මගේ අංකය
எனது இல.
My No. INF/A/SLIC/AR/2025/01

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date 23 April 2026

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 and its subsidiaries for the year ended 31 December 2025 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

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1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka Insurance Corporation Limited ("Company") and the Consolidated Financial Statements of the Company and its subsidiaries ("Group") for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 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, 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 the Group as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 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.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
+94 11 2 88 70 28 - 34 +94 11 2 88 72 23 ag@auditorgeneral.gov.lk www.naosl.gov.lk

Emphasis of Matter

Company

I draw attention to Note 47 to the Financial Statements, which describes the status of the process of the name change of the Company, which is subject to compliance with Section 96 of the Regulation of Insurance Industry Act No. 43 of 2000 and the relevant requirements as per Section 08 of Companies Act No. 07 of 2007. My opinion is not modified in respect of this matter.

Group

Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited

I draw attention to Note 47 and 48 to the Financial Statements, which describe the status of the administrative process of Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited relating to the segregation in terms of Section 30 of the Regulation of Insurance Industry Act No. 43 of 2000, and the non-compliance with the requirements relating to directors' independence, as per Direction No. 02 of 2022 (revised) on the Corporate Governance Framework for Insurers issued by the Insurance Regulatory Commission of Sri Lanka, pursuant to the segregation process undertaken in accordance with Section 53 of the Regulation of the Insurance Industry (Amendment) Act No. 03 of 2011. My opinion is not modified in respect of this matter.

Management Services Rakshana Private Limited

I draw attention to the Note No. 50.1 to the Financial Statements which describes the basis of preparation of financial statements on non-going concern basis of Management Services Rakshana (Private) Limited. My opinion is not modified in respect of this matter.

1.3 Other information included in the Group's 2025 Annual Report.

The other information comprises the information included in the 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 Company's 2025 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 Group's financial reporting process.

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism 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 control of the Company and the 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 a 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 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of the audit work performed for the purposes of the group 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 my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 I have obtained all relevant information and explanation that ware required for the audit and as far as 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. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6(1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes 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 except for;

In terms of Section 96 of the Regulation of Insurance Industry Act No. 43 of 2000, only an insurer, registered insurance broker, or authorized insurance agent is permitted to use the term "insurance" or any of its derivatives in its name, title, or description without prior written approval of the Board.

The Company was segregated on 01 February 2024 into Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited in compliance with Section 53 of the Insurance Industry Regulation (Amendment) Act No. 03 of 2011 and the segregation guidelines issued by the Insurance Regulatory Commission of Sri Lanka. Consequently, the Company no longer conducts insurance business and is required to effect a change in its name.

An extension was granted by the Insurance Regulatory Commission of Sri Lanka until the conclusion of the court case SC SPL LA173/24, which was subsequently dismissed by the Supreme Court on 04 September 2025. Thereafter, the Board of Directors granted in principle willingness for the name change, subject to obtaining the opinion of the Hon. Attorney General of Sri Lanka. As at the reporting date, the process remains in progress.

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 utilized 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.

L.S.I. Jayaratna
Auditor General

SRI LANKA INSURANCE CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31st December	Note	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
Assets					
Financial investments	5	**359,123,390**	316,397,047	**41,684,503**	45,242,308
Investment in subsidiaries	6	-	-	**49,457,926**	39,924,534
Investment in associates	7	**198,673**	198,673	**198,673**	198,673
Property, plant and equipment	8	**50,445,263**	41,916,840	**217,853**	215,202
Right-of-use assets	9	**3,590,777**	1,256,637	-	-
Investment properties	10	**3,966,688**	3,759,812	**18,708,604**	17,965,274
Intangible assets	11	**3,426,288**	3,256,775	-	-
Loans to policyholders	12	**2,344,122**	2,288,853	-	-
Reinsurance receivable	13	**7,268,039**	3,260,696	-	-
Premium receivable	14	**7,470,308**	5,933,582	-	-
Deferred tax assets	15	**308,066**	254,677	-	-
Other assets	16	**28,095,472**	22,613,923	**10,823,062**	10,975,040
Deferred expenses	17	**758,201**	732,566	-	-
Cash and cash equivalents	18	**50,419,844**	33,130,712	**12,232,045**	555,913
Total assets		**517,415,131**	435,000,793	**133,322,666**	115,076,944
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	-	-
Revaluation reserve	20	**30,614,654**	24,894,015	**10,209,832**	10,428,987
Available for sale reserve / FVOCI reserve	21	**35,550,167**	25,185,469	**37,801,757**	21,037,732
Revenue reserves	22	**104,026,025**	91,161,343	**73,230,030**	70,206,962
Total equity attributable to equity holders of the company		**176,289,083**	147,339,064	**127,241,619**	107,673,681
Non-controlling interest	6.4	**8,008,817**	7,422,979	-	-
Total equity		**184,297,900**	154,762,043	**127,241,619**	107,673,681
Liabilities					
Insurance contract liabilities - life	23	**250,885,449**	216,783,321	-	-
Insurance contract liabilities - non-life	24	**26,458,482**	20,441,265	-	-
Reinsurance payable		**3,805,627**	3,239,796	-	-
Income tax liabilities	25	**4,056,037**	2,539,500	**947,304**	907,421
Deferred tax liabilities	15	**11,443,925**	9,557,363	**4,434,770**	4,450,847
Lease liabilities	9	**837,268**	1,021,591	**158,704**	547,991
Retirement benefit obligation	26	**3,447,447**	3,023,881	-	-
Provision for Price Stabilisation	27	**327,629**	-	-	-
Other liabilities	28	**30,700,157**	22,708,944	**540,269**	1,497,004
Financial liabilities	29	**1,155,210**	923,089	-	-
Total liabilities		**333,117,231**	280,238,750	**6,081,047**	7,403,263
Total liabilities and equity		**517,415,131**	435,000,793	**133,322,666**	115,076,944

The accounting policies and notes on pages 09 to 128 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.

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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

....
B. A. T. Rodrigo
Director

Colombo
10th April 2026
NV/dm

BDO PARTNERS
Chartered Accountants

SRI LANKA INSURANCE CORPORATION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER

	Note	Group		Company	
		2025	2024	**2025**	2024
		Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
Revenue	**30**	**202,412,544**	182,086,157	**7,715,406**	10,913,916
Gross written premium	**31**	**62,800,237**	51,264,470	**-**	3,589,653
Change in reserve for gross unearned premium	**32.2**	**(1,854,667)**	557,953	**-**	137,078
Gross earned premium		**60,945,570**	51,822,423	**-**	3,726,731
Premium ceded to reinsurers	**32.3**	**(10,039,977)**	(8,280,428)	**-**	(319,941)
Change in reserve for unearned reinsurance premium	**32.4**	**238,271**	(567,272)	**-**	(134,991)
Net earned premium	**32**	**51,143,864**	42,974,723	**-**	3,271,799
Revenue from other operations	**31.1**	**111,186,880**	104,399,831	**-**	-
		162,330,744	147,374,554	**-**	3,271,799
Other income					
Investment income	**33**	**37,975,682**	36,365,220	**5,550,526**	6,313,117
Fees and commission income	**34**	**143,308**	75,965	**-**	238
Net realised /unrealised gains	**35**	**1,484,423**	(26,054)	**-**	(137,891)
Other (expenses) / income	**36**	**478,387**	(1,703,528)	**2,164,880**	1,466,653
		40,081,800	34,711,603	**7,715,406**	7,642,117
Revenue		**202,412,544**	182,086,157	**7,715,406**	10,913,916
Benefits, losses and expenses					
Net benefits and claims	**37**	**(28,467,049)**	(23,498,359)	**-**	(2,005,398)
Underwriting and net acquisition costs	**38**	**(4,727,011)**	(3,821,575)	**-**	(339,855)
Provision for price stabilization	**27**	**(445,106)**	-	**-**	-
Change in contract liabilities - Life fund		**(29,078,874)**	(26,409,382)	**-**	(1,834,641)
Other operating and administrative expenses		**(25,329,800)**	(23,875,946)	**(824,731)**	(3,187,920)
Inetercompany interest expenses		**-**	-		-
Cost of services of subsidiaries		**(92,664,300)**	(90,428,617)	**-**	-
Net benefits, losses and expenses		**(180,712,140)**	(168,033,879)	**(824,731)**	(7,367,814)
Profit before tax	**39**	**21,700,404**	14,052,278	**6,890,675**	3,546,102
Income tax expense	**40**	**(6,353,249)**	(4,964,899)	**(388,412)**	89,537
Net Profit for the year		**15,347,155**	9,087,379	**6,502,263**	3,635,639
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gain on revaluation of property, plant and equipment		**8,539,779**	2,965,656	**-**	3,035,403
Gain on revaluation of ROU assets		**-**	347,173	**-**	-
Deferred tax effects on revaluation of reserve on property, plant, and equipment and ROU assets	**40.2**	**(2,781,089)**	(726,046)	**(219,155)**	(518,870)
Actuarial gains/(losses) on retirement benefit obligation	**26**	**(249,681)**	(336,622)	**-**	110,698
Deferred tax effect on actuarial gains/(losses)	**40.2**	**41,059**	69,591	**-**	(20,803)
Items that are or may be reclassified subsequently to profit or loss					
Net change in fair value of available for sale financial assets		**15,186,074**	26,644,317	**16,764,025**	11,257,109
Deferred tax effect on fair value of available for sale reserve	**40.2**	**(2,927)**	(278,179)	**-**	(110,802)
Other comprehensive income for the year, net of tax		**20,733,215**	28,685,890	**16,544,870**	13,752,735
Total comprehensive income for the year		**36,080,370**	37,773,269	**23,047,133**	17,388,374
Profit for the year attributable to:					
Equity holders of the Company		**14,398,355**	8,466,020	**6,502,263**	3,635,639
Non-controlling interest		**948,800**	621,359	**-**	-
Net profit for the year		**15,347,155**	9,087,379	**6,502,263**	3,635,639
Total comprehensive income attributable to:					
Equity holders of the Company		**35,113,486**	37,189,627	**23,047,133**	17,388,374
Non-controlling interest		**966,884**	583,642	**-**	-
Total comprehensive income for the year		**36,080,370**	37,773,269	**23,047,133**	17,388,374
Basic/diluted earnings per share (Rs.)	**41**	**24.01**	14.12	**10.84**	6.06
Dividend per share (Rs.)	**42**	**3.32**	2.12	**3.32**	2.12

Figures in brackets indicate deductions.

The accounting policies and notes on pages 09 to 128 form an integral part of these Financial Statements.

Colombo
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SRI LANKA INSURANCE CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2025

Group	Stated Capital	Revaluation Reserve	General Reserve	Available-For-Sale Reserve	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'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01st January 2024	**6,000,000**	**22,828,004**	**643,442**	**9,578,134**	**466,179**	**98,237**	**24,153,337**	**58,940,170**	**122,707,503**	**13,233,465**	**135,940,968**
Adjustment for surcharge tax levied under the Surcharge Tax Act No. 14 of 2022	-	-	-	-	-	-	-	**(327,826)**	**(327,826)**	-	**(327,826)**
Adjusted balance as at 01st January 2024	**6,000,000**	**22,828,004**	**643,442**	**9,578,134**	**466,179**	**98,237**	**24,153,337**	**58,612,344**	**122,379,677**	**13,233,465**	**135,613,142**
Total Comprehensive Income for the year											
Profit for the year	-	-	-	-	-	-	-	8,466,020	8,466,020	621,359	9,087,379
Other comprehensive income, net of tax	-	2,596,258	-	26,366,138	-	-	-	(238,789)	28,723,607	(37,717)	28,685,890
Total comprehensive income for the year	**-**	**2,596,258**	**-**	**26,366,138**	**-**	**-**	**-**	**8,227,231**	**37,189,627**	**583,642**	**37,773,269**
Transfer to revaluation reserve	-	-	-	-	-	-	-	(459,652)	(459,652)	-	(459,652)
Depreciation transfer on surplus on revaluation of building	-	(31,802)	-	-	-	-	-	31,802	-	-	-
Transferred AFS Reserves - Life Fund	-	-	-	(10,758,803)	-	-	-	-	(10,758,803)	-	(10,758,803)
Transaction with owners of the Company recorded directly in equity											
Transfer of current account balance to gratuity valuation reserve	-	-	-	-	-	-	-	37,589	37,589	-	37,589
Reliasation of the the revaluation reserve at the time of transferring assets to the subsidiaries of SLICLL and SLCIGL	-	(498,445)	-	-	-	-	-	498,445	-	-	-
Adjustment crop levy expense	-	-	-	-	-	-	-	21,940	21,940	-	21,940
Prior year adjustment	-	-	-	-	-	-	-	199,954	199,954	-	199,954
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(6,393,646)	(6,393,646)
Surplus attributable to shareholders from Life Insurance	-	-	-	-	-	-	2,594,805	(2,594,805)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,271,268)	(1,271,268)	(482)	(1,271,750)
	-	(530,247)	-	(10,758,803)	-	-	2,594,805	(3,535,995)	(12,230,240)	(6,394,128)	(18,624,368)
Balance as at 31st December 2024	**6,000,000**	**24,894,015**	**643,442**	**25,185,469**	**466,179**	**98,237**	**26,748,142**	**63,303,580**	**147,339,064**	**7,422,979**	**154,762,043**

SRI LANKA INSURANCE CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2025

Group	Stated Capital Rs. 000'	Revaluation Reserve Rs. 000'	General Reserve Rs. 000'	Available For Sale Reserve / FVOCI Reserve Rs. 000'	Unrestricted Reserve Rs. 000'	Regulatory Restricted Reserves Rs. 000'	Surplus from Life Insurance Rs. 000'	Retained Earnings Rs. 000'	Total Rs. 000'	Non-Controlling Interest Rs. 000'	Total Equity Rs. 000'
Balance as at 01st January 2025	**6,000,000**	**24,894,015**	**643,442**	**25,185,469**	**466,179**	**98,237**	**24,106,293**	**65,945,429**	**147,339,064**	**7,422,979**	**154,762,043**
Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,654**	**24,654**	**-**	**24,654**
Opening transition - Expected credit loss	-	-	-	-	-	-	-	-	-	-	-
Adjusted balance as at 01st January 2025	**6,000,000**	**24,894,015**	**643,442**	**25,185,469**	**466,179**	**98,237**	**24,106,293**	**65,970,083**	**147,363,718**	**7,422,979**	**154,786,697**
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	14,398,352	14,398,352	948,800	15,347,152
Other comprehensive income, net of tax	-	5,757,446	-	15,183,147	-	-	-	(225,462)	20,715,131	18,084	20,733,215
Total comprehensive income for the year	**-**	**5,757,446**	**-**	**15,183,147**	**-**	**-**	**-**	**14,172,890**	**35,113,483**	**966,884**	**36,080,367**
Transfer to revaluation reserve	-	(3,817)	-	-	-	-	-	3,817	-	-	-
Transfer from stabilisation fund	-	-	-	-	-	-	-	117,477	117,477	-	117,477
Depreciation transfer on surplus on revaluation of building	-	(32,992)	-	-	-	-	-	32,992	-	-	-
Surplus attributable to shareholders from Life Insurance	-	-	-	(4,818,449)	-	-	-	-	(4,818,449)	-	(4,818,449)
Transaction with owners of the Company recorded directly in equity											
Dividend paid	-	-	-	-	-	-	-	(1,487,146)	(1,487,146)	(381,046)	(1,868,192)
Realisation of revaluation reserve on land disposal	-	2	-	-	-	-	-	(2)	-	-	-
	-	**(36,807)**	**-**	**(4,818,449)**	**-**	**-**	**-**	**(1,332,862)**	**(6,188,118)**	**(381,046)**	**(6,569,164)**
Balance as at 31st December 2025	**6,000,000**	**30,614,654**	**643,442**	**35,550,167**	**466,179**	**98,237**	**24,106,293**	**78,810,111**	**176,289,083**	**8,008,817**	**184,297,900**

Figures in brackets indicate deductions.

