

11 July 2025

The Board of Directors
Alliance Finance Company PLC
No. 84, Ward Place
Colombo 7

Dear Sirs/Mesdames,

Accountants' report for inclusion in the prospectus of Alliance Finance Company PLC

Introduction

This report has been prepared for the inclusion in the prospectus issued in connection with the proposed transfer of up to Twenty Million (20,000,000) social bonds at rupees one hundred (LKR 100.00) to raise rupees up to two billion (LKR 2,000,000,000) by way of an offer for sale.

We have examined the financial statements of Alliance Finance Company PLC (the "Company") and the consolidated financial statements of the Company and its subsidiary ("Group") for the years ended 31 March 2021 to 31 March 2025 ("period"), and report as follows.

1. Incorporation

Alliance Finance Company PLC is a limited liability company incorporated and domiciled in Sri Lanka in 1956. The registered office of the company and the principal place of business are situated at No. 84, Ward Place, Colombo 7.

Alliance Finance Company PLC offers a range of financial services to both individuals and businesses. These services encompass leasing, gold loans, term loans, gold investment solutions, as well as savings and deposits. Additionally, their Commercial Division conducts vehicle trade-in services and provides Ezy drive vehicle hiring services.

2. Financial Information

2.1. Five Year Summary of Audited Financial Statements

A summary of statement of profit and loss and other comprehensive income, statement of financial position, statement of cash flow and statement of changes in equity of the company for the financial year ended 31 March 2021 to 31 March 2025, based on the audited financial statements of the company and group are set out in Annexure 1.

Summaries presented for operating results, assets, liabilities and shareholders' fund for financial year ended 31 March 2021 to 31 March 2025 are based on the financial statement prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS), effective from 1 January 2012 in the annual reports of the respective years.

2.2. Audit Reports

We have audited the financial statements of the company and the consolidated financial statements of the group for the year ended 31 March 2025 and 31 March 2024. Previous three years of financial statements for 31 March 2021 to 31 March 2023 were audited by the predecessor auditor Baker Tilly Edirisinghe & Co.

Unqualified audit opinions have been issued for the said financial years by audit reports dated 13 May 2021, 08 June 2022, 27 June 2023, 31 May 2024 and 05 June 2025 respectively.

2.3. Application of Accounting Standards and Accounting Policies

The financial statements of the company and the group for the years ended 31 March 2021 to 31 March 2025 comply with Sri Lanka Accounting Standards (commonly referred as "SLFRS"/"LKAS") laid down by the Institute of Chartered Accountant of Sri Lanka (CA Sri Lanka) and comply with the requirements of Companies Act No 7 of 2007.

The accounting policies and changes in the accounting policies of the company and group are stated in detail in the audited financial statements of the company and group for the years ended 31 March 2021 to 31 March 2025. The adoption of revised/ new accounting standards and a summary of related amendments to the accounting policies of the company and group for the financial years ended 31 March 2021 to 31 March 2025 are set out in Annexure 2.

2.4. Dividends

The company has paid the following dividends in respect of ordinary shares for the year ended 31 March 2021 to 31 March 2025.

Year/Period Ended	Dividend Paid (Rs. Mn)	Dividend Declared Per Share
31 March 2025	579.57	17.20
31 March 2024	283.04	8.40
31 March 2023	168.48	5
31 March 2022	488.59	14.5
31 March 2021	185.33	5.5

2.5. Events after Reporting Date (31 March 2025)

• Final Dividend

The Board of Directors of the Company on 23rd May 2025 declared a final cash dividend of LKR 9.20 per share for the financial year ended 31st March 2025 subject to the approval of the shareholders at the Annual General Meeting. Further Company received the Central Bank approval for the above proposed dividends.

• Proposed Social Bonds Issue

The Board of Directors approved to issue up to Twenty Million (20 Million) social bonds up to an initial issue of LKR up to 2 Billion. The tenor of the instrument will be 4 & 5 years and it is annually couponed. This instrument will be listed in the CSE and rated by Fitch rating. The proceeds of the proposed social bond will be used specifically for financing,

- A. Promoting Micro, Small, and Medium Enterprises (MSMEs) through value chain financing to stimulate economic growth and create employment opportunities. For this objective, the Company will allocate approximately 75% of the funds raised via the Social Bond Issue.


- B. Providing microfinance to marginalized and underserved communities who lack access to traditional financial services, empowering them to improve their livelihoods and financial stability.

For this objective, the Company will allocate approximately 25% of the funds raised via the Social Bond Issue.

