

Continental Insurance Life Lanka Limited

*Financial Information
for the year ended 31st December 2024*



Hotline 011 2 800 300

Service, redefined.



CORPORATE GOVERNANCE REPORT

1. Introduction

The Board of Directors of Continental Insurance Life Lanka Limited (CILL) is committed to the highest standards of corporate governance, transparency and ethical conduct. CILL believes that effective governance practices are the foundation for sustainable growth and enhanced stakeholder trust. The corporate governance framework is built on the principles of accountability, fairness and transparency in all dealings, ensuring the protection of policy holders, shareholders and employees. This Corporate Governance Report outlines the company's framework and practices that ensure effective oversight, risk management and ethical conduct and regulatory compliance.

2. Board of Directors

2.1 Composition

The Board comprises four directors including two independent non-executive directors complying the requirement of minimum number of independent directors as set out in listing rules.

2.2 Key Responsibilities.

The Board oversees the company's strategic directions, financial integrity, risk management and ensures legal regulatory compliance.

The board meets quarterly to ensure balanced decision making and effective oversight.

3. Sub Committees of the Board

To facilitate effective governance, and in compliance with regulatory requirement, the following committees have been constituted.

3.1 Remuneration Committee

➤ Composition

Of the four directors two are classified as independent non-executive
Chaired by an independent non-executive director

➤ Function

The Remuneration Committee ensures performance linked remuneration to Chief Executive Officer and other members of senior management and makes recommendations to the Board on the Company's policy.

3.2 Audit Committee

➤ Composition

Of the four directors two are classified as independent non-executive
Chaired by an independent non-executive director.

➤ **Function**

The Audit Committee assists to the Board in overseeing the preparation, presentation and adequacy of disclosure in the financial statements and ensures that they are in accordance with Sri Lanka Accounting Standards. It ensures that the internal control and risk management practices within the Company are adequate. It makes recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors.

3.3 Risk Management Committee

➤ **Composition**

Of the four directors two are classified as independent non-executive
Chaired by an independent non-executive director.

➤ **Function**

The purpose of the Risk Management Committee is to oversee the adequacy and efficiency of the risk framework of the company and report periodically to the Board on key risk exposures.

3.4 Investment Committee

➤ **Composition**

Of the three directors two are classified as independent non-executive
Chaired by an independent non-executive director.

➤ **Function**

The Investment Committee is responsible for overseeing the Company's investment strategy, ensuring alignment with financial objectives and risk tolerance. The Committee reviews portfolio performance, evaluates new investment opportunities and provides guidance on asset allocation and risk management to achieve long term financial sustainability.

AUDIT OPINION



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CONTINENTAL INSURANCE LIFE LANKA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Continental Insurance Life Lanka Limited ("the Company"), which comprise the statement of financial position as at 31st December 2024 and the statement of profit or loss, statement of 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 policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2024 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 for professional accountants 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.

Other Information

Management is responsible for the other information. These financial statements does not include the other information.

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 is 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 are 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 us 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.

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.

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.

Further, as required by section 47(2) of the Regulations of Insurance Industry Act, No. 43 of 2000 and its subsequent amendments, as far as appears from our examination, the accounting records of the company have been maintained in the manner required by the rules issued by the Insurance Regulatory Commission of Sri Lanka, so as to clearly indicate the true and fair view of the financial position of the Company.

Kpmg

Chartered Accountants

Colombo, Sri Lanka

24th April 2025

CONTINENTAL INSURANCE LIFE LANKA LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31st December,

	2024 Rs.	2023 Rs.
Assets		
Property, plant and equipment	5,592,544	6,406,799
Work in progress - Intangible asset	7,051,282	5,000,000
Financial investments	786,201,116	464,025,625
Deferred tax assets	732,124	323,167
Reinsurance receivables	79,305,000	41,275,000
Premium receivables	37,085,441	22,407,553
Receivables and other assets	8,863,944	1,495,660
Cash and cash equivalents	31,473,574	246,217,486
Total assets	956,305,025	787,151,290
Equity and liabilities		
Equity		
Stated capital	500,000,000	500,000,000
Retained earnings	104,762,199	97,624,446
Total equity	604,762,199	597,624,446
Liabilities		
Insurance contract liabilities	109,201,444	9,639,176
Retirement benefit obligations	3,167,314	1,421,846
Reinsurance payables	156,557,873	108,646,265
Amounts due to related companies	51,186,476	18,990,986
Income tax payable	7,434,692	36,677,900
Other payables	23,995,027	14,150,671
Total liabilities	351,542,826	189,526,844
Total liabilities and equity	956,305,025	787,151,290

The notes to the financial statements form an integral part of these financial statements.