The accounting policies and notes on pages 09 to 128 form an integral part of these Financial Statements.

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SRI LANKA INSURANCE CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2025

Company	Stated Capital	Revaluation Reserve	General Reserve	Available-For-Sale Reserve / FVOCI	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'	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01st January 2024	**6,000,000**	**8,410,899**	**643,442**	**9,578,134**	**466,179**	**98,237**	**24,153,337**	**42,429,005**	**91,779,233**
Adjustment for surcharge tax levied under the Surcharge Tax Act No. 14 of 2022									-
Adjusted balance as at 01st January 2024	**6,000,000**	**8,410,899**	**643,442**	**9,578,134**	**466,179**	**98,237**	**24,153,337**	**42,429,005**	**91,779,233**
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	-	3,635,639	3,635,639
Other comprehensive income, net of tax	-	2,516,533	-	11,146,307	-	-	-	89,895	13,752,735
Total comprehensive income for the year	**-**	**2,516,533**	**-**	**11,146,307**	**-**	**-**	**-**	**3,725,534**	**17,388,374**
Reliasation of the the revaluation reserve at the time of transferring assets to the Life and Geeneral subsidiaries	-	(498,445)	-	-	-	-	-	498,445	-
Transfer to revaluation reserve	-	-	-	-	-	-	-	(459,652)	(459,652)
Transferred AFS reserves - Life Fund	-	-	-	313,291	-	-	-	-	313,291
Transaction with owners of the Company recorded directly in equity									
Surplus attributable to shareholders from life insurance	-	-	-	-	-	-	(47,044)	47,044	-
Dividend paid	-	-	-	-	-	-	-	(1,271,268)	(1,271,268)
Transfer due to seggregation	-	-	-	-	-	(98,237)	-	-	(98,237)
Adjustment Crop Levy expense	-	-	-	-	-	-	-	21,940	21,940
Balance as at 31st December 2024	**6,000,000**	**10,428,987**	**643,442**	**21,037,732**	**466,179**	**-**	**24,106,293**	**44,991,048**	**107,673,681**
Balance as at 01st January 2025	**6,000,000**	**10,428,987**	**643,442**	**21,037,732**	**466,179**	**-**	**24,106,293**	**44,991,048**	**107,673,681**
Opening transition - Expected credit loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,992,049)**	**(1,992,049)**
Adjusted balance as at 01st January 2025	**6,000,000**	**10,428,987**	**643,442**	**21,037,732**	**466,179**	**-**	**24,106,293**	**42,998,999**	**105,681,632**
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	-	6,502,263	6,502,263
Other comprehensive income, net of tax	-	(219,155)	-	16,764,025	-	-	-	-	16,544,870
Total comprehensive income for the year	**-**	**(219,155)**	**-**	**16,764,025**	**-**	**-**	**-**	**6,502,263**	**23,047,133**
Transaction with owners of the Company recorded directly in equity									
Surplus attributable to shareholders from Life Insurance	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,487,146)	(1,487,146)
Balance as at 31st December 2025	**6,000,000**	**10,209,832**	**643,442**	**37,801,757**	**466,179**	**-**	**24,106,293**	**48,014,116**	**127,241,619**

Note-The surplus from the Life Insurance Fund up to 31/01/2024 was retained with SLIC in accordance with segregation guidelines.
Figures in brackets indicate deductions.

The accounting policies and notes on pages 09 to 128 form an integral part of these Financial Statements.

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STATEMENT OF CASH FLOWS

For the year ended 31st December	Note	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
Cash flows from operating activities					
Premium received from customers		**61,263,510**	51,621,821	**-**	4,735,089
Reinsurance premium paid		**(9,474,146)**	(6,734,235)	**-**	(204,214)
Insurance claims and benefits paid		**(29,098,513)**	(24,676,386)	**-**	(1,946,707)
Reinsurance receipts in respect of claims and benefits		**2,720,091**	1,701,529	**-**	117,754
Cash received from debtors		**113,789,230**	106,830,718	**271,659**	269,521
Gain of derecognition of ROU		**(52,802)**	-	**(52,802)**	
Cash received / (paid) on cylinder deposits		**234,744**	62,891	**-**	-
Cash paid to and on behalf of employees		**(3,369,696)**	(12,307,379)	**-**	-
Advance paid for suppliers		**-**	(672,903)	**-**	-
Interest received		**30,096,548**	19,284,208	**2,613,103**	4,151,638
Dividend received		**1,851,496**	1,093,356	**2,698,806**	1,683,574
Other operating cash payments		**(111,570,115)**	(98,338,358)	**(1,677,603)**	(3,084,201)
Cash flows from operating activities	**A**	**56,390,347**	37,865,262	**3,853,163**	5,722,454
Retiring gratuity paid	**26**	**(352,673)**	(226,243)	**-**	(9,239)
Interest expense paid		**(54,562)**	(431,172)	**-**	-
Income tax paid	**25**	**(5,556,848)**	(5,008,699)	**(583,761)**	(1,740,793)
Surcharge tax paid		**(12,224)**	(327,826)	**-**	-
Net cash from operating activities		**50,414,040**	31,871,322	**3,269,402**	3,972,422
Cash flows from investing activities					
Acquisition of financial investments	**5.5**	**(6,742,953,539)**	(72,122,983)	**(6,635,727,263)**	(22,854,600)
Proceeds from financial investments		**6,712,211,368**	54,158,035	**6,645,868,705**	17,967,589
(Investment)/withdrawal in other financial assets		**(1,648,858)**	(433,884)	**-**	-
Net cash outflow due to the disposal of subsidiaries	**6.2.2**	**-**	(141,582)	**-**	-
Proceeds from disposal of property, plant and equipment		**19,878**	60,052	**-**	
Acquisition of property, plant and equipment	**8**	**(2,837,437)**	(1,712,476)	**(66,410)**	(40,073)
Expenditure incurred on capital work-in-progress		**(19,755)**	-	**-**	-
Acquisition of intangible assets	**11.2**	**(242,091)**	(80,638)	**-**	(2,126)
Acquisition of investment property	**10**	**(97,759)**	(15,458)	**(96,752)**	-
Expenditure incurred on capital work-in-progress	**8.1.3**	**-**	(1,097,988)	**-**	-
Staff loans granted		**(958,120)**	(57,841)	**-**	-
Staff loans recovered		**1,295,397**	1,231,073	**-**	-
Loan granted to policyholders	**12**	**(1,986,278)**	(3,871,307)	**-**	(1,893,260)
Settlement of loans by policyholders	**12**	**2,420,140**	4,505,739	**-**	2,259,932
Dividend received		**402,258**	211,213	**-**	-
Interest received		**4,373,988**	4,205,277	**-**	-
Net cash used in investing activities		**(30,020,808)**	(15,162,768)	**9,978,280**	(4,562,538)
Cash flows from financing activities					
Dividend paid	**22.2**	**(1,022,259)**	(1,271,268)	**(1,487,146)**	(1,271,268)
Dividend paid to NCI		**(381,046)**	(482)	**-**	-
Lease rental paid	**9.2**	**(2,376,412)**	(529,036)	**(84,404)**	(259,568)
Proceeds from redeemable Non-Cumulative Preference Share		**-**	37,527	**-**	-
Cash received from SLIC on segregation		**-**	-	**-**	(2,783,973)
Adjustment of Crop Levy		**-**	21,940	**-**	21,940
Net cash used in financing activities		**(3,779,717)**	(1,741,319)	**(1,571,550)**	(4,292,869)
Effect of exchange rate changes on cash and cash equivalents		**443,495**	(545,727)	**-**	(240)
Net increase/(decrease) in cash and cash equivalents		**17,057,011**	14,421,508	**11,676,132**	(4,883,225)
Cash and cash equivalents at the beginning of the year		**32,207,623**	17,786,115	**555,913**	5,439,138
Cash and cash equivalents at the end of the year (Note A)	**18**	**49,264,634**	32,207,623	**12,232,045**	555,913
Note A - Analysis of cash and cash equivalents					
Cash at bank and in hand		**15,133,008**	6,946,446	**31,221**	9,239
Short-term investments		**35,286,836**	26,184,266	**12,200,824**	546,674
*Bank overdraft		**(1,155,210)**	(923,089)	**-**	-
		49,264,634	32,207,623	**12,232,045**	555,913

Figures in brackets indicate deductions.

A Reconciliation of operating profit with cash flow from operating activities

	Company 2025 Rs. 000'	Company 2024 Rs. 000'
Profit from operations	**6,854,779**	3,546,102
Increase in long-term insurance fund	**-**	(1,834,641)
Depreciation charge	**63,759**	-
Unwinding of Impairment Loss (P&L)	**844,859**	-
Gain of derecognition of ROU	**(52,802)**	-
Adjustment of Crop Levy	**-**	21,940
Depreciation Charge	**-**	94,698
Interest income from policy loan	**-**	(383,541)
ROU asset cost	**9,379**	35,406
Interest in suspense of ROU liability	**30,266**	92,633
Investment income - unrealised gain/(loss)	**(202,265)**	(340,015)
Gratuity provision	**-**	24,155
Gain/(loss) on foreign exchange transaction	**-**	240
Disposal of Investment in subsidiary	**-**	10,399,358
Reversal of Impairment on Canwil Holding	**-**	(100,642)
FV gain recorded in income statement	**(938,304)**	(89,492)
Increase/(decrease) in debtors	**1,671,450**	2,191,312
Increase/(decrease) in claims provisions	**(3,475,626)**	(2,914,569)
Increase/(decrease) in creditors	**(952,332)**	(5,020,490)
Net cash from operating activities	**3,853,163**	5,722,454

The accounting policies and notes on pages 09 to 128 form an integral part of these Financial Statements.

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SRI LANKA INSURANCE CORPORATION LIMITED
SEGMENTAL REVIEW: STATEMENT OF FINANCIAL POSITION

As at 31st December	2025								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'	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'
Assets																
Financial investments	41,684,503	43,555,266	264,090,468	9,791,645	-	-	1,508	359,123,390	45,242,308	36,982,166	219,921,456	7,868,036	-	-	6,383,081	316,397,047
Investment in subsidiaries	49,457,926	-		-	-	-	(49,457,926)	-	39,924,534	-		-	5,000,000	20,500,000	(65,424,534)	-
Investment in associates	198,673			-	-	-	-	198,673	198,673	-		-	-	-	-	198,673
Property, plant and equipment	217,853	499,974	510,694	6,614,529	27,669,598	44,771	14,887,844	50,445,263	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	-	213,723	166,053	496,912	2,293,282	57,000	363,807	3,590,777	-	-		550,771	186,237	54,000	465,629	1,256,637
Leasehold property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	18,708,604	-		-	-	1,363,000	(16,104,916)	3,966,688	17,965,274	-		-	-	1,308,000	(15,513,462)	3,759,812
Intangible assets	-	115,714	100,472	216,289	-	1,008	2,992,805	3,426,288	-	61,879	76,858	124,045	-	1,188	2,992,805	3,256,775
Loans to policyholders	-	-	2,344,122	-	-	-	-	2,344,122	-	-	2,288,853	-	-	-	-	2,288,853
Reinsurance receivable	-	5,967,241	1,300,798	-	-	-	-	7,268,039	-	1,972,225	1,288,471	-	-	-	-	3,260,696
Premium receivable	-	6,338,759	1,131,549	-	-	-	-	7,470,308	-	5,144,352	789,230	-	-	-	-	5,933,582
Deferred tax assets	-	308,066	-	-	-	-	-	308,066	-	254,677	-	-	-	190	(190)	254,677
Other assets	10,823,062	1,119,975	692,593	2,112,764	14,109,163	98,867	(860,952)	28,095,472	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	-	758,201	-	-	-	-	-	758,201	-	732,566	-	-	-	-	-	732,566
Cash and cash equivalents	12,232,045	5,138,030	4,850,400	1,182,441	26,136,881	880,047	-	50,419,844	555,913	3,791,489	11,945,357	1,095,204	15,071,428	812,903	(141,582)	33,130,712
Total assets	**133,322,666**	**64,014,949**	**275,187,149**	**20,414,580**	**70,208,924**	**2,444,693**	**(48,177,830)**	**517,415,131**	**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	-	-	250,885,449	-	-	-	-	250,885,449	-	-	216,783,321	-	-	-	-	216,783,321
Insurance contract liabilities - Non-lif	-	26,458,482	-	-	-	-	-	26,458,482	-	20,441,265	-	-	-	-	-	20,441,265
Right-of-use liabilities	158,704	228,586	177,825	234,965	36,998	190	-	837,268	547,991	-	-	314,290	159,120	190	-	1,021,591
Reinsurance payable	-	2,249,866	1,555,761	-	-	-	-	3,805,627	-	1,751,702	1,488,094	-	-	-	-	3,239,796
Current tax liabilities	947,304	122,436	240,482	538,717	2,207,098	-	-	4,056,037	907,421	404,367	559,691	299,862	368,159	84	(84)	2,539,500
Deferred tax liabilities	4,434,770	-	-	1,212,143	5,394,752	402,260	-	11,443,925	4,450,847	-	-	1,177,736	3,549,283	379,497	-	9,557,363
Retirement benefit obligation	-	1,600,955	1,072,256	494,508	269,535	10,193	-	3,447,447	-	1,391,859	898,427	490,125	234,917	13,535	(4,982)	3,023,881
Provision for price stabilisation	-	-	-	-	327,629	-	-	327,629	-	-	-	-	-	-	-	-
Other liabilities	540,269	5,220,106	4,097,116	2,193,699	19,008,807	167,083	(526,923)	30,700,157	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	-	583,870	205,126	366,214	1,440,000	-	(1,440,000)	1,155,210	-	268,146	254,925	400,018	2,160,000	5,119,434	(7,279,434)	923,089
Total liabilities	**6,081,047**	**36,464,301**	**258,234,015**	**5,040,246**	**28,684,819**	**579,726**	**(1,966,923)**	**333,117,231**	**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	870,087	(31,988,739)	6,000,000	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		1,000,000	98,237	-	-	-	(1,000,000)	98,237
Revaluation reserve	10,209,832	185,236	223,243	1,485,320	11,049,130	24,940	7,436,953	30,614,654	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	37,801,757	7,588,377	(306,575)	-	-	-	(9,533,392)	35,550,167	21,037,732	4,182,152	(34,415)	-	-	-	-	25,185,469
Revenue reserves	73,230,030	4,777,035	4,438,229	11,217,471	28,527,866	969,940	(19,134,546)	104,026,025	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		-	-	-	-	-	8,008,817	8,008,817		-	-	-	-	-	7,422,979	7,422,979
Total equity	**127,241,619**	**27,550,648**	**16,953,134**	**15,374,334**	**41,524,105**	**1,864,967**	**(46,210,907)**	**184,297,900**	**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	**133,322,666**	**64,014,949**	**275,187,149**	**20,414,580**	**70,208,924**	**2,444,693**	**(48,177,830)**	**517,415,131**	**115,076,944**	**51,133,805**	**238,625,270**	**18,511,318**	**49,681,271**	**61,369,266**	**(99,397,081)**	**435,000,793**

