,358</b>	<b>5,895,138,555</b>	<b>3</b>
Non controlling interest	-	-	-	61,634,908	53,955,005	14
<b>Total Equity</b>	<b>5,979,625,406</b>	<b>5,816,413,977</b>	<b>3</b>	<b>6,116,964,266</b>	<b>5,949,093,560</b>	<b>3</b>
<b>Total Liabilities and Shareholders' Funds</b>	<b>38,851,067,888</b>	<b>34,122,138,431</b>	<b>14</b>	<b>39,025,700,786</b>	<b>34,277,098,442</b>	<b>14</b>
Contingent Liabilities and Commitments	174,997,881	261,333,077		174,997,881	261,333,077	
Net assets value per share (Rs.)	177	173		180	175	

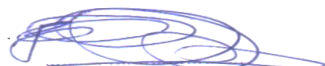
Accounting policies & notes to the accounts form an integral part of these Financial Statements.

#### Certification

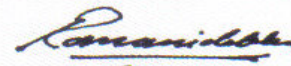
I certify that these Financial Statements are presented in compliance with the requirements of the Companies Act No. 07 of 2007.



Dimuthu Tillekeratne  
Head of Finance  
15-Nov-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 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	-	-	-	-	-	-	170,774,067	170,774,067
Other comprehensive income, net of tax								
Equity investments at FVOCI - net change in fair value	-	-	-	-	59,781,080	-	-	59,781,080
Dividend paid	-	-	-	-	-	-	-	-
<b>Balances as at 30th September 2020</b>	<b>613,980,000</b>	<b>876,036,520</b>	<b>1,018,409,546</b>	<b>388,258,055</b>	<b>(1,674,080)</b>	<b>-</b>	<b>1,948,516,412</b>	<b>4,843,526,453</b>
<b>Balance as at 1st April 2021 (Audited)</b>	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	-	-	-	-	-	-	350,863,842	350,863,842
Other comprehensive income, net of tax								
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	-
Equity investments at FVOCI - net change in fair value & Disposal profit	-	-	-	-	1,540,073	-	-	1,540,073
Transfer of realized profit on equity instrument disposal to retained earning					19,761,547	-	(19,761,547)	-
Net Asset adjustment - Associate Company							(3,864,484)	(3,864,484)
Dividend paid	-	-	-	-	-	-	(185,328,000)	(185,328,000)
<b>Balances as at 30th September 2021</b>	<b>613,980,000</b>	<b>904,081,009</b>	<b>1,556,017,602</b>	<b>388,258,055</b>	<b>79,829,040</b>	<b>-</b>	<b>2,437,459,700</b>	<b>5,979,625,406</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 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	-	-	-	-	-	6,732,554	182,711,938	189,444,492
Other comprehensive income, net of tax - Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	-
Equity investments at FVOCI - net change in fair value	-	-	-	-	59,781,080	-	-	59,781,080
Dividend paid	-	-	-	-	-	-	-	-
<b>Balances as at 30th September 2020</b>	<b>613,980,000</b>	<b>876,036,520</b>	<b>1,018,409,546</b>	<b>388,258,055</b>	<b>(1,674,080)</b>	<b>47,990,862</b>	<b>2,016,665,630</b>	<b>4,959,666,533</b>
<b>Balance as at 1st April 2021 (Audited)</b>	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	-	-	-	-	-	7,679,903	364,351,130	372,031,033
Other comprehensive income, net of tax - Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	-	-
Equity investments at FVOCI - net change in fair value & Disposal profit	-	-	-	-	1,540,073	-	-	1,540,073
Transfer of realized profit on equity instrument disposal to retained earning	-	-	-	-	19,761,547	-	(19,761,547)	-
Net Asset adjustment - Associate Company	-	-	-	-	-	-	(20,372,400)	(20,372,400)