These Financial Statements are prepared in compliance with the requirement of Companies Act No 07 of 2007.



Thushara Amarasinghe
Chief Financial Officer

The board of directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board;



Chandula Abeywickrema
Director



Chaminda De Silva
Deputy Chairman

24th April 2025
Colombo, Sri Lanka

CONTINENTAL INSURANCE LIFE LANKA LIMITED

STATEMENT OF PROFIT OR LOSS

<i>For the year ended 31st December,</i>	2024	2023
	Rs.	Rs.
Gross written premium	443,135,261	148,326,831
Premiums ceded to reinsurers	(142,528,449)	(112,063,565)
Net written premiums	300,606,812	36,263,266
Other revenue		
Investment income	90,878,516	129,552,652
Other income	32,790	-
Total other revenue	90,911,306	129,552,652
Total net revenue	391,518,118	165,815,918
Net benefit, claims and expenses		
Change in contracts liabilities-life fund	(99,562,268)	(428,313)
Commission	(5,343,189)	(4,409,162)
Net insurance benefits and claims paid	(165,749,143)	(7,500,000)
Other operating, administrative costs and selling expenses	(104,449,999)	(64,127,100)
Total benefits, claims and expenses	(375,104,599)	(76,464,575)
Profit before tax	16,413,519	89,351,343
Income tax expenses	(8,640,895)	(36,061,761)
Profit for the year	7,772,624	53,289,582
Basic and diluted earnings per share	0.16	1.07

The notes to the financial statements form an integral part of these financial statements.

Figures in brackets indicates deductions.

CONTINENTAL INSURANCE LIFE LANKA LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME

<i>For the year ended 31st December,</i>	2024	2023
	Rs.	Rs.
Profit for the year	7,772,624	53,289,582
Other comprehensive income, net of tax		
Items that will never be reclassified to profit or loss		
Actuarial loss on defined benefit plan	(906,958)	(479,100)
Deferred tax impact on actuarial loss on defined benefit plan	272,087	143,730
Total other comprehensive income for the year, net of tax	(634,871)	(335,370)
Total comprehensive income for the year, net of tax	7,137,753	52,954,212

The notes to the financial statements form an integral part of these financial statements.

Figures in brackets indicate deductions.

CONTINENTAL INSURANCE LIFE LANKA LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December,

	Stated capital Rs.	Retained earnings Rs.	Total equity Rs.
Balance as at 1st January 2023	500,000,000	44,670,234	544,670,234
Total comprehensive income for the year			
- Profit for the year	-	53,289,582	53,289,582
- Actuarial loss of defined benefit plan	-	(479,100)	(479,100)
- Tax on other comprehensive income	-	143,730	143,730
Total comprehensive income for the year	-	52,954,212	52,954,212
Balance as at 31st December 2023	500,000,000	97,624,446	597,624,446
Transactions with owners in their capacity as owners:			
Balance as at 1st January 2024	500,000,000	97,624,446	597,624,446
Total comprehensive income for the year			
- Profit for the year	-	7,772,624	7,772,624
- Actuarial loss of defined benefit plan	-	(906,958)	(906,958)
- Tax on other comprehensive income	-	272,087	272,087
Total comprehensive income for the year	-	7,137,753	7,137,753
Balance as at 31st December 2024	500,000,000	104,762,199	604,762,199

The notes to the financial statements form an integral part of these financial statements.

Figures in brackets indicates deductions.