SRI LANKA INSURANCE CORPORATION LIMITED

SEGMENTAL REVIEW: STATEMENT OF INCOME

For the Year ended 31st December — 2025

	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	-	**30,303,079**	**32,605,568**	**-**	**-**	**-**	**(108,410)**	**62,800,237**
Change in reserves for gross unearned premium	-	(1,854,667)	-	-	-	-	-	**(1,854,667)**
Gross earned premium	**-**	**28,448,412**	**32,605,568**	**-**	**-**	**-**	**(108,410)**	**60,945,570**
Premium ceded to re-insurers	-			-		-	-	(10,039,977)
Change in reserve for unearned re-insurance premium	-	238,271	-	-	-	-	-	238,271
Net earned premium	**-**	**19,950,931**	**31,301,343**	**-**	**-**	**-**	**(108,410)**	**51,143,864**
Revenue from other operations	-	-	-	14,473,921	96,630,976	234,175	(152,192)	111,186,880
	-	**19,950,931**	**31,301,343**	**14,473,921**	**96,630,976**	**234,175**	**(260,602)**	**162,330,744**
Benefits and losses								
Net benefits and claims	-	(12,268,733)	(16,207,585)	-	-	-	9,269	(28,467,049)
Underwriting and net acquisition costs	-	12,092	(4,739,103)	-	-	-	-	(4,727,011)
Change in contract liabilities - Life fun	-	-	(29,078,874)	-	-	-	-	(29,078,874)
Cost of services of subsidiaries	-	-	-	(8,063,098)	(84,533,023)	(68,179)	-	(92,664,300)
Total benefits and losses	**-**	**(12,256,641)**	**(50,025,562)**	**(8,063,098)**	**(84,533,023)**	**(68,179)**	**9,269**	**(154,937,234)**
Other revenue								
Investment income	5,550,526	3,913,727	28,790,804	645,623	1,544,615	57,095	(2,526,708)	37,975,682
Fees and commission income	-	-	143,308	-	-	-	-	143,308
Net realised/unrealised gains	-	342,146	101,349	274,751	766,177	-	-	1,484,423
Other income/(expenses)	2,164,880	63,692	502,647	74,299	150,128	126,953	(2,604,212)	478,387
	7,715,406	**4,319,565**	**29,538,108**	**994,673**	**2,460,920**	**184,048**	**(5,130,920)**	**40,081,800**
Expenses								
Other operating, investment related and administrative expenses	(824,731)	(8,762,346)	(6,519,734)	(4,575,576)	(5,234,767)	(81,982)	224,230	(25,774,906)
Profit before taxation	**6,890,675**	**3,251,509**	**4,294,155**	**2,829,920**	**9,324,106**	**268,062**	**(5,158,023)**	**21,700,404**
Income tax expense	(388,412)	(723,454)	(1,978,097)	(885,552)	(2,291,075)	(86,659)	-	(6,353,249)
to Shareholders' Fund	**6,502,263**	**2,528,055**	**2,316,058**	**1,944,368**	**7,033,031**	**181,403**	**(5,158,023)**	**15,347,155**

For the Year ended 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**
Gross earned premium	**-**	**25,890,535**	**26,358,581**	**-**	**-**	**-**	**(426,693)**	**51,822,423**
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)
Net earned premium	**-**	**18,070,582**	**25,330,834**	**-**	**-**	**-**	**(426,693)**	**42,974,723**
Revenue from other operations	-	-	-	13,650,106	90,774,076	209,485	(233,836)	104,399,831
	-	**18,070,582**	**25,330,834**	**13,650,106**	**90,774,076**	**209,485**	**(660,529)**	**147,374,554**
Benefits and losses								-
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 fun	-	-	(26,409,382)	-	-	-	-	(26,409,382)
Cost of services of subsidiaries	-	-	-	(7,699,588)	(82,646,523)	(82,506)	-	(90,428,617)
Total benefits and losses	**-**	**(10,802,918)**	**(42,932,425)**	**(7,699,588)**	**(82,646,523)**	**(82,506)**	**6,027**	**(144,157,932)**
Other revenue								
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)
	4,616,445	**4,917,164**	**27,907,462**	**295,133**	**1,472,982**	**1,145,552**	**(5,643,135)**	**34,711,603**
Expenses								
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)
Profit before taxation	**3,097,825**	**4,040,358**	**4,357,846**	**1,895,322**	**5,398,355**	**376,636**	**(5,114,064)**	**14,052,279**
Income tax expense	(40,557)	(753,602)	(1,763,044)	(555,890)	(1,710,240)	(141,566)	-	(4,964,899)
to Shareholders' Fund	**3,057,268**	**3,286,756**	**2,594,802**	**1,339,432**	**3,688,115**	**235,070**	**(5,114,064)**	**9,087,380**

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 Company and the Group 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 31st December 2025, comprise 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 31st December 2025.

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

The license for carrying out the insurance business was terminated for Sri Lanka Insurance Corporation Ltd with effect from 1st February 2024. Furthermore, the Insurance Regulatory Commission of Sri Lanka granted an insurance license to Sri Lanka Insurance Corporation Life Ltd to conduct the life insurance business and to Sri Lanka Insurance General Ltd to conduct the 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 Honorable Attorney General on the matter, was determined by the IRCSL.

1.2 Principal activities and nature of operations

1.2.1 The Company and the Group

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

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)

Name of the Subsidiaries	Principal Activities
Canowin Hotels and Spas (Pvt) Limited	Providing office space on rent for commercial purposes and also being engaged in the hospitality trade
Management Services Rakshana (Pvt) Limited (Dorment Company)	Providing payroll management services to Sri Lanka Insurance Corporation Limited (Only for January 2024)
Sri Lanka Insurance Corporation General Limited	Carrying out the General insurance businesses
Sri Lanka Insurance Corporation Life Limited	Carrying out the Life insurance businesses

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 Separate Financial Statements of the Company have been prepared in accordance with SLFRS 9 – "Financial Instruments" for the first time for the financial year ended 31 December 2025, following SLFRS 1 – "First-time Adoption of Sri Lanka Accounting Standards".

The Consolidated Financial Statements of the Group have been prepared in accordance with LKAS 39 – "Financial Instruments: Recognition and Measurement". The Group has elected to apply the Temporary Exemption from SLFRS 9, as permitted by the amendments to SLFRS 4 – "Insurance Contracts". The Group will continue to apply LKAS 39 until the simultaneous adoption of SLFRS 17 – "Insurance Contracts" and SLFRS 9 on 1 January 2026.

The Financial Statements were authorised for issue by the Board of Directors on ………………….

2.2 Basis of measurement

The Financial statements of the Company and the 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,
- 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.

Policy Applicable for Company (Before 31 Dec 2024) and Group (Until 31 Dec 2025)

- Financial assets held for trading are measured at fair value
- Available for sale financial assets are measured at fair value

Policy Applicable for Company accounts from 01 January 2025 and for Group Accounts from 01 January 2026

- Financial assets designated at fair value through profit or loss are measured at fair value
- Debt investments measured at fair value through other comprehensive income (FVOCI) are measured at fair value
- Equity investments measured at fair value through other comprehensive income (FVOCI) are measured at fair value

Financial assets measured at Amortized Cost are measured using the effective interest rate method.

The Company and the Group present the 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 a 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 & 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;
- Note 3.5.9.1 - Assessment of the Business Model and SPPI criteria for Company-level financial asset classification.

Measurement of fair values

A number of the Company's and Group'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.

Significant valuation issues are reported to the Company and respective subsidiary's Audit Committee.

When measuring the fair value of an asset or a liability, the Company and the Group use 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 the IRCSL requirement, the Company segregated its General and Life insurance business with effect from 01st February 2024. Therefore, financial information disclosed under "Company" of 2024 includes insurance business information until the date of segregation.

The Company has applied SLFRS 9 for the first time in the current financial year. As permitted by the transition provisions of SLFRS 9, the Company has elected not to restate comparative information for 2024. Accordingly, the comparative information for the Company is reported under LKAS 39 and is not comparable to the information presented for 2025.

For the Consolidated Financial Statements, comparative information remains consistent as the Group continues to apply LKAS 39 under the temporary exemption.

2.7 Temporary Exemption from SLFRS 9

The Group has elected to apply the temporary exemption from SLFRS 9 – "Financial Instruments" as permitted by the amendments to SLFRS 4 – "Insurance Contracts", as its activities are predominantly connected with insurance. Consequently, while the Company has adopted SLFRS 9 in its separate financial statements for the year ended 31 December 2025, the Consolidated Financial Statements continue to apply LKAS 39 – "Financial Instruments: Recognition and Measurement".

This exemption is supported by a predominance test confirming that the carrying amount of the Group's insurance-related liabilities exceeded 90% of its total liabilities as of the initial assessment date. The structural reorganization in February 2024, which transitioned the Company into a holding entity for its Life and General insurance subsidiaries, did not constitute a change in corporate activity requiring a reassessment of this eligibility. The Group will adopt both SLFRS 9 and SLFRS 17 – "Insurance Contracts" simultaneously on 1 January 2026 to minimize accounting mismatches and ensure reporting consistency.

2.8 First-time Adoption of SLFRS 9 (Company Level)

The adoption of SLFRS 9 by the Company on 1 January 2025 resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. The main impacts were:

Classification: Reclassification of Available-for-Sale (AFS) and Held-to-Maturity (HTM) assets into Amortized Cost or Fair Value categories.

Impairment: Transition from an incurred loss model to a forward-looking ECL model, resulting in an adjustment to the opening Retained Earnings as at 1 January 2025.

Refer to Note 3.5.9.1 for the detailed reconciliation of the carrying amounts under LKAS 39 to the carrying amounts under SLFRS 9.

2.9 Going Concern

The Directors have made an assessment of the Company's and Group's ability to continue as a going concern being satisfied that they have 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, the 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 50 to the Financial Statements.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The Company and the Group 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.

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)

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 Investment in 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 if any, 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 Investment in Associates

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 this can be clearly demonstrated that this was not the case.

In the Group's Financial Statements, 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 associate 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 unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized 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 Company and the Group 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.

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 when the Company (the insurer) has accepted 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 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 Group 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 deducted from the insurance contract liability as at reporting date. The surplus profit attributable to shareholders comprises two forms as follows;

- Surplus profit attributable to shareholder from the Policyholder's Fund,
- Profit earned from the shareholder's 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's 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 premium received in advance is not recorded as revenue and recorded as a liability until the premium is due unless 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 a 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.

(b) Unearned reinsurance premium reserve

Unearned reinsurance premium is the proportion of premium written in a year that relates 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).

(c) 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, net gains or losses on financial assets at FVTPL and realized gains or losses on FVOCI debt instruments including 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 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 Company and the Group estimate 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 the acquisition or issue of a financial asset.

Applies the EIR to the gross carrying amount of the asset, except for:

- Purchased or Originated Credit-Impaired (POCI) financial assets - The Group applies the credit-adjusted EIR to the amortized cost of the asset from initial recognition.

- Stage 3 (Credit-Impaired) financial assets - For assets that have subsequently become credit-impaired, interest income is calculated by applying the EIR to the amortized cost (net of the Expected Credit Loss (ECL) allowance).

(b) Dividend income

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

(c) Gains and Losses

Capital gains and losses recorded in the investment income include gains and losses on sale of financial assets which are calculated as the difference between the net sales proceeds and the original or amortised cost, and are recorded at the time of the sale transaction. Further capital gains and losses include fair value gains and losses on financial assets measured at fair value through profit or loss For the year ended 31st December.

3.4.1.5 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are 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

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 those goods or service will be for 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 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, 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 the Life Insurance Fund

The Directors agree to the long-term insurance provision for the Group 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 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) Ltd 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 increment rate and the balance service period of the 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 comprise 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 a 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 01st 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 (PPE)

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 property, plant and equipment

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 performed to ensure that the fair value of a revalued asset does not materially differ from it carrying amount as at the reporting date.

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

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 restated 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:

Description of Asset	Period
▪ 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, pipe 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 31st December 2025 by considering the impact from the prevailing microeconomic factors 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 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 the 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 the economic crisis as at 31st December 2025. Based on the assessment, no impairment indicators were identified.

3.5.3 Right-of-Use-Asset

As per SLFRS 16, "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.

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 a 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's 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'.

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 Group has elected to apply the temporary exemption from SLFRS 9 as permitted by SLFRS 4 Insurance Contracts, as its activities are predominantly connected with insurance. Consequently, the Group continues to apply LKAS 39 Financial Instruments: Recognition and Measurement in its consolidated financial statements until the effective date of SLFRS 17 Insurance Contracts, which is expected to be 01st January 2026.

However, the Company, as a standalone entity, has adopted SLFRS 9 for its separate financial statements.

The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 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 Group 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 Group 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 Group 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 Group 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 Group'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 Group 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 are classified as held to maturity when the Group has both the intention and ability to hold 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 Group.

(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**

The Group 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 Group 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 Group 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 Group 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 Group's policy.

  The Group has assessed the potential impairment loss of premium receivables as at 31st December 2025 considering economic implication of uncertainties of microeconomic factors. 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 Group 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 Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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)

The Company recognises impairment losses on financial assets in accordance with the Expected Credit Loss (ECL) model under SLFRS 9 – Financial Instruments.

Financial assets subject to the ECL model include:

- Debt instruments measured at amortised cost, and
- Debt instruments measured at Fair Value Through Other Comprehensive Income (FVOCI).

Expected credit losses are measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model requires recognizing credit losses using a forward-looking approach, which incorporates historical experience, current conditions, and reasonable and supportable information about future economic conditions that is relevant and available without undue cost or effort.

Impairment losses are recognised in profit or loss and reduced from the gross exposure of the financial assets, while the corresponding allowance for FVOCI debt instruments is recognised in other comprehensive income, without reducing the carrying amount of the asset in the statement of financial position.

Under SLFRS 9 – Financial Instruments, financial assets subject to the ECL model are classified into three stages based on changes in credit risk since initial recognition.

Stage	**Key Criteria / Indicators**	**ECL Measurement**	**Interest Income Recognition**
Stage 1 (Performing Assets)	• No significant increase in credit risk since initial recognition • Asset is not credit-impaired	12-month ECL	Recognised on gross carrying amount using EIR
Stage 2 (Underperforming Assets)	• Significant increase in credit risk since initial recognition • Deterioration in credit rating • Past-due status (e.g. >30 days) • Adverse changes in borrower or economic conditions	Lifetime ECL	Recognised on gross carrying amount using EIR
Stage 3	• Default or delinquency by debtor	Lifetime ECL	Recognised on net

Stage	Key Criteria / Indicators	ECL Measurement	Interest Income Recognition
	• Indications of bankruptcy or financial reorganisation • Adverse changes in payment status • Disappearance of active market due to financial difficulty • Observable decrease in expected future cash flows		carrying amount (gross amount less ECL)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the company considers both quantitative and qualitative information. This includes:

- Past Due Status: - A backstop is applied where credit risk is presumed to have increased significantly if contractual payments are more than 30 days past due.
- Credit Rating - Deterioration in internal or external credit ratings.
- Forecasts - Adverse changes in the borrower's operating results or significant changes in the technological, market, economic, or legal environment.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full, without recourse by the company to actions such as realizing security or the financial asset is more than 90 days past due.

According to LKAS 39, for equity investments classified as available-for-sale, objective evidence of impairment includes a "significant" or "prolonged" decline in the fair value of the investment below its cost. Determining what constitutes "significant" or "prolonged" requires judgment.

In contrast, under SLFRS 9, equity instruments are measured at fair value, and the Company does not recognize impairment losses on them. For equities designated at FVOCI, all fair value changes are recognized in Other Comprehensive Income (OCI) and are never reclassified to Profit or Loss.