2.6. Restriction on Use

This report is made solely for the purpose of the Board of Directors of Alliance Finance Company PLC for the inclusion in the prospectus issued in connection with the proposed issue of social bond of up to Rupees two billion (LKR 2,000,000,000) for up to Twenty Million (20,000,000) social bonds offered for sale. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressee, for our audit work for the year ended 31 March 2025, for the report, or for the opinion we have formed for the financial statements for the year ended 31 March 2025. This report should not be used, circulated, quoted, or otherwise referred to any other purpose.

Yours faithfully,


Deloitte Associates
Chartered Accountants
Colombo

Alliance Finance Company PLC
Statements of Profit or Loss
for the year ended 31st March

	2025	2024	2023	2022	2021
Interest income	14,616,592,608	13,184,634,453	11,946,843,634	7,852,033,338	7,172,427,543
Interest expenses	(6,472,265,408)	(7,297,688,560)	(7,411,342,695)	(2,651,181,039)	(2,912,756,756)
Net Interest Income	8,144,327,200	5,886,945,893	4,535,500,939	5,200,852,299	4,259,670,787
Non-Interest Income	1,056,526,267	741,459,797	473,724,489	845,430,411	627,035,731
Impairment charges for loans and other losses	(233,790,064)	(335,708,297)	(274,638,036)	(102,890,184)	(752,126,049)
Total operating expenses	(4,886,735,629)	(3,944,258,126)	(3,385,497,175)	(3,030,858,742)	(2,532,885,714)
Operating Profit before Taxes on Financial Services	4,080,327,774	2,348,439,267	1,349,090,217	2,912,533,784	1,601,694,755
Operating Profit after Taxes on Financial Services	3,068,062,983	1,679,835,662	929,657,331	2,357,984,428	1,293,823,257
Profit before Taxation from Operations	3,086,968,217	1,697,866,760	950,725,829	2,363,931,198	1,295,952,601
Profit for the year	1,734,833,052	916,879,352	504,923,947	1,463,100,626	560,889,794

Certification

This is the extraction of Audited Financial Statements covering a period of five years

Alliance Finance Co. PLC
84, Ward Place,
Colombo - 07.



Annexure 1 Cont'd

Alliance Finance Company PLC
Statement of Financial Position
as at 31st March

	2025	2024	2023	2022	2021
Assets					
Cash and cash equivalents	1,475,822,024	1,037,507,757	566,946,383	795,260,944	587,405,947
Repurchase agreements	1,834,618,154	962,606,909	250,154,110	250,000,000	400,203,715
Placements with banks & financial institutions	4,905,397,835	3,246,352,935	4,905,611,281	287,925,208	793,564,909
Financial assets recognised through profit or loss	5,271,089,167	3,508,968,758	3,130,690,272	1,502,280,225	1,177,459,993
Loans and advances - at amortised cost	38,342,731,995	23,506,870,064	17,449,867,823	14,797,772,357	6,630,287,692
Lease rentals receivable & stock out on hire - at amortised cost	24,173,323,963	22,597,190,332	21,552,425,839	25,503,747,256	19,978,211,851
Hire purchase rentals receivable & stock out on hire - at amortised cost	-	-	-	-	5,542,117
Financial assets- fair value through other comprehensive income	175,800,654	317,703,694	182,705,621	184,720,884	203,724,802
Other trading stocks	67,495,284	85,653,478	59,653,942	392,525,744	279,566,570
Other financial assets	566,898,746	458,631,541	415,454,128	636,340,449	489,616,233
Other non financial assets	244,625,077	257,537,354	173,787,786	243,886,129	163,285,409
Derivative financial assets	-	-	-	82,923,194	-
Investments in associates	126,502,614	110,332,180	70,906,846	49,838,348	47,756,062
Investments in subsidiaries	18,522,288	16,924,038	16,924,038	16,924,038	16,924,038
Investment property	187,680,000	187,680,000	163,200,000	159,590,100	574,254,000
Property, plant & equipment	3,390,971,504	3,202,649,652	2,595,446,980	2,502,324,245	2,377,684,658
Intangible assets	184,674,891	147,087,856	139,188,404	126,715,431	58,497,170
Right of use asset	463,824,482	356,347,453	365,346,690	397,784,021	193,321,481
Deferred tax assets	135,483,254	174,526,137	209,616,678	209,679,475	144,831,784
Total Assets	81,565,461,932	60,174,570,138	52,247,926,821	48,140,238,048	34,122,138,431
Liabilities					
Due to banks	30,341,711,845	20,310,185,391	22,571,002,700	22,558,061,981	13,214,241,102
Debt Securities Measured at amortised cost	1,012,406,801	-	-	-	-
Due to depositors - at amortised cost	36,524,836,317	28,387,365,249	20,475,847,835	14,681,375,682	12,918,786,478
Debt instruments issued and other borrowed funds	-	-	-	867,759,553	-
Other financial liabilities	1,537,657,682	1,129,788,584	522,582,852	1,670,249,511	883,877,701
Other non financial liabilities	191,818,324	219,237,671	87,430,046	184,106,172	60,188,110
Derivative financial liabilities	-	5,379,033	36,175,016	-	13,545,550
Income tax liabilities	1,370,124,514	928,513,196	708,410,305	865,153,792	646,313,080
Retirement benefit obligations	87,094,962	52,103,008	48,489,232	121,428,671	12,924,029
Deferred tax liabilities	704,224,787	663,298,289	478,434,654	510,728,430	555,848,404
Lease Liability	446,054,836	349,669,731	361,416,001	-	-
Total Liabilities	72,215,930,068	52,045,540,152	45,289,788,641	41,458,863,792	28,305,724,454
Shareholders' Funds					
Stated capital	613,980,000	613,980,000	613,980,000	613,980,000	613,980,000
Retained earnings	5,656,084,950	4,509,940,679	3,761,997,661	3,500,238,368	2,295,549,890
Reserves	3,079,466,914	3,005,109,307	2,582,160,519	2,567,155,888	2,906,884,087
Total Equity Attributable to Equity Holders of the Company	9,349,531,864	8,129,029,986	6,958,138,180	6,681,374,256	5,816,413,977
Total Liabilities and Shareholders' Funds	81,565,461,932	60,174,570,138	52,247,926,821	48,140,238,048	34,122,138,431
Contingent liabilities and commitments	1,507,878,412	820,666,741	857,880,137	38,415,571	261,333,077

