



Alliance Finance Co. PLC

Making the world a better place through sustainable finance



**Financial Statements
for the Nine Months Ended
31st December 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 31st December	For the Quarter ended			For the Nine months ended		
	2021	2020	Variance %	2021	2020	Variance %
	(unaudited) Rs.	(unaudited) Rs.		(unaudited) Rs.	(unaudited) Rs.	
Gross Income	2,242,700,073	1,703,273,340	32	5,957,857,559	5,397,288,775	10
Interest income	2,047,032,081	1,551,054,914	32	5,488,727,928	4,976,443,131	10
Interest expenses	(674,047,494)	(719,491,258)	(6)	(1,864,821,532)	(2,282,058,960)	(18)
Net Interest Income	1,372,984,587	831,563,656	65	3,623,906,396	2,694,384,171	34
Fee and commission income	70,392,916	51,434,913	37	171,242,516	128,309,550	33
Fee and commission expenses	(62,637,355)	(64,977,199)	(4)	(174,001,161)	(199,718,518)	(13)
Net Fee and Commission Income	7,755,561	(13,542,286)	157	(2,758,645)	(71,408,968)	96
Net gain/(loss) from trading	1,301,765	6,306,672	(79)	2,843,902	8,575,494	(67)
Other operating income (net)	123,973,311	94,476,841	31	295,043,213	283,960,600	4
Total Operating Income	1,506,015,224	918,804,883	64	3,919,034,866	2,915,511,297	34
Impairment (charges) / reversal for loans and other losses	285,156,505	114,206,432	150	(85,760,607)	(372,281,818)	(77)
Net Operating Income	1,791,171,729	1,033,011,316	73	3,833,274,259	2,543,229,479	51
Operating Expenses						
Personnel expenses	(326,279,890)	(275,315,752)	19	(814,944,826)	(686,186,947)	19
Other operating expenses	(547,172,960)	(308,246,048)	78	(1,313,140,020)	(865,722,314)	52
Depreciation and amortization	(31,998,136)	(32,341,123)	(1)	(92,298,127)	(98,032,970)	(6)
Total operating expenses	(905,450,986)	(615,902,923)	47	(2,220,382,973)	(1,649,942,231)	35
Operating Profit before Taxes on Financial Services	885,720,743	417,108,393	112	1,612,891,286	893,287,248	81
Taxes on financial services	(141,689,168)	(86,720,156)	63	(298,394,947)	(193,525,745)	54
Operating Profit after Taxes on Financial Services	744,031,575	330,388,237	125	1,314,496,339	699,761,503	88
Share of profit/(loss) from associates	3,758,307	(51,906)	7,141	3,885,262	(3,151,105)	223
Profit before Taxation from Operations	747,789,882	330,336,331	126	1,318,381,601	696,610,398	89
Provision for income taxation	(263,793,917)	(174,025,000)	52	(483,521,795)	(369,525,000)	31
Profit for the Period	483,995,965	156,311,331	210	834,859,806	327,085,398	155
Basic/ Diluted earnings per share (Annualised)	57.45	18.56		33.03	12.94	
Dividend Per Share (Rs./Cts.)	-	-		5.50	-	

