

Continental Insurance Life Lanka Limited

*Financial Information
for the year ended 31st December 2025*



Hotline 0 112 800 300

Service, redefined.



CORPORATE GOVERNANCE REPORT

1. Introduction

Continental Insurance life Lanka Limited (the Company) is committed to maintaining the highest standards of corporate governance, ethical conduct, transparency and accountability in all its operations. The governance framework is designed to protect the interest of policyholders, shareholders, employees and all stakeholders while ensuring sustainable growth and long term value creation. The Company's governance practices are aligned with applicable insurance regulations, corporate laws and industry best practices.

2. Governance Structure

The corporate governance framework of the Company is structured according to the following key components;

2.1 Board of Directors

2.1.1 Composition

The Board comprises five directors including two independent non-executive directors.

The composition complies with the corporate governance framework as set out in listing rules.

2.1.2 Key Responsibilities.

The Board of Directors is responsible for providing strategic, oversight and effective governance of the Company. The Board ensures that the Company operates in a prudent and financially sound manner while fulfilling its obligations to stakeholders.

2.2 Sub Committees of the Board

To facilitate effective governance and decision making, the Board has established the following committees.

2.2.1. Remuneration Committee

➤ Composition

Three directors and two of them are independent non-executive

Chaired by Mr. Chandula Abeywickrema who is 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 compensation and remuneration policies.

2.2.2 Audit Committee

➤ **Composition**

Three directors and two of them are independent non-executive

Chaired by Mr. Chandula Abeywickrema, who is 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.

2.2.3 Risk management Committee

➤ **Composition**

Three directors and two of them are independent non-executive

Chaired by Mr. Nuwan Hettiarachchi, who is a non-executive director.

➤ **Function**

The purpose of the Risk Management Committee is to review the Company's risk management framework and oversee the adequacy and efficiency of the risk framework, ensuring effective implementation of risk mitigation strategies, maintaining compliance with regulatory capital requirements and report periodically to the Board on key risk exposures.

2.2.4 Investment Committee

➤ **Composition**

Three directors and two of them are independent non-executive

Chaired by Mr. Chandula Abeywickrema, who is 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 in compliance with investment guidelines and regulatory requirements 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 2025 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 2025 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 and we do not express any form of assurance conclusion thereon.

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.

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T.J.S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA

W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF CONTINENTAL INSURANCE LIFE LANKA LIMITED (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

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.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF CONTINENTAL INSURANCE LIFE LANKA LIMITED (CONTINUED)

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.

Chartered Accountants
Colombo, Sri Lanka
30th April 2026

CONTINENTAL INSURANCE LIFE LANKA LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31st December,

	2025	2024
	Rs.	Rs.
Assets		
Plant and equipment	4,350,667	5,592,544
Work in progress - Intangible asset	11,608,974	7,051,282
Financial investments	703,908,640	786,201,116
Deferred tax assets	1,592,905	732,124
Reinsurance receivables	117,478,000	79,305,000
Premium receivables	34,490,272	37,085,441
Receivables and prepayments	9,158,687	8,863,944
Cash and cash equivalents	16,547,236	31,473,574
Total assets	899,135,381	956,305,025
Equity and liabilities		
Equity		
Stated capital	500,000,000	500,000,000
Retained earnings	112,907,176	104,762,199
Total equity	612,907,176	604,762,199
Liabilities		
Insurance contract liabilities	94,702,523	109,201,444
Retirement benefit obligations	6,390,003	3,167,314
Reinsurance payables	81,866,501	156,557,873
Amounts due to related companies	34,636,091	51,186,476
Income tax payable	6,236,323	7,434,692
Payables	62,396,764	23,995,027
Total liabilities	286,228,205	351,542,826
Total liabilities and equity	899,135,381	956,305,025


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.



