

# Independent Auditor's Report



Chairman  
Sri Lanka Insurance Corporation Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Insurance Corporation Limited for the year ended 31 December 2024 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

## I. Financial Statements

### I.1 Opinion

The audit of the financial statements of the Sri Lanka Insurance Corporation Limited (the "Company") and the Consolidated Financial Statements of the Company and its Subsidiaries (the "Group") for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of profit or loss and 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 policy information as set out on pages 09 to 120, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit, I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and Group as at 31 December 2024, and

of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### I.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter

#### Company and Group

I draw attention to Note 46 to the Financial Statements which describes the status of segregation process of the Company to segregate the long-term and general insurance businesses into two separate legal entities as per Section 53 of Regulation of Insurance Industry (Amendment) Act No. 03 of 2011 and the status of the administrative process in respect of Section 30 of Regulation of Insurance Industry Act No. 43 of 2000 as amended, and the employees transfers from Management Services Rakshana (Pvt) Limited to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation





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General Limited, with the implementation of segregation of Sri Lanka Insurance Corporation Limited and the resultant impact to operations of Management Services Rakshana (Pvt) Limited. My opinion is not modified in respect of this matter.

### **1.3 Other Information included in the Company's 2024 Annual Report**

The other information comprises the information included in the 2024 Annual Report but does not include the Financial Statements and my Auditor's Report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the Financial Statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the Financial Statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Annual Report, If I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

### **1.4 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 determine 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company and Group is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable the annual and periodic financial statements to be prepared of the Company and Group.

### **1.5 Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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.



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As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 internal controls of the Company and Group.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- conclude on the appropriateness of the 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 Group's ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the

audit evidence obtained up to the date of my Auditor's Report. However, future events or conditions may cause the Company and Group 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. I am responsible for the direction, supervision and performance of the Group's audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during our audit.

## 2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act No. 19 of 2018 and Companies Act No. 07 of 2007 include specific provisions for the following requirements.

2.1.1 I have obtained all the information and explanation that were required for the audit and as far as it appears from my examination, proper accounting records have been kept by the Company as per the requirement of Section 163 (2) of the Companies Act No. 07 of 2007 and Section 12 (a) of the National Audit Act No. 19 of 2018.



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2.1.2 The Financial Statements of the Company comply with the requirement of Section 151 and 153 of the Companies Act No. 07 of 2007.

2.1.3 The Financial Statements presented is consistent with the preceding year as per the requirements of Sections 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018.

**G H D Darmapala**  
Auditor General (Acting)

2.1.4 The Financial Statements presented include all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained which were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of Section 12 (d) of the National Audit Act No. 19 of 2018.

2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of Section 12 (f) of the National Audit Act No. 19 of 2018.

2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of Section 12 (g) of the National Audit Act No. 19 of 2018.

2.2.4 to state that the resources of the Company had not been procured and utilised economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of Section 12 (h) of the National Audit Act No. 19 of 2018.





# Statement of Financial Position

		Group		Company	
As at 31st December	Notes	2024	2023	2024	2023
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Assets					
Financial investments	5	316,397,047	258,084,996	45,242,308	251,108,987
Investment in subsidiaries	6	-	-	39,924,534	23,823,892
Investment in associates	7	198,673	198,673	198,673	198,673
Property, plant and equipment	8	41,916,840	74,808,439	215,202	12,644,259
Right-of-use assets	9	1,256,637	1,149,793	-	501,037
Investment properties	10	3,759,812	3,321,320	17,965,274	2,362,320
Intangible assets	11	3,256,775	3,188,957	-	116,025
Loans to policyholders	12	2,288,853	2,095,884	-	2,095,884
Reinsurance receivable	13	3,260,696	1,868,737	-	1,868,737
Premium receivable	14	5,933,582	6,290,934	-	6,290,934
Deferred tax assets	15	254,677	403	-	-
Other assets	16	22,613,923	19,221,424	10,975,040	5,113,477
Deferred expenses	17	732,566	620,872	-	620,872
Cash and cash equivalents	18	33,130,712	18,520,139	555,913	5,885,171
Total assets		435,000,793	389,370,571	115,076,944	312,630,268
Liabilities and shareholders' equity					
Equity					
Stated capital	19	6,000,000	6,000,000	6,000,000	6,000,000
Regulatory restricted reserves		98,237	98,237	-	98,237
Revaluation reserve	20	24,894,015	22,828,004	10,428,987	8,410,899
Available for sale reserve	21	25,185,469	9,578,134	21,037,732	9,578,134
Revenue reserves	22	91,161,343	84,203,128	70,206,962	67,691,963
Total equity attributable to equity holders of the Company		147,339,064	122,707,503	107,673,681	91,779,233
Non-controlling interest	6.4	7,422,979	13,233,465	-	-
Total equity		154,762,043	135,940,968	107,673,681	91,779,233

		Group		Company	
As at 31st December	Notes	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Liabilities					
Insurance contract liabilities - life	23	216,783,321	183,784,492	-	183,784,492
Insurance contract liabilities - non-life	24	20,441,265	20,496,192	-	20,496,192
Reinsurance payable		3,239,796	1,183,597	-	1,183,597
Current tax liabilities	25	2,539,500	3,010,059	907,421	2,114,571
Deferred tax liabilities	15	9,557,363	7,942,524	4,450,847	3,923,071
Lease liabilities	9	1,021,591	847,561	547,991	567,226
Retirement benefits obligation	26	3,023,881	2,473,643	-	1,738,388
Other liabilities	27	22,708,944	27,846,688	1,497,004	6,597,465
Financial liabilities	28	923,089	5,844,847	-	446,033
Total liabilities		280,238,750	253,429,603	7,403,263	220,851,035
Total liabilities and equity		435,000,793	389,370,571	115,076,944	312,630,268

The accounting policies and notes on pages 44 to 131 form an integral part of these Financial Statements.

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



**Sriyani Kulasinghe**  
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors;



**Nusith Kumarathunga**  
Chairman



**R.P. Buultjens**  
Director

Colombo  
02 June 2025

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December	Note	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Revenue</b>	<b>29</b>	<b>182,086,157</b>	170,784,832	<b>10,913,916</b>	64,193,766
<b>Gross written premium</b>	<b>30</b>	<b>51,264,470</b>	43,320,585	<b>3,589,653</b>	44,224,745
Change in reserve for gross unearned premium	31.2	557,953	(466,762)	137,078	(466,762)
<b>Gross earned premium</b>		<b>51,822,423</b>	42,853,823	<b>3,726,731</b>	43,757,983
Premium ceded to reinsurers	31.3	(8,280,428)	(6,374,682)	(319,941)	(6,374,682)
Change in reserve for unearned reinsurance premium	31.4	(567,272)	(520,935)	(134,991)	(520,935)
<b>Net earned premium</b>	<b>31</b>	<b>42,974,723</b>	35,958,206	<b>3,271,799</b>	36,862,366
Revenue from other operations	30.1	104,399,831	103,215,334	-	-
		<b>147,374,554</b>	139,173,540	<b>3,271,799</b>	36,862,366
<b>Other income</b>					
Investment income	32	36,365,220	29,490,139	6,313,117	28,443,595
Fees and commission income	33	75,965	57,571	238	57,571
Net realised /unrealised gains	34	(26,054)	(829,217)	(137,891)	(2,587,778)
Other (expenses) / income	35	(1,703,528)	2,892,799	1,466,653	1,418,012
		<b>34,711,603</b>	31,611,292	<b>7,642,117</b>	27,331,400
<b>Revenue</b>		<b>182,086,157</b>	170,784,832	<b>10,913,916</b>	64,193,766
<b>Benefits, losses and expenses</b>					
Net benefits and claims	36	(23,498,359)	(21,778,074)	(2,005,398)	(21,778,074)
Underwriting and net acquisition costs	37	(3,821,575)	(3,501,658)	(339,855)	(3,501,658)
Change in contract liabilities - Life fund		(26,409,382)	(18,289,725)	(1,834,641)	(18,289,725)
Other operating and administrative expenses		(23,875,946)	(20,450,203)	(3,187,920)	(9,920,496)
Cost of services of subsidiaries		(90,428,617)	(86,806,657)	-	-
<b>Net benefits, losses and expenses</b>		<b>(168,033,879)</b>	(150,826,317)	<b>(7,367,814)</b>	(53,489,953)
<b>Profit before tax</b>	<b>38</b>	<b>14,052,278</b>	19,958,515	<b>3,546,102</b>	10,703,813
Income tax expense	39	(4,964,899)	(6,203,340)	89,537	(2,925,242)
<b>Net Profit for the year</b>		<b>9,087,379</b>	13,755,175	<b>3,635,639</b>	7,778,571

		Group		Company	
For the year ended 31 December	Note	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Other comprehensive income					
Items that will not be re-classified to profit or loss					
Gain/(loss) on revaluation of property, plant and equipment		2,965,656	9,432	3,035,403	-
Gain/(loss) on revaluation of ROU assets		347,173	-	-	-
Deferred tax effects on revaluation of reserve on property, plant, and equipment and ROU assets	39.2	(726,046)	45,167	(518,870)	45,167
Actuarial gains/(losses) on retirement benefits obligation	26	(336,622)	(110,935)	110,698	6,665
Deferred tax effect on actuarial gains/(losses)	39.2	69,591	89,446	(20,803)	60,400
Items that are or may be reclassified subsequently to profit or loss					
Net change in fair value of available for sale financial assets		26,644,317	15,801,903	11,257,109	15,801,903
Deferred tax effect on fair value of available for sale reserve	39.2	(278,179)	(115,602)	(110,802)	(115,602)
Other comprehensive income for the year, net of tax		28,685,890	15,719,411	13,752,735	15,798,533
Total comprehensive income for the year		37,773,269	29,474,586	17,388,374	23,577,104
Profit for the year attributable to:					
Equity holders of the Company		8,466,020	13,064,845	3,635,639	7,778,571
Non-controlling interest		621,359	690,330	-	-
Net profit for the year		9,087,379	13,755,175	3,635,639	7,778,571
Total comprehensive income attributable to:					
Equity holders of the Company		37,189,627	28,811,607	17,388,374	23,577,104
Non-controlling interest		583,642	662,979	-	-
Total comprehensive income for the year		37,773,269	29,474,586	17,388,374	23,577,104
Basic/diluted earnings per share (Rs.)	40	14.12	21.79	6.06	12.97
Dividend per share (Rs.)	41	2.12	3.79	2.12	3.79

Figures in brackets indicate deductions.

The accounting policies and notes on pages 44 to 131 form an integral part of these Financial Statements.

**Colombo**  
**02 June 2025**



# Statement of Changes in Equity

FOR THE YEAR ENDED 31ST DECEMBER 2023

Group	Stated Capital	Revaluation Reserve	General Reserve	Available-For-Sale Reserve	
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	
<b>Balance as at 01st January 2023</b>	6,000,000	22,972,908	643,442	(246,970)	
Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022	-	-	-	-	
<b>Adjusted balance as at 01st January 2023</b>	6,000,000	22,972,908	643,442	(246,970)	
<b>Total Comprehensive Income for the year</b>					
Profit for the year	-	-	-	-	
Other comprehensive income, net of tax	-	54,599	-	15,686,301	
<b>Total comprehensive income for the year</b>	-	54,599	-	15,686,301	
Depreciation transfer on surplus on revaluation of building	-	(101,735)	-	-	
Transfer to revaluation reserve	-	(76,975)	-	-	
<b>Transaction with owners of the Company recorded directly in equity</b>					
Surplus attributable to shareholders from life insurance	-	-	-	-	
Dividend paid	-	-	-	-	
Realisation of Revaluation Reserve on Land Disposal	-	(20,793)	-	-	
Share Buyback	-	-	-	-	
ROU Asset Depreciation Transfer	-	-	-	-	
Transferred AFS Reserves - Life Fund	-	-	-	(5,861,197)	
<b>Balance as at 31st December 2023</b>	6,000,000	22,828,004	643,442	9,578,134	

	Unrestricted Reserve	Regulatory Restricted Reserves	Surplus from Life Insurance	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
	466,179	98,237	20,708,853	51,754,512	102,397,161	12,897,579	115,294,740
	-	-	-	(334,236)	(334,236)	-	(334,236)
	466,179	98,237	20,708,853	51,420,276	102,062,925	12,897,579	114,960,504
	-	-	-	13,064,845	13,064,845	690,330	13,755,175
	-	-	-	5,863	15,746,763	(27,352)	15,719,411
	-	-	-	13,070,708	28,811,608	662,978	29,474,586
	-	-	-	101,735	-	-	-
	-	-	-	-	(76,975)	-	(76,975)
	-	-	3,444,484	(3,444,484)	-	-	-
	-	-	-	(2,272,841)	(2,272,841)	(327,092)	(2,599,933)
	-	-	-	20,793	-	-	-
	-	-	-	(33,424)	(33,424)	-	(33,424)
	-	-	-	77,407	77,407	-	77,407
	-	-	-	-	(5,861,197)	-	(5,861,197)
	466,179	98,237	24,153,337	58,940,170	122,707,503	13,233,465	135,940,968

## Statement of Changes in Equity

FOR THE YEAR ENDED 31ST DECEMBER 2024

Group	Stated Capital	Revaluation Reserve	General Reserve	Available For Sale Reserve	
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	
<b>Balance as at 01st January 2024</b>	6,000,000	22,828,004	643,442	9,578,134	
Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022	-	-	-	-	
<b>Adjusted balance as at 01st January 2024</b>	6,000,000	22,828,004	643,442	9,578,134	
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	-	
Other comprehensive income, net of tax	-	2,596,258	-	26,366,138	
<b>Total comprehensive income for the year</b>	-	2,596,258	-	26,366,138	
Transfer to Revaluation Reserve	-	-	-	-	
Depreciation transfer on surplus on revaluation of building	-	(31,802)	-	-	
Transferred AFS Reserves - Life Fund	-	-	-	(10,758,803)	
<b>Transaction with Owners of the Company recorded directly in equity</b>					
Transfer of Current Account balance to Gratuity Valuation Reserve	-	-	-	-	
Reliasation of the the revaluation reserve at the time of transferring assets to the Subsidiaries of SLICLL and SLCIGL	-	(498,445)	-	-	
Adjustment Crop Levy expense	-	-	-	-	
Prior year adjustment	-	-	-	-	
Disposal of subsidiary	-	-	-	-	
Surplus Attributable to Shareholders from Life Insurance	-	-	-	-	
Dividend paid	-	-	-	-	
<b>Balance as at 31st December 2024</b>	6,000,000	24,894,015	643,442	25,185,469	

Figures in brackets indicate deductions.

The accounting policies and notes on pages 44 to 131 form an integral part of these Financial Statements.

Colombo  
02 June 2025

	Unrestricted Reserve	Regulatory Restricted Reserves	Surplus from Life Insurance	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
	466,179	98,237	24,153,337	58,940,170	122,707,503	13,233,465	135,940,968
	-	-	-	(327,826)	(327,826)	-	(327,826)
	466,179	98,237	24,153,337	58,612,344	122,379,677	13,233,465	135,613,142
	-	-	-	8,466,020	8,466,020	621,359	9,087,379
	-	-	-	(238,789)	28,723,607	(37,717)	28,685,890
	-	-	-	8,227,231	37,189,627	583,642	37,773,269
	-	-	-	(459,652)	(459,652)	-	(459,652)
	-	-	-	31,802	-	-	-
	-	-	-	-	(10,758,803)	-	(10,758,803)
	-	-	-	37,589	37,589	-	37,589
	-	-	-	498,445	-	-	-
	-	-	-	21,940	21,940	-	21,940
	-	-	-	199,954	199,954	-	199,954
	-	-	-	-	-	(6,393,646)	(6,393,646)
	-	-	2,594,805	(2,594,805)	-	-	-
	-	-	-	(1,271,268)	(1,271,268)	(482)	(1,271,750)
	466,179	98,237	26,748,142	63,303,581	147,339,064	7,422,979	154,762,043

# Statement of Changes in Equity

FOR THE YEAR ENDED 31ST DECEMBER 2024

Company	Stated Capital	Revaluation Reserve	General Reserve	
	Rs. 000'	Rs. 000'	Rs. 000'	
<b>Balance as at 01st January 2023</b>	6,000,000	8,516,289	643,442	
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	-	
Other comprehensive income, net of tax	-	45,167	-	
<b>Total comprehensive income for the year</b>	-	<b>45,167</b>	-	
Depreciation transfer on surplus on revaluation of building	-	(73,581)	-	
Transfer to Revaluation Reserve	-	(76,975)	-	
<b>Transaction with owners of the Company recorded directly in equity</b>				
Surplus attributable to shareholders from life insurance	-	-	-	
Dividend paid	-	-	-	
Transferred AFS Reserves - Life fund	-	-	-	
Share Buy back	-	-	-	
<b>Balance as at 31st December 2023</b>	<b>6,000,000</b>	<b>8,410,899</b>	<b>643,442</b>	
<b>Balance as at 01st January 2024</b>	<b>6,000,000</b>	<b>8,410,899</b>	<b>643,442</b>	
<b>Total comprehensive income for the Year</b>				
Profit for the year	-	-	-	
Other comprehensive income, net of tax	-	2,516,533	-	
<b>Total Comprehensive Income for the Year</b>	-	<b>2,516,533</b>	-	
Realisation of the the revaluation reserve at the time of transferring assets to the Life and General subsidiaries	-	(498,445)	-	
Transfer to Revaluation Reserve	-	-	-	
Transferred AFS Reserves - Life Fund	-	-	-	
<b>Transaction with Owners of the Company recorded directly in equity</b>				
Surplus Attributable to Shareholders from Life Insurance	-	-	-	
Dividend paid	-	-	-	
Transfer due to seggregation	-	-	-	
Adjustment Crop Levy expense	-	-	-	
<b>Balance as at 31st December 2024</b>	<b>6,000,000</b>	<b>10,428,987</b>	<b>643,442</b>	

Figures in brackets indicate deductions.

The accounting policies and notes on pages 44 to 131 form an integral part of these Financial Statements.

Colombo  
02 June 2025



	Available-For-Sale Reserve	Unrestricted Reserve	Regulatory Restricted Reserves	Surplus from Life Insurance	Retained Earnings	Total Equity
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
	(246,970)	466,179	98,237	20,708,853	40,260,537	76,446,567
	-	-	-	-	7,778,571	7,778,571
	15,686,301	-	-	-	67,065	15,798,533
	<b>15,686,301</b>	-	-	-	<b>7,845,636</b>	<b>23,577,104</b>
	-	-	-	-	73,581	-
	-	-	-	-	-	(76,975)
	-	-	-	3,444,484	(3,444,484)	-
	-	-	-	-	(2,272,841)	(2,272,841)
	(5,861,197)	-	-	-	-	(5,861,197)
	-	-	-	-	(33,424)	(33,424)
	<b>9,578,134</b>	<b>466,179</b>	<b>98,237</b>	<b>24,153,337</b>	<b>42,429,005</b>	<b>91,779,233</b>
	<b>9,578,134</b>	<b>466,179</b>	<b>98,237</b>	<b>24,153,337</b>	<b>42,429,005</b>	<b>91,779,233</b>
	-	-	-	-	3,635,639	3,635,639
	11,146,307	-	-	-	89,895	13,752,735
	<b>11,146,307</b>	-	-	-	<b>3,725,534</b>	<b>17,388,374</b>
	-	-	-	-	498,445	-
	-	-	-	-	(459,652)	(459,652)
	313,291	-	-	-	-	313,291
	-	-	-	(47,044)	47,044	-
	-	-	-	-	(1,271,268)	(1,271,268)
	-	-	(98,237)	-	-	(98,237)
	-	-	-	-	21,940	21,940
	<b>21,037,732</b>	<b>466,179</b>	-	<b>24,106,293</b>	<b>44,991,048</b>	<b>107,673,681</b>

# Statement of Cash Flows

		Group		Company	
For the year ended 31st December	Note	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Cash flows from operating activities					
Premium received from customers		51,621,821	43,640,446	4,735,089	44,544,606
Reinsurance premium paid		(6,734,235)	(7,035,449)	(204,214)	(7,035,449)
Insurance claims and benefits paid		(24,676,386)	(24,142,984)	(1,946,707)	(24,142,984)
Reinsurance receipts in respect of claims and benefits		1,701,529	2,605,366	117,754	2,605,366
Cash received from debtors		106,830,718	91,895,232	269,521	1,303,913
Cash received / (paid) on cylinder deposits		62,891	72,257	-	-
Cash paid to and on behalf of employees		(12,307,379)	(9,349,755)	-	(7,135,343)
Advance paid for suppliers		(672,903)	-	-	-
Interest received		19,284,208	23,967,659	4,151,638	21,983,657
Dividend received		1,093,356	479,503	1,683,574	2,055,272
Other operating cash payments		(98,338,358)	(80,751,888)	(3,084,201)	(7,746,781)
Cash flows from operating activities	A	37,865,262	41,380,387	5,722,454	26,432,257
Retiring gratuity paid	26	(226,243)	(201,139)	(9,239)	(110,165)
Interest expense paid		(431,172)	475,192	-	-
Income tax paid	25	(5,008,699)	(3,465,110)	(1,740,793)	(2,341,357)
Surcharge tax paid		(327,826)	(334,236)	-	-
Net cash from operating activities		31,871,322	37,855,094	3,972,422	23,980,735
Cash flows from investing activities					
Acquisition of financial investments	5.5	(72,122,983)	(79,469,152)	(22,854,600)	(77,243,702)
Proceeds from financial investments		54,158,035	59,269,353	17,967,589	59,269,353
(Investment)/withdrawal in other financial assets		(433,884)	-	-	-
Acquisition of subsidiary, net of cash	6.2.1	-	66,400	-	-
Net cash outflow due to the disposal of subsidiaries	6.2.2	(141,582)	-	-	-
Proceeds from disposal of property, plant and equipment		60,052	110,655		38,336
Acquisition of property, plant and equipment	8	(1,712,476)	(1,180,642)	(40,073)	(371,582)
Acquisition of intangible assets	11.2	(80,638)	(153,759)	(2,126)	(101,062)
Acquisition of investment property	10	(15,458)	(4,975)	-	-
Expenditure incurred on capital work- in -progress	8.1.3	(1,097,988)	(142,898)	-	-
Staff loans granted		(57,841)	(1,554,365)	-	(1,471,393)
Staff loans recovered		1,231,073	834,978	-	716,657
Loan granted to policyholders	12	(3,871,307)	(1,876,443)	(1,893,260)	(1,876,443)
Settlement of loans by policyholders	12	4,505,739	1,893,380	2,259,932	1,893,380
Dividend received		211,213	-	-	-
Interest received		4,205,277	-	-	-
Net cash used in investing activities		(15,162,768)	(22,207,468)	(4,562,538)	(19,146,456)
Cash flows from financing activities					
Share Buyback		-	(33,424)	-	(33,424)
Dividend paid	22.2	(1,271,268)	(2,272,841)	(1,271,268)	(2,272,841)
Dividend paid to NCI		(482)	(327,093)	-	-
Lease rental paid	9.2	(529,036)	(498,120)	(259,568)	(249,621)
Proceeds from Redeemable Non-Cumulative Preference Share		37,527	176,000	-	-

Cash Transfer to SLICLL & SLICGL due to segregation	-	-	(2,783,973)	-
Acquisition of Right-of-Use Assets	-	(8,920)	-	(8,920)
Loan Repayments	-	(1,001,712)	-	-
Adjustment of Crop Levy	21,940	-	21,940	-
<b>Net cash used in financing activities</b>	<b>(1,741,319)</b>	<b>(3,966,110)</b>	<b>(4,292,869)</b>	<b>(2,564,806)</b>
Effect of exchange rate changes on cash and cash equivalents	(545,727)	(2,594,770)	(240)	(2,587,778)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14,421,508</b>	<b>9,086,744</b>	<b>(4,883,225)</b>	<b>(318,305)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>17,786,115</b>	<b>8,697,630</b>	<b>5,439,138</b>	<b>5,757,443</b>
<b>Cash and cash equivalents at the end of the year (Note A) 18</b>	<b>32,207,623</b>	<b>17,784,374</b>	<b>555,913</b>	<b>5,439,138</b>

**Note A - Analysis of cash and cash equivalents**

Cash at bank and in hand	6,946,446	5,908,869	9,239	1,320,851
Short-term investments	26,184,266	12,611,270	546,674	4,564,320
*Bank overdraft	(923,089)	(735,765)	-	(446,033)
	<b>32,207,623</b>	<b>17,784,374</b>	<b>555,913</b>	<b>5,439,138</b>

Figures in brackets indicates deductions.

**A Reconciliation of operating profit with cash flow from operating activities**

For the year ended 31st December	Company	
	2024 Rs. 000'	2023 Rs. 000'
Profit from operations	3,546,102	5,392,465
Increase in long-term insurance fund	(1,834,641)	23,595,911
Adjustment of Crop Levy	21,940	-
Depreciation Charge	94,698	491,992
Interest income from policy loan	(383,541)	-
ROU Asset cost	35,406	258,156
Interest in suspense of ROU Liability	92,633	-
Profit on sale on property, plant and equipment	-	(12,588)
Investment income - unrealised gain/(loss)	(340,015)	(445,070)
Gratuity provision	24,155	325,068
Gain/(loss) on foreign exchange transaction	240	2,587,778
Disposal of Investment in subsidiary	10,399,358	-
Reversal of Impairment on Canwil Holding	(100,642)	-
FV gain recorded in income statement	(89,492)	(204,348)
Impairment on SLDB	-	(2,676,150)
Increase/(decrease) in debtors	2,191,312	(1,881,765)
Increase/(decrease) in unearned premium	-	987,698
Increase/(decrease) in claim provisions	(2,914,569)	(2,317,110)
Increase/(decrease) in creditors	(5,020,490)	319,126
Increase/(decrease) in policyholder advance payments	-	11,096
<b>Net cash from operating activities</b>	<b>5,722,454</b>	<b>26,432,259</b>

The accounting policies and notes on pages 44 to 131 form an integral part of these Financial Statements.

**Colombo**  
**02 June 2025**

## Segmental Review: Statement of Financial Position

As at 31st December	2024								
	Holding	Non-Life Insurance	Life Insurance	Healthcare	Energy	Others	Eliminations	Total	
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	
Assets									
Financial investments	45,242,308	36,982,166	219,921,456	7,868,036	-	-	6,383,081	316,397,047	
Investment in subsidiaries	39,924,534	-		-	5,000,000	20,500,000	(65,424,534)	-	
Investment in associates	198,673	-		-	-	-	-	198,673	
Property, plant and equipment	215,202	611,198	439,971	6,582,765	19,098,801	36,931,063	(21,962,160)	41,916,840	
Right-of-use asset	-	-		550,771	186,237	54,000	465,629	1,256,637	
Leasehold property	-	-	-	-	-	-	-	-	
Investment properties	17,965,274	-		-	-	1,308,000	(15,513,462)	3,759,812	
Intangible assets	-	61,879	76,858	124,045	-	1,188	2,992,805	3,256,775	
Loans to policyholders	-	-	2,288,853	-	-	-	-	2,288,853	
Reinsurance receivable	-	1,972,225	1,288,471	-	-	-	-	3,260,696	
Premium receivable	-	5,144,352	789,230	-	-	-	-	5,933,582	
Deferred tax assets	-	254,677	-	-	-	190	(190)	254,677	
Other assets	10,975,040	1,583,253	1,875,074	2,290,497	10,324,805	1,761,922	(6,196,668)	22,613,923	
Deferred expenses	-	732,566	-	-	-	-	-	732,566	
Cash and cash equivalents	555,913	3,791,489	11,945,357	1,095,204	15,071,428	812,903	(141,582)	33,130,712	
Total assets	115,076,944	51,133,805	238,625,270	18,511,318	49,681,271	61,369,266	(99,397,081)	435,000,793	
Liabilities and equity									
Liabilities									
Insurance contract liabilities - life	-	-	216,783,321	-	-	-	-	216,783,321	
Insurance contract liabilities - non-life	-	20,441,265	-	-	-	-	-	20,441,265	
Right-of-use liabilities	547,991	-	-	314,290	159,120	190	-	1,021,591	
Reinsurance payable	-	1,751,702	1,488,094	-	-	-	-	3,239,796	
Current tax liabilities	907,421	404,367	559,691	299,862	368,159	84	(84)	2,539,500	
Deferred tax liabilities	4,450,847	-	-	1,177,736	3,549,283	379,497	-	9,557,363	
Retirement benefits obligation	-	1,391,859	898,427	490,125	234,917	13,535	(4,982)	3,023,881	
Other liabilities	1,497,004	4,898,031	3,368,754	1,650,890	13,570,376	7,007,361	(9,283,472)	22,708,944	
Financial liabilities	-	268,146	254,925	400,018	2,160,000	5,119,434	(7,279,434)	923,089	
Total liabilities	7,403,263	29,155,370	223,353,212	4,332,921	20,041,855	12,520,101	(16,567,972)	280,238,750	
Equity									
Stated capital	6,000,000	14,000,000	12,500,000	2,671,543	1,947,109	41,870,087	(72,988,739)	6,000,000	
Regulatory restricted reserves from one off surplus		1,000,000	98,237	-	-	-	(1,000,000)	98,237	
Revaluation reserve	10,428,987	185,236	223,243	1,549,583	5,075,104	12,239,164	(4,807,302)	24,894,015	
Available for sale reserve	21,037,732	4,182,152	(34,415)	-	-	-	-	25,185,469	
Revenue reserves	70,206,962	2,611,047	2,484,993	9,957,271	22,617,203	(5,260,086)	(11,456,047)	91,161,343	
Non-controlling interest		-	-	-	-	-	7,422,979	7,422,979	
Total equity	107,673,681	21,978,435	15,272,058	14,178,397	29,639,416	48,849,165	(82,829,109)	154,762,043	
Total liabilities and equity	115,076,944	51,133,805	238,625,270	18,511,318	49,681,271	61,369,266	(99,397,081)	435,000,793	

2023							
	Non-Life Insurance Rs. 000'	Life Insurance Rs. 000'	Healthcare Rs. 000'	Energy Rs. 000'	Others Rs. 000'	Eliminations Rs. 000'	Total Rs. 000'
	45,549,965	205,559,021	6,976,010	-	-	-	258,084,996
	20,134,852	3,796,543	-	5,000,000	20,500,000	(49,431,395)	-
	198,673	-	-	-	-	-	198,673
	12,551,299	92,962	5,384,711	19,164,199	37,615,267	-	74,808,439
	24,493	476,543	550,363	62,392	36,002		1,149,793
	-	-	-	-	-	-	-
	2,362,320	-	-	-	959,000	-	3,321,320
	116,026	-	79,061	-	1,065	2,992,805	3,188,957
	-	2,095,884	-	-	-	-	2,095,884
	1,813,217	55,520	-	-	-	-	1,868,737
	5,578,337	712,597	-	-	-	-	6,290,934
	-	-	-	-	403	-	403
	615,961	5,074,790	2,329,069	14,153,468	2,010,658	(4,962,523)	19,221,424
	620,872	-	-	-	-	-	620,872
	3,820,828	3,143,743	999,579	9,885,051	670,938	-	18,520,139
	<b>93,386,843</b>	<b>221,007,603</b>	<b>16,318,793</b>	<b>48,265,110</b>	<b>61,793,333</b>	<b>(51,401,113)</b>	<b>389,370,571</b>
	-	183,784,492	-	-	-	-	183,784,492
	20,496,192	-	-	-	-	-	20,496,192
	18,739	548,486	249,095	31,050	191		847,561
	1,183,597	-	-	-	-	-	1,183,597
	543,315	1,576,133	483,706	406,905	-	-	3,010,059
	3,923,072	-	1,134,821	2,647,203	237,428	-	7,942,524
	1,070,190	668,199	369,817	176,170	189,267	-	2,473,643
	4,162,319	3,011,186	1,192,662	14,518,073	7,044,959	(2,082,510)	27,846,688
	264,461	181,573	289,731	2,880,000	5,109,082	(2,880,000)	5,844,847
	<b>31,661,885</b>	<b>189,770,069</b>	<b>3,719,832</b>	<b>20,659,401</b>	<b>12,580,927</b>	<b>(4,962,510)</b>	<b>253,429,603</b>
	6,500,000	500,000	2,671,543	1,947,109	41,870,087	(47,488,739)	6,000,000
	-	98,237	-	-	-	-	98,237
	8,339,227	71,672	1,306,247	5,078,752	12,875,568	(4,843,463)	22,828,004
	4,082,926	5,495,208	-	-	-	-	9,578,134
	42,802,805	25,072,417	8,621,171	20,579,848	(5,533,249)	(7,339,866)	84,203,128
	-	-	-	-	-	13,233,465	13,233,465
	<b>61,724,958</b>	<b>31,237,534</b>	<b>12,598,961</b>	<b>27,605,709</b>	<b>49,212,406</b>	<b>(46,438,603)</b>	<b>135,940,968</b>
	<b>93,386,843</b>	<b>221,007,603</b>	<b>16,318,793</b>	<b>48,265,110</b>	<b>61,793,333</b>	<b>(51,401,113)</b>	<b>389,370,571</b>



## Segmental Review: Statement of Income

As at 31st December	2024								
	Holding Rs. 000'	Non-Life Insurance Rs. 000'	Life Insurance Rs. 000'	Healthcare Rs. 000'	Energy Rs. 000'	Others Rs. 000'	Eliminations Rs. 000'	Total Rs. 000'	
Gross written premium	-	25,332,582	26,358,581	-	-	-	(426,693)	51,264,470	
Change in reserves for gross unearned premium	-	557,953	-	-	-	-	-	557,953	
<b>Gross earned premium</b>	-	<b>25,890,535</b>	<b>26,358,581</b>	-	-	-	<b>(426,693)</b>	<b>51,822,423</b>	
Premium ceded to re-insurers	-	(7,252,681)	(1,027,747)	-	-	-	-	(8,280,428)	
Change in reserve for unearned re-insurance premium	-	(567,272)	-	-	-	-	-	(567,272)	
<b>Net earned premium</b>	-	<b>18,070,582</b>	<b>25,330,834</b>	-	-	-	<b>(426,693)</b>	<b>42,974,723</b>	
Revenue from other operations	-	-	-	13,650,106	90,774,076	209,485	(233,836)	104,399,831	
	-	<b>18,070,582</b>	<b>25,330,834</b>	<b>13,650,106</b>	<b>90,774,076</b>	<b>209,485</b>	<b>(660,529)</b>	<b>147,374,554</b>	
<b>Benefits and losses</b>									
Net benefits and claims	-	(10,509,915)	(12,994,471)	-	-	-	6,027	(23,498,359)	
Underwriting and net acquisition costs	-	(293,003)	(3,528,572)	-	-	-	-	(3,821,575)	
Change in contract liabilities - Life fund	-	-	(26,409,382)	-	-	-	-	(26,409,382)	
Cost of services of subsidiaries	-	-	-	(7,699,588)	(82,646,523)	(82,506)	-	(90,428,617)	
<b>Total benefits and losses</b>	-	<b>(10,802,918)</b>	<b>(42,932,425)</b>	<b>(7,699,588)</b>	<b>(82,646,523)</b>	<b>(82,506)</b>	<b>6,027</b>	<b>(144,157,933)</b>	
<b>Other revenue</b>									
Investment income	3,282,348	5,322,486	27,466,406	678,048	826,783	63,739	(1,274,590)	36,365,220	
Fees and commission income	-	-	75,965	-	-	-	-	75,965	
Net realised/unrealised gains	(240)	(521,789)	(158,094)	(433,884)	506,279	581,674	-	(26,054)	
Other income/(expenses)	1,334,337	116,467	523,185	50,969	139,920	500,139	(4,368,545)	(1,703,528)	
	<b>4,616,445</b>	<b>4,917,164</b>	<b>27,907,462</b>	<b>295,133</b>	<b>1,472,982</b>	<b>1,145,552</b>	<b>(5,643,135)</b>	<b>34,711,603</b>	
<b>Expenses</b>									
Other operating, investment related and administrative expenses	(1,518,620)	(8,144,470)	(5,948,025)	(4,350,329)	(4,202,180)	(895,895)	1,183,573	(23,875,946)	
<b>Profit before taxation</b>	<b>3,097,825</b>	<b>4,040,358</b>	<b>4,357,846</b>	<b>1,895,322</b>	<b>5,398,355</b>	<b>376,636</b>	<b>(5,114,064)</b>	<b>14,052,278</b>	
Income tax expense	(40,557)	(753,602)	(1,763,044)	(555,890)	(1,710,240)	(141,566)	-	(4,964,899)	
<b>Net Profit after Taxation/Transfer to Shareholders' Fund</b>	<b>3,057,268</b>	<b>3,286,756</b>	<b>2,594,802</b>	<b>1,339,432</b>	<b>3,688,115</b>	<b>235,070</b>	<b>(5,114,064)</b>	<b>9,087,379</b>	

2023							
	Non-Life Insurance Rs. 000'	Life Insurance Rs. 000'	Healthcare Rs. 000'	Energy Rs. 000'	Others Rs. 000'	Eliminations Rs. 000'	Total Rs. 000'
	23,145,056	21,079,689	-	-	-	(904,160)	43,320,585
	(466,762)	-	-	-	-	-	(466,762)
	22,678,294	21,079,689	-	-	-	(904,160)	42,853,823
	(5,700,815)	(673,867)	-	-	-	-	(6,374,682)
	(520,935)	-	-	-	-	-	(520,935)
	16,456,544	20,405,822	-	-	-	(904,160)	35,958,206
	-	-	12,418,608	92,936,009	119,013	(2,258,296)	103,215,334
	16,456,544	20,405,822	12,418,608	92,936,009	119,013	(3,162,456)	139,173,540
							-
	(10,017,691)	(11,760,383)	-	-	-	-	(21,778,074)
	(755,440)	(2,746,218)	-	-	-	-	(3,501,659)
	-	(18,289,725)	-	-	-	-	(18,289,725)
	-	-	(7,209,581)	(81,612,069)	(35,309)	2,050,302	(86,806,657)
	(10,773,131)	(32,796,326)	(7,209,581)	(81,612,069)	(35,309)	2,050,302	(130,376,114)
	5,796,446	22,666,949	1,257,662	1,258,324	86,527	(1,575,769)	29,490,139
	-	57,571	-	-	-	-	57,571
	(1,907,846)	(679,932)	(518,044)	1,471,534	805,071	-	(829,217)
	774,207	876,493	76,934	276,702	1,059,614	(171,151)	2,892,799
	4,662,807	22,921,081	816,552	3,006,560	1,951,212	(1,746,920)	31,611,292
	(4,934,071)	(5,219,817)	(4,115,591)	(5,597,945)	(1,649,544)	1,066,765	(20,450,203)
	5,412,149	5,310,760	1,909,988	8,732,555	385,372	(1,792,309)	19,958,515
	(1,068,416)	(1,861,703)	(564,759)	(2,583,997)	(124,465)	-	(6,203,340)
	4,343,733	3,449,057	1,345,229	6,148,558	260,907	(1,792,309)	13,755,175

# Notes to the Financial Statements

## 1. REPORTING ENTITY

### 1.1 Corporate Information

Sri Lanka Insurance Corporation Limited (the “Company/SLIC”), is a public limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Group/Company is located in the District of Colombo and the principal place of business is located at ‘Rakshana Mandiraya’, No.21, Vauxhall Street, Colombo 02.