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.

At a collective level, expected credit loss is calculated as the product of the probability of default, loss given default, and exposure at default and 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.

Other Financial Assets Measured at Amortized Cost

The new ECL model also applies to other financial assets measured at amortized cost. The Company measures the loss allowance at an amount equal to the lifetime ECL, except for investments that are determined to have low credit risk at the reporting date. A debt security is considered to have low credit risk when its credit rating is equivalent to the globally recognized definition of "investment grade."

The Group uses information from external credit agencies as inputs to the ECL calculation and adjusts it to reflect forward-looking information and economic scenarios.

3.5.8.2 Available for Sale Financial Assets (AFS)

Impairment losses on Available for Sale Financial Assets are recognised by reclassifying the losses accumulated in the available for sale reserve to profit or loss. The amount reclassified 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

The Company has adopted SLFRS 9 – "Financial Instruments" in its separate financial statements with effect from 1 January 2025. This standard replaces LKAS 39 – "Financial Instruments: Recognition and Measurement".

As permitted by the transition provisions of SLFRS 9, the Company has elected to apply the requirements retrospectively without restating comparative information. Consequently, any differences between the previous carrying amounts under LKAS 39 and the new carrying amounts under SLFRS 9 as of 1 January 2025 have been recognized directly in the opening Retained Earnings.

The following assessments were made based on the facts and circumstances existing at the date of initial application (1 January 2025):

- The determination of the business model within which a financial asset is held
- The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL)
- The designation of certain investments in equity instruments not held for trading as measured at fair value through other comprehensive income (FVOCI)

Temporary Exemption for Subsidiaries

While the Company has adopted SLFRS 9, its subsidiaries—Sri Lanka Insurance Life Limited and Sri Lanka Insurance General Limited—continue to qualify for the temporary exemption from SLFRS 9 under SLFRS 4. This is due to their activities being predominantly connected with insurance and the pending implementation of SLFRS 17 – Insurance Contracts. These subsidiaries will adopt SLFRS 9 for the financial year commencing 1 January 2026.

3.5.9.1 Transitional impact of classification of financial assets from LKAS 39 to SLFRS 9

The following table and the accompanying notes below explain the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the Group's financial assets and financial liabilities as at 01st January 2025.

Financial Assets	**Original classification under LKAS 39**	**New classification under SLFRS 09**	**Original carrying amount under IAS 39**	**Remeasurement / ECL**	**New carrying amount under SLFRS 09**
Cash and cash equivalents	Loans and receivables	Amortised cost	555,913	-	555,913
Commercial Papers	Available for Sale	Amortised cost	15,179,581	(4,096)	15,175,485
Term deposits	Loans and receivables	Amortised cost	2,146,539	(308)	2,146,231
Listed shares	Available for Sale	FVOCI	25,900,124	-	25,900,124
Unlisted shares	Available for Sale	FVOCI	5,934	-	5,934
Listed shares	Fair value through profit or loss	FVTPL	2,010,130	-	2,010,130
Other assets	Loans and receivables	Amortised cost	10,975,039	(1,987,645)	8,987,394
Total			**56,773,260**	**(1,992,049)**	**54,781,211**

The transition from LKAS 39 to SLFRS 9 resulted in two primary types of adjustments:

Reclassification: Commercial Papers previously classified as Available for Sale (AFS), were reclassified to Amortized Cost as the Company's business model is to hold these assets to collect contractual cash flows consisting solely of principal and interest (SPPI). Strategic equity investments were irrevocably designated as FVOCI to prevent income statement volatility from fair value changes.

Remeasurement (ECL Impact): The Company recognized a total adjustment of LKR **1,992,049,000** in opening Retained Earnings. This includes 12 month ECL (Stage 1) for Commercial Papers and Term Deposits. A significant portion of the remeasurement (LKR 1,987,645,000) relates to the receivable from the disposal of Canwill Holding. As this asset is now classified at Amortised Cost, the Company has remeasured it to reflect its Present Value. This adjustment reflects the Time Value of Money over the recovery period, calculated using the Effective Interest Rate (EIR) method to account for the financing component inherent in the deferred payment terms.

In accordance with the transition provisions of SLFRS 9 (paragraph 7.2.15), the Company has applied the classification and measurement requirements of the Standard without restating comparative information, as it was not practicable to do so without the benefit of hindsight.

Furthermore, in line with as per paragraph 7.2.15 of SLFRS 9 where retrospective application was possible without the use of hindsight, the Financial Statements have been adjusted accordingly. Any differences between the previous carrying amounts and the amounts determined under SLFRS 9 have been recognized in opening retained earnings at the date of initial application, being 01st January 2025.

However, the subsidiary companies, Sri Lanka Insurance Life Limited and Sri Lanka Insurance General Limited, are required to apply SLFRS 17. Accordingly, these entities continue to qualify for the temporary exemption available to entities within the insurance sector, and the application of SLFRS 9 has been deferred for an additional year. These subsidiaries will adopt SLFRS 9 from the financial year commencing 01st January 2026.

3.5.9.2 Classification and measurement

Initial Recognition
Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. At initial recognition, they are measured at Fair Value.

- Amortized Cost/FVOCI: Fair value plus directly attributable transaction costs.
- FVTPL: Fair value, with transaction costs expensed immediately in Profit or Loss.

Classification Criteria
Classification is determined based on the Business Model for managing the assets and the Contractual Cash Flow Characteristics (SPPI Test):

Category		**Business Model / Cash Flow Characteristics**
Amortized Cost		Held to collect contractual cash flows (Principal and Interest).
FVOCI	Debt	Held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.
	Equity	Strategic, non-trading equity investments (Irrevocable election).
FVTPL		Held for trading or designated to reduce accounting mismatches.

- Financial assets measured at Amortised Cost or FVOCI : Measured at fair value plus directly attributable transaction costs
- Financial assets measured at Fair Value Through Profit or Loss (FVTPL) : Measured at fair value, with transaction costs expensed immediately in profit or loss

3.5.9.3 Subsequent measurement

The subsequent measurement of financial assets depends on their classification at initial recognition..

Financial Assets at Amortised Cost (Debt Instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- Business Model: The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- SPPI Test: The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less any allowance for impairment. Interest income, foreign exchange gains and losses, and impairment are recognised in the Statement of Profit or Loss.

The Company's financial assets at amortised cost include cash and short-term deposits, trade and other receivables, and the receivable balance arising from the disposal of Canwill Holding.

Financial Assets at Fair Value Through OCI with Recycling (Debt Instruments)

The Company classifies debt instruments at FVOCI if both of the following conditions are met:

- Business Model: The objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- SPPI Test: The contractual cash flows meet the SPPI criteria.

These instruments are measured at fair value. Interest income (calculated using the EIR method), foreign exchange gains/losses, and impairment losses or reversals are recognised in the Statement of Profit or Loss. All other fair value changes are recognised in Other Comprehensive Income (OCI). Upon derecognition, the cumulative gain or loss previously recognised in OCI is reclassified (recycled) from equity to the Statement of Profit or Loss.

Financial Assets Designated at Fair Value Through OCI with No Recycling (Equity Instruments)
Upon initial recognition, the Company may make an irrevocable election to designate its equity investments (that meet the definition of equity under LKAS 32 and are not held for trading) as Fair Value Through OCI. This classification is determined on an instrument-by-instrument basis.

These assets are measured at fair value. Gains and losses recognised in OCI are never reclassified (recycled) to the Statement of Profit or Loss upon derecognition. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the proceeds represent a recovery of part of the cost of the financial asset. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)
Financial assets at FVTPL include financial assets held for trading, those designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value (e.g., assets that fail the SPPI test).

These assets are carried in the Statement of Financial Position at fair value, with net changes in fair value recognised in the Statement of Profit or Loss. This category includes Unit Trusts and listed equity investments not designated as FVOCI.

3.5.9.4 Overview of the expected credit loss (ECL) principles
The Group established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (Lifetime ECL or LTECL), unless there has been no significant increase in credit risk (SICR) since origination. In such cases, the allowance is limited to the 12-month expected credit loss (12mECL).

12mECL: The portion of LTECLs that represents the expected credit losses resulting from default events possible within the 12 months after the reporting date.

LTECL: The expected credit losses that result from all possible default events over the expected life of the financial instrument.

Both LTECLs and 12mECLs are calculated on either an individual or collective basis, depending on the nature of the underlying portfolio.

Stage Classification
The Company groups its financial assets into the following stages:

Stage 1 -. Upon initial recognition, the Company recognizes an allowance based on 12mECLs. This stage also includes facilities where credit risk has improved and the asset has been reclassified from Stage 2.

Stage 2 -. When an instrument shows a significant increase in credit risk since origination, the Company records an allowance for LTECLs. If credit risk subsequently improves, the asset may be reclassified back to Stage 1.

Stage 3 -. Financial assets considered credit-impaired. The Company recognizes the LTECLs for these assets.

POCI- Purchased or Originated Credit Impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

The Calculation of Expected Credit Loss (ECL)
The company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows.

Probability of Default (PD):
The Probability of Default (PD) is an estimate of the likelihood that a facility will default over a given time horizon. A default may only occur at a specific point during the assessed period if the facility has not been previously derecognised and remains in the portfolio. The Company primarily utilizes PDs derived from external or internal credit ratings, incorporating both quantitative factors and forward-looking qualitative assessments..

Exposure at Default (EAD)
Exposure at Default (EAD) is an estimate of the exposure to a counterparty at the time of a potential default, taking into account expected changes after the reporting date. These changes may include repayments of principal and interest (whether scheduled by contract or otherwise), expected drawdowns on committed facilities, accrued interest from missed payments, and any amortisation or adjustments allowed under the contract.

EAD represents the expected exposure in the event of default and is derived from the current exposure to the counterparty, adjusted for potential changes. For a financial asset, the EAD is generally measured at its gross carrying amount.

Loss Given Default (LGD)
The Company uses LGD as 45% for the year ended 31st December 2025, while following CBSL regulations as per the Finance Business Act direction No. 01 of 2020 issued on 14th Feb 2020.

The Company has elected to apply this regulatory benchmark based on the following considerations:

- As the Company is an investment holding entity with a low frequency of historical default events, there is currently insufficient internal historical data to develop a statistically significant or predictive internal LGD model.
- In the absence of entity-specific loss experience, the use of the regulatory floor ensures a consistent and prudent basis for measuring expected cash shortfalls.
- LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

The mechanism of the ECL method is summarised below.

Stage 1 - The 12mECL is calculated as the portion of LTECLs that represent the ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation of the original EIR.

Stage 2 - When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3 - For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Individual vs. Collective Assessment While the Company generally applies a collective model for ECL measurement, certain exposures are assessed on an individual basis. This approach is adopted for financial assets that the Company has identified as requiring close monitoring due to specific credit risk indicators, including but not limited to:

- Significant adverse changes in the borrower’s core financial metrics, liquidity position, or net asset value.
- Heightened exposure to systemic risks within the borrower’s specific economic sector or geographical region.
- Occurrences of default or significant delays in the repayment of principal or interest, or breaches of other restrictive covenants.

For assets assessed on an individual basis, the impairment requirement is determined by evaluating the present value of expected future cash flows, discounted at the asset's Effective Interest Rate (EIR).

In estimating these cash flows, the Company considers multiple scenarios, including:

- The probability of a successful financial restructuring;
- The timing and amount of expected repayments from the borrower's operations; and
- The Net Realizable Value (NRV) of any underlying collateral or third-party guarantees held as credit enhancements.

3.5.9.5 Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified at initial recognition as financial liabilities at FVTPL, or as loans, borrowings, and payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement
The measurement of financial liabilities depends on their classification:

Financial Liabilities at Amortised Cost: This is the category most relevant to the Company. After initial recognition, these are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process. This includes trade and other payables and bank overdrafts.

Financial Liabilities at FVTPL: These are measured at fair value. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss. For liabilities designated at FVTPL, the portion of the change in fair value that is attributable to changes in the Company's own credit risk is recognised in OCI.

3.5.9.6 Derecognition of Financial Instruments

Financial Assets
A financial asset is derecognized when contractual rights to cash flows expire or are transferred.

Amortized Cost/FVTPL: Gains/losses recognized in Profit or Loss.

Debt at FVOCI: Cumulative OCI gains/losses are reclassified (recycled) to Profit or Loss.

Equity at FVOCI: Cumulative gains/losses are not reclassified and are transferred directly within Equity.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement

Gain or loss on derecognition

The gain or loss on derecognition of a financial asset is recognised in profit or loss and is measured as the difference between the consideration received (including any new asset obtained less any new liability assumed), and the carrying amount of the financial asset at the date of derecognition.

The accounting treatment of gains or losses on derecognition depends on the classification of the financial instrument:

- Financial assets measured at amortised cost: Gains or losses on derecognition are recognised in profit or loss.
- Debt instruments classified at FVOCI: Cumulative gains or losses previously recognised in other comprehensive income (OCI) are reclassified to profit or loss upon derecognition.
- Equity instruments designated at FVOCI: Gains or losses recognised in OCI are not reclassified to profit or loss upon derecognition and are transferred directly to retained earnings or another component of equity.
- Financial assets measured at FVTPL: Gains or losses arising on derecognition are recognised directly in profit or loss.

3.5.9.7 Write-off Policy

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering the contractual cash flows. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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 the 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 non-guaranteed 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 Group performed a Liability Adequacy Test (LAT) in respect of Life Insurance contract liabilities with the assistance of an external 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) claim reserves are actuarially computed.

No provision for equalization 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 Group 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 Group 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 2nd 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 2nd year and thereafter it will be 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 recognized 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 Company and the Group 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 Company and the Group or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Company and the Group 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 48.

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 Group applied certain standards and amendments for the first time, which are effective for annual periods beginning on or after 01st January 2025.

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
Amendments to SLFRS 9 and SLFRS 7	Classification and Measurement of financial instruments	01st January 2026

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 01st January 2026 or at a later date.

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

Accounting standard	Description	Effective date
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
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 contract.	01st January 2026

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 their products and services and the reportable operating segments are as follows:

Reportable operating segment	Explanation
Life Insurance	Formed to carry out the Life insurance business after segregation of SLIC
Non-Life Insurance	Formed to carry out the General Insurance business after segregation of SLIC
Healthcare	Formed to provide healthcare and laboratory services
Hospitality	Formed to provide office space on rent for commercial purposes and also to be engaged in the hospitality trade
Energy	Formed to import, process, store, distribute and sell Liquid Petroleum Gas (LPG) and provide other incidental services.

