EY
Shape the future
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CAY/TP/NW

Board of Directors
Assetline Finance Limited
No.120, 120A
Pannipitiya Road
Battaramulla.

12 September 2025

Accountants' Report
Assetline Finance Limited

Dear Sirs/Mesdames,

Introduction

This report has been prepared for the purpose of the prospectus issued in connection with the initial issue of up to Thirty Million (30,000,000), Listed, Rated, Senior, Unsecured, Redeemable five-year (2025/2030) Debentures ("Debentures") of LKR 100/- each, to raise Sri Lankan Rupees Three Billion (LKR 3,000,000,000/-) with an option to issue up to a further Twenty Million (20,000,000) of the said Debentures in the event of an oversubscription of the initial tranche to raise up to a maximum of Sri Lankan Rupees Five Billion (LKR 5,000,000,000/-) at the discretion of the Company, by Assetline Finance Limited (the "Company").

We have examined the Financial Statements of the Company for the years ended 31 March 2021 to 31 March 2025, and report as follows.

1. Incorporation

Assetline Finance Limited (formally known as Assetline Leasing Company Ltd) is a public limited liability company incorporated and domiciled in Sri Lanka. The Company was incorporated on 4th March 2003 and obtained the trading certificate on 23rd March 2003. The Company was re-registered under the Companies Act No. 07 of 2007. The Company was re-registered as a Licensed Finance Company under the Finance Business Act No: 42 of 2011 and amendments thereto and was issued its License to carry on Finance Business on 29 August 2022. The registered office address of the Company is located at No. 120, 120A, Pannipitiya Road, Battaramulla.

2. Financial Information

2.1 Five-year Summary of Audited Financial Statements

A summary of Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Company for the financial years ended 31 March 2021 to 31 March 2025, based on the audited Financial Statements are set out on Annexure of the Accountants' Report.

(Contd...2/)

2.2 Audited Financial Statements for the Year Ended 31 March 2025

Our audit report on the Financial Statements of the Company for the year ended 31 March 2025 together with such Financial Statements comprising the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows along with the accounting policies and notes thereon are issued on 11 June 2025.

2.3 Audit Reports

We have audited the Financial Statements of the Company for the years ended 31 March 2021, 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025. Unmodified audit opinions have been issued for the said financial years by our reports dated 12 August 2021, 19 August 2022, 23 June 2023, 11 June 2024 and 11 June 2025 respectively.

2.4 Accounting Policies

The Financial Statements of the Company for the years ended 31 March 2021 to 31 March 2025 comply with Sri Lanka Accounting Standards.

The accounting policies of the Company are stated in detail in the audited Financial Statements of the Company for the year ended 31 March 2025.

2.5 Dividends

2.5.1 The Company has paid dividends during the last five years as follows.

Year	Dividend Paid (Rs. '000)	Dividend Per Share (Rs.)
2020/2021	160,750	1.2
2021/2022	5,000,686	37.3
2022/2023	66,979	0.5
2023/2024	Nil	Nil
2024/2025	509,044	3.8

The Company has not paid any dividends for the financial year ended 31 March 2024.

2.6 Events after Reporting Date

There were no material circumstances that have arisen since the reporting date, which require adjustment to or disclosure in the Financial Statements except the following.

Payment of Dividends:

The Board of Directors proposed an interim cash dividend of Rs 3.80 per share for the financial year 2024/25, amounting to a total sum of Sri Lankan Rupees five hundred and nine million forty-four thousand ninety (Rs. 509,044,090). This was payable as at 31 March 2025 due to pending approval from CBSL. Subsequently, upon receiving the approval of CBSL, the dividend was paid in April 2025.

(Contd...3/)

3. Restriction on Use

This report is made solely for the purpose of the Board of Directors of Assetline Finance Limited in usage in the application for the purpose of prospectus issued in connection with the issue of up to Thirty Million (30,000,000), Listed, Rated, Senior, Unsecured, Redeemable five-year (2025/2030) Debentures ("Debentures") of LKR 100/- each, to raise Sri Lankan Rupees Three Billion (LKR 3,000,000,000/-) with an option to issue up to a further Twenty Million (20,000,000) of the said Debentures in the event of an oversubscription of the initial tranche to raise up to a maximum of Sri Lankan Rupees Five Billion (LKR 5,000,000,000/-) at the discretion of the Company.