Certification

This is the extraction of audited Financial Statements covering a period of five years.

Alliance Finance Co. PLC
84, Ward Place,
Colombo - 07



Annexure 1 Cont'd

Alliance Finance Company PLC
Statements of Changes in Equity
for the year ended 31st March

	2025	2024	2023	2022	2021
Balance as at the beginning of the year	8,129,029,986	6,958,138,180	6,681,374,256	5,816,413,977	4,612,971,306
Profit for the year	1,734,833,052	916,879,352	504,923,947	1,463,100,626	560,889,794
Other comprehensive income, net of tax					
Net actuarial gain on defined benefit plan	(36,984,146)	10,863,466	48,513,307	(86,765,866)	(19,051,824)
Equity investments at FVOCI - net change in fair value	100,607,514	41,220,588	(7,105,330)	(103,157,997)	123,996,645
Net asset adjustment - Associate Company	-	-	-	(3,864,484)	-
Revaluation Surplus	(25,339,998)	370,408,400	-	-	537,608,056
Dividend paid	(552,614,544)	(168,480,000)	(269,568,000)	(404,352,000)	-
Balances as at the end of the year	9,349,531,864	8,129,029,986	6,958,138,180	6,681,374,256	5,816,413,977

Annexure 1 Cont'd

Alliance Finance Company PLC
Statements of Cash Flows
for the year ended 31st March