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		
	2021	2020	Variance %	2021	2020	Variance %
	(unaudited) Rs.	(unaudited) Rs.		(unaudited) Rs.	(unaudited) Rs.	
Gross Income	2,265,099,773	1,719,006,178	32	6,017,237,497	5,446,398,544	10
Interest income	2,048,151,963	1,551,773,215	32	5,491,780,718	4,978,528,017	10
Interest expenses	(674,047,494)	(719,491,258)	(6)	(1,864,821,532)	(2,282,058,960)	(18)
Net Interest Income	<u>1,374,104,469</u>	<u>832,281,957</u>	65	<u>3,626,959,186</u>	<u>2,696,469,057</u>	35
Fee and commission income	89,473,450	66,449,450	35	224,954,255	175,334,433	28
Fee and commission expenses	(62,637,355)	(64,977,199)	(4)	(174,001,155)	(199,718,518)	(13)
Net Fee and Commission Income	<u>26,836,095</u>	<u>1,472,251</u>	1,723	<u>50,953,100</u>	<u>(24,384,085)</u>	309
Net gain/(loss) from trading	1,301,765	6,306,672	(79)	2,843,902	8,575,494	(67)
Other operating income (net)	<u>126,172,595</u>	<u>94,476,841</u>	34	<u>297,658,622</u>	<u>283,960,600</u>	5
Total Operating Income	<u>1,528,414,924</u>	<u>934,537,721</u>	64	<u>3,978,414,810</u>	<u>2,964,621,066</u>	34
Impairment (charges) / reversal for loans and other losses	285,156,505	114,206,433	150	(85,760,647)	(372,281,818)	(77)
Net Operating Income	<u>1,813,571,429</u>	<u>1,048,744,154</u>	73	<u>3,892,654,163</u>	<u>2,592,339,248</u>	50
Operating Expenses						
Personnel expenses	(330,484,544)	(278,087,434)	19	(824,853,014)	(694,502,886)	19
Other operating expenses	(548,994,295)	(309,898,687)	77	(1,318,114,489)	(870,387,801)	51
Depreciation and amortization	(32,237,369)	(32,362,608)	(0)	(92,630,732)	(98,102,671)	(6)
Total operating expenses	<u>(911,716,208)</u>	<u>(620,348,729)</u>	47	<u>(2,235,598,235)</u>	<u>(1,662,993,358)</u>	34
Operating Profit before Taxes on Financial Services	<u>901,855,221</u>	<u>428,395,425</u>	111	<u>1,657,055,928</u>	<u>929,345,890</u>	78
Taxes on financial services	(141,689,168)	(86,720,156)	63	(298,394,947)	(193,525,745)	54
Operating Profit after Taxes on Financial Services	<u>760,166,053</u>	<u>341,675,269</u>	122	<u>1,358,660,981</u>	<u>735,820,145</u>	85
Share of profit/(loss) from associates	<u>3,758,307</u>	<u>(51,906)</u>	7,141	<u>3,885,262</u>	<u>(3,151,105)</u>	223
Profit before Taxation from Operations	<u>763,924,360</u>	<u>341,623,363</u>	124	<u>1,362,546,243</u>	<u>732,669,040</u>	86
Provision for income taxation	(267,787,175)	(176,811,258)	51	(494,378,026)	(378,412,443)	31
Profit for the Period	<u>496,137,185</u>	<u>164,812,105</u>	201	<u>868,168,217</u>	<u>354,256,597</u>	145
Profit attributable to :						
Equity holders of the Company	491,806,062	161,746,726	204	856,157,192	344,458,663	149
Non controlling interest	4,331,122	3,065,379	41	12,011,025	9,797,934	23
Profit for the Period	<u>496,137,184</u>	<u>164,812,105</u>	201	<u>868,168,217</u>	<u>354,256,597</u>	145
Basic/ Diluted earnings per share (Annualised)	58.90	19.56		33.88	13.63	
Dividend Per Share (Rs./Cts.)	-	-		5.50	-	

Alliance Finance Company PLC

Statement of Comprehensive Income - Company

For the period ended 31st December	For the Quarter ended			For the Nine Months ended		
	2021	2020	Variance %	2021	2020	Variance %
	(unaudited) Rs.	(unaudited) Rs.		(unaudited) Rs.	(unaudited) Rs.	
Profit for the period	483,995,965	156,311,331	210	834,859,806	327,085,398	155
Other Comprehensive Income						
Other Comprehensive Income not to be Reclassified to Profit or Loss						
Actuarial gains /(losses) on defined benefit plans	(108,739,004)	-	-100	(108,739,004)	-	-100
Deferred tax effect on above	26,097,361	-	100	26,097,361	-	100
	(82,641,643)	-		(82,641,643)	-	
Equity investments at FVOCI -Transfer of realized profit/ (loss) to retained earnings	550,520	3,408,042	(84)	(19,211,027)	3,408,042	(664)
Equity investments at FVOCI - net change in fair value	(27,608,578)	58,161,662	(147)	(6,306,959)	117,942,742	(105)
Net Other Comprehensive Income not be Classified to Profit or Loss	(109,699,701)	61,569,704	(278)	(108,159,629)	121,350,784	(189)
Total Comprehensive Income for the period	374,296,264	217,881,035	72	726,700,178	448,436,182	62