Yours faithfully,

Ernst & Young

ASSETLINE FINANCE LIMITED
Assetline Finance Limited
Company Reg No. PB 82

September 12, 2025

Mr. Charith Yalagala,
The Partner.

Ernst & Young,
Chartered Accountants,
Rotunda Towers,
No. 109, Galle Road,
Colombo -03.

Dear Mr. Charith,

Request for Accountant's Statement for Inclusion in the Prospectus – Proposed Debenture Issuance.

We write in connection with the proposed debenture issuance of Assetline Finance Limited. The Company intends to issue up to Fifty Million (50,000,000) Listed Rated Unsecured Senior Redeemable Debentures with a par value of Sri Lankan Rupees One Hundred (Rs. 100/-) each, to the public by way of an Initial Public Offering.

In this regard, we kindly request you to provide the Accountant's Statement to be included in the Prospectus, as required under the applicable regulatory framework. Further, we request you to certify the attached latest five-year financial summary extracted from the Audited Financial Statements of the Company as of 31st March of each year.

The annexures provided herewith contain the relevant extracts for your review and certification:

- **Annexure I** – Statement of Financial Position
- **Annexure II** – Statement of Comprehensive Income
- **Annexure III** – Statement of Changes in Equity
- **Annexure IV** – Statement of Cash Flows

We would appreciate your cooperation in completing this exercise at the earliest to enable the timely publication of the Prospectus.

Yours faithfully,

Assetline Finance Limited

Ashan Nissanka
Director & CEO

Rengasamy Rajeshkumar
General Manager – Finance

ERNST & YOUNG
Chartered Accountants
COLOMBO

No. 120, 120 A, Pannipitiya Road, Battaramulla, Sri Lanka. +94 114 700 100 info@assetlinefinance.lk www.assetlinefinance.lk

ASSETLINE FINANCE LIMITED
Statement of Financial Position

Annexure I

Year ended 31 March	2024/25 Rs. Mn	2023/24 Rs. Mn	2022/23 Rs. Mn	2021/22 Rs. Mn	2020/21 Rs. Mn
Assets					
Cash and Cash Equivalents	497	356	251	190	392
Securities Purchased Under Repurchase Agreement	250	-	-	-	-
Deposits with Banks	882	-	175	1,909	1,252
Financial Assets at Amortised cost - Loans and Advances	12,861	5,496	1,426	1,299	2,160
Financial Assets at Amortised cost - Lease Rentals Receivable	29,917	23,713	24,575	28,258	25,855
Financial Assets - Fair Value through Other Comprehensive Income	6,713	6,748	5,233	26	121
Other Financial Assets	131	129	147	132	170
Other Non Financial Assets	104	91	71	26	40
Investment Property	-	107	194	232	301
Property, Plant & Equipment	263	117	103	48	66
Intangible Assets	466	428	433	27	23
Right of Use Assets	204	129	107	109	89
Income Tax Receivable	-	-	106	-	-
Deferred Tax Asset	76	102	777	-	-
Total Assets	**52,364**	**37,416**	**33,598**	**32,256**	**30,469**
Liabilities					
Bank Overdraft	550	296	1,274	1,427	482
Financial Liabilities at Amortized Cost - Due to Depositors	6,227	681	201	-	-
Debt Instruments Issued & Other Borrowed Funds	25,828	20,445	19,792	17,639	14,047
Other Financial Liabilities	2,777	1,253	793	1,163	1,074
Other Non Financial Liabilities	430	245	52	155	73
Income Tax Payable	423	441	-	347	257
Deferred Tax Liability	-	-	-	45	191
Retirement Benefit Obligations	196	160	127	106	90
Total Liabilities	**36,431**	**23,521**	**22,239**	**20,882**	**16,214**
Shareholders' Funds					
Stated Capital	3,550	3,550	3,550	3,550	3,550
Statutory Reserve Fund	1,312	1,176	1,112	1,067	960
Fair Value through Other Comprehensive Income Reserve	1,147	1,340	86	-	3
Revaluation Reserve	31	-	-	-	-
Retained Earnings	9,893	7,829	6,611	6,757	9,742
Total Shareholders' Funds	**15,933**	**13,895**	**11,359**	**11,374**	**14,255**
Total Liabilities and Shareholders' Funds	**52,364**	**37,416**	**33,598**	**32,256**	**30,469**
Net Asset Value Per Share (Rs.)	118.94	103.73	84.79	84.91	106.41
Commitments and Contingent Liabilities (Rs. Mn)	409	409	334	115	79