Dividend paid	-	-	-	-	-	-	(185,328,000)	(185,328,000)
<b>Balances as at 30th September 2021</b>	<b>613,980,000</b>	<b>904,081,009</b>	<b>1,556,017,602</b>	<b>388,258,055</b>	<b>79,829,041</b>	<b>61,634,908</b>	<b>2,513,163,651</b>	<b>6,116,964,266</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 30th September	Company		Group	
	2021	2020	2021	2020
Cash Flows From / (Used in) Operating Activities	Rs.	Rs.	Rs.	Rs.
Profit before Income Tax Expense	570,591,720	366,274,067	598,621,883	391,045,677
<b>Adjustments for;</b>				
Depreciation of property, plant & equipment	54,871,714	60,984,343	54,965,086	61,032,559
Amortization of intangible assets	5,428,277	4,707,504	5,428,277	4,707,504
Amortization of Right of use asset	40,677,690	38,972,407	40,677,690	38,972,407
Impairment (reversal)/provision	348,951,030	241,761,718	348,951,070	241,761,718
Interest on fixed deposits, commercial paper & treasury bills	(45,810,948)	(69,982,256)	(47,743,856)	(71,348,840)
(Profit) /loss on sale of securities	-	(538,761)	-	(538,761)
Fair value (gain)/loss on equity investments (FVTPL)	(275,394)	(5,437,234)	(275,394)	(5,437,234)
Bad debt written-off	21,966,082	244,726,533	21,966,082	244,726,533
Diminution/(appreciation) in value of treasury bonds	(20,017)	974,384	(20,017)	974,384
Loss/(profit) on disposal of property, plant & equipment	1,055,212	(36,020,132)	1,055,212	(36,020,132)
Provision/(reversal) for defined benefit plans	15,000,000	15,000,000	15,482,680	15,629,025
Dividend received	(8,150,916)	(4,809,076)	(8,150,916)	(4,809,076)
Share of loss/(profit) from associates	(126,955)	3,099,199	(126,955)	3,099,199
<b>Operating Profit before Working Capital Changes</b>	<b>1,004,157,494</b>	<b>859,712,696</b>	<b>1,030,830,842</b>	<b>883,794,963</b>
(Increase)/decrease in trading stock	(141,447,960)	59,004,283	(141,447,960)	59,004,283
(Increase)/decrease in loans and advances	(3,895,780,360)	(1,853,911)	(3,895,812,210)	(1,831,761)
(Increase)/decrease in lease rentals receivable & stock out on hire	(1,067,588,444)	(1,379,796,929)	(1,067,588,444)	(1,379,796,929)
(Increase)/decrease in hire purchase rentals receivable & stock out on hire	(1,440)	(1,210,172)	(1,440)	(1,210,172)
(Increase)/decrease in fixed deposits & repo	473,352,336	(207,442,991)	473,352,336	(207,442,991)
(Increase)/decrease in other financial assets	(123,931,988)	(40,253,218)	(131,948,853)	(53,111,448)
(Increase)/decrease in other non financial assets	(94,980,631)	71,654,191	(94,980,631)	71,654,191
Increase/(decrease) in amounts due to depositors	1,024,266,423	551,774,484	1,024,266,423	551,774,484
Increase/(decrease) in derivative financial liabilities	(17,878,373)	22,803,348	(17,878,373)	22,803,348
Increase/(decrease) in other financial liabilities	221,681,216	124,268,577	209,196,430	134,895,202
Increase/(decrease) in other non financial liabilities	(11,024,042)	23,325,741	(11,024,042)	23,325,741
<b>Cash generated from/(used in) Operations</b>	<b>(2,629,175,769)</b>	<b>81,986,099</b>	<b>(2,623,035,923)</b>	<b>103,858,911</b>
Retirement benefit liabilities paid	(3,190,644)	(24,339,500)	(3,190,644)	(24,339,500)
Taxes paid	(495,024,960)	(111,999,447)	(501,203,412)	(117,557,438)
<b>Net cash generated from/(used in) operating activities</b>	<b>(3,127,391,373)</b>	<b>(54,352,848)</b>	<b>(3,127,429,979)</b>	<b>(38,038,027)</b>