The Consolidated Financial Statements of the Group as at and for the year ended 31<sup>st</sup> December 2024, are of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates. The Financial Statements of all companies within the Group have been prepared for a common financial year which ends on 31<sup>st</sup> December 2024.

The Secretary to the Treasury owns 599,568,144 numbers of ordinary shares (99.97%) of the parent company and the rest is owned by employees and ex-employees of the Company.

The license for carrying out insurance business was terminated for Sri Lanka Insurance Corporation Limited with effect from 01<sup>st</sup> February 2024 with the segregation. Furthermore, the Insurance Regulatory Commission of Sri Lanka granted an insurance license to Sri Lanka Insurance Corporation Life Limited to conduct life insurance business and to Sri Lanka Insurance General Limited to conduct non-life insurance business, both with effect from 01<sup>st</sup> February 2024.

SLIC received an extension to use the name 'Sri Lanka Insurance Corporation Limited' until the conclusion of the case bearing No. SC SPL LA 173/24, subject to obtaining the legal opinion/advice of the Honorable Attorney General on the matter, as determined by the IRCSL.

## 1.2 Principal activities and nature of operations

### 1.2.1 Group/Company

During the year the principal activities of the Group were underwriting of all classes of non-life insurance, life insurance, healthcare services, hospitality services and importing, processing, storing, distributing and selling of Liquid Petroleum Gas (LPG).

### Subsidiaries

Name of the Subsidiaries	Principal Activities
The Lanka Hospital Corporation PLC	Providing healthcare and laboratory services
Litro Gas Lanka Limited	Importing, processing, storing, distributing and selling of Liquid Petroleum Gas (LPG) and providing other incidental services
Litro Gas Terminal Lanka (Pvt) Limited	Providing bulk storage facilities for Liquid Petroleum Gas (LPG)
Canowin Hotels and Spas (Pvt) Limited	Providing office space on rent for commercial purposes and engaged also in hospitality trade
Canwill Holdings (Pvt) Limited	Investment promotion related to leisure sector, controlling and monitoring subsidiaries as a holding company (The investment in Canwil Holdings Pvt Limited was transferred to the Secretary to the Treasury on 08th July 2024)
Management Services Rakshana (Pvt) Limited (Dormant Company)	Providing payroll management services to Sri Lanka Insurance Corporation Limited (Only for the January 2024)

Sri Lanka Insurance Corporation General Limited	Carrying out of General insurance businesses with effect from 01st February 2024
Sri Lanka Insurance Corporation Life Limited	Carrying out of long-term Life insurance businesses with effect from 01st February 2024

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (LKASs/SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Companies Act No. 07 of 2007 and the Regulation of Insurance Industry Act No.43 of 2000.

The Financial Statements were authorised for issue by the Board of Directors on 02<sup>nd</sup> June 2025.

### 2.2 Basis of Measurement

The Financial Statements of the Company and Group have been prepared on the historical cost basis except for the following material items, which are measured on an alternative basis.

- Land and buildings are measured at fair value
- Financial assets held for sale are measured at fair value
- Financial assets designated at fair value through profit or loss are measured at fair value
- Available for sale financial assets are measured at fair value
- Policyholders' liabilities have been measured at actuarially-determined values
- The liabilities for defined benefit obligation are actuarially valued and recognised as the present value of defined benefit obligation

The Group/Company presents its statement of financial position broadly in the order of liquidity.

### 2.3 Functional and presentation currency

The Financial Statements have been presented in Sri Lankan Rupees which is the Group's functional currency. All amounts have been rounded to the

nearest thousand unless otherwise indicated.

### 2.4 Use of Estimates and Judgments

In preparing these Financial Statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumption and estimation uncertainty that have significant effect on the amounts recognised in the Financial Statements is included under the following notes:

**Note 26** – Measurement of defined benefit obligations; key actuarial assumptions

**Note 5,8,13,14 and 16** – Provision for impairment of non-financial assets and financial assets; key assumptions

**Note 23** – Actuarial valuation of long-term insurance; key actuarial assumptions

**Note 24** – Measurement of insurance provision for non-life including IBNR / IBNER and UPR

**Note 17** – Measurement of Deferred Acquisition Cost (DAC)

**Note 05** – Fair value measurement of unquoted instruments and fair value through profit or loss financial investments

**Note 10** – Fair valuation of Investment Properties

#### **Measurement of fair values**

A number of the Group/Company's accounting policies and disclosures require measurement of fair values, for both the financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

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# Notes to the Financial Statements

Significant valuation issues are reported to the Company and the respective subsidiary's audit committee.

When measuring the fair value of an asset or a liability, the Group/Company uses observable market data as far as possible. Fair values are categorised into different levels in a hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Further information about assumptions made in measuring fair values is included in the respective notes to the Financial Statements.

## 2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1 – “Presentation of Financial Statements”.

## 2.6 Comparative information

As per IRCSL requirement, the Company segregated its General and Life insurance business with effect from 01<sup>st</sup> February 2024. Therefore, financial information disclosed under “Company” includes insurance business information until the date of segregation.

The comparative information has been re-classified where necessary to conform to the current year's presentation.

## 2.7 Going Concern

The Directors have made an assessment of the Group/Company's ability to continue as a going

concern being satisfied that it has the resources to continue in business for a foreseeable future.

Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group/Company's ability to continue as a going concern.

The Company has been evaluating the resilience of its businesses, considering a wide range of factors such as profitability, revenue streams, working capital management, capital expenditure, cash reserves and cost management initiatives implemented by the Company in order to be able to continue business under current global and local economic conditions. Based on the analysis and future outlook based on available information, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Therefore, the Financial Statements continue to be prepared on the going concern basis.

The additional information is disclosed in note 48 to the Financial Statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and Company have consistently applied the following accounting policies to all periods presented in these Financial Statements.

### 3.1 Basis of consolidation

#### 3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Any gain on a bargain is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.



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The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

### **3.1.2 Non-controlling interests**

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Parent Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### **3.1.3 Subsidiaries**

Subsidiaries are the entities controlled by the Parent. Control exists when the Parent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries are carried at cost less impairment in the Company's Financial Statements.

### **3.1.4 Loss of control**

When the Group/Company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### **3.1.5 Interest in equity accounted investees**

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is presumed to exist when the Group/Company holds 20% or more of the voting power of the investee, unless it can be clearly demonstrated that this is not the case.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of the profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

Investment in associates is carried at cost less impairment in the Company's Financial Statements.

### **3.1.6 Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **3.2 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currencies of the Group/Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit and loss.

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# Notes to the Financial Statements

## 3.3 Insurance contracts

### Product classification

SLFRS 4 requires contracts written by insurers to be classified as either “insurance contracts” or “investment contracts” depending on the level of insurance risk transferred.

Insurance contracts are those contracts that the Company (the insurer) has accepted with significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be re-classified as insurance contracts after inception if the insurance risk becomes significant.

All the products sold by the Company are insurance contracts and, therefore, classified as insurance contracts under the SLFRS 4 – ‘Insurance Contracts’. Thus, the Company does not have any investment contracts within its product portfolio as at the reporting date.

### 3.3.1 Surplus Profit transfer from insurance contract liability to Shareholders

The Company assesses the shareholders’ value by using reserves attributable to shareholders at each reporting period. The difference between the opening and closing balance of the reserves is considered as the surplus profit attributable to shareholders and deduct from the insurance contract liability as at reporting date. The surplus

profit attributable to shareholder comprises two forms as follows:

- Surplus profit attributable to shareholder from the Policyholder Fund
- Profit earned from the shareholder assets

#### Surplus profit attributable to shareholder from the Policyholder Fund

The surplus is derived from the actuarial valuation on the recommendation of the Independent Consultant Actuary.

#### Profit earned from the shareholder assets

Profits earned from the shareholders’ assets are based on the recommendation of the in-house actuarial department and approval of the Board of Directors.

## 3.4 Statement of profit or loss and other comprehensive income

### 3.4.1 Revenue Recognition

#### 3.4.1.1 Gross Written Premiums (GWP)

##### (a) Life Insurance Gross Written Premium

Gross recurring premiums on life insurance contracts are recognised as revenue when payable by the policyholder (policies within the 30-day grace period considered as due). Any premiums received in advance are not recorded as revenue and recorded as a liability until the premium is due unless otherwise the relevant policy conditions require such premiums to be recognised as income. Benefits and expenses are provided against such revenue to recognise profits over the estimated life of the policies.

For single premium business, revenue is recognised on the date on which the policy is effective.

##### (b) Non - Life Insurance Gross Written Premium

Gross written premium comprises the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Upon inception of the contract, premium is recorded as written and are earned primarily on a pro-rata

basis over the term of the related policy coverage. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross written premium.

#### **Unearned Premium Reserve (UPR)**

Unearned premiums are those proportions of premiums written in an year that relate to periods of risk after the reporting date. UPR represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Unearned premiums are calculated on a 365-day basis in accordance with the Regulation of Insurance Industry Act No. 43 of 2000. However, for those contracts for which the period of risk differs significantly from the contract period, premium is earned over the period of risk in proportion to the amount of insurance protection provided. The proportion attributable to subsequent periods is deferred as a provision for unearned premium which is included under liabilities.

#### **3.4.1.2 Reinsurance Premium**

Gross reinsurance premiums on insurance contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Reinsurance premium is decided based on rates agreed with reinsurers.

#### **(a) Non-Life Insurance Reinsurance Premium**

Reinsurance premium written comprises the total premium payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts.

#### **Unearned Reinsurance Premium Reserve**

Unearned reinsurance premium is those proportions of premium written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premium is deferred over the term of the underlying direct insurance policies for risks-attaching contracts (using 365 bases in accordance with the Regulation of Insurance Industry Act No. 43 of 2000. However, for those contracts for which the period of risk

differs significantly from the contract period, premium is earned over the period of risk in proportion to the amount of insurance protection provided).

#### **(b) Life Insurance Reinsurance Premium**

Reinsurance premium on life is recognised as an expense on the earlier of the date when premium is payable or when the policy becomes effective.

#### **3.4.1.3 Fees and Commission Income**

##### **(a) Reinsurance Commission Income**

Reinsurance commission income on outwards reinsurance contracts is recognised as the revenue when receivable. Subsequent to initial recognition, reinsurance commission income on outwards reinsurance contracts is deferred and amortised on a straight-line basis over the term of the expected premium payable.

##### **(b) Other Fees Income**

Insurance contract policyholders are charged for policy administration services and other contract fees. These fees are recognised as revenue upon receipt or becoming due.

#### **3.4.1.4 Investment income**

Investment income comprises interest income on funds invested, dividend income, capital gains or losses and foreign currency gains or losses.

##### **(a) Interest income**

Interest income is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective interest rate, the Group/Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to

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# Notes to the Financial Statements

the acquisition or issue of a financial asset.

## **(b) Dividend Income**

Dividend income is recognised when the right to receive income is established.

### **3.4.1.5 Revenue from Contracts with Customers**

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

### **3.4.1.6 Hospital Revenue**

The Group recognises revenue from hospital services over time, using an input method to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Group.

Consultancy fees collected on behalf of the in house and visiting consultants by the Group that do not form part of revenue are excluded from the revenue.

### **3.4.1.7 Revenue from sale of goods**

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group estimates the effects of variable consideration and the existence of significant financing components.

#### **(i) Variable consideration**

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is

highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return. The rights of return give rise to variable consideration.

#### **(ii) Rights of return**

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in SLFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability.

#### **(iii) Significant financing component**

Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or service to the customer and when the customer pays for that goods or service will be in one year or less.

### **3.4.1.8 Rental Income from Investment Property**

The rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

### **3.4.1.9 Profit/loss on disposal of property, plant and equipment**

Profit/loss on disposal of property, plant and equipment is recognised in the period in which the

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sale occurs and is classified under other income.

### **3.4.2 Benefits, Claims and Expenses**

#### **3.4.2.1 Gross Benefits and Claims**

##### **(a) Life insurance business**

Claims by death and maturity are charged against revenue on notification of death or on expiry of the term. The interim payments and surrenders are accounted for only at the time of settlement. Expenses on life insurance relates to the acquisition expenses and expenses for maintenance of life insurance business. Investment related expenses are not treated as a part of the capital cost of investment, etc. which are accounted on accrual basis.

##### **(b) Non-Life insurance business**

Non-Life insurance claims include all claims occurring during the year, whether reported or not together with claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims.

The provision in respect of Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) is actuarially valued to ensure a more realistic estimation of the future liability based on the past experience and trends. Actuarial valuations are performed on a quarterly basis.

Whilst the Directors consider that the provisions for claims are fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustments to the amounts provided. Such amounts are reflected in the financial statements for that period.

The methods used to estimate claims and the estimates made are reviewed regularly.

#### **3.4.2.2 Reinsurance claims**

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

#### **3.4.2.3 Net deferred acquisition expenses**

Acquisition expenses, representing commissions, which vary with and are directly related to the production of business. Acquisition expenses applicable to non-life insurance contracts are deferred and amortised over the period in which the related written premium is earned. Reinsurance commission is also treated in the same manner within deferred acquisition costs.

#### **3.4.2.4 Actuarial Valuation of Life Insurance Fund**

The Directors agree to the long-term insurance provision for the Company at the year-end on the recommendations of an Independent Consultant Actuary following his annual investigation of the Life Insurance business. The actuarial valuation takes into account all liabilities and expenses are based on assumptions approved by the Independent Consultant Actuary.

#### **3.4.2.5 Expenses**

Expenses are recognised on accrual basis. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment has been charged to the statement of profit or loss.

### **3.4.3 Employee benefits**

#### **(a) Short-term benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by an employee and the obligation can be estimated reliably.

#### **(b) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have

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# Notes to the Financial Statements

no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employment benefit expense in the statement of profit or loss in the periods during which services are rendered by employees.

## **Employees' Provident Fund**

The employees of Sri Lanka Insurance Corporation Life Limited, Sri Lanka Insurance Corporation General Limited, Litro Gas Lanka Limited and Litro Terminal Lanka (Pvt) Limited contribute 15% and 10% respectively on the salary of each employee to the approved provident fund.

Other Group entities and employees of the other group entities contribute 12% and 8% respectively on the salary of each employee to the approved provident fund.

## **Employees' Trust Fund**

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund.

## **(c) Defined Benefit Plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The calculation of defined benefit obligation is performed annually by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. The actuarial valuation involves making assumptions about discount rate, salary increments rate and balance service period of employees. Due to the long-term nature of the plans such estimates are subject to significant uncertainty.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service. The

liability is not externally funded.

Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. The Group recognises any gains and losses on the settlement of a defined benefit plan when settlement occurs.

The re-measurement of the net defined benefit obligation, which comprises actuarial gains and losses are recognised immediately in other comprehensive income.

## **3.4.4 Income tax expense**

Income tax expense comprises the current and deferred tax. Current and deferred taxes are recognised in profit and loss except to the extent that it relates to items recognised directly in equity or in OCI.

### **3.4.4.1 Current tax**

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

### **3.4.4.2 Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.



Deferred tax assets and liabilities are recognised for all temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Unrecognised deferred tax assets are re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and deferred tax liabilities are offset if the legally enforceable right exists to set off the current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **3.4.4.3 Crop insurance levy (CIL)**

The Crop Insurance Levy was introduced under the provisions of Section 14 of the Finance Act No. 12 of 2013, and came into effect from 01<sup>st</sup> April 2013. It is payable to the National Insurance Trust Fund and liable at 1% of the Profit after Tax.

### **3.5 Statement of Financial Position**

#### **3.5.1 Property, Plant and Equipment**

##### **3.5.1.1 Initial Recognition and Measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour
- any other costs directly attributable to bringing the assets to a working condition for their intended use
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located

Any gain or loss on disposal is recognised in other operating income in profit or loss.

##### **3.5.1.2 Subsequent expenditure and replacement**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### **3.5.1.3 Revaluation of Fixed Assets**

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at the revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date.

Valuation of land and buildings are undertaken by professionally qualified valuers at a minimum period of three years and any gain or losses arising from change in fair value is included in the other comprehensive income in the year in which they arise.

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## Notes to the Financial Statements

An increase in the carrying amount as a result of revaluation, is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss.

A decrease in the carrying amount as a result of revaluation, is recognised in profit and loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is re-stated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

### 3.5.1.4 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. This most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings: 20-40 years
- Furniture and Fittings: 5-10 years
- Office and Other Equipment: 5-10 years
- Electrical Generators and Air Conditioning Plant: 5-10 years
- Motor Vehicles: 4-5 years
- Fixtures and Fittings: 6 2/3 years
- Plant and Machinery: 20 years
- Computers and Computer Equipment: 4 - 7 years

- LP Gas Storage Tanks, Pine Lines and Fittings: 25 years
- LP Gas Cylinders: 10 years
- Other Fixed Assets: 3-12 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### 3.5.1.5 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

### 3.5.1.6 Impairment

The Board of Directors has assessed the potential impairment loss of PPE as at 31<sup>st</sup> December 2024 by considering the impact from the economic crisis as well. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of PPE.

### 3.5.1.7 Capital work-in-progress

Capital work-in-progress is stated at cost. These are the expenses of a capital nature directly incurred in the construction of buildings, awaiting capitalisation.

## 3.5.2 Intangible Assets

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost can be measured reliably.

### 3.5.2.1 Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

### Impairment of Goodwill

Goodwill acquired in a business combination is tested annually for impairment and when circumstances indicate that the carrying value



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may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised in profit or loss. Impairment loss on goodwill is not reversed.

### 3.5.2.2 Software

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. The intangible assets with finite useful life are assessed for impairment whenever there is an indication that intangible assets may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit (CGU) level.

The Group has software acquired separately as other intangible assets as at reporting date.

### Subsequent Expenditure

Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

### Amortisation

Amortisation is calculated to write off the cost of the intangible assets less estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. The estimated useful life of software is five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### Derecognition

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss from the derecognition of such intangible assets is included in profit or loss when the item is

derecognised.

The Group has assessed potential impairment indicators of intangible assets including impact from economic crisis as at 31<sup>st</sup> December 2024. Based on the assessment, no impairment indicators were identified.

### 3.5.3 Right-of-Use-Asset

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Group has adopted SLFRS 16 using full retrospective method from 01<sup>st</sup> January 2019, without re-stating comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset,
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use-assets of the Group consist of branch premises taken on rent which were previously recognised as operating leases under LKAS 17.

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# Notes to the Financial Statements

## Initial Measurement

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Where a subsidiary company has right-of-use assets and lease liability as result of property rented out by the Company to the subsidiary, such right-of-use assets and lease liability are eliminated in the Consolidated Financial Statements.

## Subsequent Measurement

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or

rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

## Impairment of Right-of-Use assets

As at the reporting date, no impairment loss has been recognised by the Group in respect of impairment of right-of-use-assets due to the economic crisis since each business unit is operating under the business continuity plans as per the Company risk management strategy, to the extent possible, whilst strictly adhering to and supporting government directives.

### 3.5.4 Investment Property

Investment property is a property held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost and subsequently at fair value on an annual basis with any change therein recognised in profit or loss.

Investment properties are derecognised when disposed or permanently withdrawn from use because no future economic benefits are expected. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Transfers are made to the investment properties when there is a change in use. When a company in the Group occupies a significant portion of an investment property of a subsidiary, such investment property is treated as property, plant and equipment in the Consolidated Financial Statements and accounted for as per LKAS 16 – 'Property, Plant and Equipment'.

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### 3.5.5 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.5.6 Inventories

Inventories include all consumable items which are stated at lower of cost and net realisable value.

Having evaluated the nature of the inventories held by the Group, the Group has assessed whether there is any impact to net realisable value of the inventories due to implications of the economic crisis and assessed whether it was required to adjust the carrying value of the inventory. The Group has not identified any circumstances where adjustments are required to

reduce the carrying value of the inventories.

### 3.5.7 Financial Instruments – LKAS 39

The Company classifies non-derivative financial assets into the following categories: available for sale financial assets, loans and receivables, held to maturity financial assets and financial assets at fair value through profit or loss.

The Company classifies non-derivative financial liabilities into other financial liabilities category.

#### 3.5.7.1 Non-derivative financial assets

The Company initially recognises loans and receivables and debt securities issued on the date at which they are originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset is measured initially at fair value plus, for an asset not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Subsequent measurement

##### (a) Available-for-sale financial assets (AFS)

Available-for-sale financial investments are those, which are neither classified as held for

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## Notes to the Financial Statements

trading nor designated at fair value through profit or loss.

After initial measurement at fair value, available-for-sale financial investments are subsequently measured at fair value and changes therein are recognised in other comprehensive income and accumulated in the available-for-sale reserve. When these assets are derecognised, the gain or loss accumulated in equity is re-classified to profit or loss.

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Company is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Company may elect to re-classify these financial assets in rare circumstances. Re-classification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The re-classification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

Available for sale financial investments of the Company comprise equity and debt securities, which are neither classified as held for trading nor designated at fair value through profit or loss.

### **(b) Financial assets at fair value through profit or loss (FVTPL)**

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are

recognised in profit or loss.

The assets and liabilities are part of a Company's financial assets, financial liabilities, or both, which are managed, and their performance evaluated on a fair value basis, in accordance with the Group's investment strategy. Financial assets at fair value through profit or loss of the Company comprise listed equity investments.

### **(c) Held to maturity financial assets (HTM)**

These are non-derivative financial assets with fixed or determinable payments and fixed maturities classified as held to maturity when the Company has both the intention and ability to hold them until maturity. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Held to maturity financial assets comprise treasury bills and treasury bond investments made by the Company.

### **(d) Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

Loans and receivables comprise investments in unquoted corporate debt, term deposits, asset backed securities, development bonds, commercial papers, other loans and receivables, cash and cash equivalents.

#### **• Reinsurance Receivable**

Company cedes insurance risk in the normal course of business to recognised reinsurers through formal reinsurance arrangements.

Reinsurance assets include the balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance is recorded gross in the Statement of Financial Position unless a right to offset exists.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss, if any is recorded in profit and loss.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

- **Premium Receivable**

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Collectability of premiums is reviewed on an ongoing basis.

According to the Premium Payment Warranty (PPW) directive issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), Non-Life insurance policies are issued subject to PPW and are cancelled upon the expiry of 60 days if not settled.

The Company accounts for life insurance premiums on accrual basis. Accordingly, Life

Insurance premiums due (only the premiums due in the 30-day grace period) are recognised at each reporting date and will be reversed if the premiums are not settled during the subsequent month, and thus the policies will lapse as per the Company policy.

The Group has assessed the potential impairment loss of Premium Receivables as at 31<sup>st</sup> December 2024 considering economic implication of economic crisis. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of Premium Receivables.

- **Other Receivables and Dues from Related Parties**

Other receivables and dues from Related Parties are recognised at cost less allowances for bad and doubtful receivables.

- **Cash and cash equivalents**

Cash and cash equivalents comprise reverse repurchase agreements, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

### **3.5.7.2 Non-derivative financial liabilities**

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Other financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to the initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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## Notes to the Financial Statements

Other financial liabilities in the Group comprise loans and borrowings, bank overdrafts, and trade and other payables.

### 3.5.8 Impairment of Financial Assets (Non-Derivatives)

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes the following:

- default or delinquency by a debtor
- indications that a debtor or issuer will enter bankruptcy
- adverse changes in the payment status of borrowers or issuers
- the disappearance of an active market for a security because of financial difficulties or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

In the case of equity investments classified as available for sale, objective evidence would also include a “significant” or “prolonged” decline in the fair value of the investment below its cost. The determination of what is “significant” or “prolonged” requires judgment.

#### 3.5.8.1 Financial assets carried at Amortised Cost

The evidence of impairment for these assets is considered at both an individual level and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

An impairment loss is calculated as the difference

between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

#### 3.5.8.2 Available for Sale Financial Assets (AFS)

Impairment losses on available for sale financial assets are recognised by re-classifying the losses accumulated in the available for sale reserve to profit or loss. The amount re-classified is the difference between acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.

If the fair value of an impaired, available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

### 3.5.9 Financial Instruments – SLFRS 09

SLFRS 09 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement. Additionally, the Group has adopted consequential amendments to SLFRS 07 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

SLFRS 09 contains three principal classification categories for financial assets: measured at



amortised cost, FVOCI and FVTPL. The classification of financial assets under SLFRS 09 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 09 eliminates the previous LKAS 39 categories of held to maturity, loans and receivables and available for sale.

Trade and other receivables, cash and cash equivalents and related party receivables which were earlier classified as loans and receivable under LKAS 39, are classified as amortised cost under SLFRS 09.

SLFRS 09 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities and the adoption of the standard has not had a significant effect on the Group except the Company's accounting policies related to financial liabilities.

### **3.5.10 Deferred Expenses**

#### **Deferred Acquisition Costs (DAC)**

The DAC is applicable only to Non-Life Insurance Contracts. No DAC is calculated for life insurance contracts as the acquisition costs are incurred in line with the revenues earned.

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred and amortised over the period in which the related revenues are earned. All other acquisition costs are recognised as an expense when incurred. In line with the available regulatory guidelines from the Insurance Regulatory Commission of Sri Lanka (IRCSL), the DAC is calculated based on the 365 bases.

DAC is derecognised when the related contracts are either settled or disposed of.

### **3.5.11 Stated Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

#### **Repurchase of Shares**

Under Act No 07 of 2007, a company has the

ability to purchase or acquire its own shares, either in accordance with the provisions of the Act or based on a court order. This provision allows companies flexibility in managing their share capital and ownership structure, subject to legal and regulatory requirements.

### **3.5.12 Liabilities and Provisions**

#### **3.5.12.1 Insurance contract liabilities**

##### **Insurance Provision – Life Insurance**

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, less the discounted value of the expected future premiums that would be required to meet the future cash outflows based on the valuation assumptions used.

Cash flows are discounted based on the rates provided by the IRCSL on quarterly basis and yearly basis. Valuation assumptions are derived based on the best estimate experience with a prescribed risk appetite to allow for adverse deviations. Non-participating Liabilities are discounted using the risk-free yields.

The value of participating policy liabilities is the higher of the value of the guaranteed benefits liability and the total benefits liability, derived at the participating insurance fund level. In calculating the guaranteed benefits liability, only the guaranteed benefits are considered, and the cash flows are discounted using the risk-free interest rate yield curve. Total benefits liability includes all the guaranteed and nonguaranteed benefits and discounts the cash flows using the fund-based yield of the participating insurance fund.

Furthermore, adjustments are performed to capture the likely liabilities that may arise due to currently lapsed contracts reviving in the future.

As required by the SLFRS 4- 'Insurance Contracts', the Company performed a Liability Adequacy Test (LAT) in respect of Life Insurance contract liabilities with the assistance of an external

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## Notes to the Financial Statements

actuary. In performing the liability adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used.

### **Insurance Provision – Non-Life Insurance**

Non-Life Insurance contract liabilities include the outstanding claims provision including IBNR and IBNER, the provision for unearned premium and the provision for premium deficiency.

The valuation of Unearned Premium Reserve (UPR) is performed in accordance with guidelines of the Regulation of Insurance Industry Act No. 43 of 2000 (i.e. Based on the 365 basis). However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance coverage provided.

The Incurred but Not Reported (IBNR) and Incurred but Not Enough Reported (IBNER) claims reserve are actuarially computed.

No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled. As required by the SLFRS 04 - 'Insurance Contracts', the Company performed a Liability Adequacy Test (LAT) in respect of Non-Life Insurance contract liabilities with the assistance of the external actuary.

### **3.5.12.2 Title Insurance Reserve**

Title insurance reserve is maintained by the Company to pay potential claims arising from the title insurance policies. Title insurance policies are normally issued for a long period such as 5 years or more. Thus, no profit is recognised in the first year of the policy given the higher probability of claims occurring in that year. From the 02<sup>nd</sup> year onwards, profit is recognised by amortising

the premium received and will be distributed throughout the remaining period of the policy using the straight line method. Profit for the first year will only be recognised in the 02<sup>nd</sup> year and thereafter it is periodically recognised.

If the corresponding loan of the Title Insurance Policy issued is settled before the maturity, full premium of such policies remaining as at the date of settlement of such loan is recognised in profit or loss upon confirmation of the same by the respective bank.

### **3.5.12.3 Provisions (except on insurance contracts)**

A provision is recognised in the statement of financial position when the Group/Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and can be measured reliably. Provisions except on insurance contracts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

### **3.6 Commitments and contingent liabilities**

Contingent liabilities are possible obligations whose existence will be confirmed only by occurrence or non-occurrence of uncertain future events not wholly within the control of the Group/Company or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Group/Company are disclosed in the respective notes to the Financial Statements.

### **3.7 Segmental Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed



regularly by the Chief Executive Officer (CEO) to make decisions regarding resources to be allocated to the segments and to assess its performance, and for which discrete finance information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Accordingly, segmental information of the Group reflects Non-Life Insurance, Life Insurance, Healthcare, Energy and other segments. Inter-segment transfers are based on fair market prices.

### 3.8 Earnings per share (EPS)

The Group presents basic and diluted earnings per share data for its ordinary shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares determined in accordance with LKAS 33. The diluted effect of shares is considered when calculating diluted earnings per share.

### 3.9 Proposed Dividends

Dividend proposed by the Board of Directors after the Reporting date is not recognised as a liability and is only disclosed as a Note to the Financial Statements. Provision for dividend is recognised only at the time the dividend proposed by the Board of Directors is approved by the shareholders at the Annual General Meeting.

### 3.10 Events occurring after the reporting date

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue. All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the Financial Statements. Further notes are included in Note 47.

### 3.11 Statement of Cash Flows

The Cash Flow Statement has been prepared using the Indirect Method of preparing Cash Flows

in accordance with the Sri Lanka Accounting Standard (LKAS) 7 'Statement of Cash flows.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

## 4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE

### 4.1 Changes in accounting standards

The Company applied certain standards and amendments for the first time, which are effective for annual periods beginning on or after 01st January 2024.

Accounting standard	Description	Effective date
Amendments to LKAS 1 Presentation of Financial Statements	Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants	01st January 2024
Amendments to IFRS 16 Leases	Lease Liability in a Sale and Leaseback	01st January 2024
Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures	Supplier Finance Arrangements	01st January 2024
Amendments to LKAS 12	International Tax Reform – Pillar Two Model rule	01st January 2024

### 4.2. Standards issued but not yet effective which may have an Impact

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 01<sup>st</sup> January 2025 or at a later date.

The new and amended standards that are issued, but not yet effective at the date of issuance of these Financial Statements are disclosed below.

## Notes to the Financial Statements

Accounting standard	Description	Effective date
Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of exchangeability	01st January 2025
SLFRS S1 - General Requirements for Disclosure of Sustainability related Financial Information	To disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions	01st January 2025
SLFRS S2 Climate-related Disclosures	To disclose information about its climate-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions	01st January 2025
SLFRS 17 – Insurance Contracts	Measure Insurance Contract Liability at a current fulfilment value and provide a more uniform measurement and presentation approach for all insurance contracts	01st January 2026
Amendments to SLFRS 9 and SLFRS 7	Classification and Measurement of financial instruments	01st January 2026
Amendments to SLFRS 18	Presentation and Disclosure in Financial Statements	01st January 2027
Amendments to SLFRS 19	Subsidiaries without Public Accountability: Disclosures	01st January 2027

### Temporary Exception from SLFRS 09 SLFRS 09 – “Financial instruments”

This standard replaces the existing guidance in LKAS 39 – ‘Financial Instruments: Recognition and Measurement’ SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. SLFRS 09 is effective for annual reporting periods beginning on or after 01<sup>st</sup> January 2018, with early adoption permitted.

SLICLL and SLICGL are predominantly based on the proposed amendments to SLFRS 04 ‘Insurance contracts’, and the entities whose predominant activity is issuing insurance contracts are permitted to defer the full application of SLFRS 09 until adopting the revised SLFRS 04, which commenced in 2022. Consequent to the Global deferment of IFRS 17 – Insurance contract effective date from 01<sup>st</sup> January 2026, SLICLL and SLICGL expect the temporary exemption to be deferred until January 2026.

An insurer may apply the temporary exemption from SLFRS 09 if, and only if:

a) It has not previously applied any version of SLFRS 09, other than only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss.

b) Its activities are predominantly connected with insurance, at its annual reporting date that immediately precedes 01<sup>st</sup> April 2016, or at a subsequent annual reporting date.

In accordance with the amendments to SLFRS 04 – Insurance Contract, An insurer’s activities are predominantly connected with insurance if, and only if:

a) the carrying amount of its liabilities arise from contracts within the scope of this SLFRS, which includes any deposit components or embedded

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derivatives unbundled from insurance contracts, is significant compared to the total carrying amount of all its liabilities; and

b) the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is:

I. greater than 90 per cent; or

II. less than or equal to 90 per cent but greater than 80 per cent, and the insurer does not engage in any significant activity unconnected with insurance.

The temporary exemption from SLFRS 09 will be re-assessed for whether its activities are predominantly connected with insurance at a subsequent annual reporting date if, and only if, there was a change in the entity's activities, during the annual period that ended on that date.

The Company will decide on appropriate classification of its investments under SLFRS 09 closer to the time of adopting the revised SLFRS 04 and so is not able to fully quantify the impact of adopting SLFRS 09 on its Financial Statements as at reporting date. It is anticipated however, that it may not significantly change the Company's total equity.

As per paragraph 20G of SLFRS 4, an entity that previously qualified for the temporary exemption from applying SLFRS 9 is required to reassess whether its activities remain predominantly connected with insurance at each subsequent annual reporting date, if there has been a change in the entity's activities during the year.

As per paragraph 20J of SLFRS 4, if the entity no longer qualifies for the exemption as a result of the reassessment, it is permitted to continue applying the temporary exemption from SLFRS 9 only until the end of the annual period that began immediately after that reassessment. Nevertheless, the entity must apply SLFRS 9 from the beginning of the first annual reporting period following the end of the exemption period recommended by CA Sri Lanka.