.....
Diluka Rajapaksha
General Manager – Finance

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
Chairman



.....
Thomas Frank Datwyler
Director

30th April 2026, Colombo

CONTINENTAL INSURANCE LIFE LANKA LIMITED
STATEMENT OF PROFIT OR LOSS

For the year ended 31st December,

	2025 Rs.	2024 Rs.
Gross written premium	462,622,107	443,135,261
Premiums ceded to reinsurers	(158,193,060)	(142,528,449)
Net written premiums	304,429,047	300,606,812
Other revenue		
Investment income	88,744,017	90,878,516
Other income	35,427	32,790
Total other revenue	88,779,444	90,911,306
Total net revenue	393,208,491	391,518,118
Net benefit, claims and expenses		
Change in contracts liabilities-life fund	14,498,921	(99,562,268)
Net commission	20,635,401	(5,343,189)
Net insurance benefits and claims paid	(213,477,578)	(157,267,861)
Net changes in claim liabilities	(17,226,395)	(8,481,282)
Other operating, administrative costs and selling expenses	(179,846,218)	(104,449,999)
Total benefits, claims and expenses	(375,415,869)	(375,104,599)
Profit before tax	17,792,622	16,413,519
Income tax expenses	(8,321,399)	(8,640,895)
Profit for the year	9,471,223	7,772,623
Basic and diluted earnings per share	0.19	0.16

*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

For the year ended 31st December,

	2025	2024
	Rs.	Rs.
Profit for the year	9,471,223	7,772,623
Other comprehensive income, net of tax		
Items that will never be reclassified to profit or loss		
Actuarial loss on defined benefit plan	(1,894,637)	(906,958)
Deferred tax impact on actuarial loss on defined benefit plan	568,391	272,087
Total other comprehensive income for the year, net of tax	(1,326,246)	(634,871)
Total comprehensive income for the year, net of tax	8,144,977	7,137,752

*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 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
Balance as at 1st January 2025	500,000,000	104,762,199	604,762,199
Total comprehensive income for the year			
- Profit for the year	-	9,471,223	9,471,223
- Actuarial loss of defined benefit plan	-	(1,894,637)	(1,894,637)
- Tax on other comprehensive income	-	568,391	568,391
Total comprehensive income for the year	-	8,144,977	8,144,977
Balance as at 31st December 2025	500,000,000	112,907,176	612,907,176

*The notes form an integral part of these financial statements.
 Figures in brackets indicate deductions.*

CONTINENTAL INSURANCE LIFE LANKA LIMITED
STATEMENT OF CASH FLOWS

For the year ended 31st December,

	2025	2024
	Rs.	Rs.
Cash flows from operating activities		
Profit before tax	17,792,622	16,413,519
<i>Adjustments for:</i>		
Provision for defined benefit plan	1,328,053	838,510
Depreciation on property, plant and equipment	1,241,877	1,213,019
Changes in insurance contract liabilities	(14,498,921)	99,562,268
Interest income from L&R	(84,705,295)	(76,328,905)
Net fair value gain on financial assets at FVTPL	(3,197,638)	(10,583,144)
Net gain on sale of investment at FVTPL	(841,084)	(3,966,467)
	(82,880,386)	27,148,800
Changes in:		
Increase in receivables and other assets	(7,230,049)	(10,762,637)
Increase in premium receivables	2,595,168	(14,677,888)
Increase in reinsurance receivables	(38,173,000)	(38,030,000)
(Decrease)/ increase in amounts due to related companies	(16,550,385)	32,195,490
(Decrease)/ increase in Re-insurance payable	(74,691,372)	47,911,608
Increase in other payable	38,401,738	9,844,356
Cash flow (used in)/ generated from operating activities	(178,528,286)	53,629,729
Taxes paid	(7,434,544)	(36,677,900)
Net cash (used in)/ generated from operating activities	(185,962,830)	16,951,829
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(398,765)
Gross investment made	(1,442,843,757)	(3,724,802,888)
Gross maturity proceeds received	1,399,754,237	2,589,942,965
Disposal of investments	213,000,000	900,000,000
Interest income received	1,126,012	3,562,947
Net cash generated from/(used in) investing activities	171,036,492	(231,695,741)
Net (decrease) in cash and cash equivalents	(14,926,338)	(214,743,912)
Cash and cash equivalents at the beginning of the year	31,473,574	246,217,486
Cash and cash equivalents at the end of the year	16,547,236	31,473,574

*The notes to the financial statements form an integral part of these financial statements.
Figures in brackets indicates deductions.*

CONTINENTAL INSURANCE LIFE LANKA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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 2025 is 20 (2024– 14).

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 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), Practices (SoRP) and Financial Reporting Guidelines issued by CA Sri Lanka and these SLFRSs and LKASs are available at the website of CA Sri Lanka.

Income statement and statement of profit or loss and 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.

2.1.2 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.

CONTINENTAL INSURANCE LIFE LANKA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Statement of Compliance (Continued)

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 January 01, 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 2025 were authorized for issue by the Board of Directors on 30th April 2026.