5 FINANCIAL INVESTMENTS

As at 31st December	Note	Group 2025 Carrying Value Rs. 000'	Group 2025 Fair Value Rs. 000'	Group 2024 Carrying Value Rs. 000'	Group 2024 Fair Value Rs. 000'	Company 2025 Carrying Value Rs. 000'	Company 2025 Fair Value Rs. 000'	Company 2024 Carrying Value Rs. 000'	Company 2024 Fair Value Rs. 000'
Financial investments									
Held to maturity (HTM) financial assets/Amortised cost	5.1	100,997,990	98,868,659	82,805,116	83,506,647	-	-	-	-
Loans and receivables (L and R)/Amortised cost	5.2	47,501,234	31,920,089	52,926,445	53,554,545	6,940,469	6,940,469	2,146,539	2,146,539
Available for sale (AFS) financial assets/FVOCI	5.3	185,938,704	160,973,464	160,387,039	160,387,039	33,136,692	33,136,692	41,085,639	41,085,639
Fair value through profit or loss (FVTPL) financial asset	5.4	24,685,462	24,685,462	20,278,447	20,278,447	1,608,850	1,608,850	2,010,130	2,010,130
(-) Expected Credit loss allowance	5.4.1	-	-	-	-	(1,508)	(1,508)	-	-
Total financial investments		359,123,390	316,447,674	316,397,047	317,726,678	41,684,503	41,684,503	45,242,308	45,242,308

5.1 Held to Maturity (HTM) Financial Assets/Amortised Cost

	Group 2025 Carrying Value	Group 2025 Fair Value	Group 2024 Carrying Value	Group 2024 Fair Value	Company 2025 Carrying Value	Company 2025 Fair Value	Company 2024 Carrying Value	Company 2024 Fair Value
Treasury bonds	53,511,062	55,441,369	62,077,643	62,359,174	-	-	-	-
Listed debentures	47,486,928	43,427,290	20,727,473	21,147,473	-	-	-	-
	100,997,990	98,868,659	82,805,116	83,506,647	-	-	-	-

5.2 Loans and Receivables (L and R) / Amortised cost

	Group 2025 Carrying Value	Group 2025 Fair Value	Group 2024 Carrying Value	Group 2024 Fair Value	Company 2025 Carrying Value	Company 2025 Fair Value	Company 2024 Carrying Value	Company 2024 Fair Value
Unlisted debentures	26,548,908	25,040,305	29,544,425	30,172,525	-	-	-	-
Agent loan	571,570	571,570	478,667	478,667	-	-	-	-
Term deposits	18,417,432	5,642,005	20,718,817	20,718,817	2,578,054	2,578,054	2,146,539	2,146,539
Staff loans and receivables	1,963,324	666,209	2,184,536	2,184,536	-	-	-	-
Commercial Papers	-	-	-	-	4,362,415	4,362,415	-	-
Development bonds	-	-	-	-	-	-	-	-
	47,501,234	31,920,089	52,926,445	53,554,545	6,940,469	6,940,469	2,146,539	2,146,539

As at 31st December **Company/Group**	Group 2025 Carrying Value Rs. 000'	Group 2025 Fair Value Rs. 000'	Group 2024 Carrying Value Rs. 000'	Group 2024 Fair Value Rs. 000'	Company 2025 Carrying Value Rs. 000'	Company 2025 Fair Value Rs. 000'	Company 2024 Carrying Value Rs. 000'	Company 2024 Fair Value Rs. 000'
5.3 Available for Sale (AFS) / FVOCI								
Listed shares	62,775,884	50,503,091	47,551,164	47,551,164	33,130,758	33,130,758	25,900,124	25,900,124
Unlisted shares	5,934	5,934	6,389,015	6,389,015	5,934	5,934	5,934	5,934
Unit trusts	2,609,411	685,253	2,808,088	2,808,088	-	-	-	-
Listed debentures	18,884,933	17,876,321	20,694,685	20,694,685	-	-	-	-
Commercial Papers	27,732,390	26,227,017	38,485,072	38,485,072	-	-	15,179,581	15,179,581
Treasury bonds	73,930,152	65,675,848	44,459,015	44,459,015	-	-	-	-
	185,938,704	160,973,464	160,387,039	160,387,039	33,136,692	33,136,692	41,085,639	41,085,639

5 FINANCIAL INVESTMENTS (CONTINUED)

5.4 Fair Value Through Profit or Loss (FVTPL)

As at 31st December	Group 2025 Carrying Value Rs. 000'	Group 2025 Fair Value Rs. 000'	Group 2024 Carrying Value Rs. 000'	Group 2024 Fair Value Rs. 000'	Company 2025 Carrying Value Rs. 000'	Company 2025 Fair Value Rs. 000'	Company 2024 Carrying Value Rs. 000'	Company 2024 Fair Value Rs. 000'
Listed shares	**17,770,395**	**17,770,395**	16,284,581	16,284,581	**1,343,362**	**1,343,362**	2,010,130	2,010,130
Unit trusts	**6,915,067**	**6,915,067**	3,993,866	3,993,866	**265,488**	**265,488**	-	-
	24,685,462	**24,685,462**	20,278,447	20,278,447	**1,608,850**	**1,608,850**	2,010,130	2,010,130

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.

	Group 2025 Rs.'000	Group 2024 Rs. '000	Company 2025 Rs.'000	Company 2024 Rs. '000
5.4.1 Expected Credit loss allowance				
Commercial Papers	-	-	**1,177**	-
Fixed Deposits	-	-	**331**	-
	-	-	**1,508**	-

*Financial Investments have not been reclassified other than for financial investments as a resul of SLFRS 9 adoption.
Refer 43.5.1 for maturity analysis

5.5 Movement of Carrying Values in Financial Investments

Company	Available For Sale Financial Assets Rs. 000'	Fair Value Through Profit or Loss Financial Assets Rs. 000'	Held-To Maturity Financial Assets Rs. 000'	Loans and Receivable Rs. 000'	Total Rs. 000'
As at 01st January 2025	**41,085,639**	**2,010,130**	**-**	**2,146,539**	**45,242,308**
Classification change due to SLFRS 9	**(15,179,581)**	**-**	**-**	**15,179,581**	**-**
Expected credit loss allowance opening adjustment as per SLFRS 9	**-**	**-**	**-**	**(4,403)**	**(4,403)**
Purchases		**250,000**		**6,385,727**	**6,635,727**
Maturities				**(15,926,801)**	**(15,926,801)**
Disposals		**(853,546)**			**(853,546)**
Fair value gain recorded in other comprehensive income	**7,230,634**				**7,230,634**
gains/(losses)		**20,858**			**20,858**
Interest income recognised to income statement				**1,225,544**	**1,225,544**
Unwinding of expected credit loss allowance as per SLFRS 9				**2,894**	**2,894**
Gain in income statement		**181,407**			**181,407**
Interest/Coupon receipts				**(2,070,120)**	**(2,070,120)**
As at 31st December 2025	**33,136,692**	**1,608,849**	**-**	**6,938,961**	**41,684,502**
As at 01st January 2024	102,644,036	16,592,639	72,571,730	59,300,583	251,108,987
Seggregation trensfers	(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 capital gains/(losses)	12,727,026	705,804	-	-	13,432,830
adjustment	40,003	-	2,130	-	42,133
Profit	-	209,706	-	-	209,706
Interest income recognised to 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 seggregation adjustments	-	103,673	-	(103,673)	-
Interest/Coupon receipts	(151,812)	(447,886)	(818,300)	(2,897,232)	(4,315,230)
As at 31st December 2024	41,085,639	2,010,130	-	2,146,539	45,242,308

5. FINANCIAL INVESTMENTS (CONTINUED)

Group	Available For Sale Financial Assets Rs. 000'	Fair Value Through Profit or Loss Financial Assets Rs. 000'	Held To Maturity Financial Assets Rs. 000'	Loans and Receivable Rs. 000'	Total Rs. 000'
As at 01st January 2025	**160,387,039**	**20,278,447**	**82,805,116**	**52,926,445**	**316,397,047**
Classification change due to SLFRS 9	**(15,179,581)**	**-**	**-**	**15,179,581**	**-**
Seggregation transfers	**-**	**-**	**-**	**-**	**-**
Impact on actual assets allocation at the time of segregation	**-**	**-**	**-**	**-**	**-**
Purchases	**61,152,910**	**6,537,360**	**26,846,184**	**22,094,025**	**116,630,479**
Maturities	**(25,679,569)**	**-**	**(6,521,375)**	**(35,719,513)**	**(67,920,457)**
Disposals	**(8,279,480)**	**(5,087,281)**	**(3,305,869)**	**-**	**(16,672,630)**
Reclassification	**4,362,415**	**-**	**-**	**(4,362,413)**	**2**
Net fair value gains recorded in other comprehensive income	**3,530,992**	**-**	**-**	**-**	**3,530,992**
Fair value gain recorded in other comprehensive income	**5,393,838**	**-**	**-**	**-**	**5,393,838**
Realised capital gains/(losses)	**889,520**	**186,767**	**110,795**	**-**	**1,187,081**
Unrealised gains/(losses)	**-**	**2,286,619**	**-**	**-**	**2,286,619**
Gap interest receipt for debentures	**-**	**-**	**(31,709)**	**-**	**(31,709)**
Fair value gains and foreign currency translation recorded in profit or loss	**102,946**	**302,142**	**-**	**174,435**	**579,523**
FV adjustment	**-**	**-**	**-**	**(30,898)**	**(30,898)**
Net change in accrued interest	**(182,973)**	**-**	**205,272**	**(67,208)**	**(44,909)**
Amortisation adjustment	**42,522**	**-**	**1,286**	**-**	**43,809**
Interest Income recognised to income statement	**10,468,489**	**-**	**9,789,078**	**5,016,935**	**25,274,502**
Foreign Currency Translation adjustments	**36,684**	**-**	**-**	**64,693**	**101,377**
Expected credit loss allowance	**-**	**-**	**-**	**-**	**-**
Gain in income statement	**-**	**181,407**	**-**	**-**	**181,407**
Interest/Coupon receipts	**(11,107,048)**	**-**	**(8,900,789)**	**(7,774,847)**	**(27,782,684)**
As at 31st December 2025	**185,938,704**	**24,685,461**	**100,997,990**	**47,501,234**	**359,123,389**
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)
Reclassification	-	-	-	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)
Investement in Canwill Holdings (Pvt) Ltd.	6,383,081	-	-	-	6,383,081
Post seggregation adjustments	-	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

6 INVESTMENT IN SUBSIDIARIES

As at 31st December	Sub Note	Company 2025 Rs. 000'	Company 2024 Rs. 000'
Investment in subsidiaries			
At cost			
Listed subsidiaries	**6.1**	**12,297,588**	2,764,196
Unlisted subsidiaries	**6.2**	**37,160,338**	37,160,338
		49,457,926	39,924,534

6.1 Listed Subsidiaries

Listed Subsidiaries	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%**	**12,297,588**	**12,297,588**	114,861,951	51.34%	2,764,196	9,081,453
			12,297,588	**12,297,588**			2,764,196	9,081,453

*Upon adoption of SLFRS 9 – Financial Instruments, the Company has elected to measure its investment in the listed subsidiary at fair value in accordance with SLFRS 9. Accordingly, the investment in the listed subsidiary is carried at fair value as at the reporting datein accordance with the requirements of SLFRS 9.

6.2 Unlisted Subsidiaries

	2025 No. of Shares	2025 SLIC Holding %	2025 Carrying Value Rs. 000'	2024 No. of Shares	2024 SLIC Holding %	2024 Carrying Value Rs. 000'
As at 31st December						
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%**	**-**	-	0.00%	-
Canwin Hotels & Spas (Pvt) Ltd	**87,008,686**	**100.00%**	**870,087**	87,008,686	100%	870,087
Sri Lanka Insurance Corporation General Limited	**1,400,000,000**	**100.00%**	**15,000,000**	50,000,001	100%	15,000,000
Sri Lanka Inurance Corporation Life Limited	**1,250,000,000**	**100.00%**	**12,500,000**	50,000,000	100%	12,500,000
			37,160,338			37,160,338

6.2.1 Disposal of Canwill Holdings (Pvt) Ltd

During the year, the Group disposed of its remaining 23.98% holdings in Canwill Holdings (Pvt) Ltd held by Lito Gas Lanka Limited to the General Treasury.

Consideration receivable from General Treasury	5,000,000
(-) Carrying amount of the investment	6,383,081
Disposal Loss	**(1,383,081)**

6 INVESTMENT IN SUBSIDIARIES (CONTD...)

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 2025	Group Interest 2024	Non-Controlling Interest 2025	Non-Controlling Interest 2024
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%
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 Inurance Corporation Life Limited	Insurance	Ordinary	**100.00%**	100.00%	**0.00%**	0.00%

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's Name	The Lanka Hospitals Corporation PLC Rs. 000'	Litro Gas Lanka Limited Rs. 000'
NCI Holding Interest	**48.66%**	**0.06%**
<u>**Summarised Statement of Financial Position**</u>		
Non-current assets	7,327,729	21,624,758
Current assets	13,086,850	28,300,054
Non-current liabilities	(1,889,443)	(14,116,247)
Current liabilities	(3,150,804)	(11,872,749)
Net assets	**15,374,332**	**23,935,817**
Net assets attributable to NCI (Before any inter group eliminations)	**7,481,297**	**15,390**

6 INVESTMENT IN SUBSIDIARIES (CONTD...)

6.4 Non-Controlling Interest (continued)

Summarised Statement of Comprehensive Income		
Revenue	14,473,921	94,451,315
Profit for the year	1,944,368	5,507,580
Other comprehensive income/ (expenses)	34,632	1,916,116
Total comprehensive income	**1,979,000**	**7,423,696**
Profit allocated to NCI	**946,148**	**2,652**
OCI allocated to NCI	**16,852**	**1,232**

Summarised Statement of Cash Flows		
Cash flows from / (used in) operating activities	2,472,463	15,085,219
Cash flows from / (used in) investment activities	(1,896,518)	3,214,030
Cash flows from / (used in) finance activities	(454,904)	(830,608)
Net increase in cash and cash equivalents	**121,040**	**17,468,641**

6.4.2 Movement of non-controlling interest

	Group	
	2025	2024
	Rs. 000'	Rs. 000'
Balance at the beginning of the year	**7,422,979**	13,233,465
Profit for the year	**948,800**	621,359
Other comprehensive income, net of tax	**18,084**	(37,717)
Dividends paid to NCI for the year	**(381,046)**	(482)
Disposal of subsidiary with NCI	**-**	(6,393,646)
Balance at the end of the year	**8,008,817**	7,422,979

7 INVESTMENT IN ASSOCIATES

Group/Company	2025				2024			
	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**	**199,169**	759,998	26.57%	191,295	191,295
Ceylon Asset Management Company Ltd	**1,250,000**	**18.95%**	**7,378**	**15,036**	1,250,000	18.95%	7,378	7,378
			198,673	**214,205**			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.*

8 PROPERTY, PLANT AND EQUIPMENT

8.1 Group

As at 31st December	Note	2025 Rs.000'	2024 Rs.000'
Carrying amount		**49,964,620**	41,350,026
Work-in-progress	8.1.3	**480,643**	566,814
		50,445,263	41,916,840