## **SLFRS 17 – Insurance Contracts**

SLFRS 17 is effective for annual periods beginning on or after 01<sup>st</sup> January 2026. Early adoption is permitted along with the adoption of SLFRS 09 and SLFRS 15. SLFRS 17 supersedes SLFRS 04 Insurance contracts. The Company intends to adopt the new standard on its mandatory effective date.

SLFRS 4 permitted insurers to continue to use the statutory basis of accounting for insurance assets and liabilities that existed in their jurisdiction prior to January 2005. SLFRS 17 replaces this with a new measurement model for all insurance contracts.

SLFRS 17 requires liabilities for insurance contracts to be recognised as the present value of future cash flows, incorporating an explicit risk adjustment, which is updated at each reporting date to reflect current conditions, and a contractual service margin (CSM) that is equal and opposite to any day – one gain arising on initial recognition. Losses are recognised directly in the income statement. For the measurement purposes contracts are grouped together into contracts of similar risk profitability profile and issue year, with further divisions for contracts that are managed separately.

Profit for insurance contracts under SLFRS 17 is represented by the recognition of the service provided to policy holders in the period (release of CSM), release from non-economic risk (release of risk adjustment) and investment profit.

The CSM is released as profit over the coverage period of the insurance contract, reflecting the delivery of services to the policyholder. For certain contracts with participating features (where a substantial share of the fair value of the related investments and other underlying items is paid to policyholders) the CSM reflects the variable fee to shareholders. For these contracts, the CSM is adjusted to reflect the changes in economic experience and assumptions. For all other contracts the CSM is only adjusted for non-economic assumptions.

## Notes to the Financial Statements

SLFRS 17 introduces a new measure of insurance revenue, based on the delivery of service to policyholders and excluding any premiums related to the investment elements of policies, which will be significantly different from existing premium revenue measures, currently reported in the income statement. In order to transition to SLFRS 17, the amount of deferred profit, being the CSM at transition date, needs to be determined.

SLFRS 17 requires, the CSM to be calculated as if the standards had applied retrospectively. If this is not practical, an entity is required to choose either a simplified retrospective approach or determine the CSM by reference to the fair value of the liabilities at transition date. The approach for determining the CSM will have a significant impact on both shareholders' equity and on the amount of profit on in-force business in future reporting periods.

SLFRS 17 is expected to have a substantial change in the presentation of the Financial Statements and disclosures, as the requirements of the new standard are complex and require a fundamental change to accounting for insurance contracts as well as the application of significant judgment and new estimation techniques. The effect of changes required to the Company's accounting policies as a result of implementing these standards are currently uncertain, but these changes can be expected to, among other things, alter the timing of profit recognition.

With the implementation of SLFRS 17, the shadow accounting to insurance related assets and liabilities will not be applicable.

SLICLL and SLICGL have an implementation programme underway to implement SLFRS 17. The programme is responsible for setting accounting policies and developing application methodologies, establishing appropriate processes and controls, sourcing appropriate data and implementing actuarial and finance system changes.

### 4.3 Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment, which is subject to risks and returns that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organised into business units based on its products and services and has the following reportable operating segments as given below.

Reportable operating segment	Explanation
Life Insurance	Formed to carry out the Life insurance business post segregation of SLIC
Non-Life Insurance	Formed to carry out the General Insurance business post segregation of SLIC
Healthcare	Formed to providing healthcare and laboratory services
Hospitality	Formed to providing office space on rent for commercial purposes and is also engaged in hospitality trade.
Energy	Formed to importing, processing, storing, distributing and selling of Liquid Petroleum Gas (LPG) and providing other incidental services.

## 5 FINANCIAL INVESTMENT

		Group				Company			
As at 31st December	Note	2024		2023		2024		2023	
		Carrying Value Rs. 000'	Fair Value Rs. 000'	Carrying Value Rs. 000'	Fair Value Rs. 000'	Carrying Value Rs. 000'	Fair Value Rs. 000'	Carrying Value Rs. 000'	Fair Value Rs. 000'
Financial investments									
Held to maturity (HTM) financial assets	5.1	82,805,116	83,506,647	72,571,731	66,961,669	-	-	72,571,731	66,961,669
Loans and receivables (L & R)	5.2	52,926,445	53,554,545	66,276,591	66,276,591	2,146,539	2,146,539	59,300,582	59,300,582
Available for sale (AFS) financial assets	5.3	160,387,039	160,387,039	102,644,036	102,644,036	41,085,639	41,085,639	102,644,036	102,644,036
Fair value through profit or loss (FVTPL) financial asset	5.4	20,278,447	20,278,447	16,592,638	16,592,638	2,010,130	2,010,130	16,592,638	16,592,638
Total financial investments		316,397,047	317,726,678	258,084,996	252,474,934	45,242,308	45,242,308	251,108,987	245,498,925

### 5.1 Held to Maturity (HTM) Financial Assets

Treasury bonds	62,077,643	62,359,174	66,528,073	60,918,011	-	-	66,528,073	60,918,011
Listed debentures	20,727,473	21,147,473	6,043,658	6,043,658	-	-	6,043,658	6,043,658
	82,805,116	83,506,647	72,571,731	66,961,669	-	-	72,571,731	66,961,669

### 5.2 Loans and Receivables (L and R)

Unlisted debentures	29,544,425	30,172,525	27,384,412	27,384,412	-	-	27,384,412	27,384,412
Agent Loan	478,667	478,667	-	-	-	-	-	-
Term deposits	20,718,817	20,718,817	38,892,179	38,892,179	2,146,539	2,146,539	31,916,170	31,916,170
Staff Loans and Receivables	2,184,536	2,184,536	-	-	-	-	-	-
	52,926,445	53,554,545	66,276,591	66,276,591	2,146,539	2,146,539	59,300,582	59,300,582

### 5.3 Available for Sale (AFS)

Listed shares	47,551,164	47,551,164	26,067,713	26,067,713	25,900,124	25,900,124	26,067,713	26,067,713
Unlisted shares	6,389,015	6,389,015	5,926	5,926	5,934	5,934	5,926	5,926
Unit trusts	2,808,088	2,808,088	2,286,672	2,286,672	-	-	2,286,672	2,286,672
Listed debentures	20,694,685	20,694,685	29,948,862	29,948,862	-	-	29,948,862	29,948,862
Commercial Papers	38,485,072	38,485,072	16,368,416	16,368,416	15,179,581	15,179,581	16,368,416	16,368,416
Treasury bonds	44,459,015	44,459,015	27,966,447	27,966,447	-	-	27,966,447	27,966,447
	160,387,039	160,387,039	102,644,036	102,644,036	41,085,639	41,085,639	102,644,036	102,644,036

### 5.4 Fair Value Through Profit or Loss (FVTPL)

Listed shares	16,284,581	16,284,581	14,299,067	14,299,067	2,010,130	2,010,130	14,299,067	14,299,067
Unit trusts	3,993,866	3,993,866	2,293,571	2,293,571	-	-	2,293,571	2,293,571
	20,278,447	20,278,447	16,592,638	16,592,638	2,010,130	2,010,130	16,592,638	16,592,638

Fair value through profit or loss investments and Available for sale investments have been measured at fair value. Held to Maturity Investment and loans and receivable are measured at amortised cost.

## Notes to the Financial Statements

### 5 FINANCIAL INVESTMENTS (CONTD...)

#### 5.5 Movement of Carrying Values in Financial Investments

Company	Available For Sale Financial Assets	Fair Value Through Profit or Loss Financial Assets	Held-To Maturity Financial Assets	Loans and Receivable	Total
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
<b>As at 01st January 2024</b>	<b>102,644,036</b>	<b>16,592,639</b>	<b>72,571,730</b>	<b>59,300,583</b>	<b>251,108,987</b>
Segregation transfers	(92,108,553)	(13,984,125)	(69,535,415)	(49,782,390)	(225,410,483)
Purchases	19,590,144	590,171	-	2,674,285	22,854,600
Maturities	(250,000)	-	(2,900,000)	(1,726,200)	(4,876,200)
Disposals	-	(1,746,527)	-	(6,874,409)	(8,620,936)
Fair value gain recorded in other comprehensive income	(1,901,798)	-	-	19,343	(1,882,455)
Realised/Unrealised capital gains/(losses)	12,727,026	705,804	-	-	13,432,830
Amortisation adjustment	40,003	-	2,130	-	42,133
Profit	-	209,706	-	-	209,706
Interest Income recognised in income statement	536,766	-	679,855	1,614,018	2,830,639
Foreign Currency Translation Adjustments	(40,173)	(13,325)	-	(77,786)	(131,284)
Post segregation adjustments	-	103,673	-	(103,673)	-
Interest/Coupon Receipts	(151,812)	(447,886)	(818,300)	(2,897,232)	(4,315,230)
<b>As at 31st December 2024</b>	<b>41,085,639</b>	<b>2,010,130</b>	<b>-</b>	<b>2,146,539</b>	<b>45,242,308</b>
<b>As at 01st January 2023</b>	<b>51,513,246</b>	<b>25,763,811</b>	<b>71,832,664</b>	<b>62,142,194</b>	<b>211,251,915</b>
Purchases	41,142,396	2,929,952	4,000,000	29,170,764	77,243,112
Maturities	(7,961,108)	(650,484)	(3,170,000)	(23,046,147)	(34,827,739)
Disposals	(22,500)	(11,836,683)	-	(12,293,684)	(24,152,867)
Fair value gain recorded in other comprehensive income	16,609,607	94,452	-	-	16,704,059
Realised capital gains/(losses)	(658,643)	(320,838)	-	-	(979,481)
Impairment of assets during the year	-	-	-	2,676,150	2,676,150
Interest amortisation	114,506	-	4,062	-	118,568
Foreign currency translation adjustments	(135,080)	16,222	-	(1,916,205)	(2,035,063)
Profit	-	586,717	-	(497,925)	88,792
Interest income	5,760,168	-	7,887,569	10,005,165	23,652,903
Interest/coupon receipts	(3,718,556)	9,490	(7,982,566)	(6,939,729)	(18,631,361)
<b>As at 31st December 2023</b>	<b>102,644,036</b>	<b>16,592,639</b>	<b>72,571,730</b>	<b>59,300,583</b>	<b>251,108,987</b>



## 5. FINANCIAL INVESTMENTS (CONTD...)

## 5.5 Movement of Carrying Values in Financial Investments (Contd...)

Group	Available For Sale Financial Assets	Fair Value Through Profit or Loss Financial Assets	Held To Maturity Financial Assets	Loans and Receivable	Total
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
As at 01st January 2024	102,644,036	16,592,639	72,571,730	66,276,591	258,084,995
Impact on actual assets allocation at the time of segregation	3,722	(94,184)	-	94,184	3,722
Purchases	35,259,065	1,551,354	15,023,597	20,288,967	72,122,983
Maturities	(2,761,974)	-	(5,250,018)	(23,837,609)	(31,849,601)
Disposals	(7,009,127)	(572,499)	-	(6,874,409)	(14,456,035)
Re-classification	-	-	-	179,221	179,221
Exercise of subscription right (Right issue)	747,755	27	-	-	747,782
Fair value gain recorded in other comprehensive income	8,662,255	-	-	19,343	8,681,598
Realised capital gains/(losses)	12,728,181	2,127,146	-	-	14,855,327
Fair value gains and foreign currency translation recorded in profit or loss	-	821,796	-	(215,052)	606,744
FV adjustment	-	-	-	87,988	87,988
Net change in accrued interest	346,627	-	(69,769)	(148,544)	128,314
Amortisation adjustment	31,410	-	8,758	-	40,168
Profit	-	209,706	-	-	209,706
Interest Income recognised to income statement	8,907,054	-	8,107,936	6,435,631	23,450,621
Foreign Currency Translation Adjustments	(78,074)	(13,325)	-	(163,933)	(255,332)
Investment in Canwill Holding (Pvt) Ltd	6,383,081	-	-	-	6,383,081
	-	103,673	-	(103,673)	-
Interest/Coupon Receipts	(5,476,972)	(447,886)	(7,587,118)	(9,112,260)	(22,624,236)
As at 31st December 2024	160,387,039	20,278,447	82,805,116	52,926,445	316,397,047
As at 01st January 2023	51,513,246	25,763,811	71,832,664	69,065,402	218,175,123
Purchases	41,142,396	2,929,952	4,000,000	29,223,565	77,295,914
Maturities	(7,961,108)	(650,484)	(3,170,000)	(23,046,147)	(34,827,739)
Disposals	(22,500)	(11,836,683)	-	(12,293,684)	(24,152,867)
Fair value gain recorded in other comprehensive income	16,609,607	94,452	-	-	16,704,059
Realised capital gains/(losses)	(658,643)	(320,838)	-	-	(979,481)
Impairment of assets during the year	-	-	-	2,676,150	2,676,150
Interest amortisation	114,506	-	4,062	-	118,568
Foreign currency translation adjustments	(135,080)	16,222	-	(1,916,205)	(2,035,063)
Profit	-	586,717	-	(497,925)	88,792
Interest income	5,760,168	-	7,887,569	10,005,165	23,652,902
Interest/coupon receipts	(3,718,556)	9,490	(7,982,567)	(6,939,729)	(18,631,362)
As at 31st December 2023	102,644,036	16,592,639	72,571,730	66,276,591	258,084,996

## Notes to the Financial Statements

### 6 INVESTMENT IN SUBSIDIARIES

As at 31st December	Sub Note	Company	
		2024 Rs. 000'	2023 Rs. 000'
<b>Investment in Subsidiaries</b>			
<b>At Cost</b>			
Listed subsidiaries	6.1	2,764,196	2,764,196
Unlisted subsidiaries	6.2	37,160,338	21,059,696
		39,924,534	23,823,892

#### 6.1 Listed Subsidiaries

As at 31st December	2024				2023			
	No. of Shares	Holding %	Cost Rs. 000'	Fair Value Rs. 000'	No. of Shares	Holding %	Cost Rs. 000'	Fair Value Rs. 000'
The Lanka Hospitals Corporation PLC	114,861,951	51.34%	2,764,196	9,081,453	114,861,951	51.34%	2,764,196	13,783,434
			2,764,196	9,081,453			2,764,196	13,783,434

#### 6.2 Unlisted Subsidiaries

As at 31st December	2024			2023		
	No. of Shares	SLIC Holding %	Carrying Value Rs. 000'	No. of Shares	SLIC Holding %	Carrying Value Rs. 000'
Litro Gas Lanka Ltd	35,976,853	99.94%	3,510,063	35,976,853	99.94%	3,510,063
Litro Gas Terminal Lanka (Pvt) Ltd	158,710,945	100.00%	5,280,188	158,710,945	100%	5,280,188
Management Services Rakshana Ltd.	5	100.00%	-	5	100%	-
Canwill Holdings (Pvt)Ltd.	-	0.00%	-	1,085,294,117	52.05%	10,399,358
Canwin Hotels & Spas (Pvt) Ltd	87,008,686	100.00%	870,087	87,008,686	100%	870,087
Sri Lanka Insurance Corporation General Limited	50,000,001	100.00%	15,000,000	50,000,001	100%	500,000
Sri Lanka Insurance Corporation Life Limited	50,000,000	100.00%	12,500,000	50,000,000	100%	500,000
			37,160,338			21,059,696

#### 6.2.1 Group's Investments in Subsidiaries

On August 29, 2023, Sri Lanka Insurance Corporation Limited acquired 100% of the stake in Sri Lanka Insurance Corporation General Limited, a newly formed and previously held subsidiary of Sri Lanka Investment Holding Limited, and on October 16, 2023, Sri Lanka Insurance Corporation Limited invested an additional Rs. 400 million in Sri Lanka Insurance Corporation General Limited. In addition, on October 18, 2023, Sri Lanka Insurance Corporation Limited established and invested Rs. 500 million in Sri Lanka Insurance Corporation Life Limited.

##### Sri Lanka Insurance Corporation General Limited

A) The following table summarises the total identifiable assets and liabilities as at acquisition date.

Assets/Liabilities	Identified Assets and Liabilities Assumed Rs. 000'
Other receivable	200
Amounts due from related party	508
Cash and cash equivalents	166,400
Income tax payable	(5,269)
Other payables	(302)
<b>Identified Net assets as at acquisition date</b>	<b>161,537</b>



## 6. INVESTMENT IN SUBSIDIARIES (CONTD...)

### 6.2.1 Group's Investments in Subsidiaries (Contd...)

*B) Tabulated below is the net impact on Statement of Profit or loss due to the transactions outlined in above.*

#### Goodwill/ (Gain on Bargain Purchase) calculation

Consideration paid	100,000
Indetified net assets as at acquisition Date	(161,537)
<b>Gain on Bargain Purchase</b>	<b>(61,537)</b>

*C) Tabulated below is the net impact on Statement of Cash Flows due to the transactions outlined in above.*

Consideration paid	(100,000)
Cash and cash equivalents, acquired	166,400
<b>Net cash inflow for CF purpose</b>	<b>66,400</b>

### 6.2.2 Group's Disposals of Subsidiaries

On 7th July 2024, the Group disposed its investment in Canwill Holdings (Pvt) Ltd whereby the Group losses its control over Canwill Holdings (Pvt) Ltd along with its 100% owned subsidiaries, Sinolanka Hotels and Spa (Pvt) Ltd, Helanco Hotels and Spa (Pvt) Ltd and Nilyan Hotels and Spa (Pvt) Ltd for a consideration of Rs. 10,499,999,995. Tabulated below is the summarised net impact of the transaction on the Group.

*A) The following table summarises the total identifiable assets and liabilities as at disposal date.*

	Canwill Holdings (Pvt) Ltd	Sinolanka Hotels and Spa (Pvt) Ltd	Helanco Hotels and Spa (Pvt) Ltd	Total (Rs. 000)
<b>Assets</b>				
Investment in subsidiaries	20,500,000	-	-	20,500,000
Property, plant and equipment	-	36,674,069	203,601	36,877,670
Deferred tax assets	190	-	-	190
Other assets	778,141	463,159	406,325	1,647,625
Cash and cash equivalents	7,467	124,794	9,321	141,582
<b>Total Assets</b>	<b>21,285,798</b>	<b>37,262,022</b>	<b>619,247</b>	<b>59,167,067</b>
<b>Liabilities</b>				
Current tax liabilities	84	-	-	84
Retirement benefits obligation	633	4,349	-	4,982
Other liabilities	415,874	6,476,241	2,323	6,894,438
Amounts due to related companies	-	-	-	-
Financial liabilities	-	5,119,434	-	5,119,434
<b>Total Liabilities</b>	<b>416,591</b>	<b>11,600,024</b>	<b>2,323</b>	<b>12,018,938</b>

<b>Total net assets</b>	<b>47,148,129</b>
<b>(-) Investments within the sub-group</b>	<b>(20,500,000)</b>
<b>Total sub group's identifiable net assets as at disposal date</b>	<b>26,648,129</b>

*B) Tabulated below is the net impact on Statement of Profit or loss due to the transactions outlined above.*

	Rs. 000'
Consideration	10,500,000
Fair value of the retained interest	6,383,081
Derconignition on NCI due to disposal	6,393,646
	23,276,727
<b>(-) Carrying value of net asset (A)</b>	<b>(26,648,129)</b>
<b>Gain/(Loss) on disposal of subsidiary (Note (a))</b>	<b>(3,371,402)</b>

## Notes to the Financial Statements

### 6 INVESTMENT IN SUBSIDIARIES (CONTD...)

#### 6.2.2 Group's Disposals of Subsidiaries (Contd...)

##### Note (a)

Gain/(Loss) without measuring the retained interest at fair value at the disposal date	(4,754,483)
Gain/(Loss) attributable to measuring the retained interest at fair value at the disposal date	1,383,081
<b>Gain/(Loss) recognized in other expenses in the statement of profit or loss (Note 35)</b>	<b>(3,371,402)</b>

##### C) Tabulated below is the net impact on Statement of Cash Flows due to the transactions outlined above.

Consideration identified (B)	10,500,000
(-) Cash and Cash Equivalents in identifiable net assets	(141,582)
<b>Net cash balance as a result of the disposal</b>	<b>10,358,418</b>
(-) Receivable from the Secretary to treasury	(10,500,000)
<b>Net cash outflow for CF purpose</b>	<b>(141,582)</b>

#### 6.2.3 Group Investment in Subsidiaries

As at 31st December	Holding Percentage	Company	
		2024 Rs.	2023 Rs.
Sinolanka Hotels and Spa (Pvt) Ltd	-	-	19,999,999,995
Helanco Hotels and Spa (Pvt) Ltd	-	-	500,000,000
Nilyan Hotels and Spa (Pvt) Ltd	100%	-	10
		-	20,500,000,005
Provision for impairment		-	(10)
		-	20,499,999,995

The Board of Directors of Nilyan Hotels & Spa (Pvt) Ltd has decided to strike off the name of the Company from the register maintained at the Department of Registrar General of Companies since the Company will not be proceeding with business activities. Accordingly, provision has been made for fall in value of the investment of Rs. 10/- under Nilyan Hotels & Spa (Pvt) Ltd in the year 2017.

During the year, the Group has disposed its investment in Canwill Holdings (Pvt) Ltd whereby the Group loses its control over Canwill Holdings (Pvt) Ltd along with its subsidiaries Sinolanka Hotels and Spa (Pvt) Ltd, Helanco Hotels and Spa (Pvt) Ltd and Nilyan Hotels and Spa (Pvt) Ltd.

#### 6.3 Group Holdings in Principal Subsidiaries

The following disclosure excerpt highlights the Group's composition and the proportion of ownership interests held by NCI.

Company	Principal activities	Class of shares held	Group Interest		Non Controlling Interest	
			2024	2023	2024	2023
The Lanka Hospitals Corporation PLC	Healthcare and Laboratory Services	Ordinary	51.34%	51.34%	48.66%	48.66%
Lanka Hospital Diagnostics Limited	Healthcare and Laboratory Services	Ordinary	51.34%	51.34%	48.66%	48.66%
Litro Gas Lanka Limited	Import, Process, Store, Distribute and sell Liquid Petroleum Gas (LPG) and provide other incidental services.	Ordinary	99.94%	99.94%	0.06%	0.06%
Litro Gas Terminal Lanka (Pvt) Ltd	Provide bulk storage facilities for Liquid Petroleum Gas	Ordinary	100.00%	100.00%	0.00%	0.00%
Canowin Hotels & Spa (Pvt) Ltd	Hoteliering	Ordinary	100.00%	100.00%	0.00%	0.00%
Canwill Holdings (Pvt) Limited	Investment promotion in relation to leisure sector	Ordinary	-	76.01%	-	23.99%
Sinolanka Hotels & Spa (Pvt) Limited	Hoteliering	Ordinary	-	76.01%	-	23.99%
Helanco Hotels & Spa (Pvt) Limited	Hoteliering	Ordinary	-	76.01%	-	23.99%
Management Services Rakshana (Pvt) Ltd	Management Services	Ordinary	100.00%	100.00%	0.00%	0.00%
Sri Lanka Insurance Corporation General Limited	Insurance	Ordinary	100.00%	100.00%	0.00%	0.00%
Sri Lanka Insurance Corporation Life Limited	Insurance	Ordinary	100.00%	100.00%	0.00%	0.00%

## 6 INVESTMENT IN SUBSIDIARIES (CONTD...)

### 6.4 Non-Controlling Interest

#### 6.4.1 Subsidiaries with material non-controlling interests

The following table summarises the information relating to the Group's subsidiaries that have material non-controlling interest to the Group. The Group has identified these non controlling interest on quantitative and qualitative bases.

Subsidiary Name	The Lanka Hospitals Corporation PLC Rs. 000'	Litro Gas Lanka Limited Rs. 000'
NCI Holding Interest	48.66%	0.06%
<b>Summarised Statement of Financial Position</b>		
Non current assets	7,257,582	18,572,119
Current assets	11,253,739	16,221,887
Non current liabilities	1,883,829	14,376,114
Current liabilities	2,449,095	4,023,248
Net assets	22,844,245	53,193,367
Net assets attributable to NCI (Before any inter group eliminations)	11,116,229	34,202

#### **Summarised Statement of Comprehensive Income**

Revenue	13,650,106	88,755,759
Profit for the year	1,339,432	2,248,429
Other comprehensive income/ (expenses)	240,005	(23,891)
<b>Total comprehensive income</b>	<b>1,579,437</b>	<b>2,224,538</b>
<b>Profit allocated to NCI</b>	<b>651,780</b>	<b>1,446</b>
<b>OCI allocated to NCI</b>	<b>116,789</b>	<b>(15)</b>

#### **Summarised Statement of Cash Flows**

Cash flows from / (used in) operating activities	2,046,027	6,536,455
Cash flows from / (used in) investment activities	(1,984,281)	(930,254)
Cash flows from / (used in) finance activities	(76,407)	(6,792,629)
<b>Net increase in cash and cash equivalents</b>	<b>(14,661)</b>	<b>(1,186,428)</b>

#### 6.4.2 Movement of non-controlling interest

	Group	
	2024 Rs. 000'	2023 Rs. 000'
Balance at the beginning of the year	13,233,465	12,897,579
Profit for the year	621,359	690,330
Other comprehensive income, net of tax	(37,717)	(27,352)
Dividends paid to NCI for the year	(482)	(327,092)
Disposal of subsidiary with NCI	(6,393,646)	-
<b>Balance at the end of the year</b>	<b>7,422,979</b>	<b>13,233,465</b>

## 7 INVESTMENT IN ASSOCIATES

Group/Company	2024				2023			
	No. of shares	SLIC Holding %	Carrying Value Rs. '000	Fair Value Rs. '000	No. of shares	SLIC Holding %	Carrying Value Rs. '000	Fair Value Rs. '000
Ceybank Asset Management Ltd	759,998	26.57%	191,295	191,295	759,998	26.57%	191,295	191,295
Ceylon Asset Management Company Ltd	1,250,000	18.95%	7,378	7,378	1,250,000	18.95%	7,378	7,378
			198,673	198,673			198,673	198,673

\* The above investments are measured at SLIC's share of Net Asset Value (NAV) of the investee (based on the unaudited financial statements) and change in values are recognised in OCI. There is no material impact on the Group's profit after tax or EPS, or cash.

## Notes to the Financial Statements

### 8 PROPERTY, PLANT AND EQUIPMENT

#### 8.1 Group

As at 31st December	Note	2024 Rs.000'	2023 Rs.000'
Carrying Amount		41,350,026	44,101,299
Work-in-Progress	8.1.3	566,814	30,707,140
		41,916,840	74,808,439

As at 31st December	Land Rs. 000'	Buildings on Freehold Land Rs. 000'	Building on Leasehold Land Rs. 000'	Equipment Rs. 000'	Furniture and Fittings Rs. 000'	Motor Vehicle Rs. 000'
<b>Cost/ Valuation</b>						
Balance as at 01st January 2024	16,512,080	3,129,953	8,354,044	6,413,151	1,104,390	1,011,081
Additions during the year	-	-	106,990	1,290,468	131,321	1,416
Revaluation	2,962,668	213,672	396,153	2,644	2,284	507,249
Transfer of accumulated depreciation on revalued assets	(17,140)	-	(92,009)	-	-	(381,317)
PPE related to disposed subsidiary	(2,784,166)	-	(5,536,991)	(6,421)	(4,132)	(17,265)
Disposals	-	-	-	(35,614)	(1,660)	(61,625)
Adjustment to cost	-	-	-	-	-	-
Transfers from ROU	-	-	-	-	-	-
Transfers from work-in-progress	-	350,266	84,835	78,554	72,151	-
<b>Balance as at 31st December 2024</b>	<b>16,673,442</b>	<b>3,693,891</b>	<b>3,313,022</b>	<b>7,742,782</b>	<b>1,304,354</b>	<b>1,059,539</b>
<b>Accumulated Depreciation</b>						
Balance as at 01st January 2024	16,244	376,592	223,740	3,902,962	671,346	620,704
Depreciation charge during the year	896	180,477	186,042	546,447	94,855	158,630
PPE related to disposed subsidiary	-	-	-	(3,443)	(1,555)	-
Transfer of accumulated depreciation on revalued assets	(17,140)	-	(92,009)	-	-	(381,317)
Disposals	-	-	-	(29,341)	(561)	(44,235)
Adjustment to accumulated depreciation	-	-	-	-	-	-
Transfers from ROU	-	-	-	-	-	-
Revaluation	-	-	(309,562)	-	-	-
<b>Balance as at 31st December 2024</b>	<b>-</b>	<b>557,069</b>	<b>8,211</b>	<b>4,416,625</b>	<b>764,085</b>	<b>353,782</b>

#### Net book value

As at 31st December 2023	16,495,836	2,753,361	8,130,304	2,510,189	433,044	390,377
<b>As at 31st December 2024</b>	<b>16,673,442</b>	<b>3,136,822</b>	<b>3,304,811</b>	<b>3,326,157</b>	<b>540,269</b>	<b>705,757</b>

	Electrical Generators and Passenger Lifts Rs. 000'	Fixtures and Fittings Rs. 000'	Air- condition Plant Rs. 000'	Plant and Machinery Rs. 000'	Storage Tanks, Pipelines and Pumping Stations Rs. 000'	LPG Cylinders Rs. 000'	Others Rs. 000'	Total 2024 Rs. 000'	Total 2023 Rs. 000'
	95,614	4,280	200,271	1,617,693	3,823,449	18,160,644	543,854	60,970,504	59,673,093
	6,744	-	10,310	26	-	-	165,201	1,712,476	1,180,242
	-	4,562	-	21,556	-	-	13,677	4,124,465	17,286
	-	-	-	-	-	-	-	(490,466)	-
	-	-	-	-	-	-	-	(8,348,975)	-
	-	(3,631)	-	(32,010)	-	(3,811)	(17,407)	(155,758)	(180,799)
	-	-	-	-	-	-	-	-	(33,513)
	-	-	-	-	-	-	-	-	4,700
	-	-	-	656,304	26,504	492,325	-	1,760,939	309,495
	102,358	5,211	210,581	2,263,569	3,849,953	18,649,158	705,325	59,573,185	60,970,504
	35,935	457	67,219	575,309	1,036,967	8,962,610	379,120	16,869,205	14,806,678
	10,539	980	25,778	92,439	223,543	666,464	62,196	2,249,286	2,217,285
	-	-	-	-	-	-	-	(4,998)	-
	-	-	-	-	-	-	-	(490,466)	-
	-	(1,059)	-	(8,207)	-	(3,767)	(3,136)	(90,306)	(117,189)
	-	-	-	-	-	-	-	-	(38,039)
	-	-	-	-	-	-	-	-	470
	-	-	-	-	-	-	-	(309,562)	-
	46,474	378	92,997	659,541	1,260,510	9,625,307	438,180	18,223,159	16,869,205
	59,679	3,823	133,052	1,042,384	2,786,482	9,198,034	164,734	-	44,101,299
	55,884	4,833	117,584	1,604,028	2,589,443	9,023,851	267,145	41,350,026	-

## Notes to the Financial Statements

### 8 PROPERTY, PLANT AND EQUIPMENT (CONTD...)

#### 8.1 Group (Contd...)

##### 8.1.1 Lands

##### Freehold Lands

##### The Lanka Hospitals Corporation PLC - carried at revalued amount

Location	Extent (perches)	Method of valuation	Property valuer	Effective date of valuation	Significant unobservable inputs	Carrying value as at 31st December 2024 Rs.	Revaluation surplus Rs.	Carrying value at cost Rs.
Hathbodiya, Kirula Road, Narahenpita, Colombo 05	10.35	Open market value method	Mr. A A M Fathihu (FIV), Chartered Valuer	31st December 2024	Estimated price per perch Rs.6,325,000.00	53,402,948	46,934,502	6,468,447
Hathbodiya, Kirula Road, Narahenpita, Colombo 05	10.00	Open market value method	Mr. A A M Fathihu (FIV), Chartered Valuer	31st December 2024	Estimated price per perch Rs.6,325,000.00	51,597,052	45,347,345	6,249,706
						105,000,000	92,281,847	12,718,153

##### 8.1.2 Buildings on Leasehold Land

##### Details of the valuation of property, plant and equipment

##### The Lanka Hospitals Corporation PLC

The building constructed on leasehold land of the Company was revalued by Mr A.A.M. Fathihu (MRICS), Independent Chartered Valuer with appropriate experience in the valuation of properties in relevant location in December 2024 on current replacement cost basis.

Freehold land of the Company was revalued by Mr A.A.M. Fathihu (MRICS), Chartered Valuer in December 2024 on current market value basis.

Location	Type of property	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs	Cost as at 31.12.2023	Cumulative depreciation if assets were carried at cost Rs.	Net carrying value Rs.
No. 578, Etiviligala Mawatha, Colombo 05	Building	Current replacement cost basis	31st December 2024	Mr. A A M Fathihu (FIV), Chartered Valuer	Estimated value per square foot Rs.7,500 - 17,500	2,094,409,587	545,463,592	1,548,945,995

##### 8.1.3 Capital Work-in-Progress

As at 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
At the beginning of the Year	30,707,140	30,560,388	-	-
Cost incurred during the Year	1,097,988	464,780	-	-
Amount capitalised during the Year	(1,628,986)	(318,028)	-	-
Revaluation of asset	(1,075,635)	-	-	-
Disposal of Subsidiary	(28,533,693)	-	-	-
At the end of the Year	566,814	30,707,140	-	-

##### 8.1.4 Impairment of Property, Plant and Equipment

##### Sri Lanka Insurance Corporation Life Limited

The Board of Directors had assessed the potential impairment loss of property, plant and equipment as at 31st December 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of PPE.

##### Sri Lanka Insurance Corporation General Limited

The Board of Directors had assessed the potential impairment loss of property, plant and equipment as at 31st December 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of PPE.

## 8 PROPERTY, PLANT AND EQUIPMENT (CONTD...)

### 8.1.4 Impairment of Property, Plant and Equipment (Contd...)

#### Sri Lanka Insurance Corporation Life Limited

The Board of Directors had assessed the potential impairment loss of property, plant and equipment as at 31st December 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of PPE.

#### Sri Lanka Insurance Corporation General Limited

The Board of Directors had assessed the potential impairment loss of property, plant and equipment as at 31st December 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of PPE.

### 8.1.5 Fully Depreciated Assets

#### The Lanka Hospitals Corporation PLC

Property, plant and equipment as at 31st December 2023 includes fully depreciated assets having a gross carrying amount (cost) of Rs 3.01 Bn (2023 - 2.44 Bn).

#### Sri Lanka Insurance Corporation General Limited

The initial cost of fully depreciated Property, Plant and Equipment which are still in use as at the reporting date is as follows;

Class of Asset	2024 Rs' 000	2023 Rs' 000
Furniture and Fittings	81,563	-
Office and other equipment	19,395	-
Computer equipment	112,519	-
<b>Total</b>	<b>213,477</b>	<b>-</b>

#### Sri Lanka Insurance Corporation Life Limited

The initial cost of fully depreciated property, plant and equipment which are still in use as at reporting date is as follows;

Class of Asset	2024 Rs' 000	2023 Rs' 000
Furniture and Fittings	42,256	-
Office and other equipment	856	-
Computer equipment	98,970	-
<b>Total</b>	<b>142,082</b>	<b>-</b>

#### Litro Gas Lanka Limited

Property, plant and equipment include fully depreciated assets, which are still in use, the cost of which as at 31st December 2024 amounted to Rs.2,167,039,256 (31 December 2023 - Rs. 1,961,833,099).

#### Litro Gas Terminal Lanka (Private) Limited

Property, plant and equipment as at 31st December 2024 include fully depreciated assets, still in use. The cost of which as of 31st December 2024, amounted to Rs. 11,004,419/- (2023 - Rs. 9,209,640/-).

Depreciation expenses of Rs. 241,753,969 (2023 - Rs. 309,275,142/-) and Rs. 32,198,156/- (2023 -Rs. 31,644,066/-) have been charged in cost of sales and administrative expenses respectively.

## Notes to the Financial Statements

### 8 PROPERTY, PLANT AND EQUIPMENT (CONTD...)

#### 8.1.6 Asset Requalification

##### **Litro Gas Lanka Limited**

Certain types of assets: Storage tanks, pipelines, pumping stations, instrumentation equipment, tanks on bowlers and plant and machinery require periodically to be inspected, assessed and requalified to ensure that the said assets meet the required safety standards, to be used in the LPG industry. When such an asset is to be requalified for use, the cost and accumulated depreciation relating to the asset is derecognised. Subsequent to requalification, the previous written down value of the asset and the additional cost incurred to requalify the asset is capitalised, as it is expected that future economic benefits associated with the asset will flow to the entity.