CONTINENTAL INSURANCE LIFE LANKA LIMITED

STATEMENT OF CASH FLOWS

<i>For the year ended 31st December,</i>	2024	2023
	Rs.	Rs.
Cash flows from operating activities		
Profit before tax	16,413,519	89,351,343
<i>Adjustments for:</i>		
Provision for defined benefit plan	838,510	294,794
Depreciation on property, plant and equipment	1,213,019	1,170,923
Changes in insurance contract liabilities	99,562,268	428,313
Interest income from L&R	(76,328,905)	(99,157,509)
Net fair value gain on financial assets at FVTPL	(10,583,144)	(30,015,848)
Net gain on sale of investment at FVTPL	(3,966,467)	(379,295)
	27,148,800	(38,307,279)
 Changes in:		
Increase in receivables and other assets	(10,762,637)	(890,711)
Increase in premium receivables	(14,677,888)	(12,075,750)
Increase in reinsurance receivables	(38,030,000)	(41,275,000)
Decrease/ (increase) in amounts due to related companies	32,195,490	(9,731,865)
Increase in Re-insurance payable	47,911,608	102,122,510
Increase in other payable	9,844,356	12,817,084
Cash flow generated from operating activities	53,629,729	12,658,989
 Taxes paid	(36,677,900)	(23,200,043)
Net cash generated from / (used in) operating activities	16,951,829	(10,541,054)
 Cash flows from investing activities		
Acquisition of property, plant and equipment	(398,765)	(646,600)
Gross investment made	(3,724,802,888)	(1,313,394,554)
Gross maturity proceeds received	2,589,942,965	1,280,166,090
Disposal of investments	900,000,000	50,000,000
Interest income received	3,562,947	17,075,567
Net cash (used in) / generated from investing activities	(231,695,741)	33,200,503
 Net (decrease) / increase in cash and cash equivalents	(214,743,912)	22,659,449
Cash and cash equivalents at the beginning of the year	246,217,486	223,558,037
Cash and cash equivalents at the end of the year	31,473,574	246,217,486

The notes to the financial statements form an integral part of these financial statements.

Figures in brackets indicates deductions.

ACCOUNTING POLICIES

1. CORPORATE INFORMATION

1.1 Reporting Entity

Continental Insurance Life Lanka Limited (“the Company”) is a Limited Liability Company incorporated on 01st November 2021 and domiciled in Sri Lanka. The registered office of the Company is situated at No. 79, C.W.W. Kannangara Mawatha, Colombo 07.

1.2 Principal Activities and Nature of Operations

Continental Insurance Life Lanka Limited is in an insurer to carry-on Long-Term Insurance Business. There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.3 Parent and Ultimate Parent Entity

The Company’s parent entity is Continental Insurance Lanka Limited, which has been incorporated in Sri Lanka. The Company’s ultimate Parent Entity is Melstacorp PLC, which has been incorporated in Sri Lanka.

1.4 Number of Employees

The staff strength of the Company as at 31st December 2024 is 14 (2023 – 11).

2. BASIS OF PREPARATION

2.1 Presentation of Financial Statements

The Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Statement of Recommended Practice (SoRP) and Financial Reporting Guidelines issued by CA Sri Lanka and these SLFRSs and LKASs are available at the website of CA Sri Lanka.

Statement of profit or loss and statement of other comprehensive income providing the information on the financial performance of the Company for the year under review;

A statement of financial position providing the information on the financial position of the Company as at the year end.

A statement of changes in equity depicting all changes in owners’ equity during the year and the business at the year end.

A statement of cash flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and the needs of the entity to utilize those cash flows; and Notes to the financial statements comprising accounting policies and other explanatory information. Details of the Company’s accounting policies, including changes during the year, are included in Note 3.

2.2 Statement of Compliance

Financial Statements of the Company are in compliance with the requirements of the Companies Act No. 07 of 2007, the Regulation of Insurance Industry (RII) Act No. 43 of 2000 and amendments thereto, and rules and regulations of the Insurance Regulatory Commission of Sri Lanka.

The Institute of Chartered Accountants of Sri Lanka (ICASL) has approved the deferment of the effective date of SLFRS 17 – Insurance contracts providing a one-year extension. Thus, the effective date of SLFRS 17 will be the annual reporting period beginning on or after 01st January 2026.

Further, the mandatory provision of SLFRS 09, Financial Instruments which impacts the insurance industry will also be effective as of 01st January 2026, along with the deferment of SLFRS 17.

2.3 Responsibility for Financial Statements

The Board of Directors is responsible for preparation and presentation of these financial statements.

2.4 Approval of Financial Statements

The financial statements for the year ended 31st December 2024 were authorized for issue by the Board of Directors on 24th April 2025.