The above summarized financial information has been extracted from the Audited Financial Statements, and is signed on behalf of the management by:

Director & CEO

ERNST & YOUNG Chartered Accountants COLOMBO

General Manager - Finance

ASSETLINE FINANCE LIMITED

Statement of Cash Flows

Annexure IV

Year ended 31 March	2024/25 *Rs. Mn*	2023/24 *Rs. Mn*	2022/23 *Rs. Mn*	2021/22 *Rs. Mn*	2020/21 *Rs. Mn*
Cash Flows From / (Used in) Operating Activities					
Profit before Income Tax Expense	4,351	2,122	285	3,161	1,893
Adjustments for					
Depreciation of Property Plant & Equipment	44	28	28	34	48
Amortization of Intangible Assets	22	16	12	14	22
Amortization of Right of Used Assets	68	51	56	49	43
Withholding tax attributed to Deposits & Building Rent	-	-	-	-	-
Provision for Gratuity	43	42	33	21	21
(Profit)/Loss on Disposal of Property, Plant & Equipment	(1)	(3)	(1)	-	-
Provision/ Donation of Investment Property	-	-	-	-	-
Change in Fair Value of Investment Property	-	-	-	-	(14)
Impairment Charges and Net Write off on Loans, Lease and Other Losses	151	1,573	857	337	1,358
Interest Expense	2,606	3,258	4,431	1,173	1,487
Deferred Securitisation	-	-	-	-	14
Interest Income from Fixed Deposits	(24)	(16)	-	-	-
Unrealized Exchange Gain/(Loss) on Foreign Currency Transactions	-	-	-	-	-
Dividend Income	-	-	-	-	(1)
Operating Profit before Working Capital Changes	7,260	7,070	5,701	4,789	4,871
(Increase)/Decrease in Lease Rentals Receivables	(6,279)	(784)	2,800	(2,568)	3,208
(Increase)/Decrease in Loans and Advances	(7,440)	(4,002)	(97)	691	(175)
(Increase)/Decrease in Financial Asset - Fair Value through Other Comprehensive Income	(241)	277	(5,084)	92	18
(Increase)/Decrease in Right of Used Assets	(143)	(73)	(55)	(69)	(18)
(Increase)/Decrease in Other Financial Assets	(2)	22	(43)	36	47
(Increase)/Decrease in Other Non Financial Assets	(13)	(21)	(49)	13	20
Increase/(Decrease) in Due to Customers Deposits	5,354	454	201	-	-
Increase/(Decrease) in Other Financial Liabilities	1,091	516	(427)	89	(648)
Increase/(Decrease) in Other Non Financial Liabilities	109	169	(129)	83	9
Cash used in Operations	(303)	3,628	2,818	3,157	7,332
Gratuity Paid	(16)	(17)	(7)	(15)	(8)
Net Payments received for those who transferred in during the period	-	-	-	-	1
Surcharge Tax	-	-	(943)	-	-
Income Tax Paid	(1,556)	(146)	(689)	(1,085)	(843)
Net Cash From/(Used in) Operating Activities	(1,875)	3,465	1,178	2,057	6,482
Cash Flows from / (Used in) Investing Activities					
Deposits with Banks	(869)	150	650	(800)	-
Securities Purchased Under Repurchase Agreement	-	-			
Acquisition of Property, Plant & Equipment and Intangible Assets	(210)	(51)	(463)	(36)	(32)
Improvement Cost in Investment Property	-	-	-	-	-
Proceeds from Disposal of Property, Plant & Equipment	3	3	1	-	-
Proceeds from Disposal of Investment Property	107	87	-	70	-
Acquisition of Investment Property	-	-	-	-	-
Interest Received on Deposits with Banks	23	41			-
Dividend Received	-	-	-	-	1
Net Cash Flows from/(Used in) Investing Activities	(947)	230	188	(766)	(31)
Cash Flows from / (Used in) Financing Activities					
Proceeds From Bank Borrowing	44,588	42,750	36,800	38,170	28,578
Repayment of Bank Borrowing	(40,094)	(40,804)	(34,950)	(31,520)	(26,643)
Proceeds From Foreign Currency Borrowing	889	-	-	-	-
Repayment of Foreign Currency Borrowing	-	-	-	-	-
Proceeds From Commercial Paper	-	-	14,520	3,150	-
Repayment of Commercial Paper	-	(500)	(14,220)	(4,810)	(676)
Proceeds From Inter Company Borrowings	-	6,550	8,795	3,850	1,300
Repayment of Inter Company Borrowings	-	(7,300)	(8,845)	(5,083)	(8,087)
Dividend Paid	-	(57)	-	(5,001)	(161)
Interest Paid on Bank Borrowings	(2,293)	(3,232)	(4,354)	(1,338)	(1,817)
Interest Paid on Foreign Currency Borrowings	(46)	-	-	-	-
Interest Paid on Fixed Deposits	(85)	(20)	(8)	-	-
Net Cash Flows From /(Used in) Financing Activities	2,959	(2,613)	(2,262)	(2,581)	(7,506)
Net Increase/(Decrease) in Cash and Cash Equivalents	137	1,082	(895)	(1,290)	(1,056)
Cash and Cash Equivalents at the Beginning of the Year	60	(1,022)	(127)	1,162	2,218
Cash and Cash Equivalents at the End of the Year	197	60	(1,022)	(127)	1,162