##### **Litro Gas Terminal Lanka (Private) Limited**

Certain types of assets: Storage tanks, Pipelines, Pumping stations, Instrumentation equipment and plant and machinery require periodically to be inspected, assessed and requalified to ensure that the said assets meet the required safety standards, to be used in the LPG industry. When such an asset is to be requalified for use, the cost and accumulated depreciation relating to the asset is derecognised. Subsequent to requalification, the previous written down value of the asset and the additional cost incurred to requalify the asset is capitalised, as it is expected that future economic benefits associated with the asset will flow to the entity.

#### 8.1.7 Revaluation of Property, Plant and Equipment

##### **Litro Gas Lanka Limited**

The increase in an asset's carrying amount as a result of revaluation, has been recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Any decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. However, any excess revaluation decrease, if any, relating to an asset's carrying amount is recognised in profit or loss.

##### **Revaluation of Property, Plant and Equipment.**

All assets under property, plant and equipment, except Lands, building, and Motor Vehicle have been revalued in the year 2016. The fair value of property, plant and equipment was determined by Sunil Fernando & Associates (Private) Limited, an external independent chartered valuation surveyor, who had relevant experience in the category of assets being revalued.

Lands, building, and Motor Vehicle have been revalued as at 31st December 2021 by IJVR Consultancy (Pvt) Ltd an external independent chartered valuation surveyor, who had relevant experience in the category of the assets being revalued.

Asset category	Date of revaluation	Cost Rs '000	Net book value under cost model Rs. '000
Land	Dec-21	36,652	36,652
Building, Site development	Dec-21	315,098	171,587
Motor vehicles	Dec-21	344,102	-
LPG storage tanks, pipes and fittings	Dec-16	116,435	2,036
Plant and machinery	Dec-16	299,709	-
Workshop equipment	Dec-16	464	-
Other equipment	Dec-16	34,166	-
Furniture, fittings and computers	Dec-16	151,517	-
LPG cylinders	Dec-16	4,120,298	-



## 8 PROPERTY, PLANT AND EQUIPMENT (CONTD...)

### 8.1.7 Revaluation of Property, Plant and Equipment (Contd...)

#### Litro Gas Terminal Lanka (Private) Limited

Building site development and all other assets under property, plant and equipment have been revalued during the year 2016. The fair value of property, plant and equipment was determined by Sunil Fernando & Associates (Private) Limited an external, independent chartered valuation surveyor, who had relevant experience in the category of assets being revalued. Building, and Motor Vehicle have been revalued as at 31 December 2021 by IJVR Consultancy (Pvt) Ltd an external independent chartered valuation surveyor, who had relevant experience in the category of assets being revalued.

Asset category	Date of revaluation	Cost Rs '000	Net book value under cost model Rs. '000
Freehold land	December - 2021	2,618,801	2,618,801
Building and Site development	December - 2021	258,540	57,710
Motor vehicles	December - 2021	3,288	-
Plant and machinery	December - 2016	247,656	22,795
Storage tanks, pipeline and pumping Stations	December - 2016	3,175,167	21,986
Instrumentation equipment	December - 2016	736,798	8,701
Office equipment and computers	December - 2016	47,347	-

#### Canowin Hotels and Spa (Pvt) Limited

The company revalued the PPE by an independent valuer to an aggregated fair value of Rs. 53,393,910.00 as of 31.12.2024. Further, the company recorded an aggregated valuation loss of Rs. 3,830,887.00, which is charged to P and L in Subway Plant and Machinery, Other Subway Assets classes and recorded aggregated valuation gain of Rs.7,828,097.00 which is charged to OCI in remaining assets classes excluding Subway Plant and Machinery, Other Subway Assets.

#### Sri Lanka Insurance Corporation Life Limited

During the financial year 2024, Motor vehicles have been revalued by Mr. A A M Fathihu (MRICS) Independent Chartered Valuer with appropriate experience in the valuation of properties.

Next revaluation date will be on 31st December 2027.

#### Sri Lanka Insurance Corporation General Limited

Latest revaluation was carried out by the Company for its entire Motor vehicle class as at 31st December 2024. As per the Company policy motor vehicle should be valued every three years and the next valuation will be on 31st December 2027.

### 8.1.8 Property, plant and equipment - contractual commitments

#### Lanka Hospitals Corporation PLC

Contractual commitments of property, plant, and equipment as at the reporting date are Rs 232 Mn.

### 8.1.9 Property, Plant and Equipment acquired

#### Sri Lanka Insurance Corporation Life Limited

During the financial year, the company has acquired property, plant and equipment amounting to Rs 85.5 Mn (2023 - Nil).

#### Sri Lanka Insurance Corporation General Limited

During the financial year, the company has acquired property, plant and equipment amounting to Rs 147.1 Mn (2023 - Nil).

#### Canowin Hotels & Spa (Pvt) Ltd

During the financial year, the company acquired property, plant and equipment to the aggregate value of Rs. 0.1 Mn in the year 2024.

#### The Lanka Hospitals Corporation PLC

During the financial year, the company acquired property, plant and equipment to the aggregate value of Rs. 1,439 Mn in the year 2024.

## Notes to the Financial Statements

### 8 PROPERTY, PLANT AND EQUIPMENT (CONTD...)

#### 8.2 Company

As at 31st December	2024 Rs. 000'	2023 Rs. 000'
Carrying Amount	215,202	12,644,259
	215,202	12,644,259

	Land Rs. 000'	Buildings on Freehold Land Rs. 000'	Building on Leased hold Land Rs. 000'	Equipment Rs. 000'	Furniture and Fittings Rs. 000'	
<b>Cost/Valuation</b>						
Balance as at 01st January 2024	9,463,092	2,562,549	69,700	809,606	267,402	
Additions during the year	-	-	-	17,669	2,384	
Revaluation	2,821,730	213,672	-	-	-	
Transfer due to segregation	-	-	-	(763,844)	(266,711)	
Disposals	-	-	-	-	-	
Transfers to investment property	(12,284,822)	(2,776,221)	(69,700)	-	-	
<b>Balance as at 31st December 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,431</b>	<b>3,075</b>	
<b>Accumulated depreciation</b>						
Balance as at 01st January 2024	-	247,977	-	472,836	163,241	
Depreciation charge for the year	-	10,534	-	13,747	1,633	
Disposals	-	-	-	-	-	
Transfer due to segregation	-	-	-	(435,882)	(163,609)	
Transfers to investment property	-	(258,511)	-	-	-	
<b>Balance as at 31st December 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,701</b>	<b>1,265</b>	

#### Net book value

As at 31st December 2023	9,463,092	2,314,572	69,700	336,770	104,161	
<b>As at 31st December 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,730</b>	<b>1,810</b>	

During the year the Company has acquired property, plant and equipment amounting to Rs 40 Mn (2023 Rs.371.5 Mn ).

At the end of year 2024, there were no fully depreciated assets (2023- Rs. 597.2 Mn)

There were no assets pledged against the borrowings.

	Motor Vehicle Rs. 000'	Electrical Generators and Passenger Lift Rs. 000'	Fixtures and Fittings Rs. 000'	Air-cond. Plant Rs. 000'	Others Rs. 000'	Total 2024 Rs. 000'	Total 2023 Rs. 000'
	464,315	95,614	649	200,271	119,356	14,052,554	13,736,546
	-	6,744	-	10,310	2,966	40,073	371,582
	-	-	-	-	-	3,035,402	-
	(464,315)	-	-	-	-	(1,494,870)	-
	-	-	-	-	-	-	(55,575)
	-	-	-	-	-	(15,130,743)	-
	-	102,358	649	210,581	122,322	502,416	14,052,554
	349,642	35,413	306	67,219	71,661	1,408,295	973,454
	5,396	10,539	72	25,778	24,260	91,959	469,368
	-	-	-	-	-	-	(34,527)
	(355,038)	-	-	-	-	(954,529)	-
	-	-	-	-	-	(258,511)	-
	-	45,952	378	92,997	95,921	287,214	1,408,295
	114,673	60,201	343	133,052	47,695	-	12,644,259
	-	56,406	271	117,584	26,401	215,202	-

## Notes to the Financial Statements

### 9 RIGHT-OF-USE ASSETS/ LEASE LIABILITIES

SLFRS 16 – “Leases”, requires lessee to recognise all leases to on their Statement of Financial Position as lease liabilities with the corresponding right-of-use assets w.e.f. 1 January 2019. Previously, these leases were classified as operating leases under LKAS 17 – “Leases”.

#### Lease payable as lessee

The Company leases a number of branch and office premises. The leases generally run for a period of 1-10 years, with an option to renew the lease after that date.

#### 9.1 Right-of-use assets

	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Cost</b>				
Balance as at 01st January	3,137,485	2,915,602	1,285,509	1,187,997
Additions	579,001	370,680	147,699	255,252
Revaluation	18,000	14,054	-	-
Disposals/write-offs during the year	(192,223)	(5,112)	-	-
Transfer to revaluation reserve	-	(77,303)	-	(77,303)
Transfers to PPE	-	(6,105)	-	(6,105)
Transfers to Investment Property	(967,579)	(74,332)	(1,433,208)	(74,332)
<b>Balance as at 31st December</b>	<b>2,574,684</b>	<b>3,137,484</b>	<b>-</b>	<b>1,285,509</b>
<b>Amortisation</b>				
Balance as at 01st January	1,987,692	1,614,328	784,472	611,208
Charge for the year	422,459	462,067	183,107	180,159
Transfers to Investment Property	(967,579)	(84,302)	(967,579)	(6,895)
Disposal during the year	(124,525)	(4,402)	-	-
<b>Balance as at 31st December</b>	<b>1,318,047</b>	<b>1,987,691</b>	<b>-</b>	<b>784,472</b>
<b>Net balance as at 31st December</b>	<b>1,256,637</b>	<b>1,149,793</b>	<b>-</b>	<b>501,037</b>

The carrying amounts of lease liability recognised and its movements during the year are as follows:

#### 9.2 Lease liabilities

	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Balance as at 01st January	1,068,946	1,049,303	788,611	665,420
Lease Liability Relating to new/renewed contracts during the year	601,760	494,926	217,955	373,737
Rent Expense recognized in Income Statements relating to SLFRS 16 Contract	(529,036)	(532,056)	(259,568)	(250,546)
Disposal during the year	(337)	(5,112)	-	-
Gain on disposals	(383)	185	-	-
Interest charged during the year	79,648	61,700	-	-
<b>Balance as at 31st December</b>	<b>1,220,598</b>	<b>1,068,946</b>	<b>746,998</b>	<b>788,611</b>
Adjustment on interest in suspense at initial application	221,385	172,902	221,385	172,902
Interest recognised in income statement	(92,633)	(77,997)	(92,633)	(77,997)
Interest in suspense relating to the new contracts recognised	70,255	126,480	70,255	126,480
<b>Interest in suspense at the end of the period</b>	<b>199,007</b>	<b>221,385</b>	<b>199,007</b>	<b>221,385</b>
<b>Balance as at 31st December</b>	<b>1,021,591</b>	<b>847,561</b>	<b>547,991</b>	<b>567,226</b>

The amounts are recognised in the Statement of Comprehensive Income for the year ended 31st December 2024.

#### 9.3 Amounts recognised in Statement of Profit or Loss

	Group		Company	
For the year ended 31st December	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Amortisation expenses on right-of-use assets	422,459	462,067	183,107	180,159
Interest expenses on lease liabilities	172,281	139,697	92,633	77,997
<b>Net charge to P and L</b>	<b>594,740</b>	<b>601,764</b>	<b>275,740</b>	<b>258,156</b>

## 9 RIGHT-OF-USE ASSETS/ LEASE LIABILITIES (CONTD....)

### 9.4 Maturity Analysis - Contractual Undiscounted Cashflows

For the year ended 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Less than 3 months	37,721	142,719	3,157	1,640
3 months to 6 months	40,727	36,195	6,163	2,678
6 months to 1 year	218,492	69,721	5,835	19,425
1 to 5 years	862,303	907,400	545,163	527,155
More than 5 years	191,330	179,729	189,690	178,049
	1,350,574	1,335,764	750,007	728,947

#### Sri Lanka Insurance Corporation Ltd

The Company has entered into a 99 year agreement with the government of Sri Lanka and leasehold properties previously recognised under LKAS 17 were reclassified as Right of Use Assets - leasehold with adoption of SLFRS 16 -Lease, with effect from 01st January 2019. Prior period amount has not been restated.

Sri Lanka Insurance Corporation Ltd obtained leasehold rights to lands situated in Puttalam, Hambanthota, Matale, Nuwara- Eliya and Monaragala for 99 and 30 years from the Government of Sri Lanka. Based on the ruling 11 of Urgent Issues Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka, the lands are stated at revalued amounts. As a result of a revision to said ruling, the Company now carries such leasehold rights to land, at the values recorded in the statement of financial position as at the effective date of SLFRS 16 - "Leases".

As at 31st December 2024, Right-of-Use Assets amounting to Rs. 465 million were re-classified to Investment Property.

#### The Lanka Hospitals Corporation PLC

The company as a lessee entered into 99 years lease agreement with the Urban Development Authority in 1999. In terms of this agreement a sum of Rs. 18,546,548/- per annum should be paid by the Company till 2025, and the final premium payment of Rs. 9,273,274/- should be paid in 2026. There are other lease facilities entered by the company for corporate office and hostels. In addition, The Lanka Hospitals Diagnostic Pvt Ltd, the subsidiary of The Lanka Hospitals Corporation PLC has entered into lease agreements for the purpose of Laboratory services and company sample collection centers.

#### Litro Gas Terminal Lanka (Private)Limited

The Lease rental of Hambanthota lease agreement in 2020/21 and 2021/22 years have been held due to service dispute. The Company has one lease arrangement signed with Sri Lanka Ports Authority and from 2019 it was novated with Hambanthota International Port Group (HIPG) for the balance period for Hambanthota terminal, where the lease term is 10 years from 2013 to November 2023 and the rental is increased by different rates annually. Renewal of lease has not been implemented after end of novation period of 10 Years. However, owing to a breakdown in the LPG pipeline, it remained non-functional starting from the year 2021. Consequently, due to this dispute, the company withheld the annual rent payment of Rs.233.84 million (Rs.114.07 million in 2021/22 and Rs.119.77 million in 2022/23), with the entire sum being recognised under accrued expenses against the respective years. Furthermore, the company has formally communicated with HIPG, seeking their response regarding the withheld payments.

## 10 INVESTMENT PROPERTIES

As at 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Balance as at 01st January	3,321,320	2,973,640	2,362,320	2,083,640
Transfer from Property Plant and Equipment	-	74,332	15,047,833	74,332
Additions during the year	15,458	4,975	-	-
Transfer from ROU assets	-	-	465,629	-
Fair Value Gains / (Loss)	423,034	268,373	89,492	204,348
Balance as at 31st December	3,759,812	3,321,320	17,965,274	2,362,320

#### Sri Lanka Insurance Corporation Limited

Investment property held by Sri Lanka Insurance Corporation Limited is located at No.6, Sir Baron Jayathilake Mawatha, Colombo 1. Extent of land is A0 R0 P38.88 and extent of the building is 40,000 sq. ft. Property located at No 267, Union Place, Colombo, extent of land is A0 R0 P37.62 and the extent of building is 49,646 sq. ft & the bare land located at Gorkadeniya Rd, Yatinuware, Extent of A0 R0 P118.47 & Land located in Walalgoda, Aluthgama is A17 R0 P13.47 and property under the name of "Club benthota", depicted as lot No. 1 in P. Plan No Ga 1789 and Lot Nos. 1,2,3,4,5,6 in P. Plan No. K 1902 located at Kaluwamodara and Walalgoda, Aluthgama.

During the year ended 31st December 2024, Sri Lanka Insurance Corporation Limited transferred Land and Buildings amounting to Rs. 15,047.8 million from Property, Plant and Equipment (PPE) to Investment Property. This transfer was due to the segregation of the company into two legal entities, whereby certain properties were rented to the newly formed entities, thus meeting the criteria for classification as investment property in line with applicable accounting standards.

As at 31st December 2024, Right-of-Use Assets amounting to Rs. 465 million were re-classified to Investment Properties.

## Notes to the Financial Statements

### 10 INVESTMENT PROPERTIES (CONTD...)

#### 10.1 Measurement of Fair Values

##### Fair Value Hierarchy

The fair value of investment property was determined by an external, independent property valuer, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

During the year, investment properties were valued by Mr. A. A. M. Fathihu (MRICS).

The fair value measurement of investment property has been categorized as a Level 2 based on the SLFRS 13 - Fair Value Measurement.

##### Valuation technique and significant unobservable inputs

##### Sri Lanka Insurance Corporation Ltd. - Company

	Location	Extend of the land	Land	Building	Total	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between Key Unobservable Inputs and Fair Value Measurement
			Rs. 000'	Rs. 000'	Rs. 000'			
1	Land & Building situated at No. 21, Vauxhall Street, Colombo 2	A 02 R 00 P 17.52	5,698,400	1,674,400	7,372,800	Income Approach-Investment Method		
2	Land & Building situated at Thelawala, Katubedda, Moratuwa	A 02 R 00 P 13	331,000	51,000	382,000	Income Approach-Investment Method		
3	Land & Building situated at Main Street, 2nd Lane Anuradhapura	A 0 R 0 P 34.9	144,120	61,240	205,360	Income Approach-Investment Method		
4	Land & Building situated at No. 25, Kande Veediya, Kandy	A 0 R 0 P 16.45	205,625	47,375	253,000	Income Approach-Investment Method		
5	Land & Building situated at No. 20, Rajapaksha Broadway, Negombo	A 0 R 0 P 19	126,700	26,300	153,000	Income Approach-Investment Method		
6	Land & Building situated at No. 7, Hakmana Road, Matara	A 0 R 0 P 47.89	253,980	30,020	284,000	Income Approach-Investment Method		
7	Building situated at No. 16/1, Dambulla Road, Kurunegala		-	86,400	86,400	Income Approach-Investment Method		
8	Land & Building situated at No. 46, Main Street, Trincomalee	A 0 R 01 P 37.65	172,255	52,745	225,000	Income Approach-Investment Method		
9	Land situated at Baudhaloka Mawatha, Gampaha	A 0 R 0 P 24.54	122,700	124,300	247,000	Income Approach-Investment Method		
10	Land & Building situated at No. 32, Negombo Road, Marawila	A 0 R 0 P 10	110,400	49,600	160,000	Income Approach-Investment Method	1.Future Rental Income	1.Fair value increases if future rental income or occupancy rates increase.
11	Land & Building situated at No. 97, New Road, Ambalangoda	A 0 R 01 P 02	157,300	98,700	256,000	Income Approach-Investment Method	2.Occupancy Rates	2.Higher operating expenses reduce fair value.
12	Land & Building situated at No. 211/C, Colombo Road, Pilimalalawa	A 0 R 0 P 08	36,000	22,000	58,000	Income Approach-Investment Method	3.Operating Expenses	3.A lower discount rate increases the fair value.
13	Land & Building situated at No. 68, Ragala Road, Rikillagaskada.	A 0 R 0 P 6.832	25,620	9,380	35,000	Income Approach-Investment Method	4.Discount Rate	
14	Land & Building situated at No. 69, Kothmale Road, Nawalapitiya.	A 0 R 0 P 05	22,500	19,500	42,000	Income Approach-Investment Method		
15	Land & Building situated at No. 6, Wadugodapitiya Veediya, Kandy .	A 0 R 0 P 08.50	59,500	36,500	96,000	Income Approach-Investment Method		
16	Land & Building situated at No. 389, Main Street, Kegalle	A 0 R 0 P 07.51	45,173	50,828	96,000	Income Approach-Investment Method		
17	Land & Building situated at No. 176/B,Kandy Rd. Gampola	A 0 R 0 P 12.355	22,800	13,200	36,000	Income Approach-Investment Method		
18	Land & Building situated at No.284/1,Main Street,Ratnapura	A 0 R 0 P 25	250,000	76,000	326,000	Income Approach-Investment Method		
19	Litro Office Premises, No. 267, Union Place, Colombo-02	A 0 R 0 P 37.62	827,640	756,360	1,584,000	Income Approach-Investment Method		
20	Alhambra Building, No.6, Sir Baron Jayathilake Mawatha, Colombo 01	A 0 R 0 P 38.11	838,420	63,980	902,400	Income Approach-Investment Method		
21	Land situated at Paradise Island, Bentota	A 15 R 0 P 13.47	93,313	-	93,313	Income Approach-Investment Method		
22	Land & Building situated at Waterfield Drive, Nuwara-Eliya	A 0 R 02 P 23.01	228,600	19,400	248,000	Income Approach-Profit Method	1.Gross Operating Profit 2.Capitalization Rate	1. An increase in gross operating profit or a decrease in the capitalization rate results in higher fair value.
23	Land situated at Gorakadeniya Road, Yatinuwara, Kandy	A 0 R 2 P 38.47	86,230	-	86,230	Market Approach-Comparative Method		1.Higher market prices of comparable properties increase the fair value.
24	Land situated at No. 42, Kurunegala Road, Chilaw	A 0 R 0 P 15.63	48,263	-	48,263	Market Approach-Comparative Method	1.Market Prices of Comparable Properties 2.Adjustments for Differences	2.Larger negative adjustments for differences reduce the fair value.
25	Land & Building situated at No. 38, Miyugunagama, Mahiyanganaya.	A 0 R 0 P 09.96	8,967	-	8,967	Market Approach-Comparative Method		

## 10 INVESTMENT PROPERTIES (CONTD...)

### 10.1 Measurement of Fair Values (Contd...)

	Location	Extend of the land	Land	Building	Total	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between Key Unobservable Inputs and Fair Value Measurement
			Rs. 000'	Rs. 000'	Rs. 000'			
26	Land & Building situated at Bogahahena, Dikwella Road, Beliatta	A 0 R 01 P 24.047	101,100	-	101,100	Market Approach-Comparative Method	1. Market Prices of Comparable Properties 2. Adjustments for Differences	1. Higher market prices of comparable properties increase the fair value. 2. Larger negative adjustments for differences reduce the fair value.
28	Land & Building situated at No. 157, Thangalla Road, Thawaluwila, Ambalantota.	A 0 R 1 P 02.41	17,048	-	17,048	Market Approach-Comparative Method		
29	Land situated at Kachchery Junction, Kandy Road, Jaffna	A 0 R 0 P 37.6	13,384	-	13,384	Market Approach-Comparative Method		
30	Land & Building situated at Badulla	A 0 R 0 P 22.06	66,180	-	66,180	Market Approach-Comparative Method		
31	Land situated at Mapalagama-Elpitiya Road, Thalgaswala.	A 0 R 1 P 0.1078	12,800	-	12,800	Market Approach-Comparative Method		
32	Land situated at No. 288, Union Place, Colombo 2	A 01 R 00 P 20.35	3,607,000	-	3,607,000	Market Approach-Comparative Method		
33	Land situated at Off Bulankulama Disawa Mawatha, New town, stage 2, Anuradhapura	A 0 R 01 P 00.83	35,730	-	35,730	Market Approach-Comparative Method		
34	Land situated at No. 15 A, Sunrise Garden, Hingurakgoda	A 0 R 00 P 26.09	3,914	-	3,914	Market Approach-Comparative Method		
35	Land situated at No. 15 C, Sunrise Garden, Hingurakgoda	A 0 R 00 P 23.33	3,500	-	3,500	Market Approach-Comparative Method		
36	Land situated at No. 190, Heerassagala Road, Kandy	A 0 R 01 P 01.98	62,970	-	62,970	Market Approach-Comparative Method		
37	Land situated at No. 14, Riverside Road, Kaluthara	A 0 R 01 P 21.90	61,900	-	61,900	Market Approach-Comparative Method		
38	Land situated at No. 527, Hospital Road, Jaffna	A 0 R 01 P 21.17	229,388	-	229,388	Market Approach-Comparative Method		
			14,130,418	3,369,228	17,499,645			

## 11 INTANGIBLE ASSETS

As at 31st December	Notes	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Goodwill on acquisition	11.1	2,992,805	2,992,805	-	-
Computer software	11.2	263,970	196,152	-	116,025
		3,256,775	3,188,957	-	116,025

### 11.1 Goodwill on Acquisition

As at 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Cost</b>				
Balance as at 01st January	2,992,805	2,992,805	-	-
<b>Balance as at 31st December</b>	<b>2,992,805</b>	<b>2,992,805</b>	<b>-</b>	<b>-</b>

The aggregated carrying amount of goodwill allocated to each unit is as follows:

As at 31st December	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
The Lanka Hospitals Corporation PLC	1,577	1,577	-	-
Litro Gas Lanka Limited	842	842	-	-
Litro Gas Terminal Lanka (Pvt) Ltd	574	574	-	-
	2,993	2,993	-	-

There has been no permanent impairment of intangible assets that requires a provision.



## Notes to the Financial Statements

### 11 INTANGIBLE ASSETS (CONTD...)

#### 11.2 Computer Software

	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Cost</b>				
Balance as at 01st January	799,718	646,391	556,934	455,872
Additions	80,638	153,759	2,126	101,062
Transfer due to segregation	-	-	(559,060)	-
Revaluation	1,158	581	-	-
Cost adjustment due to revaluation	(1,043)	(1,013)	-	-
Transferred from capital working progress	42,818	-	-	-
<b>Balance as at 31st December</b>	<b>923,289</b>	<b>799,718</b>	<b>-</b>	<b>556,934</b>
<b>Amortisation</b>				
Balance as at 01st January	603,565	561,314	440,909	418,284
Transfer due to segregation	-	-	(443,646)	-
Amortisation charge	55,981	42,685	2,737	22,625
Depreciation adjustment due to revaluation	(227)	(433)	-	-
Balance as at 31st December	659,319	603,566	-	440,909
<b>Net Balance as at 31st December</b>	<b>263,970</b>	<b>196,152</b>	<b>-</b>	<b>116,025</b>

#### Sri Lanka Insurance Corporation Life Limited

During the financial year, the Company acquired intangible assets amounting to Rs. 10.9 Million. Fully amortised intangible assets in use as at reporting date amounted to Rs. 43 million. There were no restrictions that existed on the title of the Intangible Assets of the Company as at the reporting date.

The Board of directors has assessed potential impairment indicators of intangible assets as at 31st December 2024. Based on the assessment, no impairment indicators were identified.

#### Canowin Hotels & Spas (Pvt) Ltd

The intangible assets comprise the costs incurred in the designing of Canowin Website, purchase of Quickbook license and the "Subway" Franchise have been recognised as Intangible Assets and amortized over 4-20 years.

#### Lanka Hospitals Corporation PLC

Intangible assets include software used by the Group and Company.

There were no restrictions on the title of the intangible assets of the Group and Company as at the reporting date. Further, there were no items pledged as securities for liabilities. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year 2024 (2023- Nil).

### 12 LOAN TO POLICYHOLDERS

	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Balance as at 01st January	2,095,884	1,867,624	2,095,884	1,867,624
Transfer due to segregation	-	-	(2,112,755)	-
Loans granted during the year	3,871,307	1,876,443	1,893,260	1,876,443
Interest receivable on loans	827,401	383,543	383,543	383,543
Loans settled during the year (against claims)	(4,505,739)	(2,031,726)	(2,259,932)	(2,031,726)
<b>Balance as at 31st December</b>	<b>2,288,853</b>	<b>2,095,884</b>	<b>-</b>	<b>2,095,884</b>

#### Group

#### Sri Lanka Insurance Corporation Life Limited

The Company granted policy loans at market price. The fair value of the policyholder loans are equal to its carrying value as those are given at competitive market rates. If the total receivable of the loan including interest due and accrued exceeds the surrender value the policy terminates and becomes void. The Company has the first lien on all policies which are subject to policy loans and this mitigates the Company's credit exposure on policy loans.

The Company has issued loans to policyholders considering the surrender value of the policy as collateral. As at the reporting date, the carrying value of the policy loans granted amounted to Rs.1,978 Mn and the related surrender value is Rs. 3,731 Mn.

The Board of Directors has assessed the potential impairment loss of loans where total receivable exceeds the surrender value and charged(reversed) in the Financial Statements as at the reporting date in respect of loans to life policyholders.

### 13 REINSURANCE RECEIVABLES

	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Reinsurance receivables on settled claims	1,297,967	213,010	-	213,010
Reinsurance receivables on outstanding claims	2,019,853	1,711,982	-	1,711,982
Impairment on reinsurance receivables	(57,124)	(56,255)	-	(56,255)
<b>Balance as at 31st December</b>	<b>3,260,696</b>	<b>1,868,737</b>	<b>-</b>	<b>1,868,737</b>

#### Impairment of reinsurance receivables

The Group has assessed the potential impairment loss on reinsurance receivables as at the reporting date, considering objective evidence of impairment such as financial standing, default or delinquency in payments, observable data indicating a measurable decrease in the estimated future cash flows and regular reviews on creditworthiness of the reinsurance. Based on this assessment, adequate provisions have been recognised in the Financial Statements to ensure compliance with regulatory requirements and to uphold the integrity and reliability of the Company's financial reporting.

The carrying value of reinsurance receivables approximates the fair value at the reporting date.

#### Reinsurance receivables on outstanding claims

Reinsurance receivables on outstanding claims represent amounts recoverable from reinsurers in accordance with the terms of reinsurance contracts.

The Group evaluates the recoverability of these amounts based on the financial standing of reinsurers, claims settlement patterns, and contractual obligations. This includes reinsurance reserves on claims that have not been paid and the reinsurance receivables that have not been received.

### 14 PREMIUM RECEIVABLE

	Group		Company	
As at 31st December	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Premium receivable from Policyholders ( Note 14.1)	3,330,957	4,026,394	-	4,026,394
Premium receivable from Agents and Brokers (Note 14.2)	2,602,625	2,264,540	-	2,264,540
	<b>5,933,582</b>	<b>6,290,934</b>	<b>-</b>	<b>6,290,934</b>

#### 14.1 Premium Receivable from Policyholders

Premium Receivable from Policyholders	3,463,460	4,194,124	-	4,194,124
	<b>3,463,460</b>	<b>4,194,124</b>	<b>-</b>	<b>4,194,124</b>
<b>Impairment on premium receivable</b>				
As at the beginning of the year	(167,730)	(358,287)	(167,730)	(358,287)
Transfer due to segregation	-	-	509,721	-
Charge made during the year	35,227	190,557	(341,991)	190,557
As at the end of the year	(132,503)	(167,730)	-	(167,730)
<b>Premium receivable from policyholders</b>	<b>3,330,957</b>	<b>4,026,394</b>	<b>-</b>	<b>4,026,394</b>

#### 14.2 Premium receivable from agents, brokers and intermediaries

Premium Receivable from Agents and Brokers and intermediaries	2,782,663	2,382,542	-	2,382,542
	<b>2,782,663</b>	<b>2,382,542</b>	<b>-</b>	<b>2,382,542</b>
<b>Impairment on premium receivable</b>				
As at the beginning of the year	(118,002)	(284,458)	(118,002)	(284,458)
Transfer due to segregation	-	-	358,602	-
Reversal / (Charge) made during the year	(62,036)	166,456	(240,600)	166,456
As at the end of the year	(180,038)	(118,002)	-	(118,002)
<b>Premium receivable from agents, brokers and intermediaries</b>	<b>2,602,625</b>	<b>2,264,540</b>	<b>-</b>	<b>2,264,540</b>

The Board of Directors of the Group has assessed the potential impairment loss on premium receivables as at the reporting date and adequate provisions have been made in the financial statements.

## Notes to the Financial Statements

### 15 DEFERRED TAX ASSETS AND LIABILITIES

#### 15.1 Recognised deferred tax assets and liabilities

##### 15.1.1 Movement in deferred tax balances

Deferred tax assets and liabilities are attributable to the following:

Group - 2024	Net Balance as at 01st January 2024	Recognised in profit or loss	Post-segregation adjustments/ Reclassifications	Transfers due to segregation	Disposal of subsidiaries	Recognised in OCI	Impact due to tax rate change recognised in OCI	Net balance at 31st December 2024
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Property, plant and equipment	8,656,197	(451,787)	369,849	-	-	726,046	-	9,300,305
Intangible assets	3,362	21,138	(2,304)	-	-	-	-	22,196
Investment property	646,119	122,488	(84,135)	-	-	-	-	684,472
Employee benefits	(461,970)	(81,070)	(25,065)	-	190	(69,591)	-	(637,506)
Carry forward tax losses	(623,839)	978,437	(342,261)	-	-	-	-	12,337
Available for sale financial assets	(213,150)	-	-	-	-	278,179	-	65,029
Provisions on inventory	(2,970)	(779)	167	-	-	-	-	(3,582)
Provisions on trade receivables, related party and fixed deposits	(152,999)	(4,309)	1,685	-	-	-	-	(155,623)
Right-of-use assets	91,369	(78,660)	2,349	-	-	-	-	15,058
	7,942,119	505,458	(79,715)	-	190	934,634	-	9,302,686

Group - 2023	Net Balance as at 01st January 2023	Recognized in profit or loss	Post-segregation adjustments/ Reclassifications	Transfers due to segregation	Disposal of subsidiaries	Recognized in OCI	Impact due to tax rate change recognised in OCI	Net Balance at 31st December 2023
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Property, plant and equipment	8,804,970	(103,606)	-	-	-	(45,167)	-	8,656,197
Intangible assets	3,931	(569)	-	-	-	-	-	3,362
Investment property	535,860	110,259	-	-	-	-	-	646,119
Employee benefits	(323,509)	(49,015)	-	-	-	(89,446)	-	(461,970)
Carry forward tax losses	(2,627,137)	2,003,298	-	-	-	-	-	(623,839)
Available for sale financial assets	(328,752)	-	-	-	-	115,602	-	(213,150)
Provisions on inventory	(3,321)	351	-	-	-	-	-	(2,970)
Provisions on trade receivables, related party and fixed deposits	(286,199)	133,200	-	-	-	-	-	(152,999)
Right-of-use assets	79,570	11,799	-	-	-	-	-	91,369
	5,855,413	2,105,717	-	-	-	(19,011)	-	7,942,119

Company - 2024	Net Balance as at 01st January 2024	Recognised in profit or loss	Post-segregation adjustments/ Reclassifications	Transfers due to segregation	Disposal of subsidiaries	Recognised in OCI	Impact due to tax rate change recognised in OCI	Net Balance at 31st December 2024
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Property, plant and equipment	4,275,883	(446,373)	(79,715)	-	-	518,870	-	4,268,665
Investment property	282,391	26,848	-	-	-	-	-	309,239
Employee benefits	(321,057)	(2,443)	-	302,697	-	20,803	-	-
Available for sale financial assets	(213,150)	-	-	-	-	110,802	-	(102,348)
Provisions on trade receivables	(102,722)	(174,777)	-	277,499	-	-	-	-
Right-of-use assets	1,726	(26,435)	-	-	-	-	-	(24,709)
	3,923,071	(623,180)	(79,715)	580,196	-	650,475	-	4,450,847

Company - 2023	Net Balance as at 01st January 2023	Recognised in profit or loss	Post-segregation adjustments/ Reclassifications	Transfers due to segregation	Disposal of subsidiaries	Recognised in OCI	Impact due to tax rate change recognised in OCI	Net Balance at 31st December 2023
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Property, plant and equipment	4,356,299	(35,249)	-	-	-	(45,167)	-	4,275,883
Investment property	198,787	83,604	-	-	-	-	-	282,391
Employee benefits	(227,873)	(32,784)	-	-	-	(60,400)	-	(321,057)
Available for sale financial assets	(328,752)	-	-	-	-	115,602	-	(213,150)
Provisions on trade receivables	(240,987)	138,265	-	-	-	-	-	(102,722)
Right-of-use Assets	(575)	2,301	-	-	-	-	-	1,726
	3,756,899	156,137	-	-	-	10,035	-	3,923,071

15 DEFERRED TAX ASSETS AND LIABILITIES (CONTD....)

15.1 Recognised deferred tax assets and liabilities (Contd...)

The amounts shown in the statement of financial position represent the following:

**Group**

As at 31st December	2024 Rs. 000'	2023 Rs. 000'
<b>Deferred Tax Assets</b>		
Canwill Holdings (Pvt) Limited	-	(403)
Sri Lanka Insurance Corporation General Limited	(254,677)	-
	(254,677)	(403)
<b>Deferred Tax Liabilities</b>		
Sri Lanka Insurance Corporation Limited	4,450,847	3,923,071
The Lanka Hospitals Corporation PLC	1,177,736	1,134,821
Litro Gas Lanka Limited	2,764,376	1,798,107
Litro Gas Terminal Lanka (Pvt) Ltd	784,907	849,096
Canowin Hotels & Spa (Pvt) Ltd	379,497	237,429
	9,557,363	7,942,524
	9,302,686	7,942,119

Deferred tax assets and liabilities are originated due to temporary timing differences on the following asset and liability bases:

**Company**

As at 31st December	2024		2023	
	Temporary difference Rs. 000'	Deferred tax Rs. 000'	Temporary difference Rs. 000'	Deferred tax Rs. 000'
<b>Deferred tax asset</b>				
Retirement benefits obligation	-	-	(1,070,190)	(321,057)
Available for sale reserve	(341,160)	(102,348)	(1,153,934)	(213,150)
Right of use asset	(82,361)	(24,708)	-	-
Provision for doubtful debtors	-	-	(342,405)	(102,722)
	(423,521)	(127,056)	(2,566,529)	(636,929)
<b>Deferred tax liability</b>				
Property, plant and equipment and revaluation reserve	14,228,886	4,268,664	1,753,628	526,087
Right-of-use asset	-	-	5,754	1,726
Investment property	1,030,795	309,239	941,303	282,391
Revaluation reserve - Land	-	-	12,499,319	3,749,796
	15,259,681	4,577,903	15,200,004	4,560,000
<b>Net deferred tax (asset)/liability</b>	14,836,160	4,450,847	12,633,475	3,923,071

**Litro Gas Terminal Lanka (Private) Limited**

Deferred tax liabilities are calculated on all temporary differences under the liability method using an effective tax rate of 30% (30% - 2023).

