

Key Financial Data for the Period Ended 31st March (Audited)				
In Rupees Million	Current Period		Previous Period	
	From 01/04/2024 to 31/03/2025	As of % Interest Income	From 01/04/2023 to 31/03/2024	As of % Interest Income
Interest Income	14,616	100%	13,185	100%
Interest Expense	(6,472)	44%	(7,298)	55%
Net Interest Income	8,144	56%	5,887	45%
Gains/(losses) from trading activities	81	1%	(23)	0%
Other Income	995	7%	783	6%
Operating Expenses (excluding Impairment)	(4,887)	33%	(3,944)	30%
Impairment	(234)	2%	(336)	3%
Profit / (Loss) Before Tax	4,099	28%	2,367	18%
Value Added Tax on Financial Services and Income Tax	(2,364)	16%	(1,450)	11%
Profit / (Loss) After Tax	1,735	12%	917	7%

Key Financial Data as at 31st March (Audited)				
In Rupees Million	As at			
	31/03/2025	As of % Total Assets	31/03/2024	As of % Total Assets
Assets				
Cash & Bank Balance	1,476	2%	1,037	2%
Government Securities	7,106	9%	4,472	7%
Due from Related Parties	13	0%	-	0%
Leasing / Hire Purchase and Loan Receivable (Excluding related parties)	62,503	77%	46,104	77%
Investment in Equity	321	0%	445	1%
Investment Properties	188	0%	188	0%
Property, Plant and Equipment	3,391	4%	3,203	5%
Other Assets	6,567	8%	4,726	8%
Total Assets	81,565	100%	60,175	100%
Liabilities				
Due to Banks	31,354	38%	20,310	34%
Due to Related Parties - Deposits	802	1%	184	0%
Deposits from Customers	35,723	44%	28,204	47%
Other borrowings	-	0%	-	0%
Other Liabilities	4,337	5%	3,348	6%
Total Liabilities	72,216	88%	52,046	87%
Equity				
Stated Capital	614	1%	614	1%
Statutory Reserve Fund	1,135	1%	1,048	2%
Retained Earnings	5,656	7%	4,510	7%
Other Reserves	1,944	3%	1,957	3%
Total Equity	9,349	12%	8,129	13%
Total Equity and Liabilities	81,565	100%	60,175	100%
Net Asset Value Per Share (Rs.)	277		241	

Note: Amounts stated are in net of impairment and depreciation.

CERTIFICATION:

We, the undersigned, being the Deputy Chairman & Managing Director, Chief Financial Officer and the Compliance Officer of Alliance Finance Company PLC certify jointly that:

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka (CBSL);
- (b) the information contained in these statements have been extracted from the audited financial statements of the company.



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



W.A.D.D. Tillakaratne
Chief Financial Officer



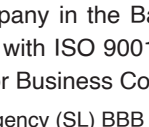
B. Karlyawasam
Compliance Officer



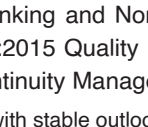
ISO 9001 REGISTERED



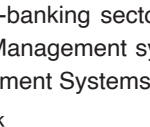
SGS



Bureau Veritas



DNV Certification



MGMT SYS. RVA CO24

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.

Lanka Rating Agency (SL) BBB with stable outlook

Selected Key Performance Indicators				
Item	As at 31/03/2025		As at 31/03/2024	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy (%)				
Tier 1 Capital Adequacy Ratio	11.60%	8.50%	12.07%	8.50%
Total Capital Adequacy Ratio	16.06%	12.50%	14.38%	12.50%
Capital Funds to Deposit Liabilities Ratio	25.33%	10.00%	25.70%	10.00%
Quality of Loan Portfolio (%)				
Gross Stage 3 Loan Ratio	*4.70%		9.38%	
Net Stage 3 Loan Ratio	2.25%		6.38%	
Net Stage 3 Loan Ratio to Core Capital Ratio	19.59%		49.37%	
Stage 3 Impairment Coverage Ratio	52.21%		31.93%	
Total Impairment Coverage Ratio	2.99%		3.89%	
Profitability (%)				
Net Interest Margin	12.45%		11.57%	
Return on Assets (Before Tax)	4.36%		3.02%	
Return on Equity (After Tax)	19.85%		12.51%	
Cost to Income Ratio	53.11%		59.51%	
Liquidity (%)				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	175.67%		143.01%	
Liquid Assets to External Funds	9.85%		8.13%	
Memorandum information				
Number of Branches and other centers	90		90	
External Credit Rating (Lanka Rating)	**BBB (Stable)		BBB- (Stable)	