<b>Cash Flows from / (Used in) Investing Activities</b>				
Acquisition of property, plant & equipment	(33,456,803)	(20,381,398)	(35,860,106)	(20,381,398)
Acquisition of right of use assets	(22,215,000)	-	(22,215,000)	-
Acquisition of Intangible Assets	(4,154,903)	(1,614,112)	(4,729,900)	(1,614,112)
Investment in unquoted equities	-	-	(954,940)	-
Proceeds from sales of property, plant & equipment	296,500	49,309,000	296,500	49,309,000
Net sales/ (purchases) of financial assets -FVTPL/FVTOCI	380,175,133	(224,260,768)	380,175,133	(224,260,768)
Dividend received	8,150,916	4,809,076	8,150,916	4,809,076
Interest on fixed deposits, commercial paper & treasury bills	45,810,948	69,982,256	47,743,856	71,348,840
<b>Net Cash Generated from Investing Activities</b>	<b>374,606,791</b>	<b>(122,155,946)</b>	<b>372,606,459</b>	<b>(120,789,362)</b>
<b>Cash Flows from / (Used in) Financing Activities</b>				
Settlement of operating lease liabilities	(44,021,331)	(42,202,197)	(44,021,331)	(42,202,197)
Net increase /(decrease) in other borrowings	3,607,827,709	(75,439,547)	3,634,198,979	(68,012,717)
Dividend paid	(185,328,000)	-	(185,328,000)	-
<b>Net Cash Generated from/(Used in) Financing Activities</b>	<b>3,378,478,378</b>	<b>(117,641,744)</b>	<b>3,404,849,648</b>	<b>(110,214,914)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>625,693,796</b>	<b>(294,150,538)</b>	<b>650,026,128</b>	<b>(269,042,303)</b>
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	1,213,099,743	692,403,121	1,287,866,627	758,282,311
<b>Movement in Cash and Cash Equivalent</b>	<b>625,693,796</b>	<b>(294,150,538)</b>	<b>650,026,128</b>	<b>(269,042,303)</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			Total Rs.
	Quoted Prices in Active Markets	Significant Observable Inputs	Significant Unobservable Inputs	
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	
<b>As at 30th September 2021</b>				
<b>Financial assets - Fair value through profit and loss</b>				
Government of Sri Lanka treasury bills	-	640,350,422	-	640,350,422
Government of Sri Lanka treasury bonds	-	108,665,985	-	108,665,985
<b>Financial assets - Fair value through Other Comprehensive Income</b>				
Quoted Investments	253,249,488	-	-	253,249,488
Unquoted Investments	-	-	579,250	579,250
	<u>253,249,488</u>	<u>749,016,407</u>	<u>579,250</u>	<u>1,002,845,145</u>
<b>Liabilities</b>				
Due to Depositors	-	13,943,052,901	-	13,943,052,901
Due to Banks	-	16,822,068,843	-	16,822,068,843
	-	<u>30,765,121,744</u>	-	<u>30,765,121,744</u>
<b>As at 30th September 2020</b>				
<b>Financial assets - Fair value through profit and loss</b>				
Government of Sri Lanka treasury bills	-	993,098,955	-	993,098,955
Government of Sri Lanka treasury bonds	-	333,356,104	-	333,356,104
Investments in Unit Trusts	-	453,659,866	-	453,659,866
<b>Financial assets - Fair value through Other Comprehensive Income</b>				
Quoted Investments	196,572,518	-	-	196,572,518
Unquoted Investments	-	-	579,250	579,250
	<u>196,572,518</u>	<u>1,780,114,925</u>	<u>579,250</u>	<u>1,977,266,693</u>
<b>Liabilities</b>				
Due to Depositors	-	12,899,071,333	-	12,899,071,333
Due to Banks	-	15,349,366,482	-	15,349,366,482
Derivative financial liabilities	-	82,639,625	-	82,639,625
	-	<u>28,331,077,440</u>	-	<u>28,331,077,440</u>