The above summarized financial information has been extracted from the Audited Financial Statements, and is signed on behalf of the management by:

Director & CEO

General Manager - Finance

ERNST & YOUNG Chartered Accountants COLOMBO

ASSETLINE FINANCE LIMITED
Statement of Changes in Equity

Annexure III

Year ended 31 March	Stated Capital *Rs. Mn*	Statutory Reserve Fund *Rs. Mn*	FVOCI Reserve *Rs. Mn*	Revaluation Reserve *Rs. Mn*	Retained Earnings *Rs. Mn*	Total *Rs. Mn*
Balance as at 31 March 2020	**3,550**	**903**	**4**	**-**	**8,800**	**13,257**
Net Profit for the Year	-	-	-	-	1,155	1,155
Other Comprehensive Income net of Tax	-	-	-	-	4	4
Transfer to Statutory Reserve Fund	-	58	-	-	(58)	-
Dividend Paid	-	-	-	-	(161)	(161)
Balance as at 31 March 2021	**3,550**	**960**	**4**	**-**	**9,741**	**14,255**
Net Profit for the Year	-	-	-	-	2,130	2,130
Other Comprehensive Income net of Tax	-	-	(4)	-	(7)	(10)
Transfer to Statutory Reserve	-	107	-	-	(107)	-
Dividend Declared	-	-	-	-	(5,001)	(5,001)
Balance as at 31 March 2022	**3,550**	**1,067**	**-**	**-**	**6,757**	**11,374**
Adjustment for Surcharge Tax Levied Under the Surcharge Tax Act No. 14 of 2022	-	-	-	-	(943)	(943)
Adjusted Balance as at 1st April 2022	**3,550**	**1,067**	**-**	**-**	**5,814**	**10,431**
Net Profit for the Year	-	-	-	-	905	905
Other Comprehensive Income Net of Tax	-	-	86	-	4	90
Transfer to Statutory Reserve Fund	-	45	-	-	(45)	-
Dividend Declared	-	-	-	-	(67)	(67)
Balance as at 31 March 2023	**3,550**	**1,112**	**86**	**-**	**6,611**	**11,359**
Net Profit for the Year	-	-	-	-	1,288	1,288
Other Comprehensive Income net of Tax	-	-	1,254	-	(6)	1,249
Transfer to Statutory Reserve	-	64	-	-	(64)	-
Dividend Declared	-	-	-	-	-	-
Balance as at 31 March 2024	**3,550**	**1,177**	**1,340**	**-**	**7,829**	**13,896**
Net Profit for the Year	-	-	-	-	2,715	2,715
Other Comprehensive Income Net of Tax	-	-	(193)	31	(6)	(168)
Transfer to Statutory Reserve Fund	-	136	-	-	(136)	-
Dividend Declared	-	-	-	-	(509)	(509)
Balance as at 31 March 2025	**3,550**	**1,312**	**1,147**	**31**	**9,893**	**15,933**