**Canowin Hotels and Spas (Pvt) Ltd**

Deferred taxes are calculated on all temporary differences under the liability method using the principal tax rate of 30%.

16 OTHER ASSETS

As at 31st December	Note	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Inventories	16.1	4,191,717	5,598,340	8,922	287,788
Trade and other receivables	16.2	6,730,271	8,826,466	337,236	548,607
Amounts due from related parties		14,014	677	-	-
Amount due from Distilleries Company of Sri Lanka PLC		128,882	140,317	128,882	140,317
Other financial assets		1,630	235,164	-	-
Investment receivable from Secretary to Treasury	16.3	10,500,000	-	10,500,000	-
Staff and agent related receivables		477,551	-	-	-
Staff loans		176,585	2,527,123	-	2,317,707
Prepaid staff cost		266,311	989,616	-	984,096
Other loans		-	835,222	-	834,962
Value added tax receivable		1,843	21,532	-	-
Income tax recoverable		125,119	46,967	-	-
		22,613,923	19,221,424	10,975,040	5,113,477

## Notes to the Financial Statements

### 16 OTHER ASSETS (CONTD...)

#### 16.1 Inventories

As at 31st December	Note	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Insurance		223,140	287,788	8,922	287,788
Healthcare	16.1.1	921,201	861,832	-	-
Energy	16.1.2	3,047,376	4,448,720	-	-
		4,191,717	5,598,340	8,922	287,788

#### 16.1.1 Healthcare

There were no inventories pledged as a securities for liabilities by the Group and the Company as at the reporting date.

##### Free Goods Received

Rs 56.5Mn worth of Pharmaceutical items received by way of bonus stocks is included in the purchases of medical items.

#### 16.1.2 Energy

##### Litro Gas Lanka Limited

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs.67.2 million (2023: 9.47 million). The cost of inventories recognised as an expense includes Rs.67.2 million (2023: 9.47 million) in respect of write-downs of inventory to net realisable value, and has not been reduced in respect of the reversal of such write-downs in 2024 (2023-Rs.9.47 million).

##### - Goods in Transit

Goods in transit consists of LPG stock shipment which was in transit as at the year end.

The cost of inventories recognised as expense and included in cost of sales amounted to Rs. 79,6 million (2023 - Rs. 78.2 million)

##### Litro Gas Lanka Terminal (Pvt) Limited

##### - Other consumables

Other consumables mainly consist of spare parts and maintenance items at Hambantota storage facility.

#### 16.2 Trade and Other Receivables

As at 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Trade receivables	1,762,018	1,677,516	-	-
Provision for doubtful debt	(117,784)	(131,099)	-	-
Total trade receivables - Net	1,644,234	1,546,417	-	-
Deposit and prepayments	1,646,849	4,757,853	-	-
Advances and other receivables	1,614,179	1,446,145	26,343	-
Other receivables	1,852,023	1,103,484	310,893	549,026
Impairment on other receivables	(27,014)	(27,433)	-	(419)
	6,730,271	8,826,466	337,236	548,607

##### Canowin Hotels & Spas (Pvt) Ltd

Management has carried out an impairment provision based on simplified approach of ECL method. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment. Before 2022, the Company made general provisions for all the debtors without compiling specific provisions. Therefore, from 2022 onwards, management considered to establish 100% ECL for debtors aged more than 360 days and for non operating tenants in determining the provision matrix for ECL. The following ECL provisions are allotted as general provisions. For tenants aging 1 to 90 days; 0%. . For tenants aging 91 to 180 days; 5% - 10%. For tenants aging 181 to 270 days; 15% - 30%. For tenants aging 271 to 360 days; 40% - 100%. 100% provision has been made for Advances Paid for Suppliers aged more than 360 days.

##### Litro Gas Lanka (Private) Limited

The Company applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31st December 2021 or 01st January 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjust the historical loss rates based on expected changes.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payments for a period greater than 60 days from the due date.

16. OTHER ASSETS (CONTD....)

16.3 Investment receivable from Secretary to Treasury

Investment receivable from the Secretary to the Treasury represents the amount due to the company in relation to the disposal of its subsidiary, Canwill Holdings (Pvt) Ltd. Please refer note No. 06 for more details.

17 DEFERRED EXPENSES -INSURANCE CONTRACT

	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Net deferred acquisition expenses</b>				
Balance as at 01st January	747,155	656,092	747,155	656,092
Transfer due to segregation	-	-	(743,475)	-
Increase/(decrease) in deferred acquisition expenses	101,395	91,063	(3,680)	91,063
Balance as at 31st December	848,550	747,155	-	747,155
<b>Deferred reinsurance commission</b>				
Balance as at 01st January	(126,283)	(135,919)	(126,283)	(135,919)
Transfer due to segregation	-	-	111,026	-
Increase/(decrease) in deferred acquisition expenses	10,299	9,636	15,257	9,636
Balance as at 31st December	(115,984)	(126,283)	-	(126,283)
<b>Net deferred acquisition expenses</b>	<b>732,566</b>	<b>620,872</b>	<b>-</b>	<b>620,872</b>

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Cash and Cash Equivalents</b>				
Cash in hand and at bank	6,946,446	5,908,869	9,239	1,320,851
Short-term investments	26,184,266	12,611,270	546,674	4,564,320
<b>Total cash and cash equivalents</b>	<b>33,130,712</b>	<b>18,520,139</b>	<b>555,913</b>	<b>5,885,171</b>
Bank overdraft used for cash management purposes (Refer Note 28)	(923,089)	(735,765)	-	(446,033)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>32,207,623</b>	<b>17,784,374</b>	<b>555,913</b>	<b>5,439,138</b>

18.1 Litro Gas Lanka Ltd

Fixed deposits, repo and savings accounts

a) Investments in fixed deposits and repo's with a maturity period of less than 3 months have been classified as cash and cash equivalents.

**Litro Gas Terminal Lanka (Private) Limited**

Fixed deposits and treasury bills

a) Investments in fixed deposits and treasury bills with a maturity period of less than 3 months have been classified as cash and cash equivalents.

b) The weighted average effective interest rate on short-term deposits was 9.64 %. ( 2023 - 16 % )

19 STATED CAPITAL

		Group		Company	
As at 31st December	Notes	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Issued and fully paid</b>					
Ordinary shares (599,655,816 shares)	19.1	6,000,000	6,000,000	6,000,000	6,000,000
		6,000,000	6,000,000	6,000,000	6,000,000

19.1 Right of Ordinary Shareholders

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitle to one vote per share at meetings of the Company.

## Notes to the Financial Statements

### 20 REVALUATION RESERVE

As at 31st December	Note	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Revaluation Reserve	20.1	24,894,015	22,828,004	10,428,987	8,410,899
		24,894,015	22,828,004	10,428,987	8,410,899

#### 20.1 Revaluation Reserve

	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Balance as at 01st January	22,828,004	22,972,908	8,410,899	8,516,289
Depreciation transfer on surplus on revaluation of building	(31,802)	(101,735)	-	(73,582)
Realisation of Revaluation Surplus on Disposal	-	(20,793)	-	-
Surplus on revaluation of land and building	3,322,304	9,432	3,035,403	-
Deferred Tax on Revaluation (Surplus)/Deficit	(726,046)	-	(518,870)	-
Reliasation of the the revaluation reserve at the time of transferring assets to the Life & Geeneral subsidiaries	(498,445)	-	(498,445)	-
Deferred tax effects on realisation of revaluation of reserve on Land disposal	-	45,167	-	45,167
Transfer of revaluation reserve	-	(76,975)	-	(76,975)
<b>Balance as at 31st December</b>	<b>24,894,015</b>	<b>22,828,004</b>	<b>10,428,987</b>	<b>8,410,899</b>

### 21 AVAILABLE FOR SALE RESERVE

	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Balance as at 01st January	9,578,134	(246,970)	9,578,134	(246,970)
Other comprehensive income for the year	26,644,317	15,801,903	11,257,109	15,801,903
Deferred tax effect on fair value of available for sale reserve	(278,179)	(115,602)	(110,802)	(115,602)
Transferred AFS reserves - Life fund	(10,758,803)	(5,861,197)	313,291	(5,861,197)
<b>Balance as at 31st December</b>	<b>25,185,469</b>	<b>9,578,134</b>	<b>21,037,732</b>	<b>9,578,134</b>

Available for sale reserves comprise the impact arising from the changes in market values of financial assets classified under Available For Sale (AFS). AFS Reserves belonging to Life Policyholders are shown under the Insurance Provision Life.

### 22 REVENUE RESERVES

As at 31st December	Notes	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
General reserve		643,442	643,442	643,442	643,442
Surplus from life insurance	22.1	26,748,142	24,153,337	24,106,293	24,153,337
Retained earnings	22.2	63,303,581	58,940,170	44,991,048	42,429,005
Transferred to one off surplus-un restricted reserve	22.3	466,179	466,179	466,179	466,179
		91,161,343	84,203,128	70,206,962	67,691,963

#### 22.1 Surplus from Life Insurance

Balance as at 01st January	24,153,337	20,708,853	24,153,337	20,708,853
<b>Adjusted balance as at 01st January</b>	<b>24,153,337</b>	<b>20,708,853</b>	<b>24,153,337</b>	<b>20,708,853</b>
Surplus attributable to shareholders from life insurance	2,594,805	3,444,484	(47,044)	3,444,484
<b>Balance as at 31st December</b>	<b>26,748,142</b>	<b>24,153,337</b>	<b>24,106,293</b>	<b>24,153,337</b>

The surplus from the Life Insurance Fund up to 31/01/2024 was retained with the Company in accordance with segregation guidelines



## 22 REVENUE RESERVES (CONTD...)

### 22.2 Retained Earnings

As at 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Balance as at 01st January	58,940,170	51,754,512	42,429,005	40,260,537
Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022	(327,826)	(334,236)	-	-
<b>Adjusted balance as at 01st January</b>	<b>58,612,344</b>	<b>51,420,276</b>	<b>42,429,005</b>	<b>40,260,537</b>
Profit for the year	8,466,020	13,064,845	3,635,639	7,778,571
Other comprehensive income	(238,789)	5,863	89,895	67,065
Transfer of Current Account balance to Gratuity Valuation Reserve	37,589	-	-	-
Reliasation of the the revaluation reserve at the time of transferring assets to the Life and Geeneral subsidiaries	498,445	-	498,445	-
Depreciation transfer of surplus on revaluation of building	31,802	101,735	-	73,581
Prior year adjustment	199,954	-	-	-
Surplus attributable to shareholders from life insurance	(2,594,805)	(3,444,484)	47,044	(3,444,484)
Adjustment Crop levy expense	21,940	-	21,940	-
Share buyback	-	(33,424)	-	(33,424)
Dividend declared and paid	(1,271,268)	(2,272,841)	(1,271,268)	(2,272,841)
Transfer of Revaluation Reserve	(459,652)	-	(459,652)	-
Realisation of Revaluation Reserve on Land Disposal	-	20,793	-	-
ROU Asset Depreciation Transfer	-	77,407	-	-
<b>Balance as at 31st December</b>	<b>63,303,581</b>	<b>58,940,170</b>	<b>44,991,048</b>	<b>42,429,005</b>

### 22.3 Transferred to One off Surplus-Unrestricted Reserve

Balance as at 01st January	466,179	466,179	466,179	466,179
Transferred to one off surplus-unrestricted Reserve	-	-	-	-
<b>Balance as at 31st December</b>	<b>466,179</b>	<b>466,179</b>	<b>466,179</b>	<b>466,179</b>

## 23 INSURANCE CONTRACT LIABILITIES -LIFE

	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
As at 31st December				
Life insurance fund as at 01st January	176,226,181	157,936,457	176,226,181	157,936,457
Transfer due to seggregation	-	-	(178,060,823)	-
Total profit transfer to life fund	29,004,186	21,734,208	1,787,597	21,734,208
Surplus distributed to shareholders	(2,594,803)	(3,444,484)	47,045	(3,444,484)
<b>Life Insurance Fund as at 31 December including one-off surplus</b>	<b>202,635,564</b>	<b>176,226,181</b>	<b>-</b>	<b>176,226,181</b>
<b>AFS reserves</b>				
Balance as at 01st Janauray	4,643,742	(1,217,455)	4,643,742	(1,217,455)
Net change in the AFS reserve	5,948,914	5,861,197	(487,504)	5,861,197
Transfer due to seggregation	-	-	(4,156,238)	-
Balance ast at 31st December	10,592,656	4,643,742	-	4,643,742
<b>Life insurance funds as at 31st December including AFS reserves</b>	<b>213,228,220</b>	<b>180,869,923</b>	<b>-</b>	<b>180,869,923</b>
AFS Reserves Other Liabilities - Fund	479,438	-	-	-
Policyholders' outstanding claims	3,075,663	2,914,569	-	2,914,569
	216,783,321	183,784,492	-	183,784,492

## Notes to the Financial Statements

### 23 INSURANCE CONTRACT LIABILITIES -LIFE (CONTD...)

#### Group

#### Sri Lanka Insurance Corporation Life Ltd

Long duration contract liabilities included in the Life Insurance Fund, result primarily from traditional participating and non-participating life insurance products. The insurance provision has been established based upon the following.

\* Investment return: Risk Free Rate structure proposed by IRCSL as at 31.12.2024

\* Mortality: Factored A67/70 for non-annuity business to allow best estimate experience rate and for annuity business, weighted a(90)m and a(90)f with one year age setback to allow approximated 1% mortality improvement of annuitants

\* Lapse rate: Based on the experience as per study conducted for 31st December 2024 valuation, covering the experience for the last 3 investigation years

\* Expense assumptions: Based on the company 2024 internal expenses studies and expenses split into Participating and Non-participating business. Expense inflation is based on the long term expectation of the Company and is 10% per annum.

\*Morbidity: Based on the company internal experience and actual vs expected analysis. Expected rates are based on the reinsurance rate tables

\*Reinsurance assumptions: Based on the company internal experience studies with respect to reinsurance

The amount of policyholder's reversionary bonus to be paid is determined annually by the Company. The bonus includes life policyholders share of net income that is required to be allocated by the insurance contract or, by insurance regulations.

From 01.01.2016 onwards SLICL fully implemented the Risk Based Capital (RBC) solvency framework as such adopted the "Gross Premium Valuation" basis (GPV) which is required under RBC regime for liability valuation purpose. SLICL has adopted a more prudent valuation basis for its surplus computation with compared to minimum regulatory basis (RBC). SLICL followed the "Net Premium Valuation" basis (NPV) for the valuation of liabilities as at 31.12.2015. This change in valuation basis has resulted an one-off surplus in life insurance policy liabilities as at 01.01.2016.

IRCSSL submitted the guideline to compute One-off surplus and transferring mechanism to Shareholder fund from Life-Non Participating Fund under the direction called "Identification and Treatment of One-Off Surplus: Direction # 16 - Section 964 of the Regulation of Insurance Industry Act No. 43 of 2000" dated 20.03.2018 where minimum One-off Surplus computation is recommended. Accordingly, SLICL has quantified the one-off surplus as at 01.01.2016, and it stands out that the amounts are Rs: 6,281 million and Rs: 98 million with in Participating Fund and Non-Participating Fund respectively. The One-off surplus pertaining to Participating Fund will remain in the Life Fund under "Surplus created due to change in valuation method from NPV to GPV (Participating)". As per the directions given by IRCSSL, SLICL transferred the one-off surplus arising from Non-Participating Fund to Shareholder Fund and accounted in the statement of financial position as at 31.12.2017, under new line item called "Restricted Regulatory Reserve". The "Restricted Regulatory Reserve" is a part of Shareholder Equity, but distribution of the same to Shareholders as dividend is subject to meeting Governance requirements stipulated by the IRCSSL and can only be released upon receiving approval from the IRCSSL. SLICL maintains the same amounts in one-off surplus in Participating fund and Restricted Regulatory Reserve in Shareholders fund as at 31.12.2023. The One-off Surplus in the Shareholder Fund will remain invest in Repo at Commercial Bank PLC (Fitch Ratings A(lka)) as per the direction of the IRCSSL

	Rs: Mn
Long-term Insurance Fund excluding one-off surplus	206,947
Surplus created due to change in valuation method from NPV to GPV (Participating)	6,281
<b>Long-term Insurance Fund as at 31.12.2024</b>	<b>213,228</b>

	Rs: Mn
<b>Restricted Regulatory Reserve (One-off surplus Non-Participating Fund)</b>	<b>98</b>

The valuation of the Insurance Provision - Life Insurance Business, as at 31st December 2024 was made by Kunj Behari Maheshwari, Fellow of the Institute and Faculty of Actuaries UK, of Willis Towers Watson, for and on behalf of Sri Lanka Insurance Corporation Life Limited. In accordance with the consultant Actuary's report, the sum of provision, Rs: 3,008 million (In 2023 Rs: 2,359 million), is included as the liability in respect of policyholders' Bonus. In the opinion of the appointed actuary, the admissible assets of the life insurance fund as at 31st December 2024 is adequate to cover the liabilities of the fund and the solvency margin requirement prescribed under Section 26 of the regulation of Insurance Industry Act No. 43 of 2000. The life fund also carried forward surplus for future growth and safeguard against the adverse deviation of the assumptions set out in the valuation.

The Life Insurance Fund assets inclusive of Shareholders' Transfer as at 31st December 2024 is Rs: 215,870 million (2023 - Rs: 184,314 million). The Board of Directors decided to transfer Rs: 2,642 million (2023: Rs: 3,444 million) to the Shareholders' Fund in the statement of financial position in life insurance. Subsequent to this transfer, the life insurance fund stands at Rs: 213,228 million (2023 - Rs: 180,870 million).

## 23. INSURANCE CONTRACT LIABILITIES -LIFE (CONTD....)

### Liability Adequacy Test (LAT)

A Liability Adequacy Test ("LAT") for life insurance contract liability was carried out by Kunj Behari Maheshwari, Fellow of the Institute and Faculty of Actuaries UK, of Willis Towers Watson, as at 31st December 2024 as required by SLFRS 4 - Insurance Contracts. When performing the LAT, the Company has compared the provisions held as per audited accounts with the actuarial liability. For this purpose, the value of the actuarial liability is computed following the principles laid out within Risk Based Capital framework as prescribed by the IRCSL, whereby liabilities are valued using a discounted cash-flow approach covering the full lifetime of all cash in- and out-flows required to settle the obligations related to existing in-force life insurance contracts. The projections are based on in-force policies and riders as at 31st December 2024.

According to the actuary's report, assets are adequate as compared to the discounted cash flow reserves and in contrast to the reserves as at 31st December 2024 no additional provision is required against the LAT as at 31st December 2024.

## 24. INSURANCE CONTRACT LIABILITIES - NON-LIFE

### Insurance Contract Liabilities - Non-Life

The Non-Life Insurance Reserves as shown in the Statement of Financial Position represent the following:

As at 31st December	Notes	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Reserves for net unearned premium	24.1	10,106,019	10,172,029	-	10,172,029
Reserves for title insurance and unexpired risk reserve	24.2	724,919	649,590	-	649,590
Reserves for gross outstanding claims	24.3	9,610,327	9,674,573	-	9,674,573
		20,441,265	20,496,192	-	20,496,192

### 24.1 Reserve for Net Unearned Premium

<b>Reserve for unearned premium</b>					
Balance as at 01st January		12,066,470	11,603,737	12,066,470	11,603,737
Transfer due to segregation		-	-	(11,930,292)	-
Transfer during the Year		(633,282)	462,733	(136,178)	462,733
<b>Balance as at 31st December</b>		<b>11,433,188</b>	<b>12,066,470</b>	<b>-</b>	<b>12,066,470</b>
<b>Reserve for unearned reinsurance premium</b>					
Balance as at 01st January		(1,894,441)	(2,415,376)	(1,894,441)	(2,415,376)
Transfer due to segregation		-	-	1,759,450	-
Transfer during the year		567,272	520,935	134,991	520,935
<b>Balance as at 31st December</b>		<b>(1,327,169)</b>	<b>(1,894,441)</b>	<b>-</b>	<b>(1,894,441)</b>
<b>Total reserve for net unearned premium</b>		<b>10,106,019</b>	<b>10,172,029</b>	<b>-</b>	<b>10,172,029</b>

### 24.2 Reserve for Title Insurance and Unexpired Risk Reserve

<b>Reserve for title insurance</b>					
Balance as at 01st January		649,590	645,561	649,590	645,561
Transfer due to segregation		-	-	(648,690)	-
Transfer during the year		75,329	4,029	(900)	4,029
<b>Balance as at 31st December</b>		<b>724,919</b>	<b>649,590</b>	<b>-</b>	<b>649,590</b>
<b>Total reserve for title insurance and unexpired risk reserve</b>		<b>724,919</b>	<b>649,590</b>	<b>-</b>	<b>649,590</b>

### 24.3 Reserves for Gross Outstanding Claims

<b>Insurance Contract Liabilities - Non-Life (Contd...)</b>		Group		Company	
As at 31st December		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Balance as at 01st January		6,972,431	8,898,763	6,972,431	8,898,763
Transfer due to segregation		-	-	(7,082,893)	-
Claims Incurred during the year		12,627,496	2,702,140	2,727,582	2,702,140
Claims paid during the year		(12,816,843)	(4,628,472)	(2,617,120)	(4,628,472)
<b>Balance as at 31st December</b>		<b>6,783,084</b>	<b>6,972,431</b>	<b>-</b>	<b>6,972,431</b>
IBNR/IBNER balance as at 01st January		2,702,142	2,957,169	2,702,142	2,957,169
Transfer due to segregation		-	-	(2,727,581)	-
Increase/decrease in IBNR/IBNER		125,101	(255,027)	25,439	(255,027)
<b>IBNR/IBNER balance as at 31st December</b>		<b>2,827,243</b>	<b>2,702,142</b>	<b>-</b>	<b>2,702,142</b>
<b>Total Reserves for gross outstanding claims</b>		<b>9,610,327</b>	<b>9,674,573</b>	<b>-</b>	<b>9,674,573</b>

## Notes to the Financial Statements

### 24 INSURANCE CONTRACT LIABILITIES - NON-LIFE (CONTD....)

#### 24.3 Reserves for Gross Outstanding Claims (Contd...)

Significant delays occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the reporting date. The reserves are determined based on the information currently available. However, it is inherent to the nature of the business written that the ultimate liability may vary as a result of subsequent developments.

As at 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Reconciliation between insurance contract liabilities non-life and technical reserves</b>				
Insurance contract liabilities non-life	20,441,265	20,496,192	-	20,496,192
Reserve for net deferred acquisition expenses	(732,566)	(620,872)	-	(620,872)
Reinsurance on claims reserves	(1,740,034)	(1,656,462)	-	(1,656,462)
<b>Technical reserves</b>	<b>17,968,665</b>	<b>18,218,858</b>	<b>-</b>	<b>18,218,858</b>

#### 24.4 Claims Development Information

The table below presents changes in the historical non-life reserves, net of reinsurance. The top line of the table shows the estimated gross reserves for unpaid losses and loss adjustment expenses as of each balance sheet date, which represents the estimated amount of future payments for losses incurred in that year and in prior years. The cumulative paid portion of the table presents the cumulative amounts paid through each subsequent year in respect of the reserves established at each year end. Similarly, the cumulative reported losses section details the sum of the cumulative paid amounts shown in the triangle above and the net outstanding position at the end of the financial year.

As at 31st December	2018 Rs. '000	2019 Rs. '000	2020 Rs. '000	2021 Rs. '000	2022 Rs. '000	2023 Rs. '000	2024 Rs. '000
Gross reserves for losses and loss adjustment expenses	8,776,040	7,310,845	7,861,686	9,549,407	11,855,930	9,674,573	9,601,884
Reinsurance recoverable	(1,589,981)	(1,060,735)	(1,395,321)	(1,888,143)	(3,104,431)	(1,656,462)	(1,740,034)
Net reserves for losses and loss adjustment expenses	7,186,059	6,250,110	6,466,365	7,661,264	8,751,499	8,018,111	7,861,850
<b>Cumulative paid</b>							
One year later	7,589,783	7,723,147	5,370,767	6,994,929	6,790,213	7,948,365	7,983,827
Two years later	9,631,805	9,451,250	7,043,437	9,312,011	9,271,432	9,949,287	-
Three years later	9,772,476	9,589,406	7,092,891	9,537,176	9,694,934	-	-
Four years later	9,996,134	9,666,070	7,169,932	9,624,465	-	-	-
Five years later	10,045,912	9,723,979	7,211,162	-	-	-	-
Six years later	10,099,949	9,771,600	-	-	-	-	-
<b>Cumulative Reported</b>							
One year later	9,466,947	9,152,921	6,492,661	8,980,052	8,892,648	9,650,801	9,782,133
Two years later	9,907,086	9,718,009	7,255,303	10,014,973	9,681,923	10,246,257	-
Three years later	10,288,268	9,851,857	7,321,827	10,029,949	10,025,269	-	-
Four years later	10,199,725	9,898,280	7,366,908	9,874,325	-	-	-
Five years later	10,198,488	9,881,032	7,367,255	-	-	-	-
Six years later	10,208,304	9,907,343	-	-	-	-	-

### 25 CURRENT TAX LIABILITY

As at 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Balance as at 01st January	3,010,059	2,372,303	2,114,571	1,686,823
Income tax charge for the Year	4,535,880	4,141,537	533,643	2,769,105
Disposal of subsidiary	(84)	-	-	-
Acquisition of subsidiary	-	5,269	-	-
Income tax settlements made during the Year	(5,008,193)	(3,465,110)	(1,740,793)	(2,341,357)
Under/(over) provision in respect of previous year	1,838	(43,940)	-	-
<b>Balance as at 31st December</b>	<b>2,539,500</b>	<b>3,010,059</b>	<b>907,421</b>	<b>2,114,571</b>

## 26 RETIREMENT BENEFITS OBLIGATION

	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Balance as at 01st January	2,473,643	2,088,250	1,738,388	1,530,151
<b>Recognised in the statement of profit or loss</b>				
Current service cost	156,356	132,018	6,780	80,243
Interest cost	291,767	343,579	17,375	244,824
Disposal of subsidiary	(4,982)	-	-	-
<b>Recognised in the statement of other comprehensive income</b>				
Actuarial (gain)/ loss	336,622	110,935	(110,698)	(6,665)
	3,253,406	2,674,782	1,651,845	1,848,553
Benefit paid by the plan	(226,243)	(201,139)	(9,239)	(110,165)
Benefits payable for those who left during the year/ transferred to other payables	(3,282)	-	-	-
Transfer due to segregation	-	-	(1,642,606)	-
<b>Balance as at 31st December</b>	<b>3,023,881</b>	<b>2,473,643</b>	<b>-</b>	<b>1,738,388</b>

## 26.1 Description of the Valuation Method Used and the Information About the Valuer

LKAS 19 "Employee Benefits" require the use of actuarial techniques to make a reliable estimate of the amount of retirement benefits that the employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefits obligations and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic and financial variables that will influence the cost of the benefit.

**Sri Lanka Insurance Corporation General Ltd**

The defined benefit obligation liability of the Company is based on an actuarial valuation carried out by M/S Actuarial and Management Consultants (Pvt) Ltd, an Independent Actuary. The actuarial valuation involves making assumptions about discount rates and future salary increases. Due to the complexity of the valuation and the underlying assumptions and its long-term nature, the defined benefits obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with the support of the independent actuarial expert.

Due to the discount rate and salary increment rate assumptions used, nature of non-financial assumptions and experience of the assumptions of the Company, there is no significant impact to employment benefit liability as a result of prevailing macro economic conditions.

**Sri Lanka Insurance Corporation Life Ltd**

As at 31st December 2024 the Gratuity Liability was actuarially valued under the Projected Unit Credit (PUC) method by M/S Actuarial & Management Consultants (Pvt) Ltd, 1st Floor, 434, R.A.De Mel Mawatha, Colombo 3 for Rs.898.42 mn. The actuarial valuation is performed annually.

**Litro Gas Lanka Ltd**

The provision for retirement benefits obligation for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Private) Limited, as at 31st December 2023. The present value of the retirement benefits as at 31st December 2024 amounted to Rs. 210,168,440. The liability is not externally funded.

**Litro Gas Terminal Lanka (Pvt) Ltd**

The provision for retirement benefits obligation for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Private) Limited, as at 31st December 2024. The actuarial present value of the promised retirement benefits as at 31st December 2024 amounted to Rs. 24,750,191/-.

**Canowin Hotels and Spas (Pvt) Ltd**

The provision for retirement benefits obligation for the year was based on the actuarial valuation carried out by professionally qualified actuaries, as at 31st December 2024 amounting to Rs. 7,031,339/-.

**Lanka Hospitals Corporation PLC**

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date.

The provision for retirement benefits obligation for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Actuarial and Management Consultants (Pvt) Ltd. As at 31st December 2024 amounted to Rs. 419,609,656. The liability is not externally funded

**Lanka Hospitals Diagnostics (Pvt) Ltd**

The provision for retirement benefits obligation for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd. The actuarial present value of the promised retirement benefits as at 31st December 2024 amounted to Rs. 70,515,444/- . The liability is not externally funded.

## Notes to the Financial Statements

### 26 RETIREMENT BENEFITS OBLIGATION (CONTD....)

#### 26.2 Principal Actuarial Assumptions used

	Group		Company	
	2024	2023	2024	2023
Discount Rate	10%-12%	12%-16%	-	12.00%
Salary Increment Rate	6%-10%	6%-12%	-	7.00%
Staff turnover Factor	5%-23%	5%-22%	-	0%-5%
Retirement age; Male (Years)	60	60	-	60
Retirement age; Female (Years)	60	60	-	60
Retirement age; Minor Staff (Years)	57	57	-	57

The Group's gratuity liability is not externally funded.

#### 26.3 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined obligation by the amounts shown below.

Group	2024		2023	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Discount rate 1%	2,255,676	2,461,100	2,216,450	2,495,724
Future salary growth 1%	2,477,860	2,245,076	2,515,973	2,195,927

Company	2024		2023	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Discount rate 1%	-	-	1,638,225	1,823,581
Future salary growth 1%	-	-	1,835,466	1,626,202

### 27 OTHER LIABILITIES

		Group		Company	
As at 31st December	Notes	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Policyholder advance payments		595,093	595,623	-	595,623
<b>Payables</b>					
Agency commission payable		1,512,772	1,263,574	-	1,263,574
Staff / Agent related payables		298,358	-	-	-
Amounts due to related companies		2,189	-	-	-
Others including accrued expenses	27.1	4,862,874	11,974,569	1,497,004	4,738,268
Trade payable		4,225,689	4,233,256	-	-
Other payables		2,024,819	561,328	-	-
Advance received		2,215	103,363	-	-
Customer deposit payable	27.2	9,184,935	9,114,723	-	-
Professional fees payable		-	252	-	-
<b>Total other liabilities</b>		<b>22,708,944</b>	<b>27,846,688</b>	<b>1,497,004</b>	<b>6,597,465</b>

#### 27.1 Others including accrued expenses

##### Litro Gas Lanka (Pvt) Limited

(a) Accrual expenses consist of provisions made for Employee related expenses , Sales Related expenses , Operational Expenses including utilities and contract labour and provisions made for LPG related expenses.

(b) Advances and overpayments of trade debtors are showed under trade payables

##### Litro Gas Terminal Lanka (Pvt) Limited

Accrued expenses mainly consist of provision of income tax payment amounting to Rs. 368,159,508/- as at 31st December 2024 (2023 Rs.353,400/-).

#### 27.2 Customer deposit payable

##### Litro Gas Lanka (Pvt) Limited

The refundable deposit is a liability collected with an agreement to refund at the time of request by the holder of the cylinder to terminate the agreement together with the deposit voucher (deposit slip issued by the Company) or with an affidavit as per common law. The refundable deposit payable for the 37.5Kg, 12.5Kg, 5Kg & 2.3Kg cylinders are subject to a maximum refund of Rs. 2,476, Rs. 1500, Rs. 700, and Rs. 550 respectively at the time of return of the cylinders.



## 28 FINANCIAL LIABILITIES

As at 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Bank overdraft	923,089	735,765	-	446,033
Redeemable Non-Cumulative Preference Share	-	176,000	-	-
USD bridging loan facility - Peoples Bank	-	4,933,082	-	-
<b>Total financial liabilities</b>	<b>923,089</b>	<b>5,844,847</b>	<b>-</b>	<b>446,033</b>

## 29 REVENUE

For the year ended 31st December	Notes	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Gross written premium	30	51,264,470	43,320,585	3,589,653	44,224,745
Net change in reserve for unearned premium	31.2	557,953	(466,762)	137,078	(466,762)
<b>Gross earned premium</b>		<b>51,822,423</b>	<b>42,853,823</b>	<b>3,726,731</b>	<b>43,757,983</b>
Premium ceded to reinsurers	31.3	(8,280,428)	(6,374,682)	(319,941)	(6,374,682)
Net change in reserve for unearned Reinsurance Premium	31.4	(567,272)	(520,935)	(134,991)	(520,935)
<b>Net earned premium</b>	<b>31.1</b>	<b>42,974,723</b>	<b>35,958,206</b>	<b>3,271,799</b>	<b>36,862,366</b>
Revenue from other operations	30.1	104,399,831	103,215,334	-	-
Investment income	32	36,365,220	29,490,139	6,313,117	28,443,595
Other income	33,34,35	(1,653,617)	2,121,153	1,329,000	(1,112,195)
		<b>182,086,157</b>	<b>170,784,832</b>	<b>10,913,916</b>	<b>64,193,766</b>

The significant reduction in the Company's revenue is primarily due to the segregation of the Company. Please refer note. No. 46 for more details of segregation.

## 30 GROSS WRITTEN PREMIUM

For the year ended 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Life insurance</b>				
New businesses premium	4,960,050	-	-	-
Renewal premium	13,665,505	-	-	-
Group Life premium	3,880,235	-	-	-
Single premium	2,025,072	-	-	-
Group and non-group	1,270,053	18,738,637	1,696,746	19,642,797
Group term life assurance	130,973	1,436,892	130,973	1,436,892
<b>Gross written premium - life insurance</b>	<b>25,931,888</b>	<b>20,175,529</b>	<b>1,827,719</b>	<b>21,079,689</b>
<b>Non- life insurance</b>				
Fire and engineering risk	2,963,310	2,951,485	120,390	2,951,485
Motor	14,218,434	13,508,448	1,029,106	13,508,448
Marine	1,004,107	942,988	131,816	942,988
Workmen's Compensation	179,285	-	-	-
General accident	6,967,446	5,742,135	480,622	5,742,135
<b>Gross written premium - Non-life insurance</b>	<b>25,332,582</b>	<b>23,145,056</b>	<b>1,761,934</b>	<b>23,145,056</b>
<b>Total gross written premium</b>	<b>51,264,470</b>	<b>43,320,585</b>	<b>3,589,653</b>	<b>44,224,745</b>

### 30.1 Revenue from other operations

For the year ended 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Hospital Revenue	10,401,730	9,655,350	-	-
Laboratory Revenue	3,165,992	2,707,611	-	-
Room Rental and Services Charges	58,033	(84,591)	-	-
Revenue from Liquid Petroleum Gas (LPG) Activities	90,774,076	90,936,964	-	-
<b>Total revenue from other operations</b>	<b>104,399,831</b>	<b>103,215,334</b>	<b>-</b>	<b>-</b>

#### Litro Gas Lanka (Private) Ltd

Litro Gas is the largest importer and supplier of LP Gas in Sri Lanka. The principal activity of the Company is to import, process, store, distribute and sell Liquid Petroleum Gas (LPG) and provide other incidental services.