Alliance Finance Company PLC
Statement of Comprehensive Income - Group

For the period ended 31st December	For the Quarter ended			For the Nine Months ended		
	2021	2020	Variance %	2021	2020	Variance %
	(unaudited) Rs.	(unaudited) Rs.		(unaudited) Rs.	(unaudited) Rs.	
Profit for the period	496,137,184	164,812,105	201	868,168,217	354,256,597	145
Other Comprehensive Income						
Other Comprehensive Income not to be Reclassified to Profit or Loss						
Actuarial gains /(losses) on defined benefit plans	(108,739,004)	-	(100)	(108,739,004)	-	(100)
Deferred tax effect on above	26,097,361	-	100	26,097,361	-	100
	(82,641,643)	-		(82,641,643)	-	
Equity investments at FVOCI -Transfer of realized profit/ (loss) to retained earnings	550,520	3,408,042	(84)	(19,211,027)	3,408,042	(664)
Equity investments at FVOCI - net change in fair value	(27,608,578)	58,161,662	(147)	(6,306,959)	117,942,742	(105)
Net Other Comprehensive Income not be Classified to Profit or Loss	(27,058,057)	61,569,704	(144)	(25,517,985)	121,350,784	(121)
Total Comprehensive Income for the period	386,437,484	226,381,809	71	760,008,589	475,607,381	60
Attributable to:						
Equity holders of the company	382,106,360	223,316,429	71	747,997,562	465,809,447	61
Non controlling interest	4,331,123	3,065,380	41	12,011,025	9,797,934	23
Total Comprehensive Income for the period	386,437,484	226,381,809	71	760,008,589	475,607,381	60

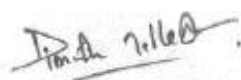
Alliance Finance Company PLC
Statement of Financial Position

