

ASSETLINE FINANCE LIMITED

Financial Statements for the year ended 31 March 2023

Key Financial Data for the Financial Year ended 31st March (Audited)	Current Period From 01.04.2022 to 31.03.2023	As a % of Interest Income	Previous Period From 01.04.2021 to 31.03.2022	As a % of Interest Income
In Rupees Thousands				
Interest Income	7,845,085	100%	7,110,323	100%
Interest Expenses	(4,430,747)	-56%	(1,173,057)	-16%
Net Interest Income	3,414,338	44%	5,937,266	84%
Gains/(losses) from Trading Activities	-	0%	-	0%
Other Income	147,141	2%	174,433	2%
Operating Expenses (excluding impairment)	(2,148,390)	-27%	(1,966,685)	-28%
Impairment	(856,984)	-11%	(337,230)	-5%
Profit/(Loss) Before Tax	556,105	7%	3,807,784	54%
Taxes*	349,052	4%	(1,677,354)	-24%
Profit/(Loss) After Tax	905,157	12%	2,130,430	30%
Other Comprehensive Income	89,524	1%	(10,083)	0%
Total Comprehensive Income	994,681	13%	2,120,347	30%

* Including indirect taxes (such as VAT on Financial Services) and direct taxes (Corporate Income Tax)

Key Financial Data as at 31 March (Audited)	As at 31.03.2023	As a % of Total Assets	As at 31.03.2022	As a % of Total Assets
In Rupees Thousands				
Assets				
Cash and Bank Balance	426,093	1%	2,099,532	6%
Government Securities	5,232,946	15%	25,674	0%
Due from Related Parties	4,363	0%	42,047	0%
Loans (excluding due from related parties)	26,000,289	77%	29,556,637	92%
Investments in Equity	195	0%	195	0%
Investment in Properties and Real Estate	193,800	1%	231,900	1%
Property, Plant, Equipment and Intangible Asset	536,375	2%	75,570	0%
Other Assets	1,204,060	4%	224,514	1%
Total Assets	33,598,121	100%	32,256,069	100%
Liabilities				
Due to Banks	19,805,489	59%	18,057,617	56%
Due to Related Parties	846,793	2%	966,231	3%
Deposits from Customers	201,383	1%	-	0%
Other Borrowings	507,719	1%	204,104	1%
Other Liabilities	878,029	3%	1,653,878	5%
Total Liabilities	22,239,413	66%	20,881,830	65%
Equity				
Stated Capital	3,550,000	11%	3,550,000	11%
Statutory Reserve Fund	1,112,085	3%	1,066,827	3%
Retained Earnings	6,610,752	20%	6,757,496	21%
Other Reserves	85,871	0%	(84)	0%
Total Equity	11,358,708	34%	11,374,239	35%
Total Liabilities & Equity	33,598,121	100%	32,256,069	100%
Net Assets Value Per Share (Rs:)	84.79		84.91	

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

Selected Key Performance Indicators				
Item	As at 31.03.2023		As at 31.03.2022	
Regulatory Capital Adequacy (%)	Actual	Required	Actual	Required
Tier 1 Capital Adequacy Ratio	29.42%	8.50%	27.99%	7.00%
Total Capital Adequacy Ratio	30.37%	12.50%	28.99%	11.00%
Capital Funds to Deposit Liabilities Ratio	5597.71%	10.00%	N/A	10.00%
Quality of Loan Portfolio (%)				
Gross Stage 3 Loans Ratio	23.95%		11.10%	
Net Stage 3 Loans Ratio	15.28%		5.15%	
Net Stage 3 Loans to Core Capital Ratio	40.34%		13.85%	
Stage 3 Impairment Coverage Ratio	42.75%		56.52%	
Total Impairment Coverage Ratio	12.21%		9.24%	
Profitability (%)				
Net Interest Margin	10.86%		19.50%	
Return on Assets	2.75%		6.79%	
Return on Equity	7.96%		16.63%	
Cost to Income Ratio	60.32%		32.18%	
Liquidity (%)				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	246.01%		110.63%	
Liquid Assets to External Funds	24.54%		11.30%	
Memorandum information				
Number of Branches	55		55	
External Credit Rating	Note 1		N/A	

Note 1: The Company is in the process of obtaining the external credit rating upon becoming a LFC.

Certification

We, the undersigned, being the Director & Chief Executive Officer, the Head of Finance and the Head of Compliance of Assetline Finance Limited 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 Licensed Finance Company.

(Sgd)
Ashan Nissanka
Director & Chief Executive Officer
23.06.2023

(Sgd)
Randilu Mendis
Head of Compliance
23.06.2023

(Sgd)
Rengasamy Rajeshkumar
Head of Finance
23.06.2023



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CAY/WDPL/TNH/JJ

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ASSETLINE FINANCE LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Assetline Finance Limited, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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 in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.
- 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 doubt on the Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

23 June 2023
Colombo

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA FCMA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manaratunga FCA, A A J R Perera ACA ACMA, Ms. P V K W Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

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ASSETLINE

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