Entry and handling fees of the Company consist of the fees collected at the time of issuing new cylinders.

Income from Installation is generated from the LPG pipeline installation and maintenance work for new and existing customers.

Income from fuel consist retail fuel sales generated from the fuel stations in Southern Highway operated by the Company.



## Notes to the Financial Statements

### 30 GROSS WRITTEN PREMIUM (CONTD...)

#### 30.1 (Contd...)

##### Litro Gas Terminal Lanka (Pvt) Ltd

##### Throughput fee:

a) Revenue consists of throughput fee invoiced to Litro Gas Lanka Limited, For the year 2024, US \$ 20 is charged per metric ton for both domestic and bulk segment at the Monthly Average Spot Exchange rate + Market Adjustment.

##### Canowin Hotels & Spas (Pvt) Ltd

Main revenue of the Company is the ground rent income from the tenants of the Southern Expressway Service Area Arcade.

### 31 NET EARNED PREMIUM

#### 31.1 Net Earned Premium

For the year ended 31st December Company	Note	2024			2023		
		Non-Life Rs. 000'	Life Rs. 000'	Total Rs. 000'	Non-Life Rs. 000'	Life Rs. 000'	Total Rs. 000'
Gross written premium	30	1,761,934	1,827,719	3,589,653	23,145,056	21,079,689	44,224,745
Change in reserve for unearned premium	24.1	136,178	-	136,178	(462,733)	-	(462,733)
<b>Gross earned premium</b>		<b>1,898,112</b>	<b>1,827,719</b>	<b>3,725,831</b>	<b>22,682,323</b>	<b>21,079,689</b>	<b>43,762,012</b>
Premiums ceded to reinsurers	31.3	(254,536)	(65,405)	(319,941)	(5,700,815)	(673,867)	(6,374,682)
Change in reserve for unearned reinsurance Premium	31.4	(134,991)	-	(134,991)	(520,935)	-	(520,935)
<b>Gross reinsurance premium</b>		<b>(389,527)</b>	<b>(65,405)</b>	<b>(454,932)</b>	<b>(6,221,750)</b>	<b>(673,867)</b>	<b>(6,895,617)</b>
Transfer to title insurance reserve	24.2	900	-	900	(4,029)	-	(4,029)
		(388,627)	(65,405)	(454,032)	(6,225,779)	(673,867)	(6,899,646)
<b>Net earned premium</b>		<b>1,509,485</b>	<b>1,762,314</b>	<b>3,271,799</b>	<b>16,456,544</b>	<b>20,405,822</b>	<b>36,862,366</b>

For the year ended 31st December Group	Note	2024			2023		
		Non-Life Rs. 000'	Life Rs. 000'	Total Rs. 000'	Non-Life Rs. 000'	Life Rs. 000'	Total Rs. 000'
Gross written premium	30	25,332,582	25,931,888	51,264,470	23,145,056	21,079,689	44,224,745
Change in reserve for unearned premium	24.1	633,282	-	633,282	(462,733)	-	(462,733)
<b>Gross earned premium</b>		<b>25,965,864</b>	<b>25,931,888</b>	<b>51,897,752</b>	<b>22,682,323</b>	<b>21,079,689</b>	<b>43,762,012</b>
Premiums ceded to reinsurers	31.3	(7,252,681)	(1,027,747)	(8,280,428)	(5,700,815)	(673,867)	(6,374,682)
Change in reserve for unearned reinsurance Premium	31.4	(567,272)	-	(567,272)	(520,935)	-	(520,935)
<b>Gross reinsurance premium</b>		<b>(7,819,953)</b>	<b>(1,027,747)</b>	<b>(8,847,700)</b>	<b>(6,221,750)</b>	<b>(673,867)</b>	<b>(6,895,617)</b>
Transfer to title insurance reserve	24.2	(75,329)	-	(75,329)	(4,029)	-	(4,029)
		(7,895,282)	(1,027,747)	(8,923,029)	(6,225,779)	(673,867)	(6,899,646)
<b>Net earned premium</b>		<b>18,070,582</b>	<b>24,904,141</b>	<b>42,974,723</b>	<b>16,456,544</b>	<b>20,405,822</b>	<b>36,862,366</b>

#### 31.2 Net Change in Reserve for Unearned Premium

For the year ended 31st December	Note	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Non-life insurance</b>					
Change in reserve for unearned premium	24.1	633,282	(462,733)	136,178	(462,733)
Transfer to title insurance reserve	24.2	(75,329)	(4,029)	900	(4,029)
		557,953	(466,762)	137,078	(466,762)

#### 31.3 Premiums Ceded to Reinsurers

For the year ended 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Life insurance	1,027,747	673,867	65,405	673,867
	1,027,747	673,867	65,405	673,867
<b>Non- life insurance</b>				
Fire	1,635,214	2,079,701	77,147	2,079,701
Motor	174,011	433,238	23,393	433,238
Marine	578,605	219,515	6,294	219,515
Amounts ceded to NITF	2,889,251	-	-	-
Miscellaneous	1,975,600	2,968,361	147,702	2,968,361
	7,252,681	5,700,815	254,536	5,700,815
<b>Total premium ceded to reinsurers</b>	<b>8,280,428</b>	<b>6,374,682</b>	<b>319,941</b>	<b>6,374,682</b>

### 31 NET EARNED PREMIUM (CONTD...)

#### 31.4 Net Change in Reserve for Unearned Reinsurance Premium

		Group		Company	
For the year ended 31st December	Note	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Non-life Insurance					
Change in reserve for unearned premium	24.1	(567,272)	(520,935)	(134,991)	(520,935)
		(567,272)	(520,935)	(134,991)	(520,935)

### 32 INVESTMENT INCOME

For the year ended 31st December	Note	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Interest income	32.1	29,488,188	28,561,808	4,161,036	25,939,495
Dividend income	32.2	1,123,429	479,503	1,683,574	2,055,272
Capital gains/ (losses)	32.3	5,753,603	448,828	468,507	448,828
		36,365,220	29,490,139	6,313,117	28,443,595

#### 32.1 Interest Income

For the year ended 31st December	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Financial investment at held-to- maturity (HTM)</b>				
Treasury bonds	6,924,600	7,328,111	732,549	7,328,111
Listed debentures	2,132,384	-	364,313	-
Unlisted debentures	439,237	-	-	-
Reverse repurchase agreements	57,341	-	-	-
Fixed deposits	195,517	-	-	-
Treasury bills	-	567,904	-	567,904
<b>Financial investments at loans and receivables (L&amp;R)</b>				
Development bonds	-	689,925	-	689,925
Interest on staff and agent loans	441,868	-	-	-
Call deposits	4,072	-	-	-
Unlisted debentures	3,338,098	3,991,943	376,412	3,991,943
Term deposits	4,025,798	7,595,053	1,209,468	5,313,807
Commercial Paper	3,495,678	868,416	1,265,245	868,416
<b>Financial investments at available for sale (AFS)</b>				
Treasury bonds	4,631,451	1,635,737	-	1,635,737
Listed shares	181,141	-	-	-
Listed debentures	220,121	-	-	-
Treasury bills	17,656	17,206	520	17,206
Commercial papers	120,976	-	-	-
Corporate debt-listed	2,151,952	3,522,183	-	3,522,183
<b>Cash and cash equivalents</b>				
Reverse repurchase agreements	728,879	1,990,752	211,585	1,979,377
Call and savings accounts	14,255	26,472	944	18,840
Short-term deposits-Interest income	367,164	322,060	-	-
<b>Other fee based income</b>				
Commission on investments	-	6,046	-	6,046
<b>Total interest income</b>	<b>29,488,188</b>	<b>28,561,808</b>	<b>4,161,036</b>	<b>25,939,495</b>

## Notes to the Financial Statements

### 32. INVESTMENT INCOME (CONTD...)

#### 32.2 Dividend Income

	Group		Company	
For the year ended 31st December	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Financial investments at cost</b>				
Listed subsidiaries	-	-	1,274,590	1,575,769
<b>Financial investments at NAV</b>				
Associates	4,936	5,700	4,936	5,700
<b>Financial investments at available for sale (AFS)</b>				
Listed shares	586,548	510	330,596	510
Unlisted shares	21,148	19,656	21,148	19,656
<b>Financial investments at fair value through profit or loss (FVTPL)</b>				
Listed shares	510,797	453,637	52,304	453,637
<b>Total dividend income</b>	<b>1,123,429</b>	<b>479,503</b>	<b>1,683,574</b>	<b>2,055,272</b>

#### 32.3 Capital Gains/(Losses)

	Group		Company	
For the year ended 31st December	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Financial investments at available for sale (AFS)</b>				
Listed Shares	4,233,059	-	-	-
Unit Trusts	-	4,005	-	4,005
Subscription Rights	(46,941)	-	-	-
Treasury Bonds	22,213	-	-	-
Listed Debentures	(58,134)	14	-	14
Treasury Bill	-	26,372	-	26,372
	<b>4,150,197</b>	<b>30,391</b>	<b>-</b>	<b>30,391</b>
<b>Financial investments at fair value through profit or loss (FVTPL)</b>				
Listed Shares	1,091,744	(114,988)	434,456	(114,988)
Unit Trust	511,662	533,426	34,051	533,426
<b>Total Capital Gains/(Losses)</b>	<b>5,753,603</b>	<b>448,828</b>	<b>468,507</b>	<b>448,828</b>

	Group		Company	
For the year ended 31st December	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Realised gain/ (losses)</b>				
Unit Trust	(312)	4,005	-	4,005
Subscription Rights	(48,375)	-	-	-
Treasury Bonds	22,213	-	-	-
Listed Debentures	(58,134)	-	-	-
Listed Shares	216,844	609,014	-	609,014
	<b>132,236</b>	<b>613,019</b>	<b>-</b>	<b>613,019</b>
<b>Unrealised gain/losses</b>				
Listed Shares	5,109,393	(697,617)	434,456	(697,617)
Unit Trust	511,974	533,426	34,051	533,426
	<b>5,621,367</b>	<b>(164,191)</b>	<b>468,507</b>	<b>(164,191)</b>
<b>Total capital gains/(losses)</b>	<b>5,753,603</b>	<b>448,828</b>	<b>468,507</b>	<b>448,828</b>

### 33 FEES AND COMMISSION INCOME

For the year ended 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Reinsurance Commission	75,965	57,571	238	57,571
	75,965	57,571	238	57,571

### 34 NET REALISED/UNREALISED GAINS

For the year ended 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Foreign Currency Gains/(losses)	(26,054)	(829,217)	(137,891)	(2,587,778)
	(26,054)	(829,217)	(137,891)	(2,587,778)

### 35 OTHER (EXPENSES) / INCOME

For the year ended 31st December	Note	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Rent income		267,165	201,531	686,070	187,042
Interest on policy holders and other loans		309,350	725,553	63,423	725,553
Sundry income	35.1	632,459	1,580,095	69,185	301,069
Fees and commission income		35,858	-	-	-
Fees charged for utility expenses incurred		-	-	457,841	-
Gain/(loss) on the disposal of subsidiary	6.2.2	(3,371,402)	-	100,642	-
Net gain from change in fair value of investment property		423,034	268,373	89,492	204,348
Net gain from change in fair value of right-of-use assets		18,000	14,054	-	-
Gain / (loss) on disposal of property, plant and equipment		10,373	41,841	-	-
Other income		473	-	-	-
Gain on bargain purchase on acquisition of subsidiary	6.2.1	-	61,537	-	-
Gain/(loss) on disposal of ROU assets	35.2	(28,838)	(185)	-	-
		(1,703,528)	2,892,799	1,466,653	1,418,012

#### 35.1 Sundry Income

Sundry Income mainly comprises income generated from ethyl mercaptain injection and stock out losses claimed from LPG Suppliers and interest on employee loans and other receivables.

#### 35.2 Loss on Disposal of ROU Assets

##### The Lanka Hospitals Corporation PLC

The Lanka Hospitals Corporation PLC has made a re-arrangement of lease agreements for laboratories located in Karapitiya, Mahiyanganaya, and Panadura, which are functioning under their fully owned subsidiary, Lanka Hospital Diagnostics (Pvt) Ltd. This resulted in a loss of Rs. 28,837,983 (2023 - loss of Rs.185,203) from derecognition of right-to-use asset.

## Notes to the Financial Statements

### 36 NET BENEFITS AND CLAIMS

For the year ended 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
(A) <b>Gross benefits and claims paid</b>				
<b>Non-life insurance</b>				
Fire	(674,573)	(1,531,987)	(153,398)	(1,531,987)
Motor	(6,811,000)	(6,716,336)	(672,071)	(6,716,336)
Marine	(178,245)	(111,436)	4,560	(111,436)
Miscellaneous	(3,296,250)	(1,528,033)	(245,272)	(1,528,033)
<b>Total</b>	<b>(10,960,068)</b>	<b>(9,887,792)</b>	<b>(1,066,181)</b>	<b>(9,887,792)</b>
<b>Life Insurance</b>				
Death claims	(1,862,586)	(2,018,813)	(135,287)	(2,018,813)
Policy maturities	(8,182,577)	(6,152,221)	(628,074)	(6,152,221)
Surrenders	(1,691,060)	(1,717,790)	(120,376)	(1,717,790)
Disability, ex-gratia, annuities, hospitalisation and mortgage	(1,951,840)	(2,304,285)	(128,742)	(2,304,285)
<b>Total</b>	<b>(13,688,063)</b>	<b>(12,193,109)</b>	<b>(1,012,479)</b>	<b>(12,193,109)</b>
<b>Total gross benefits and claims paid</b>	<b>(24,648,131)</b>	<b>(22,080,901)</b>	<b>(2,078,660)</b>	<b>(22,080,901)</b>
(B) <b>Claims ceded to reinsurers</b>				
Claims recovered from reinsurers	1,191,302	1,495,768	55,426	1,495,768
<b>Total claims ceded to reinsurers</b>	<b>1,191,302</b>	<b>1,495,768</b>	<b>55,426</b>	<b>1,495,768</b>
(C) <b>Gross change in contract liabilities</b>				
Change in non-life insurance contract outstanding claims provision	(125,103)	255,027	(25,440)	255,027
<b>Total gross change in contract liabilities</b>	<b>(125,103)</b>	<b>255,027</b>	<b>(25,440)</b>	<b>255,027</b>
(D) <b>Change in contract liabilities ceded to reinsurers</b>				
Change in non-life insurance contract outstanding claims provision	83,573	(1,447,968)	43,276	(1,447,968)
<b>Total change in contract liabilities ceded to reinsurers</b>	<b>83,573</b>	<b>(1,447,968)</b>	<b>43,276</b>	<b>(1,447,968)</b>
<b>Total net benefits and claims</b>	<b>(23,498,359)</b>	<b>(21,778,074)</b>	<b>(2,005,398)</b>	<b>(21,778,074)</b>

### 37 UNDERWRITING AND NET ACQUISITION COSTS (INCLUDING REINSURANCE)

For the year ended 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Acquisition cost	5,066,784	4,113,831	376,817	4,113,831
Net change in reserve for deferred acquisition cost (DAC)	(97,715)	(91,063)	3,680	(91,063)
	4,969,069	4,022,768	380,497	4,022,768
Reinsurance commission received	1,121,938	511,474	25,385	511,474
Net change in reserve for unearned commission (UCR)	25,556	9,636	15,257	9,636
	1,147,494	521,110	40,642	521,110
	3,821,575	3,501,658	339,855	3,501,658

### 38 PROFIT BEFORE TAX

Profit before taxation is stated after charging all expenses including the following:

For the year ended 31st December	Note	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Auditor remuneration</b>					
Fees for the assigned auditors		14,453	6,534	1,470	4,971
Fees for Auditor General		4,593	6,021	220	678
Non-audit service		726	10,113	726	10,113
Depreciation of property, plant and equipment	8	2,249,286	2,217,285	91,959	469,368
Amortisation of intangible assets	11.2	55,981	42,685	2,737	22,625
Amortisation of right-of-use asset	9.1	422,459	462,067	183,107	180,159
Amortisation of leasehold land		3,156	2,923	3,156	2,923
Impairment loss of trade receivables	16.2	(13,315)	10,057	-	-
Impairment loss of inventories		2,595	(1,169)	-	-
Legal expenses		5,576	1,861	-	-
Staff related cost		15,363,797	11,089,596	726,447	7,603,605
Marketing and business promotion expenses		460,924	664,711	23,284	560,748

### 38 PROFIT BEFORE TAX (CONTD....)

#### Litro Gas Lanka (Private) Limited and Litro Gas Terminal Lanka (Private) Limited

##### Common Cost Sharing

In 2017, the Board signed a Memorandum of Understanding (MOU) with Litro Gas Lanka Limited (LGLL) to share common costs incurred by both companies, ensuring a fair representation of their financial performances. However, starting from 2024, only staff-related costs were considered as the common costs due to challenges in determining a reasonable cost-sharing basis. Consequently, 10% of LGLL's staff-related costs were allocated for transfer to Litro Gas Terminal Lanka (Pvt) Limited (LGTL). This arrangement was approved in the Corporate Plan and Annual Budget for 2024. The administrative costs of LGTL, including the common costs transferred from LGLL, amounted to Rs. 107.8 million in 2023 and Rs. 92.1 million in 2024.

### 39 INCOME TAX EXPENSE

#### 39.1 Amounts recognised in Profit or Loss

		Group		Company	
For the year ended 31st December	Note	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Current tax expenses					
Current tax year		4,457,603	4,141,537	533,643	2,769,105
Under/(over) provision in previous Year		1,838	(43,914)	-	-
		4,459,441	4,097,623	533,643	2,769,105
Deferred tax expenses					
Origination/(reversal) of temporary differences	15.1.1	505,458	2,105,717	(623,180)	156,137
		505,458	2,105,717	(623,180)	156,137
Income tax expenses reported in the income statement		4,964,899	6,203,340	(89,537)	2,925,242

#### 39.2 Amounts recognised in OCI

	Note	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Remeasurement of defined benefit liability	15.1.1	69,591	89,446	(20,803)	60,400
Revaluation of property, plant and equipment	15.1.1	(726,046)	45,167	(518,870)	45,167
Fair value changes in available for sale financial assets	15.1.1	(278,179)	(115,602)	(110,802)	(115,602)
		(934,634)	19,011	(650,475)	(10,035)

#### 39.3 Analysis of Brought Forward Tax loss

	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Balance as at 01st January	11,791,717	14,939,431	-	-
Adjustment for brought forward losses	227,796	(3,649,561)	-	-
Tax loss incurred during the year	722,079	684,624	-	-
Disposal of subsidiaries	(2,764,393)	-	-	-
Tax loss claimed during the year	(9,710,697)	(179,195)	-	-
Losses expired	(266,501)	(3,582)	-	-
<b>Balance as at 31st December</b>	<b>-</b>	<b>11,791,717</b>	<b>-</b>	<b>-</b>

#### Sri Lanka Insurance Corporation Ltd

The Company is liable to income tax of 30% in terms of Inland Revenue Act No. 24 of 2017 and amendments thereto. The current year's tax charge consists of income tax charge on General Insurance and surplus of Life Insurance.

#### Litro Gas Terminal Lanka (Pvt) Ltd

Provision for income tax for the year ended 31st December 2024 in respect of Litro Gas Terminal Lanka (Private) Limited has been made in the Financial Statements, in terms of the provisions of the Inland Revenue Act No. 24 of 2017, as amended. The Company is liable for income tax at a rate of 30% for the years 2023 and 2024.

#### The Lanka Hospitals Corporation PLC

The Lanka Hospitals Corporation PLC is liable to income tax at 30% for the year ended 31st December 2024.

## Notes to the Financial Statements

### 39 INCOME TAX EXPENSE (CONTD...)

#### 39.3 Analysis of Brought Forward Tax loss (Contd...)

##### Sri Lanka Insurance Corporation General Limited

The Crop Insurance Levy was introduced under the provisions of Section 14 of the Finance Act No. 12 of 2013, and came into effect from 1st April 2013. It is payable to the National Insurance Trust Fund and liable at 1% of the Profit after Tax.

##### Litro Gas Lanka Ltd

Provision for income tax for the year ended 31st December 2024 in respect of Litro Gas Lanka Limited has been made in the Financial Statements, in terms of the provisions of the Inland Revenue Act No. 24 of 2017, as amended. The Company is liable for income tax at a rate of 30% (2023 - 30%).

### 40 BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. There were no potential dilutive shares on standing at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

	Group		Company	
For the year ended 31st December	2024	2023	2024	2023
<b>Amounts used as the numerators</b>				
Net Profit Attributable to Ordinary Shareholders (Rs. 000')	8,466,020	13,064,845	3,635,639	7,778,571
<b>Number of ordinary shares used as denominators</b>				
Weighted average number of ordinary shares in issue (000')	599,656	599,656	599,656	599,656
Basic/ diluted earnings per share (Rs.)	14.12	21.79	6.06	12.97

### 41 DIVIDEND PAID AND PROPOSED

	Group		Company	
For the year ended 31st December	2024	2023	2024	2023
Dividend Paid/Proposed (Rs. 000')	1,271,268	2,272,841	1,271,268	2,272,841
Weighted Average Number of Ordinary Shares in Issue (000')	599,656	599,656	599,656	599,656
Dividend per share (Rs.)	2.12	3.79	2.12	3.79

### 42 FINANCIAL ASSETS AND LIABILITIES

#### 42.1 Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31st December		2024					
Group	Note	Fair value through profit or loss Rs. 000'	Available for sale Rs. 000'	Held to maturity Rs. 000'	Loans & receivables Rs. 000'	Carrying value Rs. 000'	Fair value Rs. 000'
<b>Financial assets measured at fair value</b>							
Listed shares	5	16,284,581	47,551,164	-	-	63,835,745	63,835,745
Unlisted shares	5	-	6,389,015	-	-	6,389,015	6,389,015
Unit trusts	5	3,993,866	2,808,088	-	-	6,801,954	6,801,954
Listed debentures	5	-	20,694,685	-	-	20,694,685	20,694,685
Commercial Papers	5	-	38,485,072	-	-	38,485,072	38,485,072
Treasury bonds	5	-	44,459,015	-	-	44,459,015	44,459,015
<b>Financial assets not measured at fair value</b>							
Treasury bills and bonds	5	-	-	62,077,643	-	62,077,643	62,359,174
Listed debentures	5	-	-	20,727,473	-	20,727,473	21,147,473
Unlisted debentures	5	-	-	-	29,544,425	29,544,425	30,172,525
Term deposits	5	-	-	-	20,718,817	20,718,817	20,718,817
Agent loan	5	-	-	-	478,667	478,667	478,667
Staff Loans and Receivables	5	-	-	-	2,184,536	2,184,536	2,184,536
Loans to life policyholders	12	-	-	-	2,288,853	2,288,853	2,288,853
Reinsurance receivable	13	-	-	-	3,260,696	3,260,696	3,260,696
Premium receivable	14	-	-	-	5,933,582	5,933,582	5,933,582
Other receivables	16	-	-	-	18,155,895	18,155,895	18,155,895
Cash and cash equivalents	18	-	-	-	33,130,712	33,130,712	33,130,712
<b>Total financial assets</b>		<b>20,278,447</b>	<b>160,387,039</b>	<b>82,805,116</b>	<b>115,696,183</b>	<b>379,166,785</b>	<b>380,496,416</b>
<b>Financial liabilities not measured at fair value</b>							
Reinsurance payable		-	-	-	3,239,796	3,239,796	3,239,796
Bank overdraft	28	-	-	-	923,089	923,089	923,089
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4,162,885</b>	<b>4,162,885</b>	<b>4,162,885</b>



## 42 FINANCIAL ASSETS AND LIABILITIES (CONTD....)

### 42.1 Accounting Classifications and Fair Values (Contd....)

As at 31st December		2023					
Group	Note	Fair value through profit or loss Rs. 000'	Available for sale Rs. 000'	Held to maturity Rs. 000'	Loans & receivables Rs. 000'	Carrying value Rs. 000'	Fair value Rs. 000'
<b>Financial assets measured at fair value</b>							
Listed shares	5	14,299,067	26,067,713	-	-	40,366,780	40,366,780
Unlisted shares	5	-	5,926	-	-	5,926	5,926
Unit trusts	5	2,293,571	2,286,672	-	-	4,580,243	4,580,243
Listed debentures	5	-	29,948,862	-	-	29,948,862	29,948,862
Commercial Paper	5	-	16,368,416	-	-	16,368,416	16,368,416
Treasury bonds	5	-	27,966,447	-	-	27,966,447	27,966,447
<b>Financial assets not measured at fair value</b>							
Treasury bills & bonds	5	-	-	66,528,073	-	66,528,073	60,918,011
Listed debentures	5	-	-	6,043,658	-	6,043,658	6,043,658
Unlisted debentures	5	-	-	-	27,384,412	27,384,412	27,384,412
Term deposits	5	-	-	-	38,892,179	38,892,179	38,892,179
Loans to life policyholders	12	-	-	-	2,095,884	2,095,884	2,095,884
Reinsurance receivable	13	-	-	-	1,868,737	1,868,737	1,868,737
Premium receivable	14	-	-	-	6,290,934	6,290,934	6,290,934
Other receivables	16	-	-	-	12,633,468	12,633,468	12,633,468
Cash and cash equivalents	18	-	-	-	18,520,139	18,520,139	18,520,139
<b>Total financial assets</b>		16,592,638	102,644,036	72,571,731	107,685,753	299,494,158	293,884,096
<b>Financial liabilities not measured at fair value</b>							
Reinsurance payable		-	-	-	1,183,597	1,183,597	1,183,597
Bank overdraft	28	-	-	-	735,764	735,764	735,764
<b>Total financial liabilities</b>		-	-	-	1,919,361	1,919,361	1,919,361

As at 31st December		2024					
Company	Note	Fair value through profit or loss Rs. 000'	Available for sale Rs. 000'	Held to maturity Rs. 000'	Loans & receivables Rs. 000'	Carrying value Rs. 000'	Fair value Rs. 000'
<b>Financial assets measured at fair value</b>							
Listed shares	5	2,010,130	25,900,124	-	-	27,910,254	27,910,254
Unlisted shares	5	-	5,934	-	-	5,934	5,934
Treasury bonds	5	-	15,179,581	-	-	15,179,581	15,179,581
<b>Financial assets not measured at fair value</b>							
Term deposits	5	-	-	-	2,146,539	2,146,539	2,146,539
Other receivables	16	-	-	-	10,500,000	10,500,000	10,500,000
Cash and cash equivalents	18	-	-	-	555,913	555,913	555,913
<b>Total financial assets</b>		2,010,130	41,085,639	-	13,202,452	56,298,221	56,298,221
<b>Financial liabilities not measured at fair value</b>							
Reinsurance payable		-	-	-	-	-	-
Bank overdraft	28	-	-	-	-	-	-
<b>Total financial liabilities</b>		-	-	-	-	-	-

## Notes to the Financial Statements

### 42 FINANCIAL ASSETS AND LIABILITIES (CONTD....)

#### 42.1 Accounting Classifications and Fair Values (Contd...)

As at 31st December Company	2023					
	Fair value through profit or loss Rs. 000'	Available for sale Rs. 000'	Held to maturity Rs. 000'	Loans & receivables Rs. 000'	Carrying Value Rs. 000'	Fair Value Rs. 000'
<b>Financial assets measured at fair value</b>						
Listed shares	5	14,299,067	26,067,713	-	40,366,780	40,366,780
Unlisted shares	5	-	5,926	-	5,926	5,926
Unit trusts	5	2,293,571	2,286,672	-	4,580,243	4,580,243
Listed debentures	5	-	29,948,862	-	29,948,862	29,948,862
Treasury bonds	5	-	44,334,863	-	44,334,863	44,334,863
<b>Financial assets not measured at fair value</b>						
Treasury bills and bonds	5	-	-	66,528,073	66,528,073	60,918,011
Listed Debentures	5	-	-	6,043,658	6,043,658	6,043,658
Unlisted debentures	5	-	-	27,384,412	27,384,412	27,384,412
Term deposits	5	-	-	31,916,170	31,916,170	31,916,170
Loans to life policyholders	12	-	-	2,095,884	2,095,884	2,095,884
Reinsurance receivable	13	-	-	1,868,737	1,868,737	1,868,737
Premium receivable	14	-	-	6,290,934	6,290,934	6,290,934
Other receivables	16	-	-	4,136,765	4,136,765	4,136,765
Cash and cash equivalents	18	-	-	5,885,171	5,885,171	5,885,171
<b>Total financial assets</b>		16,592,638	102,644,036	72,571,731	271,386,478	265,776,416
<b>Financial liabilities not measured at fair value **</b>						
Reinsurance payable		-	-	1,183,597	1,183,597	1,183,597
Bank overdraft	28	-	-	446,033	446,033	446,033
<b>Total financial liabilities</b>		-	-	1,629,630	1,629,630	1,629,630

#### 42.2 Fair value hierarchy for assets carried at fair value

The Group uses the fair value hierarchy in determining and disclosing the fair value of financial instruments. The following note shows an analysis of financial investments recorded at fair value by level of the fair value hierarchy.

Level	Fair Value Measurement Method
Level 1	Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2	Techniques for which, all inputs that have a significant effect on the recorded fair value, are observable, either directly or indirectly
Level 3	Techniques, which use inputs that have a significant effect on the recorded fair value, are not based on observable market data

As at 31st December 2024	Group				Company			
	Level 1 Rs. 000'	Level 2 Rs. 000'	Level 3 Rs. 000'	Total fair value Rs. 000'	Level 1 Rs. 000'	Level 2 Rs. 000'	Level 3 Rs. 000'	Total fair value Rs. 000'
<b>Available-for-sale (AFS) financial assets</b>								
Listed shares	47,551,164	-	-	47,551,164	25,900,124	-	-	25,900,124
Unlisted shares	-	-	6,389,015	6,389,015	-	-	5,934	5,934
Unit trusts	2,808,088	-	-	2,808,088	-	-	-	-
Listed debentures	8,101,211	12,593,474	-	20,694,685	-	-	-	-
Treasury bonds	44,459,015	-	-	44,459,015	-	-	-	-
Commercial papers	-	-	38,485,072	38,485,072	-	-	15,179,581	15,179,581
<b>Total</b>	<b>102,919,478</b>	<b>12,593,474</b>	<b>44,874,087</b>	<b>160,387,039</b>	<b>25,900,124</b>	<b>-</b>	<b>15,185,515</b>	<b>41,085,639</b>
<b>Fair-value-through-profit-or-loss (FVTPL) financial assets</b>								
Listed shares	16,284,581	-	-	16,284,581	2,010,130	-	-	2,010,130
Unit trusts	3,993,866	-	-	3,993,866	-	-	-	-
<b>Total</b>	<b>20,278,447</b>	<b>-</b>	<b>-</b>	<b>20,278,447</b>	<b>2,010,130</b>	<b>-</b>	<b>-</b>	<b>2,010,130</b>
<b>Held-to-maturity (HTM) financial assets</b>								
Treasury bills	-	-	-	-	-	-	-	-
Treasury bonds	62,077,643	-	-	62,077,643	-	-	-	-
Listed debentures	20,727,473	-	-	20,727,473	-	-	-	-
<b>Total</b>	<b>82,805,116</b>	<b>-</b>	<b>-</b>	<b>82,805,116</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 42 FINANCIAL ASSETS AND LIABILITIES (CONTD....)

### 42.2 Fair value hierarchy for assets carried at fair value (Contd...)

As at 31st December 2024	Group				Company			
	Level 1 Rs. 000'	Level 2 Rs. 000'	Level 3 Rs. 000'	Total fair value Rs. 000'	Level 1 Rs. 000'	Level 2 Rs. 000'	Level 3 Rs. 000'	Total fair value Rs. 000'
<b>Loans &amp; receivables (L &amp; R) financial assets</b>								
Unlisted debentures	-	29,544,425	-	29,544,425	-	-	-	-
Term deposits	-	12,850,781	7,868,036	20,718,817	-	2,146,539	-	2,146,539
Staff Loans	-	-	2,184,536	2,184,536	-	-	-	-
Agent Loan	-	-	478,667	478,667	-	-	-	-
<b>Total</b>	-	42,395,206	10,531,239	52,926,445	-	2,146,539	-	2,146,539
<b>Total financial assets</b>	206,003,041	54,988,680	55,405,326	316,397,047	27,910,254	2,146,539	15,185,515	45,242,308

As at 31st December 2023	Group				Company			
	Level 1 Rs. 000'	Level 2 Rs. 000'	Level 3 Rs. 000'	Total fair value Rs. 000'	Level 1 Rs. 000'	Level 2 Rs. 000'	Level 3 Rs. 000'	Total fair value Rs. 000'
<b>Available-for-sale (AFS) financial assets</b>								
Listed shares	26,067,713	-	-	26,067,713	26,067,713	-	-	26,067,713
Unlisted shares	(8)	-	5,934	5,926	(8)	-	5,934	5,926
Unit trust	3,628,444	-	-	3,628,444	3,628,444	-	-	3,628,444
Listed debentures	11,314,389	18,634,473	-	29,948,862	11,314,389	18,634,473	-	29,948,862
Treasury bonds	27,966,447	-	-	27,966,447	27,966,447	-	-	27,966,447
Commercial Papers	16,368,416	-	-	16,368,416	16,368,416	-	-	16,368,416
<b>Total</b>	85,345,401	18,634,473	5,934	103,985,808	85,345,401	18,634,473	5,934	103,985,808
<b>Fair-value-through-profit-or-loss (FVTPL) financial assets</b>								
Listed shares	14,289,578	-	-	14,289,578	14,289,578	-	-	14,289,578
Unit trusts	2,293,571	-	-	2,293,571	2,293,571	-	-	2,293,571
<b>Total</b>	16,583,149	-	-	16,583,149	16,583,149	-	-	16,583,149
<b>Held-to-maturity (HTM) financial assets</b>								
Treasury Bonds	60,918,011	-	-	60,918,011	60,918,011	-	-	60,918,011
Listed debentures	6,043,658	-	-	6,043,658	6,043,658	-	-	6,043,658
<b>Total</b>	66,961,669	-	-	66,961,669	66,961,669	-	-	66,961,669
<b>Loans &amp; receivables (L &amp; R) financial assets</b>								
Unlisted debentures	-	27,384,412	-	27,384,412	-	27,384,412	-	27,384,412
Term deposits	-	38,892,179	-	38,892,179	-	31,916,170	-	31,916,170
<b>Total</b>	-	66,276,591	-	66,276,591	-	59,300,582	-	59,300,582
<b>Total financial assets</b>	168,890,219	84,911,064	5,934	253,807,217	168,890,219	77,935,055	5,934	246,831,209

### 42.3 Valuation Techniques used in determining fair values

1. The fair values of Listed Shares, Treasury Bills and Treasury Bonds are based on their market prices as they are traded in active markets.
2. The fair values of Unlisted Floating Rate Debentures and Development Bonds are estimated to be equal to their amortised cost.
3. The fair values of Term Deposits are estimated to be equal to their amortised cost as maturities do not exceed one year.
4. The fair values of Unlisted Fixed Rate Debentures are arrived at discounting the future cash flows at market yields of comparable newly issued Corporate Debt instruments carrying similar maturities and credit ratings.
5. The fair values of Listed Debentures, which are traded in active markets, are based on their market prices.
6. The fair values of Listed Debentures, which are not traded in active markets, are arrived at discounting the future cash flows at market yields of comparable newly issued Corporate Debt instruments carrying similar maturities and credit ratings.
7. The fair values of Unit Trusts are based on their bid prices as quoted by the Unit Trust management companies.
8. The fair values of Unlisted Shares, where the company pays regular Dividends, are derived using the Discounted Cash Flow method. Otherwise, the fair value will be based on the Net Asset Value.

## Notes to the Financial Statements

### 42 FINANCIAL ASSETS AND LIABILITIES (CONTD....)

All outstanding balances with Government related entities which are significant for the users of this annual report are listed below.