As at	Company			Group		
	31.12.2021 Rs. (unaudited)	31.03.2021 Rs. (audited)	Variance %	31.12.2021 Rs. (unaudited)	31.03.2021 Rs. (audited)	Variance %
Assets						
Cash and cash equivalents	514,947,762	587,405,947	(12)	628,329,485	637,840,499	(1)
Repurchase agreements	300,053,424	400,203,715	(25)	300,053,424	400,203,715	(25)
Placements with banks & financial institutions	874,787,792	793,564,909	10	874,787,792	793,564,909	10
Financial assets recognised through profit or loss	1,906,330,892	1,177,459,993	62	1,906,330,892	1,177,459,993	62
Loans and advances - at amortised cost	12,202,741,168	6,630,287,692	84	12,203,035,148	6,630,437,142	84
Lease rentals receivable & stock out on hire - at amortised cost	23,555,774,074	19,978,211,851	18	23,555,774,074	19,978,211,851	18
Hire purchase rentals receivable & stock out on hire - at amortised cost	5,543,593	5,542,117	0	5,543,593	5,542,117	0
Financial assets- fair value through other comprehensive income	216,619,994	203,724,802	6	216,619,994	203,724,802	6
Other trading stocks	407,769,910	279,566,570	46	407,769,910	279,566,570	46
Other financial assets	664,759,303	489,616,233	36	744,046,304	560,626,424	33
Other non financial assets	254,342,854	163,285,409	56	254,818,176	163,760,732	56
Derivative financial assets	7,030,143	-	100	7,030,143	-	100
Investments in associates	47,776,839	47,756,062	0	81,031,334	96,563,532	(16)
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	2,369,967,530	2,377,684,658	(0)	2,373,159,227	2,377,956,161	(0)
Intangible assets	57,733,355	58,497,170	(1)	58,244,465	58,497,170	(0)
Right of use asset	272,499,471	193,321,481	41	272,499,471	193,321,481	41
Deferred tax assets	170,929,146	144,831,784	18	171,664,706	145,567,344	18
Total Assets	44,420,785,288	34,122,138,431	30	44,634,992,138	34,277,098,442	30
Liabilities						
Due to banks	20,434,781,818	13,214,241,102	55	20,466,851,328	13,214,241,102	55
Due to depositors - at amortised cost	14,515,826,100	12,918,786,478	12	14,515,826,100	12,918,786,478	12
Debt instruments issued and other borrowed funds	500,000,000	-	100	500,000,000	-	100
Other financial liabilities	1,202,132,341	883,877,701	36	1,225,789,941	899,693,781	36
Other non financial liabilities	137,877,266	60,188,110	129	137,877,266	60,188,110	129
Derivative financial liabilities	-	13,545,550	(100)	-	13,545,550	(100)
Income tax liabilities	577,522,336	646,313,080	(11)	582,725,759	649,705,208	(10)
Retirement benefit liabilities	142,875,352	12,924,029	1,006	146,664,204	15,988,862	817
Deferred tax liabilities	555,848,404	555,848,404	-	555,855,791	555,855,791	-
Total Liabilities	38,066,863,617	28,305,724,454	34	38,131,590,389	28,328,004,882	35
Shareholders' Funds						
Stated capital	613,980,000	613,980,000	-	613,980,000	613,980,000	-
Retained earnings	2,839,364,544	2,295,549,890	24	2,922,878,591	2,374,274,468	23
Reserves	2,900,577,127	2,906,884,087	(0)	2,900,577,127	2,906,884,087	(0)
Total Equity Attributable to Equity Holders of the Company	6,353,921,671	5,816,413,977	9	6,437,435,718	5,895,138,555	9
Non controlling interest	-	-	-	65,966,031	53,955,005	22
Total Equity	6,353,921,671	5,816,413,977	9	6,503,401,749	5,949,093,560	9
Total Liabilities and Shareholders' Funds	44,420,785,288	34,122,138,431	30	44,634,992,138	34,277,098,442	30
Contingent Liabilities and Commitments	140,782,416	261,333,077		140,782,416	261,333,077	
Net assets value per share (Rs.)	191	173		193	175	

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

Certification

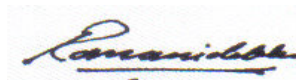
I certify that these Financial Statements are presented in compliance with the requirements of the Companies Act No. 07 of 2007.



.....
Dimuthu Tillekeratne
Head of Finance
14-Feb-22
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.
Balance as at 1st April 2020 (Audited)	613,980,000	876,036,520	1,018,409,546	388,258,055	(61,455,160)	-	1,777,742,345	4,612,971,306
Profit for the period	-	-	-	-	-	-	327,085,398	327,085,398
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 of realized profit on equity instrument disposal to retained earning	-	-	-	-	3,408,042	-	(3,408,042)	-
Dividend paid	-	-	-	-	-	-	-	-
Balances as at 31st December 2020	613,980,000	876,036,520	1,018,409,546	388,258,055	59,895,624	-	2,101,419,701	5,057,999,446
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	-	-	-	-	-	-	834,859,806	834,859,806
Other comprehensive income, net of tax								
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	(82,641,642)	(82,641,642)
Equity investments at FVOCI - net change in fair value & Disposal profit	-	-	-	-	(25,517,986)	-	-	(25,517,986)
Transfer of realized profit on equity instrument disposal to retained earning	-	-	-	-	19,211,027	-	(19,211,027)	-
Net Asset adjustment - Associate Company	-	-	-	-	-	-	(3,864,484)	(3,864,484)
Dividend paid	-	-	-	-	-	-	(185,328,000)	(185,328,000)
Balances as at 31st December 2021	613,980,000	904,081,009	1,556,017,602	388,258,055	52,220,461	-	2,839,364,544	6,353,921,671