As at 31st December	Land Rs. 000'	Buildings on Freehold Land Rs. 000'	Buildings on Leasehold Land Rs. 000'	Equipment Rs. 000'	Furniture and Fittings Rs. 000'	Motor Vehicles Rs. 000'	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 2025 Rs. 000'	Total 2024 Rs. 000'
Cost/ Valuation															
Balance as at 01st January 2025	16,673,441	3,693,891	3,313,022	7,742,782	1,304,354	1,059,539	102,358	5,211	210,581	2,263,569	3,849,953	18,649,158	705,326	**59,573,185**	**60,970,504**
Additions during the year	-	69,699	12,056	916,026	84,823	-	34,433	-	12,720	-	-	-	47,001	**1,176,758**	**1,712,476**
Revaluation	1,855,781	292,616	-	-	-	388,485	-	-	-	1,142,937	4,859,962	-	-	**8,539,781**	**4,124,465**
Transfer of accumulated depreciation on revalued assets	-	(115,359)	-	1,846	(4,686)	(219,960)	-	-	-	(577,462)	(2,786,412)	9,012	-	**(3,693,021)**	**(490,466)**
PPE related to disposed subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**(8,348,975)**
Disposals	-	-	-	(29,828)	(4,988)	-	-	-	-	-	-	(3,926)	(3,970)	**(42,712)**	**(155,758)**
Transfers during the year	-	(851)	-	55,274	3,159	-	-	-	-	(77,463)	19,929	-	-	**48**	**-**
Adjustment to cost	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Transfers from ROU	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Transfers from work-in-progress	-	180,563	-	6,046	345	-	-	-	-	67,709	21,966	1,577,069	-	**1,853,698**	**1,760,939**
Balance as at 31st December 2025	**18,529,222**	**4,120,559**	**3,325,078**	**8,692,146**	**1,383,007**	**1,228,064**	**136,791**	**5,211**	**223,301**	**2,819,290**	**5,965,398**	**20,231,313**	**748,357**	**67,407,737**	**59,573,185**
Accumulated Depreciation															
Balance as at 01st January 2025	-	557,069	8,211	4,416,625	764,085	353,782	46,474	378	92,997	659,541	1,260,510	9,625,307	438,180	**18,223,159**	**16,869,205**
Depreciation charge during the year	-	172,636	159,977	655,616	108,484	274,758	13,196	1,661	27,866	236,329	462,191	760,400	76,692	**2,949,806**	**2,249,286**
PPE related to disposed subsidiary	-	-	-	-	-		-	-	-	-	-	-	-	**-**	**(4,998)**
Transfer of accumulated depreciation on revalued assets	-	(115,359)	-	1,846	(4,686)	(219,960)	-	-	-	(577,462)	(2,786,412)	9,012	-	**(3,693,021)**	**(490,466)**
Disposals	-	-	-	(24,761)	(4,921)	-	-	-	-	-	-	(3,901)	(3,292)	**(36,875)**	**(90,306)**
Adjustment to accumulated depreciation	-	(851)	-	909	-	-	-	-	-	-	(10)	-	-	**48**	**-**
Transfers from ROU	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**(309,562)**
Balance as at 31st December 2025	**-**	**613,495**	**168,188**	**5,050,235**	**862,962**	**408,580**	**59,670**	**2,039**	**120,863**	**318,408**	**(1,063,721)**	**10,390,818**	**511,580**	**17,443,117**	**18,223,159**
Net book value															
As at 31st December 2024	16,673,441	3,136,822	3,304,811	3,326,157	540,269	705,757	55,884	4,833	117,584	1,604,028	2,589,443	9,023,851	267,146	-	41,350,026
As at 31st December 2025	**18,529,222**	**3,507,064**	**3,156,890**	**3,641,911**	**520,045**	**819,484**	**77,121**	**3,172**	**102,438**	**2,500,882**	**7,029,119**	**9,840,495**	**236,777**	**49,964,620**	**-**

As at 31st December

8 PROPERTY, PLANT AND EQUIPMENT (CONTD…)

8.1 Group (Contd..)

8.1.1 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 2025 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 2025 on current market value basis.

Location	Type of property	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs	Cost as at 31.12.2025	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 2025	Mr. A A M Fathihu (FIV), Chartered	Estimated value per square foot Rs.7,500 -	2,176,166,580	599,867,756	1,576,298,823

As at 31st December	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
8.1.3 Capital Work-in-Progress				
At the beginning of the year	**566,814**	30,707,140	-	-
Cost incurred during the year	**1,670,775**	1,097,988	-	-
Amount capitalised during the year	**(1,756,946)**	(1,628,986)	-	-
Revaluation of asset	**-**	(1,075,635)	-	-
Disposal of subsidiary	**-**	(28,533,693)		
At the end of the year	**480,643**	566,814	**-**	-

As at 31st December

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

8.1.4 Impairment of Property, Plant and Equipment

The Group has assessed the potential impairment loss of property, plant and equipment as at 31st December 2025. 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 2025 includes fully depreciated assets having a gross carrying amount (cost) of Rs.3.05 Bn (2024- 2.61 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	2025 Rs' 000	2024 Rs' 000
Furniture and fittings	81,610	81,563
Office and other equipment	20,299	19,395
Motor vehicles	31,010	-
Computer equipment	104,683	112,519
Total	**237,602**	**213,477**

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	2025 Rs' 000	2024 Rs' 000
Motor vehicles	18,000	-
Furniture and fittings	83,989	42,256
Office and other equipment	856	856
Computer equipment	201,033	98,970
Total	**303,878**	**142,082**

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 2025 amounted to Rs.1,999,541,835.57 (31st December 2024 - Rs. 2,167,039,256).

Litro Gas Terminal Lanka (Private) Limited
Property, plant and equipment as at 31st December 2025 include fully depreciated assets, still in use, the cost of which as of 31st December 2025, amounted to Rs. 111,582,374/-.

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

8.1.6 Asset Requalification

Litro Gas Lanka Limited

Certain classes of assets, including storage tanks, pipelines, pumping stations, instrumentation equipment, tanks mounted on bowsers, and plant and machinery, are required to undergo periodic inspections, assessments, and requalification in order to ensure compliance with applicable safety standards for use in the LPG industry. When an asset is due for requalification, the carrying amount of the existing asset, including the related accumulated depreciation, is derecognised. Upon successful requalification, the previously written-down value of the asset together with the additional costs incurred in connection with the requalification process is capitalised, as it is expected that the asset will continue to generate future economic benefits for the Company.

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 asset will flow to the entity.

8.1.7 Revaluation of Property, Plant and Equipment

Litro Gas Lanka Limited

As per the Company's policy revaluation should be carried out once in three years for of its Property, Plant, and Equipment (PPE) to ensure that the carrying amounts in the financial statements accurately reflect current fair values. The last valuation was carried out for revaluation of land, buildings, and motor vehicles as of 31st December 2021, by the independent firm IJVR Consultancy (Pvt) Ltd.

Subsequently, a broader revaluation covering land, buildings, motor vehicles, storage tanks, and plant and machinery was completed as of 31st December 2024, with the resulting adjustments incorporated into the Financial Statements for the year ended 31st December 2025. This update is crucial as it will directly impact the Company’s balance sheet, potentially increasing total assets and shareholder equity (via the Revaluation Reserve), thereby strengthening key financial ratios such as solvency.

Fair Value Hierarchy

The revaluation process adheres strictly to Sri Lanka Accounting Standards, specifically LKAS 16 (Property, Plant and Equipment) and SLFRS 13 (Fair Value Measurement). Compliance with these standards provides assurance regarding the reliability of the reported asset values. The valuations were performed by external, independent chartered valuation surveyors, IJVR Consultancy (Pvt) Ltd, who possess the requisite professional expertise. The use of independent parties enhances the objectivity and credibility of the valuations for all stakeholders.

Asset Category	Fair Value measurement	Basis of valuation
Buildings	Level 3	Contractors method under the cost approach
Machinery	Level 3	Comparison method under the market approach and Contractors method under the cost approach
Vehicles	Level 3	Comparison method under the market approach

Financially, the assessment of fair value primarily utilises Level 3 inputs under the fair value hierarchy for PPE. The basis of valuation adopted in this report is Fair Value, in accordance with SLFRS 13 – Fair Value Measurement, effective from 01st January 2024. The valuation has been carried out in compliance with International Valuation Standards (IVS) and the RICS Valuation – Global Standards (Red Book), with methodologies and assumptions consistent with these standards.The Company's commitment to conducting periodic revaluations establishes a framework for consistently presenting a more relevant financial position, moving beyond historical cost, and providing a clearer picture of the value of its most significant physical assets.

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

8.1.7 Revaluation of Property, Plant and Equipment

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 by Sunil Fernando & Associates (Private) Limited an external, independent chartered valuation surveyor.

Land and building, motor vehicles, plant and machinery and storage tank were revalued as at 31st December 2024 by external, independent chartered valuation surveyors, IJVR Associates (Pvt) Limited who had relevant experience in the category of assets being revalued. The resulting revaluation adjustments have been incorporated into the Financial Statements for the year ended 31st December 2025.

This revaluation has impacted the balance sheet by increasing the carrying amount of assets and corresponding equity, and has resulted in revised depreciation charges for the revalued assets. Consequently, certain key financial ratios may be affected. In accordance with the hierarchy of evidence outlined in Sri Lanka Accounting Standards, specifically LKAS 16 – Property, Plant and Equipment and SLFRS 13 – Fair Value Measurement, the revaluation process was conducted for the Company’s property, plant, and equipment.

The fair value measurements applied in determining the revalued amounts were based on the valuation methodology adopted by the independent valuer, taking into consideration observable market data and the underlying assumptions as detailed in the valuation report.

The table below presents each asset category along with the corresponding fair value measurement level and the methodology adopted by the independent valuer in determining the fair value:

Asset category	Fair Value Measurement	Basis of valuation
Land	Level 3	Comparison method under the market approach
Building and site development	Level 3	Comparison method under the cost approach
Plant and machinery, storage tanks	Level 3	Comparison method under the market approach and contractors method under the cost approach
Motor vehicle	Level 3	Comparison method under the market approach

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.
The next revaluation will be due 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 is Rs 81 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. 236.1 Mn (2024 - 85.5Mn).

Sri Lanka Insurance Corporation General Limited
During the year the Company has acquired property, plant and equipment amounting to Rs. 102 Mn (2024 Rs.147.1 Mn).

Canowin Hotels & Spa (Pvt) Ltd
During the financial year 2025, the company has,
6.5.1. acquired Rs. 851,415 worth PPE.
6.5.2. disposed of Rs. 741,150 worth damaged computers and directos' mobile phones as per the Company's disposal policy.
6.5.3. classified several furniture items as held for sale as per SLFRS 5. Sri Lanka Insurance Corporation (Parent Company) is the buyer of these assets.

As at 31st December	**2025**	2024
	Rs. 000'	Rs. 000'
8 INVESTMENT PROPERTIES (CONTINUED)		
8.2 Company		
Carrying Amount	**217,853**	215,202
	217,853	215,202

	Land Rs. 000'	Buildings on Freehold Land Rs. 000'	Buildings on Leased hold Land Rs. 000'	Equipment Rs. 000'	Furniture and Fittings Rs. 000'	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 2025 Rs. 000'	Total 2024 Rs. 000'
Cost/Valuation												
Balance as at 01st January 2025	-	-	-	63,431	3,075	-	102,358	649	210,581	122,322	**502,416**	14,052,554
Additions during the year	-	-	-	1	272	-	34,433	-	12,720	18,985	**66,411**	40,073
Revaluation	-	-									**-**	3,035,402
Transfer due to seggregation	-	-	-	-	-	-	-	-	-	-	**-**	(1,494,870)
Disposals	-	-	-	-	-	-	-	-	-	-	**-**	-
Write-off of fully depreciated assets											**-**	-
Transfers to investment property	-	-	-	-	-	-	-	-	-	-	-	(15,130,743)
Balance as at 31st December 2025	**-**	**-**	**-**	**63,432**	**3,347**	**-**	**136,791**	**649**	**223,301**	**141,307**	**568,827**	**502,416**
Accumulated depreciation												
Balance as at 01st January 2025	-	-	-	50,701	1,265	-	45,952	378	92,997	95,921	**287,214**	1,408,295
Depreciation charge for the year	-	-	-	3,552	310	-	13,196	51	27,866	18,785	**63,760**	91,959
Depreciation transfers to revaluation reserve	-	-	-	-	-	-	-	-	-	-	**-**	-
Disposals	-	-	-	-	-	-	-	-	-	-	**-**	-
Transfer due to seggregation				-	-	-					**-**	(954,529)
Transfers to investment property		-									**-**	(258,511)
Fully depreciated assets written off											**-**	-
Balance as at 31st December 2025	**-**	**-**	**-**	**54,253**	**1,575**	**-**	**59,148**	**429**	**120,863**	**114,706**	**350,974**	**287,214**
Net book value												
As at 31st December 2024	-	-	-	12,730	1,810	-	56,406	271	117,584	26,401	-	215,202
As at 31st December 2025	**-**	**-**	**-**	**9,179**	**1,772**	**-**	**77,643**	**220**	**102,438**	**26,601**	**217,853**	**-**

During the year the Company has acquired property, plant and equipment amounting to Rs 66 Mn (2024 Rs.40 Mn)
There were no assets pledged against the borrownings.

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 da

		Group		Company	
		2025	2024	**2025**	2024
		Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
9.1	**Right-of-use assets**				
	Cost				
	Balance as at 1st January	**2,574,684**	3,137,485	**-**	1,285,509
	Additions	**2,881,113**	579,001	**-**	147,699
	Revaluation	**192,904**	18,000	**-**	-
	Disposals / write-offs during the year	**(289,304)**	(192,223)	**-**	-
	Transfers to Investment Property	**-**	(967,579)	**-**	(1,433,208)
	Balance as at 31st December	**5,359,397**	2,574,684	**-**	-
	Amortisation				
	Balance as at 1st January	**1,318,047**	1,987,692	**-**	784,472
	Charge for the year	**450,573**	422,459	**-**	183,107
	Adjustment for ROU Asset Depreciation due to transfer	**-**	(967,579)	**-**	(967,579)
	Disposal during the year	**-**	(124,525)	**-**	-
	Balance as at 31st December	**1,768,620**	1,318,047	**-**	-
	Net balance as at 31st December	**3,590,777**	1,256,637	**-**	-

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

		Group		Company	
		2025	2024	**2025**	2024
		Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
9.2	**Lease liabilities**				
	Balance as at 1st January	**1,220,598**	1,068,946	**746,998**	788,611
	Lease Liability relating to new/renewed contracts during the year	**2,527,110**	601,760	**1,774**	217,955
	Lease rent paid	**(2,376,412)**	(529,036)	**(84,404)**	(259,568)
	Derecognition	**(464,622)**	-	**(464,622)**	-
	Disposal during the year	**(5,703)**	(337)	**-**	-
	Gain on disposals	**-**	(383)	**-**	-
	Interest charged during the year	**68,128**	79,648	**-**	-
	Balance as at 31st December	**969,099**	1,220,598	**199,746**	746,998
	Adjustment on interest in suspense at initial application	**278,631**	221,385	**199,007**	221,385
	Interest recognised in income statement	**(84,968)**	(92,633)	**(30,266)**	(92,633)
	Derecognition	**(128,219)**	-	**(128,219)**	-
	Interest in suspense relating to the new contracts recognised	**66,387**	70,255	**520**	70,255
	Interest in suspense at the end of the period	**131,831**	199,007	**41,042**	199,007
	Balance as at 31st December	**837,268**	1,021,591	**158,704**	547,991

The amounts are recognised in the Statement of Comprehensive Income for the year ended 31st December 2025.

		Group		Company	
9.3	**Amounts recognised in the Statement of Profit or Loss**	**2025**	2024	**2025**	2024
	For the year ended 31st December	**Rs. 000'**	Rs. 000'	**Rs. 000'**	Rs. 000'
	Amortisation expenses on right-of-use assets	**265,348**	422,459	**-**	183,107
	Interest expenses on lease liabilities	**98,394**	172,281	**30,266**	92,633
	Net charge to P and L	**363,742**	594,740	**30,266**	275,740

9.4	**Maturity Analysis - Contractual Undiscounted Cashflows**				
	Less than 3 months	**3,157**	37,721	**3,157**	3,157
	3 months to 6 months	**6,163**	40,727	**6,163**	6,163
	6 moths to 1 year	**159,282**	218,492	**5,835**	5,835
	1 to 5 years	**1,297,067**	862,303	**545,163**	545,163
	More than 5 years	**189,690**	191,330	**189,690**	189,690
		1,655,358	1,350,574	**750,007**	750,007

9 RIGHT-OF-USE ASSETS/ LEASE LIABILITIES (CONTINUED)

Sri Lanka Insurance Corporation Ltd

The Company has entered into the 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 adaptation 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, Paradise Island - Bentota, 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”.