	2025	2024	2023	2022	2021
Cash Flows From / (Used in) Operating Activities					
Profit before Income Tax Expense	3,086,968,217	1,697,866,760	950,725,829	2,363,931,198	1,295,952,601
Adjustments for:					
Depreciation of property, plant & equipment	201,382,217	158,683,135	150,711,053	116,431,961	123,282,161
Amortization of intangible assets	11,402,112	10,766,544	11,358,550	11,031,096	8,988,531
Interest Expenses of Bank Borrowings	2,575,098,535	2,688,644,843	-	-	-
Interest on debentures	12,406,801	-	-	-	-
Intangible asset write-off	-	-	-	1,014,204	(753,265)
Depreciation adjustment	-	-	-	(10,505,851)	-
Amortization of right of use asset	153,917,919	128,590,164	127,702,817	104,584,448	71,961,239
Interest expense on lease liability	58,736,458	45,325,284	44,022,441	40,649,243	-
Impairment provision / (reversal)	24,288,889	106,846,334	40,334,682	(133,250,305)	279,399,091
Interest on fixed deposits, commercial paper & treasury bills	(301,472,480)	(405,447,590)	(243,766,340)	(67,058,063)	(123,297,343)
Fair value gain on investments (FVTPL)	(57,989,735)	(7,172,338)	-	(275,394)	2,031,684
Fair value gain on investment property	-	(24,480,000)	(3,609,900)	(27,009,600)	(25,254,000)
Bad debt written-off	209,501,175	228,861,963	234,303,354	236,140,489	472,726,958
Diminution/(appreciation) in value of treasury bonds	-	-	2,753,591	(4,043)	4,222,979
Loss/(profit) on disposal of property, plant & equipment	(13,373,265)	(78,391,610)	(12,652,649)	(13,729,654)	(42,278,926)
Loss/(profit) on disposal of investment property	-	-	-	(67,140,000)	-
Loss/(profit) from sale of vehicle	(54,149,174)	(43,035,311)	3,122,258	(111,492,609)	(42,430,107)
Loss/(profit) on disposal of real estates	-	(4,503,313)	(9,105,101)	-	-
Provision for defined benefit plans	75,387,265	59,869,919	64,321,756	43,803,310	31,822,498
Dividend received	(38,436,201)	(12,264,186)	(29,789,738)	(16,809,063)	(6,825,336)
Share of (profit) from associates	(18,905,234)	(18,031,098)	(21,068,498)	(5,946,770)	(2,129,344)
Operating Profit before Working Capital Changes	5,924,763,499	4,532,129,499	1,309,364,105	2,464,364,597	2,047,419,421
(Increase)/decrease in trading stock	55,295,393	21,539,088	53,647,645	(1,043,219,266)	(442,760,279)
(Increase)/decrease in loans and advances	(14,923,408,125)	(6,123,554,884)	(2,602,720,732)	(8,268,070,660)	(772,080,576)
(Increase)/decrease in lease rentals receivable	(1,722,377,501)	(1,313,920,148)	3,627,297,790	(5,531,357,034)	(348,913,589)
(Increase)/decrease in hire purchase rentals receivable	-	-	10,858	5,744,562	(796,750)
(Increase)/decrease in fixed deposits & repurchase agreements	(2,531,056,090)	946,805,547	(4,617,840,183)	655,843,416	72,237,395
(Increase)/decrease in other financial assets	(108,267,205)	(43,177,413)	220,886,321	(143,409,221)	(30,248,360)
(Increase)/decrease in other non financial assets	190,497,580	65,518,509	133,102,711	(222,002,020)	78,542,359
(Increase)/decrease in derivative financial liabilities	(5,379,033)	(30,795,983)	119,098,210	(96,468,744)	(46,290,727)
Increase/(decrease) in amounts due to depositors	8,137,471,068	7,911,517,414	5,794,472,153	1,762,589,204	571,489,629
Increase/(decrease) in other financial liabilities	445,517,745	550,134,179	(830,273,099)	745,722,568	92,173,788
Increase/(decrease) in other non financial liabilities	(27,419,347)	131,807,625	(96,676,127)	142,278,241	48,712,361
Cash generated from/(used in) Operations	(4,564,362,016)	6,648,003,433	3,110,369,652	(9,527,984,357)	1,269,484,672
Retirement benefit liabilities paid	(41,126,797)	(40,736,908)	(27,744,250)	(10,155,107)	(11,433,290)
Investment in gratuity fund	(52,103,008)	-	(40,212,220)	(39,309,174)	(31,486,681)
Taxes paid	(840,044,008)	(504,332,568)	(655,567,767)	(782,917,956)	(243,453,026)
Net cash generated from/(used in) operating activities	(5,497,635,829)	6,102,933,957	2,386,845,415	(10,360,366,594)	983,111,675
Cash Flows from Investing Activities					
Acquisition of property, plant & equipment	(413,182,304)	(305,167,340)	(249,592,489)	(238,188,743)	(116,837,204)
Acquisition of right of use assets	(261,394,948)	(119,590,927)	(17,326,000)	(60,536,000)	6,434,908
Acquisition of Intangible Assets	(48,989,147)	(18,665,996)	(23,831,523)	(80,263,561)	(12,230,194)
Dividends Received From Associate	2,734,800	3,605,764	-	-	-
Investment in associates	-	(25,000,000)	-	-	-
Proceeds from sales of property, plant & equipment	36,851,500	146,828,000	18,411,350	21,352,700	61,048,800
Proceeds from sales of investment property	-	-	-	508,813,500	-
Proceeds from sales of vehicles	17,011,975	-	262,252,000	1,041,752,701	413,012,005
Proceeds from sales of real estates	-	-	22,955,000	-	-
Net sales/ (purchases) of financial investments -FVTPL/FVOCI	(1,461,620,121)	(464,883,633)	(1,636,253,705)	(408,694,873)	424,735,963
Dividend received	36,837,662	12,264,186	29,789,738	16,809,063	6,825,336
Interest on fixed deposits, commercial paper & treasury bills	301,472,480	405,447,590	243,766,340	67,058,063	123,297,343
Net cash generated from / (used in) investing activities	(1,790,278,103)	(365,162,356)	(1,349,829,289)	868,102,850	906,286,957
Cash flows from / (used in) financing activities					
Settlement of operating Lease liabilities	(177,585,303)	(149,268,076)	(140,943,853)	(107,109,688)	(77,981,423)
Loans Obtained	18,078,169,350	35,737,038,776	-	-	-
Loans Repayments	(12,879,727,934)	(38,488,097,576)	-	-	-
Proceeds from Debenture issue	1,000,000,000	-	-	-	-
Increase/(decrease) in borrowed funds	-	-	(867,759,553)	867,759,550	-
Net increase /(decrease) in other borrowings	-	-	(3,140,673,013)	9,087,499,254	(2,045,470,065)
Dividend paid	(552,614,472)	(168,480,000)	(269,568,000)	(404,352,000)	-
Net cash generated from/(used in) financing activities	5,468,241,641	(3,068,806,877)	(4,418,944,419)	9,443,797,116	(2,123,451,488)
Net increase/(decrease) in cash and cash equivalents	(1,819,672,291)	2,668,964,724	(3,381,928,293)	(48,466,628)	(234,052,855)
Cash and cash equivalents at the beginning of the year	(283,171,510)	(2,952,136,234)	429,792,059	478,258,687	712,311,542
Cash and cash equivalents at the end of the year	(2,102,843,801)	(283,171,510)	(2,952,136,234)	429,792,059	478,258,687
Movement in Cash and Cash Equivalent	(1,819,672,291)	2,668,964,724	(3,381,928,293)	(48,466,628)	(234,052,855)