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	1,833,953,692	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 of realized profit on equity instrument disposal to retained earning	-	-	-	-	3,408,042	-	(3,408,042)	-
Dividend paid	-	-	-	-	-	-	-	-
Balances as at 31st December 2020	613,980,000	876,036,520	1,018,409,546	388,258,055	59,895,624	51,056,242	2,175,004,313	5,182,640,300
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	-	-	-	-	-	12,011,025	856,157,192	868,168,217
Other comprehensive income, net of tax -								
Net actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	(82,641,642)	(82,641,642)
Equity investments at FVOCI - net change in fair value & Disposal profit	-	-	-	-	(25,517,986)	-	-	(25,517,986)
Transfer of realized profit on equity instrument disposal to retained earning	-	-	-	-	19,211,027	-	(19,211,027)	-
Net Asset adjustment - Associate Company	-	-	-	-	-	-	(20,372,400)	(20,372,400)
Dividend paid	-	-	-	-	-	-	(185,328,000)	(185,328,000)
Balances as at 31st December 2021	613,980,000	904,081,009	1,556,017,602	388,258,055	52,220,462	65,966,030	2,922,878,591	6,503,401,749

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	
	2021	2020	2021	2020
Cash Flows From / (Used in) Operating Activities	Rs.	Rs.	Rs.	Rs.
Profit before Income Tax Expense	1,318,381,601	696,610,398	1,362,546,243	732,669,040
Adjustments for;				
Depreciation of property, plant & equipment	84,099,015	91,613,970	84,431,620	91,683,671
Amortization of intangible assets	8,199,112	6,419,000	8,199,112	6,419,000
Amortization of Right of use asset	72,661,510	64,814,146	72,661,510	64,814,146
Impairment (reversal)/provision	(74,578,517)	120,877,114	(74,578,517)	120,877,114
Interest on fixed deposits, commercial paper & treasury bills	(55,796,095)	(100,272,363)	(58,848,884)	(102,357,247)
Fair value (gain)/loss on equity investments (FVTPL)	(275,394)	(808,755)	(275,394)	(808,755)
Bad debt written-off	160,339,124	251,404,704	160,339,124	251,404,704
Diminution/(appreciation) in value of treasury bonds	(2,820,017)	(7,481,881)	(2,820,017)	(7,481,881)
Loss/(profit) on disposal of property, plant & equipment	(2,537,756)	(41,491,588)	(2,537,756)	(41,491,588)
Provision/(reversal) for defined benefit plans	27,500,000	32,500,000	28,224,020	33,443,536
Dividend received	(9,588,166)	(6,423,581)	(10,520,946)	(6,423,581)
Share of loss/(profit) from associates	(3,885,262)	3,151,105	(3,885,262)	3,151,105
Operating Profit before Working Capital Changes	1,521,699,155	1,110,912,269	1,562,934,853	1,145,899,264
(Increase)/decrease in trading stock	(241,906,168)	28,692,241	(241,906,169)	28,692,241
(Increase)/decrease in loans and advances	(5,696,590,006)	80,294,228	(5,696,734,536)	80,187,798
(Increase)/decrease in lease rentals receivable & stock out on hire	(3,539,202,939)	(734,788,867)	(3,539,202,939)	(734,788,867)
(Increase)/decrease in hire purchase rentals receivable & stock out on hire	15,163	(784,089)	15,163	(784,089)
(Increase)/decrease in fixed deposits & repo	18,927,408	488,853,227	18,927,408	488,853,227
(Increase)/decrease in other financial assets	(65,072,594)	8,966,409	(90,455,446)	12,469,354
(Increase)/decrease in other non financial assets	(132,598,250)	62,305,640	(132,598,251)	62,305,640
Increase/(decrease) in amounts due to depositors	1,597,039,622	394,315,834	1,597,039,622	394,315,834
Increase/(decrease) in derivative financial liabilities	(20,575,693)	9,735,535	(20,575,693)	9,735,535
Increase/(decrease) in other financial liabilities	316,026,956	(46,468,737)	340,974,478	(55,917,464)
Increase/(decrease) in other non financial liabilities	83,805,781	19,053,388	83,805,782	19,053,388
Cash generated from/(used in) Operations	(6,158,431,565)	1,421,087,078	(6,117,775,728)	1,450,021,860
Retirement benefit liabilities paid	(6,287,681)	(11,130,168)	(6,287,681)	(11,130,168)
Taxes paid	(558,429,203)	(178,129,414)	(567,474,136)	(186,325,233)
Net cash generated from/(used in) operating activities	(6,723,148,449)	1,231,827,496	(6,691,537,545)	1,252,566,459
Cash Flows from / (Used in) Investing Activities				
Acquisition of property, plant & equipment	(80,140,630)	(38,545,040)	(83,418,503)	(38,545,040)
Acquisition of right of use assets	(31,325,000)	(5,458,000)	(31,325,000)	(5,458,000)
Acquisition of Intangible Assets	(7,435,298)	(3,506,728)	(8,010,295)	(3,506,728)
Investment in unquoted equities	-	-	(954,940)	-
Proceeds from sales of property, plant & equipment	6,296,500	54,784,000	6,296,500	54,784,000
Net sales/ (purchases) of financial assets -FVTPL/FVTOCI	(764,188,667)	229,705,820	(764,188,667)	229,705,820
Dividend received	9,588,166	6,423,581	9,588,166	6,423,581
Interest on fixed deposits, commercial paper & treasury bills	55,796,095	100,272,363	58,848,884	102,357,248
Net Cash Generated from Investing Activities	(811,408,834)	343,675,996	(813,163,855)	345,760,881
Cash Flows from / (Used in) Financing Activities				
Settlement of operating lease liabilities	(73,113,618)	(70,043,299)	(73,113,618)	(70,043,299)
Increase in borrowed funds	500,000,000	-	500,000,000	-
Net increase /(decrease) in other borrowings	7,220,540,716	(1,087,871,541)	7,253,632,004	(1,085,274,522)
Dividend paid	(185,328,000)	-	(185,328,000)	-
Net Cash Generated from/(Used in) Financing Activities	7,462,099,098	(1,157,914,840)	7,495,190,386	(1,155,317,821)
Net Increase/(Decrease) in Cash and Cash Equivalents	(72,458,185)	417,588,652	(9,511,014)	443,009,519
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	514,947,762	1,404,142,311	628,329,485	1,470,334,133
Movement in Cash and Cash Equivalent	(72,458,185)	417,588,652	(9,511,014)	443,009,519