## Alliance Finance Company PLC

## ANALYSIS OF FINANCIAL STATEMENTS MEASUREMENT BASIS

Company

As at 30th September 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.
<b>Asset</b>				
Cash and cash equivalents	-	1,213,099,743	-	1,213,099,743
Repurchase Agreements	428,248,827	-	-	428,248,827
Placement with banks and other financial institutions	-	292,167,461	-	292,167,461
Financial asset recognized through profit or loss	749,016,407	-	-	749,016,407
Loans and receivables-Amortized cost	-	10,215,765,056	-	10,215,765,056
Lease rental receivables at amortized cost	-	20,985,186,180	-	20,985,186,180
Financial asset recognized through other comprehensive income	-	-	253,828,738	253,828,738
Hire purchase and rental receivables amortized cost	-	5,543,557	-	5,543,557
Derivative financial assets	-	4,332,823	-	4,332,823
	<u>1,177,265,234</u>	<u>32,716,094,820</u>	<u>253,828,738</u>	<u>34,147,188,792</u>
<b>Liabilities</b>				
Due to Depositors	-	13,943,052,901	-	13,943,052,901
Due to Banks	-	16,822,068,851	-	16,822,068,851
	-	<u>30,765,121,752</u>	-	<u>30,765,121,752</u>

As at 30th September 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.
<b>Asset</b>				
Cash and cash equivalents	-	692,403,121	-	692,403,121
Repurchase agreements	500,000,000	-	-	500,000,000
Placement with banks and other financial institutions	-	973,449,011	-	973,449,011
Financial asset recognized through profit or loss	1,780,114,925	-	-	1,780,114,925
Loans and receivables-Amortized cost	-	6,029,310,383	-	6,029,310,383
Lease rental receivables at amortized cost	-	21,105,706,443	-	21,105,706,443
Financial asset recognized through other comprehensive income	-	-	197,151,768	197,151,768
Hire purchase and rental receivables amortized cost	-	5,732,733	-	5,732,733
	<u>2,280,114,925</u>	<u>28,806,601,691</u>	<u>197,151,768</u>	<u>31,283,868,384</u>

## Alliance Finance Company PLC

### Notes to the Financial Statements

#### For Six Month Ended 30th September 2021

##### SEGMENT REPORT

30th September 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.
<b>REVENUE</b>									
External sales	6,503,283,435	342,561,523	436,190,276	14,431,607	8,150,916	32,136,824	5,920,575	191,449,286	7,534,124,442
<b>Total revenue</b>	<b>6,503,283,435</b>	<b>342,561,523</b>	<b>436,190,276</b>	<b>14,431,607</b>	<b>8,150,916</b>	<b>32,136,824</b>	<b>5,920,575</b>	<b>191,449,286</b>	<b>7,534,124,442</b>
Total income	2,735,637,686	326,532,254	436,190,276	14,431,607	8,150,916	32,863,599	7,561,875	190,769,511	3,752,137,724
<b>RESULTS</b>									
<b>Segment results</b>	<b>2,007,856,904</b>	<b>(228,696,129)</b>	<b>393,140,709</b>	<b>2,379,787</b>	<b>7,934,971</b>	<b>30,985,842</b>	<b>7,561,875</b>	<b>171,628,175</b>	<b>2,392,792,133</b>
Unallocated company expenses									(603,523,167)
Operating profit									1,789,268,965
Interest expenses	(727,303,395)	(205,959,185)	(148,017,244)	(3,366,937)	(8,794,859)	(40,790,816)	(3,728,440)	(52,813,162)	(1,190,774,037)
Share of profits of associates before tax									126,955
Income taxes									(226,590,850)
<b>Net Profit</b>									<b>372,031,033</b>
<b>OTHER INFORMATION</b>									
Segment assets	20,990,729,737	5,944,195,518	4,271,931,049	97,173,304	253,828,738	1,177,265,234	107,606,645	1,524,242,581	34,366,972,806
Investment in associates									77,273,026
Unallocated company assets									4,581,454,954
<b>Total assets</b>									<b>39,025,700,786</b>
Segment liabilities	18,014,421,862	4,875,949,588	3,504,211,861	79,710,051	208,212,554	965,696,016	88,268,392	1,250,317,215	28,986,787,539
Unallocated company liabilities									3,921,948,981
<b>Total liabilities</b>									<b>32,908,736,520</b>