Alliance Finance Company PLC
Key Financial Ratios

	2024-25	2023_24	2022_23	2021_22	2020_21
Debt / Equity Ratio (Times)	7.31	6.03	6.24	5.70	4.49
Interest Cover Ratio (Times)	1.63	1.32	1.18	2.10	1.55
Capital Adequacy - Core Capital Ratio %	11.60	12.07	12.42	11.67	11.38
Capital Adequacy - Total Capital Ratio %	16.06	14.38	16.55	15.07	14.00

Debt/ Equity Ratio = Total Debt / Total Equity

Interest Cover Ratio = Operating Profit before Taxes on Financial Services + Interest Expense / Interest Expense

Alliance Finance Company PLC
Statements of Profit or Loss
for the year ended 31st March

	Group				
	2025	2024	2023	2022	2021
Interest income	14,635,683,861	13,200,296,688	11,959,844,861	7,858,602,585	7,175,165,275
Interest expenses	(6,472,368,820)	(7,286,440,505)	(7,395,214,020)	(2,651,181,039)	(2,912,756,756)
Net Interest Income	8,163,315,041	5,913,856,183	4,564,630,841	5,207,421,546	4,262,408,519
Non-Interest Income	1,196,026,266	863,578,780	565,251,582	918,099,756	688,008,463
Impairment charges for loans and other losses	(233,790,064)	(335,708,297)	(274,638,036)	(102,890,184)	(752,126,049)
Total operating expenses	(4,920,775,163)	(3,969,304,614)	(3,414,689,355)	(3,049,643,599)	(2,550,265,349)
Operating Profit before Taxes on Financial Services	4,204,776,080	2,472,422,052	1,440,555,032	2,972,987,519	1,648,025,584
Operating Profit after Taxes on Financial Services	3,192,511,289	1,803,818,447	1,021,122,146	2,418,438,163	1,340,154,086
Profit before Taxation from Operations	3,211,416,523	1,821,849,545	1,042,190,644	2,424,384,933	1,342,283,430
Profit for the year	1,816,821,505	1,008,561,512	559,449,979	1,510,768,703	596,101,699

Certification

This is the extraction of Audited Financial Statements covering a period of five years

Alliance Finance Co. PLC
84, Ward Place,
Colombo - 07.