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 31st December 2021				
Financial assets - Fair value through profit and loss				
Government of Sri Lanka treasury bills	-	1,191,671,597	-	1,191,671,597
Government of Sri Lanka treasury bonds	-	113,374,985	-	113,374,985
Investments in Unit Trusts	-	601,284,310	-	601,284,310
Derivative financial assets	-	7,030,143	-	7,030,143
Financial assets - Fair value through Other Comprehensive Income				
Quoted Investments	216,040,744	-	-	216,040,744
Unquoted Investments	-	-	579,250	579,250
	<u>216,040,744</u>	<u>1,913,361,035</u>	<u>579,250</u>	<u>2,129,981,029</u>
Liabilities				
Due to Depositors	-	14,515,826,100	-	14,515,826,100
Due to Banks	-	20,434,781,818	-	20,434,781,818
Other borrowed funds	-	500,000,000	-	500,000,000
	-	<u>35,450,607,918</u>	-	<u>35,450,607,918</u>
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	-	-	346,324,712
Unquoted Investments	-	-	579,250	579,250
	<u>346,324,712</u>	<u>1,261,747,873</u>	<u>579,250</u>	<u>1,608,651,835</u>
Liabilities				
Due to Depositors	-	12,741,612,683	-	12,741,612,683
Due to Banks	-	14,336,934,488	-	14,336,934,488
Derivative financial liabilities	-	69,571,812	-	69,571,812
	-	<u>27,148,118,983</u>	-	<u>27,148,118,983</u>