* In classifying non performing loans to performing loans as of 31 March 2025, the company has considered the extension given by the CBSL to adopt the section 4.3.1(i)of Direction No 1of 2020.

** The company's credit rating was upgraded from BBB- (Stable) to BBB (Stable) on 03/05/2025.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALLIANCE FINANCE COMPANY PLC Report on the Audit of the Financial Statements		Deloitte Associates Chartered Accountants No. 11, Castle Lane, Colombo 04, Sri Lanka. Tel: +94 11 2580409, 5444400 Fax: +94 11 2580452 www.deloitte.com	as management determines it is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
Opinion			In preparing the financial statements of the Company and the consolidated financial statements of the Group, management is responsible for assessing the Company's / Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company / Group or to cease operations, or has no realistic alternative but to do so.
We have audited the financial statements of Alliance Finance Company PLC ("the Company") and the consolidated financial statement of the company and its subsidiary ("the Group") which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.			Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.
In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and Group as of 31 March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.			Auditor's Responsibilities for the Audit of the Financial Statements
Basis for Opinion			Our objectives are to obtain reasonable assurance about whether the financial statements of the Company and the consolidated financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.			As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
Key Audit Matters			• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.			• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
Impairment of loans and receivables			• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
Refer to the accounting policy section 2.11.3 Impairment of financial assets and Notes 23 to 25 to the financial statements.		The audit procedures performed to assess the adequacy of the impairment allowance for credit losses on loans and receivables to customers in line with SLFRS 9 adopted, included the following:	• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubts on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
As at 31 March 2025, total amount of lease receivables, loans and advances amounted to LKR 62,516 million, with a total allowance for impairment of LKR 1,709 million. Total net amount of loans and receivables contribute 77% to the total assets.		• Understanding, evaluating and testing the design and operating effectiveness of key controls in the lending and credit risk mitigation process (including evaluation of impairment of loans and receivables), and underlying information systems.	• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
Management assesses whether the credit risk of loans and receivables to customers have increased significantly since their initial recognition and applies a three-stage impairment model to calculate their Expected Credit Loss (ECL).		• Assessing the appropriateness of the criteria used by management to determine whether customer credit facilities are impaired.	• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
ECL is calculated on either an individual basis or a collective basis. Collective impairment is calculated incorporating key parameters, including probability of default, loss given default, exposure at default and discount rates. Individual impairment is determined using discounted cash flows: The impairment of loans and receivables using the ECL model was considered as a key audit matter due to factors such as:		• Assessing the appropriateness of the design and implementation of the ECL model, including the reasonableness of significant judgement made and assumptions used by management.	We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
• The ECL model involves complex calculations with key variables used in the model requiring significant management judgment and use of assumptions.		• Checking the reasonability of the macro-economic and other forward-looking information used by management, by comparing them against reliable publicly available information.	We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
• The magnitude of the reported amounts of loans and receivables to customers and the impairment allowances thereof.		• To test the identification of loans with default events and other triggers, we selected a sample of performing loans and independently assessed as to whether there was a need to classify such loans requiring impairment.	From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Company and the consolidated financial statements of the Group of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
• The determination of expected loss rates in an uncertain economic environment		• For loans and receivables individually impaired, assessing the reasonability on a sample basis, future cash flows forecasted by management and the discount rates supporting the loss allowance computation.	
		• Checking the underlying calculations and data on a sample basis for accuracy and completeness.	
		• Assessing the accuracy and sufficiency of related disclosures.	

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3991.



Deloitte Associates
Chartered Accountants
Colombo

05 June 2025