Annexure 1 Cont'd

Alliance Finance Company PLC
Statement of Financial Position
as at 31st March

	Group				
	2025	2024	2023	2022	2021
Assets					
Cash and cash equivalents	1,741,401,080	1,136,828,171	624,723,130	898,748,640	637,840,499
Repurchase agreements	1,834,617,974	962,606,909	250,154,110	250,000,000	400,203,715
Placements with banks & financial institutions	4,941,814,722	3,266,942,485	4,919,075,748	287,925,208	793,564,909
Financial assets recognised through profit or loss	5,400,608,853	3,625,924,356	3,130,690,272	1,502,280,225	1,177,459,993
Loans and advances - at amortised cost	38,342,731,995	23,506,870,064	17,449,867,823	14,797,772,357	6,626,972,697
Lease rentals receivable & stock out on hire - at amortised cost	24,173,323,963	22,597,190,332	21,552,425,839	25,503,747,256	19,978,211,851
Hire purchase rentals receivable & stock out on hire - at amortised cost	-	-	-	-	5,542,117
Financial assets- fair value through other comprehensive income	175,800,654	317,703,694	182,705,621	184,720,884	203,724,802
Other trading stocks	67,495,284	85,653,478	59,653,942	392,525,744	279,566,570
Other financial assets	545,171,168	450,152,849	417,933,228	630,656,592	564,090,869
Other non financial assets	252,983,150	265,196,987	174,283,305	244,361,452	163,760,732
Derivative financial assets	-	-	-	82,923,194	-
Investments in associates	138,316,858	128,484,547	97,412,381	83,092,843	96,563,532
Investment property	302,680,000	295,680,000	253,200,000	245,250,516	574,254,000
Property, plant & equipment	3,391,875,272	3,202,950,925	2,596,074,215	2,503,442,359	2,377,956,161
Intangible assets	184,674,890	147,169,590	139,461,804	127,180,497	58,497,170
Right of use asset	463,824,482	356,347,453	365,346,690	397,784,021	193,321,481
Deferred tax assets	137,401,676	175,796,752	210,498,249	210,485,254	145,567,344
Total Assets	82,094,722,021	60,521,498,592	52,423,506,357	48,342,897,042	34,277,098,442
Liabilities					
Due to banks	30,397,669,512	20,310,185,391	22,571,002,700	22,558,061,981	13,214,241,102
Debt Securities Measured at amortised cost	1,012,406,801	-	-	-	-
Due to depositors - at amortised cost	36,523,989,296	28,386,553,614	20,390,703,071	14,681,375,682	12,918,786,478
Debt instruments issued and other borrowed funds	-	-	-	867,759,553	-
Other financial liabilities	1,609,980,121	1,159,602,656	558,574,175	1,704,808,662	899,693,781
Other non financial liabilities	191,818,324	219,237,671	88,295,195	184,106,173	60,188,110
Derivative financial liabilities	-	5,379,033	36,175,016	-	13,545,550
Income tax liabilities	1,388,527,363	938,772,455	722,146,198	869,537,847	649,705,208
Retirement benefit obligations	92,785,154	56,338,393	50,962,873	124,326,196	15,988,862
Deferred tax liabilities	711,624,397	668,778,398	478,434,654	510,728,430	555,855,791
Lease Liability	446,054,836	349,669,731	361,416,001	-	-
Total Liabilities	72,374,855,804	52,094,517,342	45,257,709,883	41,500,704,524	28,328,004,882
Shareholders' Funds					
Stated capital	613,980,000	613,980,000	613,980,000	613,980,000	613,980,000
Retained earnings	5,856,808,525	4,675,362,989	3,870,187,587	3,588,577,822	2,374,274,468
Reserves	3,079,466,914	3,005,109,307	2,582,160,519	2,567,155,888	2,906,884,087
Total Equity Attributable to Equity Holders of the Company	9,550,255,439	8,294,452,296	7,066,328,106	6,769,713,710	5,895,138,555
Non controlling interest	169,610,778	132,528,954	99,468,368	72,478,808	53,955,005
Total Equity	9,719,866,217	8,426,981,250	7,165,796,474	6,842,192,518	5,949,093,560
Total Liabilities and Shareholders' Funds	82,094,722,021	60,521,498,592	52,423,506,357	48,342,897,042	34,277,098,442
Contingent liabilities and commitments	1,507,878,412	820,666,741	857,880,137	38,415,571	261,333,077

Certification

This is the extraction of audited Financial Statements covering a period of five years.

Alliance Finance Co. PLC
 84, Ward Place,
 Colombo - 07



Alliance Finance Company PLC
Statements of Changes in Equity
for the year ended 31st March

	Group				
	2025	2024	2023	2022	2021
Balance as at the beginning of the year	8,426,981,250	7,165,796,474	6,842,192,518	5,949,093,560	4,710,440,961
Profit for the year	1,816,821,505	1,008,561,512	559,449,979	1,510,768,703	596,101,699
Other comprehensive income, net of tax					
Net actuarial gain on defined benefit plan	(37,477,326)	9,474,276	49,843,707	(85,977,920)	(19,053,801)
Equity investments at FVOCI - net change in fair value	100,607,514	41,220,588	(7,105,330)	(103,157,996)	123,996,645
Net asset adjustment - Associate Company		-	-	(20,372,399)	
Revaluation Surplus	(25,339,998)	370,408,400	-	-	537,608,056
Dividend paid	(561,726,728)	(168,480,000)	(278,584,400)	(408,161,429)	-
Balances as at the end of the year	9,719,866,217	8,426,981,250	7,165,796,474	6,842,192,518	5,949,093,560