Alliance Finance Company PLC

Analysis Of Financial Statements Measurement Basis

Company

As at 31st December 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	-	514,947,762	-	514,947,762
Repurchase Agreements	300,053,424	-	-	300,053,424
Placement with banks and other financial institutions	-	874,787,792	-	874,787,792
Financial asset recognized through profit or loss	1,906,330,892	-	-	1,906,330,892
Loans and receivables-Amortized cost	-	12,202,741,168	-	12,202,741,168
Lease rental receivables at amortized cost	-	23,555,774,074	-	23,555,774,074
Financial asset recognized through other comprehensive income	-	-	216,619,994	216,619,994
Hire purchase and rental receivables amortized cost	-	5,543,593	-	5,543,593
Derivative financial assets	-	7,030,143	-	7,030,143
	<u>2,206,384,316</u>	<u>37,160,824,532</u>	<u>216,619,994</u>	<u>39,583,828,842</u>
Liabilities				
Due to Depositors	-	14,515,826,100	-	14,515,826,100
Due to Banks	-	20,434,781,818	-	20,434,781,818
Other borrowed funds	-	500,000,000	-	500,000,000
	-	<u>35,450,607,918</u>	-	<u>35,450,607,918</u>

As at 31st December 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	-	1,404,142,311	-	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>
Liabilities				
Due to Depositors	-	12,347,296,849	-	12,347,296,849
Due to Banks	-	15,424,806,029	-	15,424,806,029
Derivative financial liabilities	-	59,836,277	-	59,836,277
	-	<u>27,831,939,155</u>	-	<u>27,831,939,155</u>

Alliance Finance Company PLC
Notes to the Financial Statements
For Period Ended 31st December 2021

SEGMENT REPORT

31st December 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	10,863,178,683	590,701,368	720,204,109	21,572,557	10,520,946	59,426,702	10,057,931	303,682,130	12,581,945,104
Total revenue	10,863,178,683	590,701,368	720,204,109	21,572,557	10,520,946	59,426,702	10,057,931	303,682,130	12,581,945,104
Total income	4,307,094,310	580,738,867	720,204,109	21,572,557	10,520,946	61,437,787	12,290,388	301,671,045	6,017,237,497
RESULTS									
Segment results	3,178,368,690	137,329,394	505,450,456	4,708,877	10,206,647	58,315,093	12,290,388	262,026,281	4,170,279,580
Unallocated company expenses									(946,797,066)
Operating profit									3,223,482,514
Interest expenses	(1,082,570,679)	(325,411,944)	(235,419,699)	(4,275,748)	(9,955,370)	(101,400,487)	(102,466)	(105,430,368)	(1,864,821,532)
Share of profits of associates before tax									3,885,262
Income taxes									(494,378,026)
Net Profit									868,168,218
OTHER INFORMATION									
Segment assets	23,555,774,074	7,080,674,150	5,122,523,031	93,036,462	216,619,994	2,206,384,316	111,549,571	2,169,872,612	40,561,977,803
Investment in associates									81,031,334
Unallocated company assets									3,991,983,001
Total assets									44,634,992,138
Segment liabilities	20,483,362,046	5,856,655,153	4,237,004,877	76,953,471	179,173,420	1,824,972,001	92,266,267	1,794,771,988	34,549,744,508
Unallocated company liabilities									3,581,845,880
Total liabilities									38,131,590,388

Alliance Finance Company PLC

Notes to the Financial Statements

For Period Ended 31st December 2021

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.
REVENUE									
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
Total revenue	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
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
RESULTS									
Segment results	2,829,928,382	215,870,692	326,483,899	2,413,517	5,707,594	95,133,407	10,167,196	299,431,929	3,785,136,616
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)
Net Profit									354,256,597
OTHER INFORMATION									
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
Total assets									34,081,481,486
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
Total liabilities									28,898,841,186

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.

During the reporting period the Company made a general provision of Rs.237 Mn 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 31st December 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

	31st Dec 2021	31st March 2021
	Rs.	Rs.
Financial guarantees	4,759,721	102,810,381
Tax assessments	362,667,198	362,667,198
Provision already make	(226,644,503)	(204,144,502)
	<u>140,782,416</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 Subsequent Events

Sale of the Investment Property owned by the Company situated at No.199/11, Obesekara Crescent, Raiagiriya Road, Raiagiriya to Iconic Land Holdings (Private) Ltd, was concluded on 7th January 2022 at the disposal value of Rs.524.55Mn. The estimated favorable impact to the Current Years Pre Tax Profit would be Rs.87Mn.