The Lanka Hospitals Corporation PLC

The company is 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 Hambantota 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 Hambantota International Port Group (HIPG) for the balance period for Hambantota 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

	Group		Company	
	2025	2024	**2025**	2024
As at 31st December	**Rs. 000'**	Rs. 000'	**Rs. 000'**	Rs. 000'
Balance as at 01st January	**3,759,812**	3,321,320	**17,965,274**	2,362,320
Transfer from Property Plan & Equipment	**-**	-	**-**	14,872,230
Additions during the year	**1,007**	15,458	**1,254**	-
Transfer from WIP	**-**	-	**96,752**	175,603
Transfer to ROU assets	**-**	-	**-**	465,629
Derecognition of Assets	**-**	-	**(292,980)**	-
Fair Value Gains / (Loss)	**205,869**	423,034	**938,304**	89,492
Balance as at 31st December	**3,966,688**	3,759,812	**18,708,604**	17,965,274

Subsequent to the segregation, the Company has derecognised its right-of-use assets amounting to Rs. 293 million.

This derecognition arises due to amendments made to the underlying lease agreements through addendum, whereby the contractual arrangements were novated and entered into directly by Sri Lanka Insurance Corporation Life Ltd and Sri Lanka Insurance Corporation General Ltd. Accordingly, the Company is no longer a lessee under these agreements, and the related right-of-use assets have been derecognised in line with the requirements of SLFRS 16 – Leases.

Canowin Hotels & Spa (pvt) Ltd

Investment property represents the service areas located in the Welipenna, Southern Expressway and buildings (rest area and food arcade) which have been constructed in the said property.

The Fair Value of Investment Property was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. As per SLFRS 13-Fair Value Measurement this valuation is considered to Level 2. The applicable disclosures are given in the notes to the Financial Statements.

Valuation Technique

Investment basis of valuation which considered present value of future cash flows has been used. This is based on the actual rental income currently earned together with the service charges receivable. Other income with a deduction to cover the operational expenses has also been considered.

Significant unobservable inputs

-Future rental and other income
-Future operational expenses
-Discount rates

Sensitivity of the input to the fair value

Estimated fair value would increase /(decrease) if future rental and related income and future operational expense changes. In addition, a change in the discount rate would also have an impact.

10 INVESTMENT PROPERTIES (CONTINUED)

10.1 Measurement of Fair Values

Fair Value Hierarchy

The fair value of investment property was determined by an external, independent property valuer, having appropriately recognised 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 categorised 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 Rs. 000'	Building Rs. 000'	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between Key Unobservable Inputs and Fair Value Measurement
1	Land and Building situated at No. 21, Vauxhall Street, Colombo 2	A 02 R 00 P 325.62	6,024,000	1,632,000	Income Approach-Investment Method		
2	Land and Building situated at Thelawala, Katubedda, Moratuwa	A 02 R 00 P 13	348,000	45,000	Income Approach-Investment Method		
3	Land and Building situated at Main Street, 2nd Lane Anuradhapura	A 0 R 0 P 34.9	149,500	62,500	Income Approach-Investment Method		
4	Land and Building situated at No. 25, Kande Veediya, Kandy	A 0 R 0 P 16.45	218,000	51,000	Income Approach-Investment Method		
5	Land and Building situated at No. 20, Rajapaksha Broadway, Negombo	A 0 R 0 P 19	129,000	27,000	Income Approach-Investment Method		
6	Land and Building situated at No. 7, Hakmana Road, Matara	A 0 R 0 P 47.89	256,200	29,800	Income Approach-Investment Method		
7	Building situated at No. 16/1, Dambulla Road, Kurunegala		-	90,000	Income Approach-Investment Method		
8	Land and Building situated at No. 46, Main Street, Trincomalee	A 0 R 01 P 37.65	179,600	50,400	Income Approach-Investment Method		
9	Land and Building situated at Bauddhaloka Mawatha, Gampaha	A 0 R 0 P 24.54	129,000	128,000	Income Approach-Investment Method		
10	Land and Building situated at No. 32, Negombo Road, Marawila	A 0 R 0 P 10	110,400	49,600	Income Approach-Investment Method		
11	Land and Building situated at No. 97, New Road, Ambalangoda	A 0 R 01 P 02	167,800	102,200	Income Approach-Investment Method		
12	Land and Building situated at No. 211/C, Colombo Road, Pilimatalawa	A 0 R 0 P 08	38,000	22,000	Income Approach-Investment Method		
13	Land and Building situated at No. 68, Ragala Road, Rikillagaskada.	A 0 R 0 P 6.832	26,300	9,700	Income Approach-Investment Method		
14	Land and Building situated at No. 69, Kothmale Road, Nawalapitiya.	A 0 R 0 P 05	23,750	19,250	Income Approach-Investment Method		
15	Land and Building situated at No. 6, Wadugodapitiya Veediya, Kandy .	A 0 R 0 P 08.50	63,750	36,250	Income Approach-Investment Method		
16	Land and Building situated at No. 389, Main Street, Kegalle	A 0 R 0 P 07.51	49,900	50,100	Income Approach-Investment Method		
17	Land and Building situated at No. 176/B,Kandy Rd. Gampola	A 0 R 0 P 12.355	22,800	13,200	Income Approach-Investment Method		1.Fair value increases if future rental income or occupancy rates increase. 2.Higher operating expenses reduce fair value. 3.A lower discount rate increases the fair value.
18	Land and Building situated at No.284/1,Main Street,Ratnapura	A 0 R 0 P 25	257,500	76,500	Income Approach-Investment Method		
19	Land and Building situated at Litro Office Premises, No. 267, Union Place, Colombo-02	A 0 R 0 P 37.62	884,000	787,600	Income Approach-Investment Method	1.Future rental income 2.Occupancy rates 3.Operating expenses 4.Discount rate	
20	Land and Building situated at Alhambra Building, No.6, Sir Baron Jayathilake Mawatha, Colombo 01	A 0 R 0 P 38.11	896,000	58,400	Income Approach-Investment Method		
21	Building situated at No.114/1, Wellawaya Road, Monragala	Sq.ft 1,775	-	8,500	Income Approach-Investment Method		
22	Building situated at No.60/1, Park Road, Nuwara-Eliya	Sq.ft 4,608	-	19,000	Income Approach-Investment Method		

10 INVESTMENT PROPERTIES (CONTINUED)

10.1 Measurement of Fair Values (continued)

	Location	Extend of the land	Land Rs. 000'	Building Rs. 000'	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between Key Unobservable Inputs and Fair Value Measurement
23	Building situated at No:80, Kurunegala Road, Puttalam	Sq.ft 2,007	-	4,800	Income Approach-Investment Method		
24	Building situated at No.134, Dharmapala Mw, Matale	Sq.ft 2,610	-	2,983	Income Approach-Investment Method		
25	Building situated at Wanaraja Place, Kataragama	Sq.ft 5,914	-	16,600	Income Approach-Investment Method		
26	Land situated at Pradise Island, Bentota	A 15 R 0 P 13.47	102,319	-	Income Approach-Investment Method		
27	Land and Building situated at Waterfield Drive, Nuwara-Eliya	A 0 R 02 P 23.01	236,200	19,800	Income Approach-Profit Method	1.Gross operating profit 2.Capitalization rate	1. An increase in gross operating profit or a decrease in the capitalisation rate results in higher fair value.
28	Land situated at Gorakadeniya Road, Yatinuwara,Kandy	A 0 R 2 P 38.47	89,500	-	Market Approach-Comparative Method		
29	Land situated at No. 42, Kurunegala Road, Chilaw	A 0 R 0 P 15.63	52,000	-	Market Approach-Comparative Method		
30	Land situated at No. 38, Miyugunagama, Mahiyanganaya.	A 0 R 0 P 09.96	9,200	-	Market Approach-Comparative Method		
31	Land situated at Bogahahena, Dikwella Road, Beliatta	A 0 R 01 P 24.047	107,800	-	Market Approach-Comparative Method		
32	Land situated at No. 157, Thangalla Road, Thawaluwila, Ambalantota.	A 0 R 1 P 02.41	17,600	-	Market Approach-Comparative Method		
33	Land situated at Kachchery Junction, Kandy Road, Jaffna	A 0 R 0 P 37.6	14,300	-	Market Approach-Comparative Method		
34	Land situated at Badulla	A 0 R 0 P22.06	71,700	-	Market Approach-Comparative Method		1.Higher market prices of comparable properties increase the fair value. 2.Larger negative adjustments for differences reduce the fair value.
35	Land situated at Mapalagama-Elpitiya Road, Thalgaswala	A 0 R 1 P0.1078	13,900	-	Market Approach-Comparative Method	1.Market prices of comparable properties 2.Adjustments for differences	
36	Land situated at No. 288, Union Place, Colombo 2	A 01 R 00 P 20.35	3,786,300	-	Market Approach- Comparative Method		
37	Land situated at Off Bulankulama Disawa Mawatha, New town, stage 2,Anuradhapura	A 0 R 01 P 00.83	40,800	-	Market Approach- Comparative Method		
38	Land situated at No.15 A, Sunrise Garden , Hingurakgoda	A 0 R 00 P 26.09	4,200	-	Market Approach-Comparative Method		
39	Land situated at No.15 C, Sunrise Garden , Hingurakgoda	A 0 R 00 P 23.33	3,700	-	Market Approach-Comparative Method		
40	Land situated at No.190, Heerassagala Road, Kandy	A 0 R 01 P 01.98	69,300	-	Market Approach-Comparative Method		
41	Land situated at No.14, Riverside Road, Kaluthara	A 0 R 01 P 21.90	64,995	-	Market Approach-Comparative Method		
42	Land situated at No.527, Hospital Road, Jaffna	A 0 R 01 P 21.17	275,300	-	Market Approach-Comparative Method		
			14,932,614	**3,412,183**			

During the year, investment properties were valued by Mr. A. A. M. Fathihu (MRICS), an independent chartered valuer with appropriate experience in property valuation.
The company has recorded ROU Assets amounting Rs.364 mn

11 INTANGIBLE ASSETS

	Notes	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
As at 31st December					
Goodwill on acquisition	11.1	**2,992,805**	2,992,805	-	-
Computer software	11.2	**433,483**	263,970	-	-
		3,426,288	3,256,775	-	-

11.1 Goodwill on Acquisition

	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
As at 31st December				
Cost				
Balance as at 01st January	**2,992,805**	2,992,805	-	-
Balance as at 31st December	**2,992,805**	2,992,805	-	-

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

As at 31st December	2025 Rs. 000'	2024 Rs. 000'	2025 Rs. 000'	2024 Rs. 000'
The Lanka Hospitals Corporation PLC	**1,577,000**	1,577,000	-	-
Litro Gas Lanka Limited	**842,000**	842,000	-	-
Litro Gas Terminal Lanka (Pvt) Ltd	**574,000**	574,000	-	-
	2,993,000	2,993,000	-	-

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

11.2 Computer Software

	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
As at 31st December				
Cost				
Balance as at 01st January	**923,289**	799,718	-	556,934
Additions	**242,091**	80,638	-	2,126
Transfer due to segregation	-	-	-	(559,060)
Revaluation	-	1,158	-	-
Cost adjustment due to revaluation	-	(1,043)	-	-
Additional capital work-in-progress	**9,662**	-	-	-
Transferred from capital work-in-progress	-	42,818	-	-
Balance as at 31st December	**1,175,042**	923,289	-	-
Amortisation				
Balance as at 01st January	**659,319**	603,565	-	440,909
Transfer due to segregation	-	-	-	(443,646)
Amortisation charge	**82,240**	55,981	-	2,737
Depreciation adjustment due to revaluation	-	(227)	-	-
Balance as at 31st December	**741,559**	659,319	-	-
Net Balance as at 31st December	**433,483**	263,970	-	-

Sri Lanka Insurance Corporation Life Limited
During the financial year, the Company acquired intangible assets amounting to Rs. 50.4 Million. Fully amortised intangible assets in use as at reporting date were Rs. 55 million. There were no restrictions that existed on the title of the Intangible Assets of the Company as at the reporting date.

The Company has assessed potential impairment indicators of intangible assets as at 31st December 2025. Based on the assessment, no impairment indicators were identified.

Canowin Hotels & Spas (Pvt) Ltd
During the financial year 2025, the Company has paid Rs.461,250 to Scienter Technologies (Pte) Ltd as the 50% balance payment for the Subway software installed in 2023. Canowin was unable to recognise this amount as the initial cost on 2023 due to documentation errors.

Lanka Hospitals Corporation PLC
Intangible assets include software used by the Group and the company.

There were no restrictions on the title of the intangible assets of the Group and the 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 2025 (2024– Nil).

Sri Lanka Insurance Corporation General Limited

The initial cost of fully amortised intangible assets which are still in use are as follows:

As at 31st December	2025 Rs. 000'	2024 Rs. 000'
Computer software	264,276	261,163
Total	264,276	261,163

12 LOAN TO POLICYHOLDERS

	Group		Company	
	2025	2024	**2025**	2024
	Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
As at 31st December				
Balance as at 01st January	**2,288,853**	2,095,884		2,095,884
Transfer due to segregation	**-**	-		(2,112,755)
Loans granted during the year	**1,986,278**	3,871,307		1,893,260
Interest receivable on loans	**489,131**	827,401		383,543
Loans settled during the year (against claims)	**(2,420,140)**	(4,505,739)		(2,259,932)
Balance as at 31st December	**2,344,122**	2,288,853	**-**	-

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.1,986 Mn and the related surrender value is Rs. 3,858 Mn.

The Company 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. Accordingly no impairment provision is required.

13 REINSURANCE RECEIVABLES

	Group		Company	
	2025	2024	**2025**	2024
	Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
Reinsurance receivables on settled claims	**1,445,371**	1,297,967	**-**	-
Reinsurance receivables on outstanding claims	**5,886,006**	2,019,853	**-**	-
Impairment on reinsurance receivables	**(63,338)**	(57,124)	**-**	-
Balance as at 31st December	**7,268,039**	3,260,696	**-**	-

Impairment of reinsurance receivables

The Group has assessed potential impairment loss of reinsurance receivables as at 31st December 2025 and the Company does not indentify any objective evidences which require an impairment to its reinsurance receivable. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date.

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

Reinsurance receivables on outstanding claims

The reinsurance portion of the outstanding claims has not been materialised, since the insurance claim has not been paid as at the reporting date.

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	
	2025	2024	**2025**	2024
	Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
As at 31st December				
Premium receivable from Policyholders (Note 14.1)	**4,312,853**	3,330,957	**-**	-
Premium receivable from Agents and Brokers (Note 14.2)	**3,157,455**	2,602,625	**-**	-
	7,470,308	5,933,582	**-**	-

14.1 Premium Receivable from Policyholders

	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
Premium receivable from Policyholders	**4,412,745**	3,463,460	**-**	-
	4,412,745	3,463,460	**-**	-
Impairment on premium receivable				
As at the beginning of the year	**(132,503)**	(167,730)	**-**	(167,730)
Transfer due to segregation	**-**	-	**-**	509,721
Charge made during the year	**32,611**	35,227	**-**	(341,991)
As at the end of the year	**(99,892)**	(132,503)	**-**	-
Premium receivable from Policyholders	**4,312,853**	3,330,957	**-**	-

14.2 Premium receivable from Agents, Brokers and Intermediaries

	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
Premium receivable from Agents and Brokers and intermediaries	**3,245,487**	2,782,663	**-**	-
	3,245,487	2,782,663	**-**	-
Impairment on premium receivable				
As at the beginning of the year	**(180,038)**	(118,002)	**-**	(118,002)
Transfer due to segregation	**-**	-	**-**	358,602
Reversal / (Charge) made during the year	**92,006**	(62,036)	**-**	(240,600)
As at the end of the year	**(88,032)**	(180,038)	**-**	-
Premium receivable from Agents, Brokers and Intermediaries	**3,157,455**	2,602,625	-	-

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.