#### Outstanding Balances as at 31st December 2024

Nature of the Transaction/ Name of the Company/Entity	Bank of Ceylon	People's Bank	National Savings Bank	People's Leasing & Finance PLC	Sri Lanka Telecom PLC	HDFC Bank	Associated Newspapers of Ceylon Ltd	Ceylon Electricity Board
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Listed debentures	9,239,638	-	-	-	2,051,699	156,901	-	5,043,013
Unlisted debentures	7,053,654	16,713,901	2,858,630	-	-	-	-	-
Fixed deposits	4,016,025	2,376,874	435,248	2,423,361	-	-	-	-
Listed shares	-	-	-	-	17,004	-	-	-
	20,309,316	19,090,775	3,293,878	2,423,361	2,068,703	156,901	-	5,043,013

#### Outstanding Balances as at 31st December 2023

Nature of the Transaction/ Name of the Company/Entity	Bank of Ceylon	People's Bank	National Savings Bank	People's Leasing & Finance PLC	Sri Lanka Telecom PLC	HDFC Bank	Associated Newspapers of Ceylon Ltd	Ceylon Electricity Board
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Reverse repos	200,645	-	-	-	-	-	-	-
Listed debentures	-	-	-	2,211,639	2,445,499	163,906	-	4,763,514
Unlisted debentures	7,109,946	13,533,303	2,860,756	-	-	-	-	-
Fixed deposits	6,981,025	4,520,593	5,778,733	1,973,361	-	-	-	-
Unlisted shares	-	-	-	-	-	-	3,615	-
Listed shares	-	-	-	97,122	1,837,240	-	-	-
	14,291,616	18,053,896	8,639,489	4,282,122	4,282,739	163,906	3,615	4,763,514

The direct holding of 99.97% of the voting rights of the SLIC is owned by Secretary to the Treasury and the rest is owned by the employees and ex-employees of the Company. Therefore, the Secretary to Treasury has the controlling power over the financial and operating policies of the Company.

The Company has considered the Secretary to the Treasury and other entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka (Government related entities) as Related Parties according to LKAS 24 - "Related Party Disclosures".

In accordance with the LKAS 24 - "Related Party Disclosures", transactions in relation to insurance premiums and claims are not being disclosed due to the impracticability of capturing and disclosure of the same.

## 43 RELATED PARTY DISCLOSURES

### 43.1 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 (LKAS) - "Related Party Disclosures", key management personnel are those having the authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Chairman and the Board of Directors have been classified as key management personnel of the Group.

Following directors are also directors of the related entities.

Director	Directorship in other related entities	Joined date	Resigned date
Mr. Palawinnege Nusith Samarasee Kumaratunga	Sri Lanka Insurance Corporation Life Limited / Sri Lanka Insurance General Limited / Ceylon Electricity Board	23.10.2024	-
Mr. Ronald Chithranjan Perera	Sri Lanka Insurance Corporation Life Limited / Sri Lanka Insurance General Limited / Bank of Ceylon/ Lanka Hospital Corporation PLC / Management Services Rakshana (Private) Limited	06.10.2023	08.10.2024
Mr.Dushmantha Thotawatte	Sri Lanka Insurance Corporation Life Limited / Sri Lanka Insurance General Limited/ Canwill Holdings (Private) Limited /LCB Finance PLC / Peoples Bank	06.10.2023	-
Mr. Kandegamage Ravindra Pathmapriya	Sri Lanka Insurance Corporation Life Limited / Sri Lanka Insurance General Limited/ Department of Information Technology Management / Management Services Rakshana (Private) Limited	06.10.2023	-
Dr.Kithsiri Manchanayake	Sri Lanka Insurance Corporation Life Limited / Sri Lanka Insurance General Limited	06.10.2023	09.10.2024
Mr.Nishantha Dayananda	Sri Lanka Insurance Corporation Life Limited / Sri Lanka Insurance General Limited / Canowin Hotels& Spas (Private) Limited / Management Services Rakshana (Private) Limited	06.10.2023	31.12.2024
Mr. Anil koswatte	Sri Lanka Insurance Corporation Life Limited / Sri Lanka Insurance General Limited /Lakarcade Attidiya Wetpark Resort Private Limited	06.10.2023	02.01.2025
Mr.Naomal Michael Pelpola	Sri Lanka Insurance Corporation Life Limited / Sri Lanka Insurance General Limited / Management Services Rakshana (Private) Limited	06.10.2023	08.10.2024

#### 43.1.1 Key Management Personnel Compensation

Key management personnel compensation comprise the following:

For the year ended 31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Salaries and short-term employee benefits	147,563	139,674	550	6,050
Director fees and allowances	17,568	25,481	1,331	-
Attendance fees	625	975	-	-

Post-employment benefits accrued are not included in the above as it cannot be identified separately due to the actuarial valuation.

### 43.2 Transactions with Subsidiary Companies, Sub Subsidiary Companies and Associates

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Management Services Rakshana (Pvt) Ltd	Loan granted	-	46,307	-	46,307
	Payment of emoluments	-	894,279	80,603	894,279
	Cash Settlement	-	-	80,603	-
The Lanka Hospital Corporation PLC	Insurance premium	-	72,573	70,323	72,573
	Amount paid	-	72,573	66,820	72,573
	Dividend received	-	318,742	-	318,742
	Services	-	(197,805)	-	(197,805)
	Amount received from services	-	184,686	-	184,686
	Claim	(411)	-	15,368	-
	Amount Paid for Claims	411	-	15,190	-
	Other medical servies	(3,565)	(41,527)	63,293	(41,527)
	Other medical servies paid	3,565	41,527	65,756	41,527

## Notes to the Financial Statements

### 43 RELATED PARTY DISCLOSURES (CONTD....)

#### 43.2 Transactions with subsidiary Companies and sub subsidiary Companies and Associates (Contd...)

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sri Lanka Insurance Corporation Life Ltd.	Rent Charged	(192,342)	-	(192,342)	-
	Payment of emoluments	-	-	80,603	-
	Cash Settlement	-	-	80,603	-
	Insurance Premium	-	-	10,487	-
	Premium Settlement	-	-	10,487	-
	Claim	-	-	4,250	-
	Amount Paid for Claims	-	-	2,750	-
	Other medical services	-	-	47,113	-
	Other medical services paid	-	-	42,482	-
	Asset Utilisation Fee Due	-	-	3,238	-
	Utility charges	(203,644)	-	(203,644)	-
	Honourarium Fee	5,746	-	5,746	-
	Investment related	1,961,156	-	4,523,000	-
	Expenses	21,497,294	-	28,488,932	-
	Cash Settlement	(22,829,331)	-	(14,340,241)	-
Sri Lanka Insurance Corporation Genral Ltd.	Honourarium Fee	775	-	775	-
	Insurance Premium	-	-	384,769	-
	Amount Paid for Premium	-	-	232,534	-
	Asset Utilisation Fees	-	-	2,798	-
	Claim	-	-	52,409	-
	Amount Paid for Claims	-	-	52,409	-
	Other medical services	-	-	22,387	-
	Other medical services paid	-	-	22,351	-
	Investment related	1,317,360	-	3,343,188	-
	Expenses	16,872,812	-	23,740,891	-
	Cash Settlement	(18,995,673)	-	(10,631,545)	-
Litro Gas Lanka Ltd	Rent charged	115,934	120,929	115,934	120,929
	Insurance premium	36,903	777,377	250,219	777,377
	Amount Paid for Premium	(36,903)	-	68,508	-
	Claims Paid	(5,462)	-	29,768	-
	Amount Paid for Claims	5,462	-	40,693	-
	Cash settlement	(115,934)	(884,952)	(115,934)	(876,974)
	Throughput fee	-	-	(2,442,681)	(2,357,848)
	Reimbursement of expenses	-	-	68,653	740,912
	Repayment for the services	-	-	2,483,406	1,797,045
	Term Loan	-	-	(720,000)	(3,470,000)
	Interest for long term loan	-	-	14,042	(449,633)
	Utility expenses	-	-	(3,057)	-
	Supply of fuel	-	-	2,569	-
	Rent of fuel station	-	-	(4,375)	-
	Sales of goods/ services	-	-	-	(7,833)
	Purchase of goods /services	-	-	-	3,102
	Dividend received	637	637,090	637	637,090
	Cash Received	(637)	-	(637)	-
	Payment received	-	-	4,702	109,343
Litro Gas Terminal Lanka (Pvt) Ltd	Insurance premium	-	35,507	68,128	35,507
	Premium Settlement	-	-	31,412	-
	Throughput fee	-	-	(2,442,681)	2,357,848
	Reimbursement of expenses	-	-	68,653	(740,912)
	Repayment for the services	-	-	2,483,406	(1,797,045)
	Repayment for the Expenses	-	-	(96,682)	112,454
	Repayment of loan	-	-	(720,000)	(3,470,000)
	Dividend payment	638	637,500	638	750,000
	Cash Received	(638)	-	(638)	-
	Rent charged	29,934	29,650	29,934	29,650
	Payments	(24,829)	(61,456)	(24,829)	(61,456)



**43 RELATED PARTY DISCLOSURES (CONTD....)**
**43.2 Transactions with subsidiary Companies and sub subsidiary Companies and Associates (Contd...)**

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Canwill Holdings (Pvt) Ltd	Insurance premium	-	2,454	2,931	2,454
	Staff salaries & allowances	-	-	27,397	(664)
	Insurance service cost	-	-	-	(1,840)
	Cash Settlement	-	(3,896)	(31,553)	(3,896)
	Claim Paid	75	-	2,773	-
	Consideration for share buyback	-	-	400,000	-
	Amount Paid for Claims	(75)	-	2,624	-
	Others Expenses	-	-	-	43,565
Canowin Hotels & Spas (Pvt) Ltd	Insurance Premium	136	4,153	5,664	4,153
	Amount Paid for Premium	(136)	-	4,048	-
	Claim paid	(79)	(2,623)	1,577	(2,623)
	Amount Paid for Claims	79	-	1,735	-
	Sales of goods/ services	-	1,768	-	1,768
	Marketing Campaign	-	-	1,210	-
	Cash settlement	-	2,991	1,210	2,374
	Utility expenses	-	-	(3,057)	(2,583)
	Supply of fuel	-	-	2,569	3,102
	Rent of fuel station	-	-	(4,375)	(4,800)
	Payment received	-	-	(2,765)	(3,040)
	Payments	-	-	7,466	7,255
	Dividend received	-	9,743	-	9,743
Sinolanka Hotels & Spa (Pvt) Ltd	Insurance premium	122	12,095	10,772	12,095
	Amount Paid for Premium	(122)	-	10,528	-
	Foreign currency transactions	91	196	91	196
	Claim Due	-	-	36	-
	Claim Settlement	-	-	36	-
	Staff related cost	-	-	26,880	58,307
	Insurance service cost	-	-	-	1,840
	Other expenses	-	-	(51)	(43,591)
	Consideration for investments in ordinary	-	-	-	400,000
	Cash settlement	-	24,044	(32,688)	(502,032)
Helanco Hotels & Spa (Pvt) Ltd	Expenses paid	-	-	(51)	25
	Allocation of staff cost	-	-	517	664
	Settlement	-	-	(1,796)	526,076
	Consideration for share buyback	-	-	400,000	(400,000)
Lanka Hospitals Diagnostics (Pvt) Limited	Reimbursement of expenses / rent income received	-	-	108,249	185,268
	Insurance Premium	221	-	12,711	-
	Amount Paid for Premium	(221)	-	9,503	-
	Claim paid	-	-	1,259	-
	Amount Paid for Claims	-	-	759	-
	Amounts received	-	-	(250,000)	(100,000)
	Laboratory services provided	-	(14,120)	(1,225,297)	(1,085,601)
	Amounts paid	-	14,120	1,571,674	923,280
Ceybank Asset Management Ltd	Insurance premium received	-	215	-	215
	Dividends Received	4,936	5,700	4,936	5,700
	Amount Received	(4,936)	-	(4,936)	-
Ceylon Asset Management Company Ltd	Sale of unit trust	-	1,181,589	-	1,181,589
	Investments in Unit Trusts	-	250,000	-	250,000



## Notes to the Financial Statements

### 43 RELATED PARTY DISCLOSURES (CONTD....)

#### 43.3 Transactions with Other Related Companies

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Capital Alliance Investments Ltd	Dividend Received	-	23,992	-	23,992
Sri Lanka Insurance Corporation Life Ltd.	Investment in Subsidiaries	-	500,000	-	-
Sri Lanka Insurance Corporation General Ltd	Investment in Subsidiaries	-	500,000	-	-

#### 43.4 Amount Due from Subsidiaries

Amount due from related parties	Balances with SLIC		Balances with Group Companies	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sri Lanka Insurance Corporation Life Limited	-	640	-	640
Sri Lanka Insurance Corporation General Limited	1,064,392	21	1,064,392	21
Litro Gas Lanka Ltd	19,157	20,187	283,249	313,044
Litro Gas Terminal Lanka Ltd	-	539	13,754	14,293
Canwill Holdings (Pvt) Ltd	-	-	-	400,000
Canowin Hotels & Spas (Pvt) Ltd	1,056	-	4,728	3,696
Sinolanka Hotels & Spa (Pvt) Ltd	-	1,620	-	774,082
Helanco Hotels & Spa (Pvt) Ltd	-	-	-	1,534
	1,084,605	23,007	1,366,123	1,507,310

#### 43.5 Amount Due to Subsidiaries

Amount due to related parties	Balances with SLIC		Balances with Group Companies	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
The Lanka Hospital Corporation PLC	229	9,743	20,729	9,743
Litro Gas Lanka Ltd	-	-	-	13,754
Litro Gas Terminal Lanka Ltd	3,938	-	986,609	1,009,503
Sri Lanka Insurance Corporation Life Limited	232,009	-	1,294,214	-
Sri Lanka Insurance Corporation General Limited	805,847	-	805,847	677
Canwill Holdings (Pvt) Ltd	-	224	-	774,220
Canowin Hotels & Spas (Pvt) Ltd	-	-	1,745	1,838
Sinolanka Hotels & Spa (Pvt) Ltd	-	-	-	2,247
Helanco Hotels & Spa (Pvt) Ltd	-	-	-	400,000
	1,042,023	9,967	3,109,144	2,211,982

Insurance claims paid during the year and claims outstanding as at the reporting date arising in the normal course of business in SLICLL and SLICGL have not been eliminated in consolidated Financial Statements due to differences arising from reinsurance components attributable to claims and the claims outstanding estimates which are assessed from the individual Company's point of view and need not be the same as provision determined by the insurer.

**Overview**

The Group has exposure to the following risks arising from insurance business and from financial instruments:

- Insurance risk
- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks as required by the SLFRS 4 and SLFRS 7 together with the quantitative disclosures relating to the same.

**Risk Management Framework**

The Group's Board of directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

**44.1 Insurance Risk**

Insurance risk is likelihood that an insured event will occur, requiring the insurer to pay a claim. This risk is transferred to the Group through the underwriting process. The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

**44.1.1 Life Insurance Contracts**

The following paragraph describes the concentration of life insurance based on the nature of the contract;

**Concentration of Insurance Risk**

Concentration risk is defined as the risk of exposure to increased losses associated with inadequately diversified portfolios of assets or obligations. Concentration risk for a life insurer may arise with respect to investments in a geographical area, economic sector or individual issuers or due to a concentration of business written within a geographical area of a policy type, or of underlying risks covered.

1. From a market risk perspective, although we have invested significantly in the financial sector, our portfolio is diversified and contains huge margins.

2. From an insurance risk perspective, the main factors that would affect concentration risk include mortality risk, morbidity risk, longevity risk, policyholder behavior risk (lapse, anti-selection) and expense risk. There is diversification across geographical regions, lines of business and even across the different insurance risk factors such that SLIC is not exposed to significant concentrations of insurance risk.

**The risks associated with life insurance include:**

- Mortality risk is the risk that actual policyholder death experience on life insurance policies is higher than expected.
- Longevity risk is the risk that annuitants live longer than expected.
- Morbidity risk is the risk that policy's holder health-related claims are higher than expected.
- Policyholder behavior risk is the risk that policyholders' behavior in discontinuing and reducing contributions or withdrawing benefits prior to the maturity of the contract is worse than expected. Poor persistency rates may lead to fewer policies remaining on the books to defray future fixed expenses and reduce the future positive cash flows from the business written, potentially impacting its ability to recover deferred acquisition expenses.
- Expense risk is the risk that expenses incurred in acquiring and administering policies are higher than expected.
- Market risk is the risk associated with the Company's balance sheet positions where the value or cash flow depends on financial markets, which is analyzed in the "Market Risk" section in the Risk Review.
- Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfill their financial obligations, which is analyzed in the "Credit Risk" section in the Risk Review.

The Group has established procedures and processes to evaluate the above risks which, if not properly controlled and managed, can impact its operations. The procedures are in place to cover all critical stages from product development to benefit administration. In addition to that, all life financial streams are modeled and profit testing is produced by the Actuary thus mitigating product design and pricing risk. Also SLICL uses matching instruments to back liabilities (ALM), if available.

Under the Risk Based Capital (RBC) framework, Group has adopted "Gross Premium Valuation" mechanism (GPV). This is required for liability valuation purpose where liability is calculated in market consistent manner for the solvency requirements. SLICL has adopted a more prudent valuation basis for its surplus computation which compared to minimum regulatory basis (RBC).

## Notes to the Financial Statements

### 44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD....)

#### 44.1 Insurance Risk (Contd...)

##### 44.1.1 Life Insurance Contracts (Contd...)

#### Sensitivity analysis for life insurance risk

The main assumptions used in determining life insurance contract liability are below tabulated

Assumption	Description
Mortality	- Weighted average of a(90)m and a(90)f with one year age set back to allow approximated 1% mortality improvement of annuitants approximated 1% mortality improvement of annuitants - Weighted average of a(90)m and a(90)f with one year age set back to allow approximated 1% mortality improvement of annuitants approximated 1% mortality improvement of annuitants
Expenses	Based on the company 2024 internal expenses studies and expenses split into Participating and Non-participating business
Lapses/Surrenders	Based on internal experience studies and exercising actuarial judgement as appropriate. When exercising judgement, for instance where credible data is not available or one-off events, the company has taken into account the knowledge of the general market expectations and practice relevant to the underlying product types and target market where appropriate
Morbidity	Based on the Group internal experience and actual vs expected analysis. Expected rates are based on the reinsurance rate tables
Reinsurance	Based on the Group internal experience studies with respect to reinsurance
Investment return	Risk Free Rate structure proposed by IRCSL as at 31.12.2024

Group maintained steady and strong solvency ratio over the year 2024 for its Life Insurance business and as at 31st December 2024, the Risk-based Capital Adequacy Ratio, CAR, stands at 568% and it was 422% as at 31st December 2023 under the Life segment in SLIC. This is well above the regulatory minimum requirement which is 120%.

Assumption	Change in Assumption	Impact on Liability
Mortality	+10%	886 million
	-10%	(886) million
Expense	+10%	2,638 million
Persistency	+20%	(2,265) million
	-20%	2,265 million
Discount Rate	Up shock scenario under RBC	(21,023) million
	Down shock scenario under RBC	27,595 million

#### Life

In accordance with the RBC Rules, negative policy liability for long-term insurance contracts are deemed acceptable and value of the liabilities with respect to individual contracts with negative policy liability have not been floored at zero. However, for the purpose of distribution basis (i.e. for SLFRS purpose) liabilities, Group has adopted a more prudent approach and the negative liabilities have been floored to zero at policy level.

#### Non Life:

In accordance with the RBC Rules, discounted policy liability can be held however for the purpose of SLFRS reporting, Group has adopted a more prudent approach where un-discounted liabilities are hold where un-discounted liabilities are higher than the discounted liabilities.

#### Segregation of Policy Liability based on Product Category

31st December	2024			2023		
	Insurance Liabilities (with profits) Rs. 000'	Insurance Liabilities (without profits) Rs. 000'	Total Gross Insurance Liabilities Rs. 000'	Insurance Liabilities (with profits) Rs. 000'	Insurance Liabilities (without profits) Rs. 000'	Total Gross Insurance Liabilities Rs. 000'
Whole Life	15,753	4,010	19,763	14,074	3,740	17,813
Endowment Assurance	95,304,980	7,884,963	103,189,943	73,856,974	6,373,566	80,230,540
Term Assurance	-	2,919,583	2,919,583	-	2,563,886	2,563,886
Annuity	16,752,827	4,046,401	20,799,227	12,774,746	3,258,587	16,033,333
Rider Benefits	90,329	3,713,075	3,803,404	85,050	3,235,029	3,320,079
<b>Total</b>	<b>112,163,889</b>	<b>18,568,031</b>	<b>130,731,920</b>	<b>86,730,844</b>	<b>15,434,808</b>	<b>102,165,651</b>

The following table shows the participating and non-participating fund position of the Group under SLICLL:

Participating Fund vs Non-Participating Fund	Participating Rs. 000'	Non- Participating Rs. 000'	Total Rs. 000'
2024	194,546,922	18,681,308	213,228,229
Percentage	91.24%	8.76%	
2023	164,885,291	15,984,632	180,869,924
Percentage	91.16%	8.84%	

## 44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD....)

### 44.1 Insurance Risk (Contd...)

#### 44.1.2 Non - Life Insurance Contracts

##### General Insurance Risk

General insurance risk includes the reasonable possibility of significant loss due to uncertainty in the frequency of the occurrence of the insured events as well as in the severity of the resulting claims.

The following provides an overview of the Group's main lines of business:

- Motor includes automobile physical damage, loss of the insured vehicle and automobile third party liability insurance.
- Property includes fire risks (for example fire, explosion and business interruption), natural perils (for example earthquake, windstorm and flood), engineering lines (for example, boiler explosion, machinery break down and construction) and marine (cargo and hull).
- Liability includes general/public and product liability, excess and umbrella liability, professional liability including medical malpractice, and errors and omissions liability.
- Special lines include directors and officers, credit and surety crime and fidelity, accident and health, and crop.
- Worker injury includes worker's compensation and employers liability.

The Group's underwriting strategy is to take advantage of the diversification of general insurance risks across industries and geographic regions in which the General insurance business operates. The Group seeks to optimise shareholder value by achieving its mid-term return on equity goals. Doing so necessitates a prudent, stable underwriting philosophy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility. At the core of the Group's underwriting is a robust governance process.

The table below shows the Group's concentration of risk within the general insurance business by line of business based on direct written premiums before reinsurance and after reinsurance.

2024	GWP	Amounts ceded to NITF	Reinsurance	NWP	
Class	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	%
Motor	13,189,328	(1,975,623)	(150,618)	11,063,087	66.76%
Fire	2,842,920	(826,491)	(1,558,067)	458,362	2.77%
Marine	872,291	(7,206)	(572,311)	292,774	1.77%
Other	6,666,109	(79,931)	(1,827,898)	4,758,280	28.71%
	23,570,648	(2,889,251)	(4,108,894)	16,572,503	100.00%

2023	GWP	Amounts ceded to NITF	Reinsurance	NWP	
Class	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	%
Motor	13,508,448	-	(433,238)	13,075,211	74.95%
Fire	2,951,485	-	(2,079,701)	871,784	5.00%
Marine	942,988	-	(219,515)	723,473	4.15%
Other	5,742,135	-	(2,968,361)	2,773,774	15.90%
	23,145,056	-	(5,700,815)	17,444,242	100.00%

## Notes to the Financial Statements

### 44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD....)

#### 44.1 Insurance Risk (Contd...)

##### Reinsurance Risk

Group purchases reinsurance as a part of its risks mitigation programme. Reinsurance ceded is placed on both proportional and non-proportional basis. Proportional reinsurance arrangement includes both quota Share and surplus Treaty programmes which are taken out to reduce the overall exposure of Group to certain classes of business. Non-proportional reinsurance programmes, which are primarily excess-of-loss reinsurance arrangements, are designed to mitigate Group net exposure to large single and catastrophic losses. Retention limits on the excess-of-loss reinsurance programmes vary by product line.

The following table shows the credit ratings of the reinsurance companies with whom the Group has arrangements.

Name of the Company	Country of Origin	Credit Rating	Financial strength Rating	Name of the Rating Agency
Abu Dhabi National Insurance Company	UAE	A	a	A.M.Best
AEGIS Managing Agency Limited	England	A+	aa-	A.M.Best
Africa Reinsurance Corporation	Nigeria	A-	A-	S & P
AIG Asia Pacific Insurance Pte. Ltd	Singapore	A+	a+	AM Best
AIG MEA Limited	UAE	A+	a+	AM Best
Allians Global Corporate & Specialty SE	Germany	A+	aa	A.M.Best
Allied World Managing Agency Limited	Bermuda	A+	aa-	AM Best
AM First Specialty Insurance Ltd	America	A-	a-	AM Best
Antarah Ltd	UAE	A+	A+	S & P
Aon Underwriter Managers	England	A+	aa-	A.M.Best
Apollo Syndicate Management Limited	England	A	a	A.M.Best
Arch Managing Agency Limited	England	A+	aa-	A.M.Best
Ark Syndicate Management Limited	England	A+	aa-	AM Best
Ascot Underwriting Limited	England	A+	aa-	A.M.Best
Aurora P&I Club	England	AA-	AA-	S&P
AXA XL	France	AA-	AA-	S & P
AXIS Managing Agency Limited	England	A+	aa-	AM Best
Bajaj Allians Inausurance Co.Ltd	India	Aa2	Aa2	Moody's
Beasley Furlonge Limited	England	A	a+	A.M.Best
Berkshire Hathaway Specialty Insurance	America	AA+	AA+	S & P
Best Maridian Inter'l Ins. Company	America	A-	a-	A.M.Best
Canopus Managing Agents Ltd	England	A+	aa-	A.M.Best
Castel Underwriting Agencies Ltd	England	A+	aa-	A.M.Best
CFC Underwriting Ltd	England	A	aa-	AM Best
China Reinsurance (Group) Corporation Singapore Branch	China	A	a	A.M.Best
Chubb European Group SE	France	A++	aa+	A.M.Best
CHUBB Underwriting (DIFC) Ltd	America	A++	aa+	AM Best
Convex Insurance UK Limited	England	A	a	A.M.Best
Echo Reinsurance Limited	Switzerland	A-	a-	S & P
ELSECO DIFC	England	AA-	AA-	S & P
Everest Insurance (Ireland) Designated Activity Company	Ireland	A-	a-	A.M.Best
Fidelis Underwriting Ltd	England	A+	aa-	A.M.Best
Gard Marine & Energy Limited (Singapore branch)	Bermuda	A+	A+	S & P
General Insurance Corporation of India	India	A-	a-	AM Best
Generali China Insurance Co.Ltd	Italy	A	a+	AM Best

#### 44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD....)

##### 44.1 Insurance Risk (Contd...)

###### Reinsurance Risk (Contd...)

Name of the Company	Country of Origin	Credit Rating	Financial strength Rating	Name of the Rating Agency
Generali IARD S.A	Italy	A	a+	A.M.Best
Globe Underwriting Ltd	England	A-	a-	A.M.Best
Great Lakes Insurance Ltd	Germany	AA-	AA-	S&P
Greenlight Rinsurance Ltd	Ireland	A-	a-	AM Best
Hannover Ruck SE Malaysia Branch	Germany	A+	aa	A.M.Best
Hardy (Underwriting Agencies) Limited	England	A	a+	A.M.Best
HDI Global Specialty SE, Hannover, Scandinavian Branch	Germany	A+	aa-	A.M.Best
Helvetia Assurances S.A., Le Havre, France	Switzerland	A+	A+	Fitch
Huatai Property and Casualty Insurance Company Ltd	China	A+	A+	Fitch
Korean Reinsurance Company	South Korea	A	a	A.M.Best
Kuwait Reinsurance Company	Kuwait	A-	a-	A.M.Best
Lancashire Syndicate Ltd	England	A+	aa-	A.M.Best
Liberty Mutual Insurance Europe SE - UK Branch	England	A	A	S & P
Liberty Specialty Markets MENA Limited	England	A	a	A.M.Best
Liberty Specialty Markets Singapore PTE Limited	Singapore	A	a	A.M.Best
Malaysian Reinsurance Berhad	Malaysia	A-	a-	A.M.Best
Mapfre Re Compania de Reaseguros SA	Spain	A	a+	A.M.Best
Markel International Singapore Pvt. Ltd	Singapore	A	a+	A.M.Best
Marlin Underwriters (LLOYDS)	England	A+	aa-	AM Best
Mena Re Underwriters Ltd	UAE	A-	A-	S & P
MMA IARD S.A., Le Mans, France	France	AA-	AA-	S & P
MS Amlin Llyod's Syndicate No. 2001	England	A+	aa-	AM Best
MS First Capital Insurance Ltd	Singapore	A	a+	AM Best
Munchener Ruckversicherungs-Gesellschaft Aktiengesellschaft (Munich Re)	Germany	AA-	AA-	S&P
Munich Re Syndicate Singapore Pte Limited	Singapore	A+	aa-	AM Best
NASCO France	France	A	a+	A.M.Best
Navium Marine Ltd	England	A	a	A.M.Best
Nexus Underwriting Limited	England	A-	a-	A.M.Best
PICC Property and Casualty Company Ltd	China	A-	A-	S & P
Pine Walk Capital Limited	England	A	a	A.M.Best
Ping An Property & Casualty Insurance Company of China	China	A	a+	A.M.Best
Probitas Managing Agency Limited	England	A+	aa-	A.M.Best
PVI Insurance Corporation	Vietnam	A-	a-	A.M.Best
QBE Europe SA/NV	Belgium	A	a+	A.M.Best

## Notes to the Financial Statements

### 44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD....)

#### 44.1 Insurance and Financial Risk Management (Contd...)

Name of the Company	Country of Origin	Credit Rating	Financial strength Rating	Name of the Rating Agency
Redbridge Insurance Company Ltd	Barbados	B++	bbb	A.M.Best
Royal Sun Alliance Insurance Ltd (DIFC)	England	A	a+	A.M.Best
Samsung Reinsurance (Pvt) Ltd	South Korea	A++	aa+	AM Best
Singapore Reinsurance Corporation Limited (Singapore Re)	Singapore	A	a	AM Best
Sinopec Insurance Ltd	China	A+	A+	S & P
SiriusPoint International Insurance Corporation (publ)	Sweden	A-	a-	A.M.Best
SMA SA	France	A+	A+	S & P
Starr International (Europe) Ltd	England	A	a+	A.M.Best
Starr International Insurance (Singapore) Pte. Ltd. Labuan Branch	Singapore	A-	a	A.M.Best
Steamship Mutual Underwriting Association Ltd	England	A+	aa-	AM Best
Sukoon Insurance, formerly knowns as Oman Insurance Company	UAE	A	a	A.M.Best
Swiss Re International SE, Labuan Branch	Luxembourg	AA-	AA-	S & P

#### Overview

The Company is mainly exposed to the Financial Risks, Insurance Risks and Regulatory Risks. These notes provide the Company's policies and procedures in measuring, managing and mitigating such risks. The Company has implemented a risk management framework and Board of Directors has the overall responsibility for establishment and oversight of the Company's risk management functions.

#### Financial Risks

The Investment activities of the Company are exposed to the financial risks which include the credit risks, liquidity risks and market risks. The Investment Committee is responsible in mitigating those risks and optimizing the investment returns.

Investment risk management is of paramount importance in current turbulent markets characterised by high volatility of asset returns, reduced diversification benefits due to high correlations, and wider dispersion in market sentiments & views.

The aim of Investment Risks Management is to promptly identify, measure, manage, report and monitor risks that affect the achievement of investment objectives. This includes taking, avoiding, mitigating and adjusting the risk profile to maintain the appropriate balance among asset growth as well as income to meet the obligations of the Fund, based on prudent risk management principles within the context of applicable (IRCSL) insurance regulations.

#### 44.2 Market Risk

Market risk is the risk of changes in market prices such as foreign exchange rates and interest rates, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising the return.

The Group maintains the maximum exposure limit for the equity in managing the investment portfolio. Further, the Group has diversified the investment portfolio into different sectors to mitigate unsystematic risks.

#### Equity Market Sensitivity

Group	Rise of market		Fall of market	
	Impact on Profit Rs. 000'	Impact on OCI Rs. 000'	Impact on Profit Rs. 000'	Impact on OCI Rs. 000'
<b>As at 31st December 2024</b>				
<b>Shock Level:</b>				
5%	814,229	2,377,558	(814,229)	(2,377,558)
10%	1,628,458	4,755,116	(1,628,458)	(4,755,116)
	2,442,687	7,132,675	(2,442,687)	(7,132,675)
<b>As at 31st December 2023</b>				
<b>Shock Level:</b>				
5%	714,479	1,303,386	(714,479)	(1,303,386)
10%	1,428,958	2,606,771	(1,428,958)	(2,606,771)
	2,143,437	3,910,157	(2,143,437)	(3,910,157)



## 44.2 Market Risk(Contd...)

Company	Rise of market		Fall of market	
	Impact on Profit Rs. 000'	Impact on OCI Rs. 000'	Impact on Profit Rs. 000'	Impact on OCI Rs. 000'
<b>As at 31st December 2024</b>				
<b>Shock Level:</b>				
5%	100,507	1,295,006	(100,507)	(1,295,006)
10%	201,013	2,590,012	(201,013)	(2,590,012)
	301,520	3,885,019	(301,520)	(3,885,019)
<b>As at 31st December 2023</b>				
<b>Shock Level:</b>				
5%	714,479	1,303,386	(714,479)	(1,303,386)
10%	1,428,958	2,606,771	(1,428,958)	(2,606,771)
	2,143,437	3,910,157	(2,143,437)	(3,910,157)

## 44.2.1 Interest Rate Risk

Interest rate risk is the risk of loss resulting from changes in interest rates, including the changes in the shape of the yield curve while credit spread risk describes the sensitivity of the values of assets and liabilities due to changes in the level or the volatility of credit spreads over the risk-free interest rate yield curve.

Interest rate risk is managed over each major maturity bucket with adherence to the aggregated positions with risk limits. The Investment Committee proactively managed the fixed income portfolio by strategically shifting from low-yielding investments to relatively high-yielding ones, mitigating the pressure on interest income while closely monitoring the duration of mismatches.

Further, the Group has adopted the following policies to mitigate the interest rate risk:

- 1 A considerable portion of the investments is made in risk-free investments of government securities with adherence to the rules and regulations issued by the IRCSL in maintaining risk-free investments.
- 2 The major part of the investment portfolio is made in rated financial institutions or in rated instruments.
- 3 The Investment Committee makes the investment decisions and approval from the Board of Directors is sought wherever necessary.

**Exposure to Interest Rate Risk**

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows.

31st December	Group		Company	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Fixed Rate Instruments</b>				
<b>Held To Maturity (HTM)</b>				
Treasury Bills	-	-	-	-
Treasury Bonds	62,077,643	66,528,073	-	66,528,073
Listed Debentures	20,727,473	-	-	-
<b>Loans and Receivable (L&amp;R)</b>				
Unlisted Debentures	22,038,619	19,791,084	-	19,791,084
Term Deposits	12,850,781	31,916,170	2,146,539	31,916,170
Staff Loan	2,184,536	-	-	-
Agent loan	478,667	-	-	-
<b>Available For Sale (AFS)</b>				
Listed Debentures	20,694,676	13,790,893	-	13,790,893
Commercial Papers	38,485,072	-	15,179,581	-
Treasury Bond	34,740,429	27,966,447	-	27,966,447
	214,277,894	159,992,667	17,326,119	159,992,667
<b>Floating Rate Instruments</b>				
<b>Loans and Receivables (L &amp; R)</b>				
Unlisted Debentures	7,505,806	7,583,838	-	7,583,838
<b>Available-For-Sale (AFS)</b>				
Treasury Bonds	15,967,869	-	-	-
	23,473,675	7,583,838	-	7,583,838
	237,751,569	167,576,505	17,326,119	167,576,505

## Notes to the Financial Statements

### 44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD....)

#### 44.2 Market Risk(Contd...)

##### 44.2.1 Interest Rate Risk (Contd...)

##### Sensitivity Analysis

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and interest income by the amounts shown below.

31st December 2024	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
Group	Impact on Interest Income Rs. 000'	Impact on Equity Rs. 000'	Impact on Interest Income Rs. 000'	Impact on Equity Rs. 000'
<b>Financial Investments</b>				
Held To Maturity (HTM)	-	-	-	-
Loans and Receivable (L&R)	792,443	-	(792,443)	-
Available For Sale (AFS)	162,978	(1,104,270)	(162,978)	735,369
Fair Value Through Profit or Loss (FVTPL)	-	-	-	-
	955,421	(1,104,270)	(955,421)	735,369

31st December 2024	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
Company	Impact on Interest Income Rs. 000'	Impact on Equity Rs. 000'	Impact on Interest Income Rs. 000'	Impact on Equity Rs. 000'
<b>Financial Investments</b>				
Loans and Receivable (L&R)	-	-	-	-
Available For Sale (AFS)	-	-	-	-
Fair Value Through Profit or Loss (FVTPL)	-	-	-	-
	-	-	-	-

31st December 2023	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
Group/Company	Impact on Interest Income Rs. 000'	Impact on Equity Rs. 000'	Impact on Interest Income Rs. 000'	Impact on Equity Rs. 000'
<b>Financial Investments</b>				
Loans and Receivable (L&R)	892,978	-	(892,978)	-
Available For Sale (AFS)	-	32,275,861	-	37,413,811
Fair Value Through Profit or Loss (FVTPL)	-	-	-	-
	892,978	32,275,861	(892,978)	37,413,811

\* In case of a shift in yield curve, there is:

No impact to the Interest Income or to the Equity for the fixed rate debt instruments classified under HTM and L&R

An impact to the Interest Income but no impact to the Equity for the floating rate debt instruments classified under HTM and L&R

No impact to the Interest Income but there is an impact to the Equity for the fixed rate debt instruments classified under AFS

An impact to the Interest Income but no impact to the Equity for the floating rate debt instruments classified under AFS

##### 44.2.2 Foreign Currency Risk

The Group is exposed to currency risk on investments in financial assets that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions are primarily denominated are United States Dollars (USD).

##### Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts;

	Group		Company	
	Carrying Value		Carrying Value	
	2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
<b>Fixed Deposits:</b>				
USD	4,316,170	3,376,092	-	3,376,092
	4,316,170	3,376,092	-	3,376,092

#### 44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD....)

##### 44.2 Market Risk(Contd...)

##### 44.2.2 Foreign Currency Risk (Contd...)

The following significant exchange rates were applicable during the year;

	Average Rate		Reporting date spot rate	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
USD	304.88	341.36	288.75	321.00
GBP	-	350.08	-	433.49
AUD	-	192.28	-	242.26
EUR	-	305.57	-	385.79

##### Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the USD at 31st December 2024 would have increased/(decreased) the forex gain/loss and interest income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

As at 31st December 2024 Group	Exchange Rate Shock Level		
	1.0% Rs. 000'	1.5% Rs. 000'	2.0% Rs. 000'
<b>Impact on Forex Gain/Loss</b>			
<u><b>Floating Rate Instruments</b></u>			
USD	-	-	-
<u><b>Fixed Rate Instruments</b></u>			
USD	43,162	64,743	86,323
	43,162	64,743	86,323

As at 31st December 2024	Exchange Rate Shock Level		
	1.0% Rs. 000'	1.5% Rs. 000'	2.0% Rs. 000'
<b>Impact on Interest Income</b>			
<u><b>Floating Rate Instruments</b></u>			
USD	-	-	-
<u><b>Fixed Rate Instruments</b></u>			
USD	2,482	3,496	4,661
	2,482	3,496	4,661

As at 31st December 2023 Group/Company	Exchange Rate Shock Level		
	1.00% Rs. 000'	1.50% Rs. 000'	2.00% Rs. 000'
<b>Impact on Forex Gain/Loss</b>			
<u><b>Floating Rate Instruments</b></u>			
USD	-	-	-
<u><b>Fixed Rate Instruments</b></u>			
USD	33,761	50,641	67,522
	33,761	50,641	67,522

As at 31st December 2023	Exchange Rate Shock Level		
	1.0% Rs. 000'	1.5% Rs. 000'	2.0% Rs. 000'
<b>Impact on Interest Income</b>			
<u><b>Floating Rate Instruments</b></u>			
USD	6,899	10,349	13,799
<u><b>Fixed Rate Instruments</b></u>			
USD	-	-	-
	6,899	10,349	13,799

## Notes to the Financial Statements

### 44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD....)

#### 44.2 Market Risks (Contd...)

##### 44.2.3 Market Rate Risk

The Group maintains the maximum exposure limit for the equity in managing the investment portfolio. Further, the Group has diversified the investment portfolio into different sectors to mitigate the unsystematic risks.

#### Portfolio Diversification of Equity Risks

##### Life Insurance Business

Sector	Industry Group	2024		2023	
		Market Value Rs. 000'	%	Market Value Rs. 000'	%
Financials	Banks	15,270,496	59.64%	17,038,254	63.37%
	Diversified Financials	2,394,442	9.35%	1,128,383	4.20%
<b>Financials</b>		<b>17,664,938</b>	<b>68.99%</b>	<b>18,166,637</b>	<b>67.57%</b>
Consumer Discretionary	Consumer Services	-	0.00%	955,614	3.55%
	Retailing	47,049	0.18%	30,582	0.11%
<b>Consumer Discretionary</b>		<b>47,049</b>	<b>0.18%</b>	<b>986,196</b>	<b>3.67%</b>
<b>Industrials</b>	Capital Goods	2,196,998	8.58%	2,637,752	9.81%
<b>*Health Care</b>	Health Care Equipment & Services	201,006	0.79%	193,939	0.72%
<b>Telecommunication Services</b>	Telecommunication Services	1,213,716	4.74%	1,647,377	6.13%
<b>Materials</b>	Materials	1,564,478	6.11%	1,088,325	4.05%
	Food, Beverage & Tobacco	921,850	3.60%	1,075,234	4.00%
<b>Real Estate</b>	Real Estate	113,441	0.44%	69,738	0.26%
<b>Energy</b>	Energy	1,037,736	4.05%	811,545	3.02%
<b>Information Technology</b>	Utilities	644,534	2.52%	208,759	0.78%
<b>Total</b>		<b>25,605,746</b>	<b>100%</b>	<b>26,885,502</b>	<b>100%</b>

##### General Insurance Business

Sector	Industry Group	2024		2023	
		Market Value Rs. 000'	%	Market Value Rs. 000'	%
Financials	Banks	9,046,511	87.66%	10,552,942	78.33%
	Diversified Financials	431,322	4.18%	501,125	3.72%
<b>Financials</b>		<b>9,477,833</b>	<b>91.84%</b>	<b>11,054,068</b>	<b>82.05%</b>
Consumer Discretionary	Consumer Durables & Apparel	923	0.01%	4,106	0.03%
	Retailing	-	0.00%	-	0.00%
<b>Consumer Discretionary</b>		<b>923</b>	<b>0.01%</b>	<b>4,106</b>	<b>0.03%</b>
<b>Consumer Staples</b>	Food, Beverage & Tobacco	-	0.00%	361,792	2.69%
<b>*Health Care</b>	Health Care Equipment & Services	-	0.00%	69,343	0.51%
<b>Industrials</b>	Capital Goods	209,616	2.03%	870,302	6.46%
<b>Materials</b>	Materials	596,327	5.78%	317,967	2.36%
<b>Utilities</b>	Utilities	18,043	0.17%	385,690	2.86%
<b>Real Estate</b>	Real Estate	-	0.00%	-	0.00%
<b>Telecommunication Services</b>	Telecommunication Services	17,004	0.16%	189,863	1.41%
<b>Energy</b>	Energy	-	0.00%	218,655	1.62%
<b>Total</b>		<b>10,319,746</b>	<b>100%</b>	<b>13,471,788</b>	<b>100%</b>

**44.3 Credit Risk**

The credit risk is the risk of investee companies, reinsurers and other debtors defaulting payments due. Accordingly it refers to the risk that a borrower will default on any type of debt by failing to make payments which is obligated to do. The risk is primarily that of the lender and includes loss of principal and interest, disruption to cash flows and increased collection costs.

The Group has established its own limits on concentration of investments by single issuers and certain asset classes and also limits investments in illiquid instruments.

No investment has been made in term deposits other than in Licensed Commercial Banks and Licensed Specialized Banks.

Investment grade credit rating for both the entity and the instrument by a recognised credit rating agency is expected for all investments in corporate debentures and commercial papers.

No debt investment has been made in any of the related companies.

A comprehensive credit analysis is carried out internally prior to making any investment in a debt security.

**The Maximum Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31st December	Note	Group		Company	
		2024 Rs. 000'	2023 Rs. 000'	2024 Rs. 000'	2023 Rs. 000'
Held To Maturity (HTM)	5	82,805,116	72,571,731	-	72,571,731
Loans and Receivable (L&R)	5	52,926,445	27,384,412	-	27,384,412
Available For Sale (AFS)	5	160,387,039	28,354,385	25,900,124	28,354,385
Loans to policyholders	12	2,288,853	2,095,884	-	2,095,884
Reinsurance receivable	13	3,260,696	1,868,737	-	1,868,737
Premium receivable	14	5,933,582	6,290,934	-	6,290,934
Other assets	16	18,422,206	13,623,084	10,966,118	4,825,689
Cash and cash equivalents	18	33,130,712	18,520,139	555,913	5,885,171
		359,154,649	170,709,306	37,422,155	149,276,943

**Government Securities**

Government securities consist of investments in treasury bills, treasury bonds, development bonds and reverse repurchase agreements which are referred to as risk free instruments by nature.

**Corporate Debt Securities**

The corporate debt securities consist of corporate debentures which are listed in the Colombo Stock Exchange and are guaranteed by local and foreign credit rating agencies. An analysis of credit ratings of the issuers of debt securities are given in this note.

**Loans to policyholders**

Credit risk related to the policyholder loans is the financial losses which could arise due to non - settlement of loans by policyholders.

The Group has issued loans to policyholders, considering the surrender value of the policy as collateral. As at the reporting date, the carrying value of the policy loans granted amounted to Rs. 2,289 mn (2023 - Rs. 2,096 mn). and the related surrender value is Rs.3,731 mn (2023 - Rs. 3,417 mn).

**Reinsurance receivable**

This is the risk of reinsurers failing to fulfil their financial obligations towards the Group.

Management assesses the creditworthiness of reinsurers on a regular basis and ascertains the suitable allowance for impairment of reinsurance assets.

The Board of Directors of the Group has assessed the potential impairment loss of reinsurance receivables of the financial statements as at the reporting date in respect to the reinsurance receivable.

**Premium receivable**

This consists of premium receivable from policyholders and intermediaries that create the risk of financial losses due to non-settlement of dues or taking substantial time to settle dues.

In life insurance, credit risk is minimal since premium is collected before the policy is issued. In General Insurance Business, the premium warranty clause which states that a claim is not payable if the premium is not settled within 60 days, has reduced the credit risk to a greater extent.

The Board of Directors of the Group has assessed the potential impairment loss on premium receivables as at the reporting date and adequate provisions have been made in the financial statements.

**Other Receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

## Notes to the Financial Statements

### 44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD....)

#### 44.3 Credit Risk (Contd...)

##### The Maximum Exposure to credit risk (Contd...)

##### Cash and cash equivalents

This consists of short-term investments, cash at bank and cash in hand as at reporting date. Short-term deposits include fixed deposits and call deposits placed in both banks and financial institutions. Further, the cash at bank mainly consists of favourable balances in savings and current accounts of private and government commercial banks.

The Group has selected its bankers by considering the credit ratings of the rating agencies and the efficiency of transaction processing by them. The Group held cash and cash equivalents of Rs. 33,131 mn as at 31st December 2024 (Rs. 18,520 mn as at 31st December 2023) which represent its maximum credit exposure on these assets.

##### Credit Risk Exposure - Life Insurance Business

As at 31st December	2024 Rs.000'	% of Allocation	2023 Rs.000'	% of Allocation
<b>Financial Investments</b>				
Debt Securities - Loans & Receivables	34,368,649	36%	49,582,419	64%
Debt Securities - Held to maturity	18,708,638	20%	-	-
Staff and Agent Loan	1,205,253	1%	-	-
Debt Securities - Available For Sale	41,018,556	43%	27,711,207	36%
	95,301,096	100%	77,293,626	100%

##### Credit Risk Exposure - General Insurance Business

As at 31st December	2024 Rs.000'	% of Allocation	2023 Rs.000'	% of Allocation
<b>Financial Investments</b>				
Debt Securities - Loans and Receivables	5,880,018	54%	9,708,673	81%
Debt Securities -Held to Maturity	2,018,835	19%	-	-
Debt Securities - Available For Sale	2,981,620	27%	2,339,599	19%
	10,880,473	100%	12,048,272	100%

##### Debt Securities Allocation according to Credit Ratings

##### Life Insurance Business

As at 31st December	2024		2023	
Rating	Rs. million	% of Total	Rs. million	% of Total
AAA	21,894	23%	26,914	33%
AA+	-	0%	-	0%
AA	-	0%	-	0%
AA-	17,950	19%	12,283	15%
A+	9,411	10%	11,958	15%
A	26,579	28%	22,338	28%
A-	1,724	2%	1,737	2%
BBB+	16,381	17%	5,825	7%
BBB	157	0%	161	0%
BBB-	-	0%	-	0%
BB+	-	0%	-	0%
BB-	-	0%	-	0%
Unrated	1,205	1%	-	0%
<b>Total</b>	<b>95,301</b>	<b>100%</b>	<b>81,216</b>	<b>100%</b>

\*Credit Risk on Fixed Deposits is based on Credit risk of the Bank.

##### General Insurance Business

As at 31st December	2024		2023	
Rating	Rs. million	% of Total	Rs. million	% of Total
AAA	-	0%	1,900	14%
AA+	3,049	28%	2,300	16%
AA-	4,089	38%	4,117	29%
A+	-	0%	626	4%
A	2,980	27%	2,023	14%
A-	255	2%	2,585	18%
BBB+	507	5%	507	4%
<b>Total</b>	<b>10,880</b>	<b>100%</b>	<b>14,058</b>	<b>100%</b>

\*Credit Risk on Fixed Deposits is based on Credit risk of the Bank.

#### 44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD....)

##### 44.4 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

##### Maturity Analysis

The tables below summarise the maturity profiles of non-derivative financial assets and financial liabilities based on the remaining undiscounted contractual obligations, including interest payable and receivable.

As at 31st December 2024 Company	Carrying Value Rs. 000'	No fixed tenure Rs. 000'	Up to 1 Year Rs. 000'	1 to 2 Years Rs. 000'	2 to 5 Years Rs. 000'	5 to 10 Years Rs. 000'	Over 10 Years Rs. 000'	Total Rs. 000'
<b>Financial assets</b>								
Loans and receivables (L & R)	2,146,539		2,027,691	19,110	-	-	-	2,046,801
Available for sale (AFS)	41,085,639	25,906,058	13,880,000	-	-	-	-	39,786,058
Fair value through profit or loss (FVTPL)	2,010,130	2,010,130	-	-	-	-	-	2,010,130
Other assets	10,975,039	-	10,975,039	-	-	-	-	10,975,039
Cash & cash equivalents	555,913	-	555,913	-	-	-	-	555,913
	56,773,260	27,916,188	27,438,643	19,110	-	-	-	55,373,942
<b>Financial liabilities</b>								
Current tax liabilities	907,421	-	907,421	-	-	-	-	907,421
Other liabilities	1,496,998	-	1,496,998	-	-	-	-	1,496,998
	2,404,419	-	2,404,419	-	-	-	-	2,404,419

As at 31st December 2023 Company	Carrying Value Rs. 000'	No fixed tenure Rs. 000'	Up to 1 Year Rs. 000'	1 to 2 Years Rs. 000'	2 to 5 Years Rs. 000'	5 to 10 Years Rs. 000'	Over 10 Years Rs. 000'	Total Rs. 000'
<b>Financial assets</b>								
Held to maturity (HTM)	72,571,730	-	5,250,000	6,420,990	11,157,717	29,300,000	10,250,000	62,378,707
Loans and receivables (L & R)	59,300,582	-	23,495,157	29,477,873	6,500,000	9,100,000	-	68,573,030
Available for sale (AFS)	102,644,036	29,702,091	9,454,439	9,659,552	27,384,034	11,628,656	-	87,828,772
Fair value through profit or loss (FVTPL)	16,592,639	16,583,149	-	-	-	-	-	16,583,149
Loans to policyholders	2,095,883	-	2,095,883	-	-	-	-	2,095,883
Reinsurance receivable	1,868,737	-	884,068	216,251	509,334	171,407	87,676	1,868,736
Premium receivable	6,290,935	-	6,290,935	-	-	-	-	6,290,935
Other assets	5,113,478	-	5,113,478	-	-	-	-	5,113,478
Cash & cash equivalents	5,885,171	-	5,885,171	-	-	-	-	5,885,171
	272,363,191	46,285,240	58,469,131	45,774,666	45,551,085	50,200,063	10,337,676	256,617,861
<b>Financial liabilities</b>								
Reinsurance payable	1,183,597	-	1,065,197	77,009	37,756	3,485	-	1,183,447
Current tax liabilities	2,114,571	-	2,114,571	-	-	-	-	2,114,571
Other liabilities	6,597,465	-	6,597,465	-	-	-	-	6,597,465
Financial liabilities	446,033	-	446,033	-	-	-	-	446,033
	10,341,666	-	10,223,266	77,009	37,756	3,485	-	10,341,516

#### 45 COMMITMENTS, CONTINGENCIES AND GUARANTEES

##### 45.1 Commitments

The Group does not have significant capital commitments as at the reporting date other than that are described below:

##### The Lanka Hospitals Corporation PLC

Capital commitments of the Group and Company in respect of the on going projects but not incurred as at the financial year end 31st December 2024 amounted to Rs.232 Mn (2023 : Rs 168 Mn).

##### Litro Gas Lanka Limited

Capital expenditure approved by the Board as at 31 December 2024 is Rs. 623 million (2023- Rs.2018 million). There is an ongoing legal matter for the advance payment of Rs.20 million paid for purchase of oxygen cylinders.

##### Litro Gas Terminal Lanka Limited

As at 31st December 2024, the Board of Directors has authorised significant capital expenditure commitments, including Rs. 792 million (Committed Capital & Operational Expenses) for the requalification of storage spheres (tanks) and Rest. 2.3 billion for the lease of land at Kerawalapitiya.



## Notes to the Financial Statements

### 45 COMMITMENTS, CONTINGENCIES AND GUARANTEES (CONTD...)

#### 45.2 Contingent Liabilities & Guarantees

There were no significant Contingent Liabilities & Guarantees for which no provision has been made in the accounts or approved by the Board but not contracted as at the reporting date that would require adjustments to, or disclosure in the Financial Statements, other than which is described below.

#### Sri Lanka Insurance Corporation Ltd.

##### Value Added Tax and Nation Building Tax Assessments issued by the Commissioner General of Inland Revenue

The Inland Revenue Department has taken a view that Reinsurance claims received from foreign reinsurers for the General insurance is liable for the Value Added Tax. Accordingly, the Company received a Value added Tax (VAT) Assessment on the Reinsurance Claims outstanding to Rs. 318,099,913/- and Rs.26,903,739 years of assessments 2004/2005 and 2005/2006, respectively.

This is a common assessment issued by the Department of Inland Revenue to most insurance companies in the General Insurance business. However, as a General Insurance Industry views that, they are not liable for the VAT on Reinsurance Claim.

The company has filed valid appeals against these assessments with the consultation of tax consultants. The Board of Review by letter dated 21st July 2010 determined that the assessments are valid. The Company is making an appeal to the Court of Appeal contesting the determination made by the Board of Review. The Company has provided the Liability of Rs. 345Mn pending the decision of the Court of Appeal.

The Company has received an official communication from the Inland Revenue Department stating that the company is liable for Value Added Tax and Nation Building Tax on the Financial Service based on the section 25C of the VAT Act, No 14 of 2002. Accordingly, the Company received assessment on the VAT on Financial Service and NBT on the Financial Service for the period ending 31st December 2012, 2013, 2017 and 2019 amounting to Rs.192 million, Rs. 232 million, Rs. 509 million, and Rs. 665 million respectively.

The Company has duly appealed against these assessments with the consultation of the company tax consultants, Tax Appeal Commission has determined that the assessment issued for VAT on Financial Services for the period 2012 and 2013 are valid from their letter dated 27th August 2020 and 27th January 2023 respectively. Company has appealed against the said decisions in the Court of Appeal and further, the Company has applied for a Writ order to cease the decision of Tax Appeal Commission to encashment of Bank guarantee in the Court of Appeal. States of each Case and assessments are as follows.

Year of Assessment	Status of Assessment	Nature of Contingent Liability	Measurement of contingent impact to the company
2012/2013	Pending decision from Court of Appeal	VAT on financial Services	An additional Tax Liability of Rs. 192Mn
2013/2014	Pending decision from Court of Appeal	VAT on financial Services	An additional Tax Liability of Rs. 232Mn
2017/2018	Pending decision from Tax Appeal Commission	VAT and NBT on financial Services	An additional Tax Liability of Rs 449 Mn
2019/2020	Made intention to prefer an appeal to the TAC	VAT on financial Services	An additional Tax Liability of Rs 665 Mn
2020/2021	Pending the appeal inquiry by the CGIR	VAT on financial Services	An additional Tax Liability of Rs 920 Mn

However, the same matters regarding VAT on financial services that were assessed for the years 2010 and 2011 were determined by the Court of Appeal in favor of the Company. Subsequently, three assessments relating to the years 2014, 2015, and 2016 were resolved in favor of the company by the Tax Appeal Commission, and one assessment for the year 2018 was ruled in favor of the company by the Inland Revenue Department, amounting to Rs 4.4 billion. Consequently, no additional provision has been made in the financial statements for these pending matters.

#### Income Tax

The Company received Income Tax Assessment for the year of assessment from 2011/2012 to 2019/2020 with respect to taxation of Life Insurance and assessment amounts of the said periods are shown in the following table. This assessment was issued by the Inland Revenue Department in contrary to the Section 92 of the Inland Revenue Act, No 10 of 2016. Further, this is a common Income Tax assessment that has been issued by the Inland Revenue Department for the Life Insurance companies in the insurance Industry. The view of the industry, Company and company's tax consultants are that those assessment will not materialise. Therefore, no additional provision has been made in the financial statements.

The Company has duly appealed against these assessments with the consultation of company's tax consultants. The Tax Appeal Commission has determined that the assessments issued for Income Tax for the periods 2011/2012, 2012/2013, and 2013/2014 are valid, as per their letters dated 18th August 2020, 14th December 2021, and 27th January 2023 respectively. The Company has appealed against the said decision in the Court of Appeal. Additionally, the Tax Appeal Commission has determined the assessment issued for Income Tax for the period 2014/2015 by their letter dated 27th February 2024, partly allowing the appeal, and the company is in the process of appealing to the Court of Appeal. Furthermore, the Tax Appeal Commission has determined the assessment issued for Income Tax for the period 2016/2017 in favour of the company by their letter dated 12th September 2023. The Inland Revenue Department has appealed against the said decision in the Court of Appeal, and further, the bank guarantee has been released to the Company by the Tax Appeal Commission by their letter dated 22nd November 2023 and 25th June 2024, respectively. States of each assessment are provided in the table below.

Year of Assessment	Status of Assessment	Nature of Contingent Liability	Measurement of contingent impact to the company
2011/2012	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 524 Mn
2012/2013	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 296 Mn
2013/2014	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 768 Mn
2014/2015	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs 1,036 Mn
2015/2016	Pending decision from Tax Appeal Commission	Income Tax	An additional Tax Liability of Rs. 1,374 Mn
2016/2017	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 1,823 Mn
2017/2018	Pending decision from Commission General Inland Revenue	Income Tax	An additional Tax Liability of Rs 2,170 Mn
2018/2019	Pending decision from Tax Appeal Commission	Income Tax	An additional Tax Liability of Rs 626 Mn
2019/2020	Pending decision from Tax Appeal Commission	Income Tax	An additional Tax Liability of Rs 493 Mn
2020/2021	Pending the appeal inquiry	Income Tax	An additional Tax Liability of Rs 48 Mn

## 45 COMMITMENTS, CONTINGENCIES AND GUARANTEES (CONTD...)

### 45.2 Contingent Liabilities & Guarantees (Contd...)

#### Ongoing Supreme Court Cases

SLIC has filed a civil case against Ceyaxxee Brokers under case number SC/HCCA/LA 14/2023 to recover Rs. 1,981,883/-, representing insurance premiums collected but not remitted by the broker for policies issued between 1994 and 2003. The District Court and the Civil Appellate High Court have both ruled in favor of SLIC. The broker has appealed to the Supreme Court, and the case is fixed for support on 10.09.2025.

In case number SC Appeal 107/2014, a tenancy dispute has arisen between SLIC and the plaintiff concerning the Weligama Branch premises. The plaintiff has filed a civil case to recover alleged lease rental arrears, while SLIC argues that the plaintiff violated the terms of the lease agreement. Judgments from both the District Court and the Civil Appellate Court were unfavorable to SLIC. A leave to appeal application has been granted by the Supreme Court, and the case is ongoing.

Case number SC/APL/0036/24 was filed by an Insurance Organizer seeking EPF, ETF, and gratuity entitlements. The Supreme Court has granted leave to proceed, and arguments are scheduled for 21.11.2025.

Under case number SC/SPL/LA/173/24, a SLIC employee union has filed a petition challenging the Company's segregation order. The case is scheduled for support on 09.07.2025 at the Supreme Court.

#### The Lanka Hospitals Corporation PLC

##### Liabilities

Pending litigations against The Lanka Hospitals Corporation PLC with a maximum liability of Rs. 918.7 Mn exist as at the reporting date. Based on the information currently available company has been advised by its legal council that it is not probable the ultimate resolution of such legal procedures would not likely have a material adverse effect on the result of the operations, financial position or liquidity of the company. Accordingly, no provision for any liability has been made in these financial statements in this respect.

##### Assets

There were no material contingent assets as at the reporting date which would require adjustments to, or disclosure in the financial statements.

#### Management Services Rakshsna (Pvt) Limited

There are ongoing legal cases as at 31st December 2024 as follows.

Case No	Court	Status
01/50/2022	Labour Tribunal	Cross Examination
HCA/LT/68/2024	High Court	Argument
HCA/LT/60/2024	High Court	Order
HCA/LT/0004/25	High Court	Written Submission

## 46 SEGREGATION PROCESS OF SRI LANKA INSURANCE CORPORATION LIMITED

### 46.1 Legal Background for the Segregation (IRCSL Requirement)

In accordance with Section 53 of Regulation of Insurance Industry (Amendment) Act No.03 of 2011, Segregation guidelines issued by the Insurance Regulatory Commission of Sri Lanka (ref: IBSL/DG/LEG/14/02/089 and IBSL/DG/LEG/13/09/468), and following the Cabinet decision No. 23/0431/604/046 dated on 17th March 2023, as well as the approved segregation model under Cabinet Decision No. 23/2397/604/239 dated on 18th December 2023, Sri Lanka Insurance Corporation Ltd was restructured into two separate legal entities.

On 22nd December 2023, a case was filed in the District Court and obtained a court order for segregation with effect from 02nd January 2024. Subsequently on 19th January 2024 SLIC petitioned the Commercial High Court of Colombo as per Section 256 of the Companies Act No. 7 of 2007 and obtained approval for the Scheme Arrangements. Wide powers are conferred upon the Commercial High Court in terms of a S. 256 application, including as regards the transfer of assets and liabilities. S. 257(1)(a) of the Companies Act specifically provides for the Court to make the orders; "the transfer or vesting of movable or immovable property, assets, rights, powers, interests, liabilities, contracts and engagements;"

An Extraordinary General Meeting was held on 16th January 2024 on order to approve the major transaction arising from segregation. With the requisite Cabinet, court and shareholder's approvals obtained, SLIC has complied with the regulatory requirement mandating the separation of its insurance businesses of Life and General. Consequently, the Insurance Regulatory Commission of Sri Lanka (IRCSL) granted insurance licenses effective from 01st February 2024 to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited, respectively.

The license for carrying out insurance business was terminated for Sri Lanka Insurance Corporation Ltd with effect from 01st February 2024 with the segregation. Furthermore, the Insurance Regulatory Commission of Sri Lanka granted an insurance license to Sri Lanka Insurance Corporation Life Ltd to conduct life insurance business and to Sri Lanka Insurance Corporation Ltd to conduct non-life insurance business, both with effect from 01st February 2024. SLIC received an extension to use the name 'Sri Lanka Insurance Corporation Limited' until the conclusion of the case bearing No. SC SPL LA 173/24, subject to obtaining the legal opinion/advice of the Honourable Attorney General on the matter, as determined by the IRCSL.

Employees who were seconded to Sri Lanka Insurance Corporation Limited (SLIC) by Management Services Rakshana (Pvt) Limited have been transferred to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited with the implementation of the segregation of Sri Lanka Insurance Corporation Limited effective from 01st February 2024.

Due to the above employee transfers as a result of segregation process, the management is in the process of evaluating the business operation of MSRPL upon settlement of employee related legal cases to make a decision regarding the potential winding up of the MSRPL as stated in Note 48.1.

### 46.2 Exclusion of SLFRS 3 requirements for the segregation

In accordance with SLFRS 3 – Business Combinations, transactions between the entities under common control are specifically scoped out of the standard. Therefore, the transfer of assets and liabilities between the entities that are ultimately controlled by the same party or parties before and after the transaction does not constitute a business combination under SLFRS 03.

Accordingly, such transactions are accounted using alternative accounting policies that reflect the underlying substance of the transaction. In this context, the subsidiaries have recognised the transferred assets and liabilities in line with the terms set out in the Scheme of Arrangement and the guidelines on presentation and disclosures issued by the Institute of Chartered Accountants Sri Lanka in terms of Section 53 of Regulation of Insurance Industry (Amendment) Act No.03 of 2011. No goodwill or gain on acquisition is recognised, ensuring continuity of book values and comparability of financial information across reporting periods.

## Notes to the Financial Statements

### 46 SEGREGATION PROCESS OF SRI LANKA INSURANCE CORPORATION LIMITED (CONTD...)

#### 46.3 Application of SLFRS 5 -Non-current assets held for sale and Discontinued operations

Segregation of insurance businesses under the above requirement would not meet the definition of assets held for sale because the carrying amount of the transferred assets will not be recovered principally through a sales transaction, but rather through continuing use. Although the entity receives value for the assets in the form of an investment in a subsidiary, that investment will only be realised through continuing use, if a sale is not planned by the Company.

Therefore, in substance, this segregation is only a change in the mode of operation or restructuring the insurance business. Under such restructuring, it should be noted that the entity has not lost the control of the assets, and therefore, the assets cannot be considered to have been disposed of. Therefore, segregation of insurance business is considered as out of scope for the application of SLFRS 5 “Noncurrent Assets Held for Sale and Discontinued Operations”.

#### 46.4 Transfer of Business Assets and Liabilities in to the new two legal entities

Prior to this formal segregation, the Company had been operating its Life and General insurance divisions as separate business segments, each with its own profit and loss statements, financial operations, and strategic focuses. This independent management ensured that the assets and liabilities of each business segments were already distinctly allocated.

The allocation of assets and liabilities between the life and general insurance businesses was conducted in accordance with the approved scheme of arrangement, ensuring that each Company received the appropriate assets and liabilities corresponding to their respective lines of business.

Furthermore, SLICLL and SLICGL followed all applicable laws, regulations, directions of the IRCSL, and accounting standards requirements for this segregation and the allocation of assets and liabilities. It should be noted that all unrealized reserves corresponding to the assets, as well as all liabilities related to retained earnings, were not transferred and were retained with the Company as per the Scheme of Arrangement approved by the High Court.

The legal ownership of the assets transferred has been passed from the Company to SLICLL and SLICGL as sanctioned by high court order on the scheme of arrangement approved by relevant authorities. However, that recording such transfers in the records maintained by certain relevant authorities requires certain further practical steps to be affected. These would include certain other formalities including administrative name changes where required, for which the Court Order would have to be submitted to the relevant authorities, along with other formalities required by such authorities.

These administrative transitions of SLICLL and SLICGL including name changes with third parties is ongoing to ensure all records reflect the new legal ownership as per the Scheme of Arrangement approved by the High Court as per Sec. 30 of Regulation of Insurance Industry Act No. 43 of 2000 in respect of assets being kept in the name of insurer.

Accordingly, due to these ongoing operational and administrative challenges, a potential non-compliance related to administrative procedures under Section 30 of Regulation of Insurance Industry Act No. 43 of 2000 has been noted. Further, SLICLL and SLICGL requested for an extension from the Insurance Regulatory Commission of Sri Lanka (IRCSL), as certain administrative matters including administrative name change related to the segregation are still ongoing and being addressed as part of the broader post-segregation implementation and in the process of receiving a written response from IRCSL.

### 47 EVENTS AFTER THE REPORTING DATE

There were no significant events after reporting date other than what is disclosed below, which require adjustments or disclosure in the financial statements.

#### Group

#### 47.1 Litro Gas Lanka Limited

No circumstances have arisen since the reporting date, which would require adjustments to, or disclosure, in the financial statements.

#### 47.2 Litro Gas Terminal Lanka Limited

There were no other material events that occurred after the reporting date that require adjustment to or disclosure in the Financial Statement.

#### 47.3 Lanka Hospitals Corporation PLC

There were no other material events that occurred after the reporting date that require adjustment to or disclosure in the Financial Statement.

#### 47.4 Sri Lanka Insurance Corporation Life Limited

Subsequent to 31st December 2024, the following changes took place in the Board composition of Sri Lanka Insurance Corporation Life Limited:

1. Mr. Nishantha Dayananda resigned with effect from 01st January 2025
2. Mr. Anil Koswatte resigned with effect from 02nd January 2025.

Further, with effect from 1st January 2025, the following individuals were appointed to the respective Boards in terms of the Article of Association and the Companies Act No.7 of 2007, in addition to the existing directors:

1. Mr. R. P. Buultjens
2. Mr. R. Dharmendra
3. Mr. N. D. B. Unamboowe, PC

The following Board of Directors shall hold office until the next Annual General Meeting and shall then be eligible for re-election in terms of the Articles of Association.

Name of Director	Date of Appointment
Mr. Nusith Kumaratunga	23.10.2024
Mr. Dushmantha Thotawatte	06.10.2023
Mr. K. Ravindra Pathmapriya	06.10.2023
Mr. R. P. Buultjens	01.01.2025
Mr. R. Dharmendra	01.01.2025
Mr. N. D. B. Unamboowe, PC	01.01.2025

These changes are not expected to have a material impact on the financial position of the Company as of the balance sheet date. However, they will be considered in the company's future strategic decisions.

## 47 EVENTS AFTER THE REPORTING DATE (CONTD....)

### 47.5 Sri Lanka Insurance Corporation General Limited

All material post reporting date events have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the Financial Statements other than for the following:

Name of the Director	Nature of the Directorship	Effective Date
<b>Appointments</b>		
Mr. R. P. Buultjens	Non Executive	01.01.2025
Mr. R. Dharmendra	Non Executive	01.01.2025
Mr. N. D. B. Unamboowe, PC	Non Executive	01.01.2025
<b>Resignations</b>		
Mr. Nishantha Dayananda	Non Executive	01.01.2025
Mr. Anil Koswatte	Non Executive	02.01.2025

### 47.6 Company - Sri Lanka Insurance Corporation Limited

Subsequent to 31st December 2024, the following changes took place in the Board composition of Sri Lanka Insurance Corporation Life Limited:

1. Mr. Nishantha Dayananda resigned with effect from 1st January 2025
2. Mr. Anil Koswatte resigned with effect from 2nd January 2025.

Further, with effect from 1st January 2025, the following individuals were appointed to the respective Boards in terms of the Article of Association and the Companies Act No.7 of 2007, in addition to the existing directors:

1. Mr. R. P. Buultjens
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The following Board of Directors shall hold office until the next Annual General Meeting and shall then be eligible for re-election in terms of the Articles of Association.

Name of Director	Date of Appointment
Mr. Nusiith Kumaratunga	23.10.2024
Mr. Dushmantha Thotawatte	06.10.2023
Mr. K. Ravindra Pathmapriya	06.10.2023
Mr. R. P. Buultjens	01.01.2025
Mr. R. Dharmendra	01.01.2025
Mr. N. D. B. Unamboowe, PC	01.01.2025

These changes are not expected to have a material impact on the financial position of the Company as of the balance sheet date. However, they will be considered in the company's future strategic decisions.

## 48 GOING CONCERN

The Directors have made an assessment of the Group's ability to continue as a going concern, being satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

In preparing these financial statements, the management has assessed the existing effects of the economic conditions, divesture and possible impact due to segregation of Life & General business and the use of going concern basis of preparation. The Company has been evaluating the resilience of its businesses, considering a wide range of factors such as profitability, revenue streams, working capital management, capital expenditure, cash reserves, travel restrictions, ESG considerations, and cost management initiatives implemented by the Company in order to be able to continue business under current global & local economic conditions. Based on the analysis and future outlook based on available information, Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

### 48.1 Management Services Raskshana (Pvt) Ltd

Due to the pending legal matters involving employees, the board has decided to continue the operations of Management Services Rakshana (Pvt) Ltd until these issues are fully resolves. Once all outstanding legal cases has been settled, the management will evaluate the situation and make a decision regarding the potential winding up of the Company. Accordingly, the financial statements have been prepared based on the assumption of the principle of the articles of a going concern.