There were no other material events that took place since 31st December 2021, that required disclosure in these Interim Financial Statements other than mentioned above.

- 7 Company recognized an actuarial loss of Rs. 108 Mn for the period based on Actuarial Valuation carried out by an Independent valuer resulting from changes in the retirement age of the employees and actuarial assumptions on Discounts Rate , Salary Increment Rate etc.
- 8 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 Nine months ended 31st December 2021.

Alliance Finance Company PLC
 Explanatory Notes (Continued.)

Selected Performance Indicators		
	31-12-21	31-12-20
Capital Adequacy (%)		
Tier 1 Capital Adequacy Ratio (minimum 7%)	9.47%	9.93%
Total Capital Adequacy Ratio (minimum (11%))	13.77%	12.63%
Capital Funds to Deposit Liabilities Ratio	37.54%	32.82%
Profitability (%)		
Return on average shareholders funds (before tax) - Annualised	28.89%	19.21%
Return on average equity (after tax) - Annualised	18.29%	9.02%
Return on average assets (before tax) - Annualised	2.83%	2.74%
Quality of Loan Portfolio (%)		
Gross Non-Performing Loans Ratio	5.03%	8.89%
Net-Non-Performing Loans Ratio	1.19%	2.72%
Liquidity ('000)		
Required Minimum Amount of Liquid Assets	1,636,885	815,661
Available Amount of Liquid Assets	2,619,590	2,414,388
Required Minimum Amount of Government Securities	991,519	726,836
Available Amount of Government Securities	1,597,986	1,008,855

Alliance Finance Company PLC

Shareholders' Information

Market price per share

Quarter ended 01st October to 31st December	2021	2020
Highest Price	112.00	59.00
Lowest Price	63.20	35.00
Last Traded	104.75	53.50

Stated capital

As at 31st December 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 31st December 2021

No	Name of Director	No. of Shares
1	Mrs.G.S.T. Dharmakirti-Herath	100
2	Mr.R.K.E.P. de Silva	11,635,291
3	Mr.J.M. Gunasekera	1,500
4	Mr.W.P.K. Jayawardana	42,750
5	Mrs.P. De Silva	100
6	Mr.R.E. Rambukwelle	10,000
7	Mr.L.J.H. De Silva	3,052
8	Mr.D.L.I. Hettiarachchi	100

Twenty Largest Ordinary Shareholders as at 31st December 2021

No.	Name of Shareholder	No. of Shares	%
1	Mr.R.K.E.P. de Silva	11,635,291	34.53
2	Motor Service Station (Pvt) Ltd.,	4,576,553	13.58
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	Hatton National Bank PLC/Mr.K.R.E.M.Y.D.M.B. Jayasundara	382,826	1.14
9	Mrs.C.R. de Silva	374,400	1.11
10	Hatton National Bank PLC/Mr.K.K. Shujeevan	355,142	1.05
11	Mr. D.F.W. Perera	310,560	0.92
12	Ms.D.D.P.T. Perera	309,384	0.92
13	Ms.D.C.M.A. Perera	303,634	0.90
14	Mrs.P. Weththasinghe	299,975	0.89
15	Mrs.A.S. Wijewardena	259,200	0.77
16	Mr.G.P. Kapilasena	201,180	0.60
17	Mrs.K.G.G.S.L. Perera	201,066	0.60
18	Miss R.H. Abdulhussein	180,000	0.53
19	Peoples Leasing Finance PLC/K L Udayananda	176,586	0.52
20	Mrs.N.U. Silva	172,105	0.51

Alliance Finance Company PLC

Shareholders' Information

Public Shareholding as at 31st December 2021

No of Shares	%
17,399,792	51.64%

No of Shareholders

The percentage of ordinary shares held by the public as at 31st December 2021 was 51.64% and the number of shareholders representing the public holding was 1243.

Float Adjusted Market Capitalization

The Float adjusted market capitalization as at 31st December 2021 - Rs. 1,822,714,358/- 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 - *Chairman*
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