Annexure 1 Cont'd

Alliance Finance Company PLC
Statements of Cash Flows
for the year ended 31st March

	2025	2024	Group 2023	2022	2021
Cash Flows From / (Used in) Operating Activities					
Profit before Income Tax Expense	3,211,416,523	1,821,849,545	1,042,190,644	2,424,384,932	1,342,283,430
Adjustments for:					
Depreciation of property, plant & equipment	201,687,261	159,178,329	151,201,931	116,816,383	123,387,757
Amortization of intangible assets	11,483,847	10,958,210	11,550,216	11,141,027	8,988,531
Interest Expenses of Bank Borrowings	2,575,098,535	2,688,644,843	-	-	-
Interest on debentures	12,406,801	-	-	-	-
Intangible asset write-off	-	-	-	1,014,204	(753,265)
Depreciation adjustment	-	-	-	(10,505,851)	-
Amortization of right of use asset	153,917,919	128,590,164	127,702,817	104,584,448	71,961,239
Interest expense on lease liability	58,736,458	45,325,284	44,022,441	40,649,243	-
Impairment provision / (reversal)	24,288,888	106,846,334	40,334,682	(133,250,305)	279,399,091
Interest on fixed deposits, commercial paper & treasury bills	(320,563,733)	(421,109,825)	(256,767,567)	(73,627,310)	(126,035,075)
(Profit)/loss on sale of securities	-	-	-	-	-
Fair value gain on investments (FVTPL)	(57,989,735)	(7,172,338)	-	(275,394)	2,031,684
Fair value gain on investment property	(7,000,000)	(42,480,000)	(7,949,484)	(27,009,600)	(25,254,000)
Bad debt written-off	209,501,175	228,861,963	234,303,354	236,140,489	472,726,958
Diminution/(appreciation) in value of investments	-	-	-	-	-
Diminution/(appreciation) in value of treasury bonds	-	-	2,753,591	(4,043)	4,222,979
Loss/(profit) on disposal of property, plant & equipment	(13,373,265)	(78,391,610)	(12,652,649)	(13,729,654)	(42,278,926)
Loss/(profit) on disposal of investment property	-	-	-	(67,140,000)	-
(Profit) from disposal of financial instrument-(Quoted Shares)	-	-	-	(480,302)	-
Loss/(profit) from sale of vehicle	(54,149,174)	(43,035,311)	3,122,258	(111,492,609)	(42,430,107)
Loss/(profit) on disposal of real estates	-	(4,503,313)	(9,105,101)	-	-
Provision for defined benefit plans	76,337,527	60,563,055	65,228,272	44,423,948	32,594,083
Dividend received	(51,000,290)	(19,219,784)	(20,174,158)	(11,610,626)	(6,825,336)
Share of (profit) from associates	(18,905,234)	(18,031,098)	(21,068,498)	(5,946,770)	(2,129,344)
Operating Profit before Working Capital Changes	6,011,893,503	4,616,874,447	1,394,692,749	2,524,082,110	2,091,889,699
(Increase)/decrease in trading stock	55,295,393	21,539,088	53,647,645	(1,043,219,266)	(442,760,279)
(Increase)/decrease in loans and advances	(14,923,408,125)	(6,123,554,884)	(2,602,720,732)	(8,268,070,660)	(772,080,576)
(Increase)/decrease in lease rentals receivable	(1,722,377,501)	(1,313,920,148)	3,627,297,790	(5,531,357,034)	(348,913,589)
(Increase)/decrease in hire purchase rentals receivable	-	-	10,858	5,744,562	(796,750)
(Increase)/decrease in fixed deposits & repurchase agreements	(2,546,883,392)	822,724,866	(4,631,304,650)	655,843,416	72,237,395
(Increase)/decrease in other financial assets	(95,018,319)	(32,219,621)	212,723,365	(150,179,199)	(25,594,154)
(Increase)/decrease in other non financial assets	189,799,140	58,354,394	89,060,073	(222,002,020)	78,542,351
(Increase)/decrease in derivative financial liabilities	(5,379,033)	(30,795,983)	119,098,210	(96,468,744)	(46,290,727)
Increase/(decrease) in amounts due to depositors	8,137,435,683	7,995,850,543	5,709,327,389	1,762,589,204	571,489,629
Increase/(decrease) in other financial liabilities	488,026,112	543,956,927	(784,818,486)	764,465,640	89,339,863
Increase/(decrease) in other non financial liabilities	(27,419,347)	130,942,477	(95,810,979)	142,278,241	48,712,361
Cash generated from/(used in) Operations	(4,438,035,886)	6,689,752,107	3,091,203,232	(9,456,293,750)	1,315,775,224
Retirement benefit liabilities paid	(41,326,797)	(40,736,908)	(27,744,250)	(10,155,107)	(11,433,290)