## Alliance Finance Company PLC

### Notes to the Financial Statements

For Six Month Ended 30th September 2020

#### SEGMENT REPORT

30th September 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	8,716,517,157	391,636,464	285,858,136	13,467,247	4,809,076	70,077,728	3,660,130	228,160,356	9,714,186,294
<b>Total revenue</b>	<b>8,716,517,157</b>	<b>391,636,464</b>	<b>285,858,136</b>	<b>13,467,247</b>	<b>4,809,076</b>	<b>70,077,728</b>	<b>3,660,130</b>	<b>228,160,356</b>	<b>9,714,186,294</b>
Total income	2,727,201,062	391,590,252	285,858,136	13,467,247	5,347,837	71,807,789	5,689,747	226,430,296	3,727,392,366
<b>RESULTS</b>									
<b>Segment results</b>	<b>2,072,627,972</b>	<b>174,296,181</b>	<b>244,887,554</b>	<b>7,043,448</b>	<b>5,347,837</b>	<b>71,807,789</b>	<b>5,689,747</b>	<b>211,750,488</b>	<b>2,793,451,016</b>
Unallocated company expenses									(836,738,439)
Operating profit									1,956,712,577
Interest expenses	(1,044,826,204)	(190,392,198)	(108,010,693)	(4,805,481)	(9,757,238)	(112,845,164)	(1,322,239)	(90,608,484)	<b>(1,562,567,701)</b>
Share of profits of associates before tax									(3,099,199)
Income taxes									(201,601,185)
<b>Net Profit</b>									<b>189,444,492</b>
<b>OTHER INFORMATION</b>									
Segment assets	21,111,439,177	3,847,006,601	2,182,431,082	97,098,082	197,151,768	2,280,114,925	26,716,759	1,830,807,359	31,572,765,752
Investment in associates									91,334,988
Unallocated company assets									3,419,107,975
<b>Total assets</b>									<b>35,083,208,715</b>
Segment liabilities	18,330,616,075	3,228,016,599	1,831,274,154	81,474,833	165,429,708	1,913,240,498	22,417,986	1,536,227,295	27,108,697,150
Unallocated company liabilities									3,014,845,033
<b>Total liabilities</b>									<b>30,123,542,183</b>

## 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 except the changes mentioned under section 3.1.

#### 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.

##### 3.1 Changes to the Impairment policy

During the period Company changed the impairment policy on mortgages and adopted progressive discount rates in valuing collateral valuation. The additional impact absorbed due to this change is Rs. 104 Mn.

During the reporting period the Company made a general provision of Rs.50Mn in preparation to adopt CBSL direction no 01 of 2020 which will be effective from 1st April 2022.

#### 4 Going Concern

In determining the basis of preparing the financial statements for the quarter ended 30th September 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

	30th Sep 2021	31st March 2021
	Rs.	Rs.
Financial guarantees	31,475,186	102,810,381
Tax assessments	362,667,198	362,667,198
Provision already make	(219,144,503)	(204,144,502)
	<u>174,997,881</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 Company entered into an agreement to sell part of its investment property with an external party. The relevant CSE disclosure was made on 28th October 2021.

There were no other material events that took place since 30th September 2021, that require disclosure in these Interim Financial Statements other than mentioned above.

- 7 During the quarter, there were no material changes in the composition of assets, liabilities and/or contingent liabilities, other than those disclosed above.

- 8 All known expenses including management fees and other similar expenses have been provided for six months ended 30th September 2021.

Alliance Finance Company PLC  
 Explanatory Notes (Continued.)