The above summarized financial information has been extracted from the Audited Financial Statements, and is signed on behalf of the management by:

....
Director & CEO

....
General Manager - Finance

ERNST & YOUNG
Chartered Accountants
COLOMBO

ASSETLINE FINANCE LIMITED

Statement of Comprehensive Income

Annexure II

Year ended 31 March	2024/25 *Rs. Mn*	2023/24 *Rs. Mn*	2022/23 *Rs. Mn*	2021/22 *Rs. Mn*	2020/21 *Rs. Mn*
Interest Income	11,297	9,938	7,845	7,110	6,671
Interest Expense	(2,606)	(3,258)	(4,431)	(1,173)	(1,500)
Net Interest Income	**8,691**	**6,680**	**3,414**	**5,937**	**5,171**
Other Operating Income	342	412	147	174	190
Total Operating Income	**9,033**	**7,092**	**3,561**	**6,111**	**5,361**
Impairment Charges & Net Write Off	(151)	(1,573)	(857)	(337)	(1,356)
Operating Expenses	(3,321)	(2,679)	(2,148)	(1,967)	(1,707)
Operating Profit	**5,561**	**2,840**	**556**	**3,807**	**2,298**
VAT & SSCL on Financial Services	(1,210)	(718)	(271)	(647)	(405)
Profit Before Income Tax	**4,351**	**2,122**	**285**	**3,160**	**1,893**
Income Tax Expense	(1,637)	(834)	620	(1,030)	(738)
Profit for the Period	**2,714**	**1,288**	**905**	**2,130**	**1,155**
Other Comprehensive Income to be Reclassified to Statement of Profit or Loss in Subsequent Periods					
Gains/(Losses) arising on re-measuring Financial Assets - Fair Value through Other Comprehensive Income	(276)	1,792	123	(4)	(0)
Deferred Tax on Gains/(Losses) arising on re-measuring Financial Assets - Fair Value through Other Comprehensive Income	83	(538)	(37)	-	-
Net Other Comprehensive Income/(Loss) to be Reclassified to Statement of Profit or Loss in Subsequent Periods	**(193)**	**1,254**	**86**	**(4)**	**(0)**
Other Comprehensive Income not to be Reclassified to Statement of Profit or Loss in Subsequent Periods					
Gains/(Losses) arising on Revaluation of Land & Building	44	-	-	-	-
Deferred Tax on Gains/(Losses) arising on Revaluation of Land & Build	(13)	-	-	-	-
Actuarial Gains/(Losses) on Retirement Benefit Obligation	(9)	(8)	5	(9)	6
Deferred Tax on Actuarial Gain/(Loss)	3	3	(2)	2	(1)
Net Other Comprehensive Income/(Loss) not to be Reclassified to Statement of Profit or Loss in Subsequent Periods	**25**	**(6)**	**4**	**(7)**	**4**
Other Comprehensive Income for the Year, net of Tax	**(168)**	**1,249**	**90**	**(10)**	**4**
Total Comprehensive Income for the Year, net of Tax	**2,546**	**2,537**	**995**	**2,120**	**1,159**

The above summarized financial information has been extracted from the Audited Financial Statements, and is signed on behalf of the management by:

Director & CEO

General Manager - Finance

ERNST & YOUNG
Chartered Accountants
COLOMBO