Investment in gratuity fund	(52,103,008)	-	(40,212,220)	(39,309,174)	(31,486,681)
Taxes paid	(872,877,284)	(535,339,343)	(676,481,543)	(794,789,292)	(254,286,674)
Net cash generated from/(used in) operating activities	(5,404,342,975)	6,113,675,856	2,346,765,218	(10,300,547,323)	1,018,568,579
Cash Flows from Investing Activities					
Acquisition of property, plant & equipment	(414,089,843)	(305,336,572)	(249,592,489)	(239,659,582)	(117,093,104)
Acquisition of right of use assets	(261,394,948)	(119,590,927)	(17,326,000)	(60,536,000)	6,434,908
Acquisition of Intangible Assets	(48,989,147)	(18,665,996)	(23,831,523)	(80,838,558)	(12,230,194)
Dividends Received From Associate	9,072,923	11,958,932	-	-	-
Investment in unquoted equities	-	-	-	(954,940)	-
Investment in associates	-	(25,000,000)	-	-	-
Proceeds from sales of property, plant & equipment	36,851,500	146,828,000	18,411,350	21,352,700	61,048,800
Proceeds from sales of investment property	-	-	-	508,813,500	-
Proceeds from sales of vehicles	17,011,975	-	262,252,000	1,041,752,701	413,012,005
Proceeds from sales of real estates	-	-	22,955,000	-	-
Purchase of equipment relating to the investment property	-	-	-	(1,807,034)	-
Net sales/ (purchases) of financial investments -FVTPL/FVOCI	(1,474,184,209)	(464,883,633)	(1,636,253,705)	(408,214,571)	424,735,963
Dividend received	51,000,290	19,219,784	20,174,158	11,610,626	6,825,336
Interest on fixed deposits, commercial paper & treasury bills	320,563,733	421,109,825	256,767,567	73,627,310	126,035,075
Net cash generated from / (used in) investing activities	(1,764,157,726)	(334,360,587)	(1,346,443,642)	865,146,152	908,768,789
Cash flows from / (used in) financing activities					
Settlement of operating Lease liabilities	(177,585,303)	(149,268,076)	(140,943,853)	(107,109,688)	(77,981,423)
Loans Obtained	18,078,169,350	35,737,038,776	-	-	-
Loans Repayments	(12,879,727,934)	(38,488,097,576)	-	-	-
Proceeds from Debenture issue	1,000,000,000	-	-	-	-
Increase/(decrease) in borrowed funds	-	-	(867,759,553)	867,759,550	-
Net increase / (decrease) in other borrowings	-	-	(3,140,673,013)	9,087,499,254	(2,045,470,066)
Dividend paid	(561,726,728)	(168,480,000)	(278,584,400)	(408,161,429)	-
Net cash generated from/(used in) financing activities	5,459,129,385	(3,068,806,877)	(4,427,960,819)	9,439,987,687	(2,123,451,489)
Net increase/(decrease) in cash and cash equivalents	(1,709,371,316)	2,710,508,391	(3,427,639,242)	4,586,516	(196,114,120)
Cash and cash equivalents at the beginning of the year	(183,851,096)	(2,894,359,487)	533,279,755	528,693,239	724,807,359
Cash and cash equivalents at the end of the year	(1,893,222,412)	(183,851,096)	(2,894,359,487)	533,279,755	528,693,239
Movement in Cash and Cash Equivalent	(1,709,371,316)	2,710,508,391	(3,427,639,242)	4,586,516	(196,114,120)

Alliance Finance Company PLC
Key Financial Ratios

	2024_25	2023_24	2022_23	2021_22	2020_21
Debt / Equity Ratio (Times)	7.16	5.91	6.13	5.63	4.43
Interest Cover Ratio (Times)	1.65	1.34	1.19	2.12	1.57
*Capital Adequacy - Core Capital Ratio %	11.60	12.07	12.42	11.67	11.38
*Capital Adequacy - Total Capital Ratio %	16.06	14.38	16.55	15.07	14.00

Debt/ Equity Ratio = Total Debt / Total Equity

Interest Cover Ratio = Profit before Tax + Depreciation + Amortization + Impairment + Interest Expense / Interest Expense

* Please note that these Capital Adequacy Ratios are based on the company's individual accounts, not on the consolidated accounts

Annexure 2

31 March 2024	<p>Amendments to LKAS 1 Presentation of Financial Statements and SLFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies.</p> <p>The Group also adopted disclosure of accounting policies amendment to LKAS 1 and SLFRS practice statement 2) the amendment did not result in any changes to the accounting policies themselves.</p>
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