Selected Performance Indicators		
	30-09-21	30-09-20
<b>Capital Adequacy (%)</b>		
Tier 1 Capital Adequacy Ratio (minimum 7%)	9.95%	9.84%
Total Capital Adequacy Ratio (minimum (11%))	14.95%	12.70%
Capital Funds to Deposit Liabilities Ratio	32.00%	26.00%
<b>Profitability (%)</b>		
Return on average shareholders funds (before tax) - Annualised	12.97%	7.21%
Return on average equity (after tax) - Annualised	11.90%	7.22%
Return on average assets (before tax) - Annualised	3.09%	2.15%
<b>Quality of Loan Portfolio (%)</b>		
Gross Non-Performing Loans Ratio	7.12%	9.60%
Net-Non-Performing Loans Ratio	1.42%	3.18%
<b>Liquidity ('000)</b>		
Required Minimum Amount of Liquid Assets	1,534,529	821,534
Available Amount of Liquid Assets	2,558,385	2,318,359
Required Minimum Amount of Government Securities	991,519	726,836
Available Amount of Government Securities	1,167,057	1,693,013

## Alliance Finance Company PLC

### Shareholders' Information

#### Market price per share

Quarter ended 01st July to 30th September	2021	2020
Highest Price	80.00	51.00
Lowest Price	59.10	39.00
Last Traded	65.20	49.30

#### Stated capital

As at 30th September 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 September 2021

No	Name of Director	No. of Shares
1	Mrs.G.S.T. Dharmakirti-Herath	100
2	Mr.R.K.E.P. de Silva	11,335,291
3	Mr.J.M. Gunasekera	1,500
4	Mr.W.P.K. Jayawardana	13,725
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 September 2021

No.	Name of Shareholder	No. of Shares	%
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	Seylan Bank PLC/W D N H Perera	782,986	2.32
7	Mrs.S.E. Canekeratne	612,268	1.82
8	Mr.D.L.S.R. Perera	553,556	1.64
9	Mr.D.G. Wijemanna	514,414	1.53
10	Mrs.C.R. de Silva	374,400	1.11
11	Hatton National Bank PLC/Mr.K.K. Shujeevan	355,142	1.05
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	Ms.D.C.M.A. Perera	236,632	0.70
17	Mr.D.N.P. Rathnayake	213,375	0.63
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

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### Shareholders' Information

#### Public Shareholding as at 30th September 2021

No of Shares	%
17,763,150	52.72

#### No of Shareholders

The percentage of ordinary shares held by the public as at 30th September 2021 was 52.72 and the number of shareholders representing the public holding was 1,382.

#### Float Adjusted Market Capitalization

The Float adjusted market capitalization as at 30th September 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.

#### Legal Consultants

Gunawardene Ranasinghe Associates  
Sudath Perera Associates

#### Audit Committee

Mrs. Priyanthi de Silva - *Chairperson*  
Mrs.Tamara Dharmakirti Herath  
Mr.Hiran de Silva

#### Remuneration Committee

Mr.Hiran de Silva - *Chairperson*  
Mrs.Tamara Dharmakirti Herath  
Mr.Lasantha Ivers Hettiarachchi

#### Related Party Transaction Review Committee

Mrs.Tamara Dharmakirti Herath - *Chairperson*  
Mr.Hiran de Silva  
Mr.Lasantha Ivers Hettiarachchi

#### Board Integrated Risk Management Committee

Mrs.Tamara Dharmakirti Herath - *Chairperson*  
Mrs. Priyanthi de Silva  
Mr. Romani de Silva  
Mr.Mahinda Gunasekara  
Mr.Kusal Jayawardana  
Mr. Ravi Rambukwelle  
Mrs. Thamara Rathnayaka

#### Auditors

M/s Edirisinghe & Co.  
Chartered Accountants,  
No.45, 2nd Floor, Bray Brooke Street,  
Colombo 02.

#### Advisory Council

Mrs. K.S.K. de Silva  
Mr. B. Ponnambalam  
Mr. K. Kanag Iswaran  
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