15 DEFERRED TAX ASSETS AND LIABILITES

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 - 2025	Net balance as at 01 January 2025 Rs. 000'	Recognised in profit or loss Rs. 000'	Post-segregation adjustments/ Reclassifications Rs. 000'	Disposal of subsidiaries Rs. 000'	Recognised in OCI Rs. 000'	Net balance at 31 December 2025 Rs. 000'
Property, plant and equipment	9,300,305	(831,264)	-	-	2,781,089	11,250,130
Intangible assets	22,196	(7,149)	-	-	-	15,047
Investment property	684,472	128,106	-	-	-	812,578
Employee benefits	(637,506)	(33,315)	-	-	(41,059)	(711,880)
Carry forward tax losses	12,337	3,402	-	-	-	15,739
Available for sale financial assets	65,029	-	-	-	2,927	67,956
Provisions on inventory	(3,582)	(266)	-	-	-	(3,848)
Provision on loss allowance	-	(332,068)	-	-	-	(332,068)
Provisions on trade receivables, related party and fixed deposits	(155,623)	35,754	-	-	-	(119,869)
Right-of-use assets	15,058	127,014	-	-	-	142,072
	9,302,686	**(909,786)**	**-**	**-**	**2,742,957**	**11,135,857**

Group - 2024	Net balance as at 01 January 2024 Rs. 000'	Recognised in profit or loss Rs. 000'	Post-segregation adjustments/ Reclassifications Rs. 000'	Disposal of subsidiaries Rs. 000'	Recognised in OCI Rs. 000'	Net balance at 31 December 2024 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

15 DEFERRED TAX ASSETS AND LIABILITES (CONTINUED)

15.1 Recognised deferred tax assets and liabilities (continued)

15.1.2 Movement in deferred tax balances

Company - 2025	Net balance as at 01 January 2025 Rs. 000'	Recognised in profit or loss Rs. 000'	Post-segregation adjustments/ Reclassifications Rs. 000'	Transfers due to segregation Rs. 000'	Recognised in OCI Rs. 000'	Net balance at 31 December 2025 Rs. 000'
Property, plant and equipment	4,268,665	(99,205)	-	-	219,155	4,388,615
Investment property	309,239	109,802	-	-	-	419,041
Employee benefits	-	-	-	-	-	-
Available for sale financial assets	(102,348)	-	-	-	-	(102,348)
Provisions on trade receivables	-	-	-	-	-	-
Provision on loss allowance	-	(332,068)	-	-	-	(332,068)
Right - of-use assets	(24,709)	86,239	-	-	-	61,530
	4,450,847	**(235,232)**	**-**	**-**	**219,155**	**4,434,770**

Company - 2024	Net Balance as at 01 January 2024 Rs. 000'	Recognized in profit or loss Rs. 000'	Post-segregation adjustments/ Reclassifications Rs. 000'	Transfers due to segregation Rs. 000'	Recognized in OCI Rs. 000'	Net Balance at 31 December 2024 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

As at 31st December

15 DEFERRED TAX ASSETS AND LIABILITES (CONTINUED)

15.1 Recognised deferred tax assets and liabilities (Continued)

The amounts shown in the Statement of Financial Position represent the following:

Group	2025 Rs. 000'	2024 Rs. 000'
Deferred Tax Assets		
Canwill Holdings (Pvt) Limited	-	-
Sri Lanka Insurance Corporation General Limited	(308,066)	(254,677)
	(308,066)	(254,677)
Deferred Tax Liabilities		
Sri Lanka Insurance Corporation Limited	4,434,770	4,450,847
The Lanka Hospitals Corporation PLC	1,212,143	1,177,736
Litro Gas Lanka Limited	3,460,526	2,764,376
Litro Gas Terminal Lanka (Pvt) Ltd	1,934,226	784,907
Canowin Hotels & Spa (Pvt) Ltd	402,260	379,497
	11,443,925	9,557,363
	11,135,859	9,302,686

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

Company	2025 Temporary difference Rs. 000'	2025 Deferred tax Rs. 000'	2024 Temporary difference Rs. 000'	2024 Deferred tax Rs. 000'
Deferred tax asset				
Retirement benefit obligation	-	-	-	-
Available for sale reserve	(341,160)	(102,348)	(341,160)	(102,348)
Right-of-use asset	205,103	61,529	(82,361)	(24,708)
Provision for doubtful debtors	(1,106,893)	(332,068)	-	-
	(1,242,950)	(372,887)	(423,521)	(127,056)
Deferred tax liability				
Property plant and equipment and revaluation reserve	14,628,719	4,388,616	14,228,886	4,268,664
Right-of-use asset	-	-	-	-
Investment property	1,396,802	419,041	1,030,795	309,239
Revaluation reserve - Land	-	-	-	-
	16,025,521	4,807,657	15,259,681	4,577,903
Net deferred tax (asset)/liability	14,782,571	4,434,770	14,836,160	4,450,847

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% - 2024).

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 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
Inventories	**16.1**	**5,363,283**	4,191,717	**9,297**	8,922
Trade and other receivables	**16.2**	**6,385,508**	6,730,271	**1,157,029**	337,236
Amounts due from related parties		**14,014**	14,014	**-**	-
Amount due from Distilleries Company of Sri Lanka PLC		**255,482**	128,882	**127,741**	128,882
Investment receivable from General Treasury, Government of Sri Lanka		**5,001,744**	1,630	**-**	-
Investment receivable from Secretary to Treasury	**16.3**	**10,500,000**	10,500,000	**9,528,995**	10,500,000
Staff and agent related receivables		**330,537**	477,551	**-**	-
Staff loans		**107,532**	176,585	**-**	-
Prepaid staff cost		**132,367**	266,311	**-**	-
Other loans		**-**	-	**-**	-
Value Added Tax receivable		**1,843**	1,843	**-**	-
Income tax recoverable		**3,162**	125,119	**-**	-
		28,095,472	22,613,923	**10,823,062**	10,975,040

16.1 Inventories

	Note	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
As at 31st December					
Insurance		**216,803**	223,140	**9,297**	8,922
Healthcare	**16.1.1**	**977,951**	921,201	**-**	-
Energy	**16.1.2**	**4,168,529**	3,047,376	**-**	-
		5,363,283	4,191,717	**9,297**	8,922

16.1.1 Healthcare

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

Lanka Hospitals Corporation PLC

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 amounted to Rs. 81.1 billion (2024: Rs. 79.6 billion). No adjustment has been made in respect of any reversal of such write-downs during the year 2025 and 2024. Such write-downs and reversals are recognised in accordance with the Company's accounting policy for inventories, which measures inventories at the lower of cost and net realisable value in compliance with IAS 2 – Inventories.

- Goods in Transit

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

Litro Gas Lanka Terminal (Pvt) Limited

- Other consumables

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

16. OTHER ASSETS (CONTINUED)

16.2 Trade and Other Receivables

Trade receivables	**1,555,258**	1,762,018	-	-
Provision for doubtful debt	**(117,111)**	(117,784)	-	-
Total trade receivables - Net	**1,438,147**	1,644,234	**-**	-
Deposit and prepayments	**716,940**	1,646,849	-	-
Advances and other receivables	**615,274**	1,614,179	**12,954**	26,343
Other receivables	**3,778,147**	1,852,023	**1,279,964**	310,893
Impairment on other receivables	**(163,000)**	(27,014)	**(135,889)**	-
	6,385,508	6,730,271	**1,157,029**	337,236

Canowin Hotels & Spas (Pvt) Ltd

The management considered to establish 100% ECL for debtors aged more than 360 days and for non operating tenents in determining the provision matrix for ECL. Following ECL provisions are alloted as general provisions. For tenents aging 1 to 90 days; 0%. . For tenents aging 91 to 180 days; 5% - 10%. . For tenets aging 181 to 270 days; 15% - 30%. . For tenents 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 determined based on the historical payment patterns of sales over the period preceding 31 December 2025 (or 1 January 2025 for comparative purposes) and the corresponding credit losses incurred during this period. These historical loss rates are adjusted to incorporate current conditions and forward-looking macroeconomic factors that may impact customers' ability to settle their receivables, thereby aligning the allowance for expected credit losses with anticipated changes in credit risk.

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.

16.3 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.

17	DEFERRED EXPENSES -INSURANCE CONTRACT	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
	As at 31st December				
	Net deferred acquisition expenses				
	Balance as at 01st January	**848,550**	747,155	**-**	747,155
	Transfer due to segregation	**-**	-	**-**	(743,475)
	Increase in deferred acquisition expenses	**42,237**	101,395	**-**	(3,680)
	Balance as at 31st December	**890,787**	848,550	**-**	-
	Deferred reinsurance commission				
	Balance as at 01st January	**(115,984)**	(126,283)	**-**	(126,283)
	Transfer due to segregation	**-**	-	**-**	111,026
	Increase in deferred acquisition expenses	**(16,602)**	10,299	**-**	15,257
	Balance as at 31st December	**(132,586)**	(115,984)	**-**	-
	Net deferred acquisition expenses	**758,201**	732,566	**-**	-

18	CASH AND CASH EQUIVALENTS	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
	Cash and Cash Equivalents				
	Cash in hand and at bank	**15,133,008**	6,946,446	**31,221**	9,239
	Short-term investments	**35,286,836**	26,184,266	**12,200,824**	546,674
	Total cash and cash equivalents	**50,419,844**	33,130,712	**12,232,045**	555,913
	Bank overdraft used for cash management purposes (Refer note 28)	**(1,155,210)**	(923,089)	**-**	-
	Cash and cash equivalents in the statement of cash flow	**49,264,634**	32,207,623	**12,232,045**	555,913

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.

			Group		Company	
19	**STATED CAPITAL**	Notes	**2025**	2024	**2025**	2024
			Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
	As at 31st December					
	Issued and fully paid					
	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 entitled to one vote per share at the meetings of the Company.

			Group		Company	
20	**REVALUATION RESERVE**		**2025**	2024	**2025**	2024
			Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
	As at 31st December					
	Revaluation reserve	**20.1**	**30,614,654**	24,894,015	**10,209,832**	10,428,987
			30,614,654	24,894,015	**10,209,832**	10,428,987

20.1 Revaluation Reserve

As at 31st December				
Balance as at 01st January	**24,894,015**	22,828,004	**10,428,987**	8,410,899
Depreciation transfer on surplus on revaluation of building	**(32,992)**	(31,802)	**-**	-
Realisation of revaluation surplus on disposal	**2**	-	**-**	-
Surplus on revaluation of land and building	**8,538,535**	3,322,304	**-**	3,035,403
Deferred tax on revaluation (Surplus)/Deficit	**(2,781,089)**	(726,046)	**(219,155)**	(518,870)
Reliasation of the the revaluation reserve at the time of transferring assets to the Life and General subsidiaries	**-**	(498,445)	**-**	(498,445)
Deferred tax effects on realisation of revaluation of reserve on land disposal	**-**	-	**-**	-
Transfer of revaluation reserve	**(3,817)**	-	**-**	-
Balance as at 31st December	**30,614,654**	24,894,015	**10,209,832**	10,428,987

21	**AVAILABLE FOR SALE RESERVE /FVOCI RESERVE**	Group		Company	
		2025	2024	**2025**	2024
	As at 31st December	**Rs. 000'**	Rs. 000'	**Rs. 000'**	Rs. 000'
	Balance as at 01st January	**25,185,469**	9,578,134	**21,037,732**	9,578,134
	Other comprehensive income for the year	**15,186,074**	26,644,317	**16,764,025**	11,257,109
	Deferred tax effect on fair value of available for sale reserve	**(2,927)**	(278,179)	**-**	(110,802)
	Transferred AFS reserves - Life fund	**(4,818,449)**	(10,758,803)	**-**	313,291
	Balance as at 31st December	**35,550,167**	25,185,469	**37,801,757**	21,037,732

Available for sale reserves comprise of 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

	Notes	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
As at 31st December					
General reserve		**643,442**	643,442	**643,442**	643,442
Surplus from life insurance	**22.1**	**24,106,293**	26,748,142	**24,106,293**	24,106,293
Retained earnings	**22.2**	**78,810,111**	63,303,581	**48,014,116**	44,991,048
Transferred to one off surplus-un restricted reserve	**22.3**	**466,179**	466,179	**466,179**	466,179
		104,026,025	91,161,343	**73,230,030**	70,206,962

22.1 Surplus from Life Insurance

	Group 2025	Group 2024	Company 2025	Company 2024
Balance as at 01st January	**24,106,293**	24,153,337	**24,106,293**	24,153,337
Adjusted balance as at 01st January	**24,106,293**	24,153,337	**24,106,293**	24,153,337
Surplus attributable to shareholders from life insurance	**-**	2,594,805	**-**	(47,044)
Balance as at 31st December	**24,106,293**	26,748,142	**24,106,293**	24,106,293

22.2 Retained Earnings

	Notes	Group 2025	Group 2024	Company 2025	Company 2024
Balance as at 01st January		**65,945,429**	58,940,170	**44,991,048**	42,429,005
Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 202		**24,654**	-	**-**	-
Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022		**-**	(327,826)	**(1,992,049)**	-
Adjusted balance as at 01st January		**65,970,083**	58,612,344	**42,998,999**	42,429,005
Profit for the year		**14,398,352**	8,466,020	**6,502,263**	3,635,639
Other comprehensive income		**(225,462)**	(238,789)	**-**	89,895
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 General subsidiaries		**-**	498,445	**-**	-
Transfer from stabilisation fund	**27**	**117,477**	-	**-**	-
Depreciation transfer of surplus on revaluation of building		**32,992**	31,802	**-**	498,445
Prior year adjustment		**-**	199,954	**-**	-
Surplus attributable to shareholders from life insurance		**-**	(2,594,805)	**-**	47,044
Adjustment crop levy expense		**-**	21,940	**-**	21,940
Dividend declared and paid		**(1,487,146)**	(1,271,268)	**(1,487,146)**	(1,271,268)
Transfer of revaluation reserve		**3,817**	(459,652)	**-**	(459,652)
Realization of revaluation reserve on land disposal		**(2)**	-	**-**	-
Balance as at 31st December		**78,810,111**	63,303,581	**48,014,116**	44,991,048

22.3 Transferred to One off Surplus-Unrestricted Reserve

	Group 2025	Group 2024	Company 2025	Company 2024
Balance as at 01st January	**466,179**	466,179	**466,179**	466,179
Transferred to one off surplus-unrestricted reserve	**-**	-	**-**	-
Balance as at 31st December	**466,179**	466,179	**466,179**	466,179

23 INSURANCE CONTRACT LIABILITIES -LIFE

	Notes	Group		Company	
		2025	2024	**2025**	2024
		Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
As at 31st December					
Life insurance fund as at 01st January		**202,635,564**	176,226,181		176,226,181
Transfer due to segregation		**-**	-		(178,060,823)
Total profit transfer to life fund		**31,394,932**	29,004,186		1,787,597
Surplus distributed to shareholders		**(2,316,058)**	(2,594,803)		47,045
Life insurance fund as at 31st December excluding one-off surplus		**231,714,438**	202,635,564	**-**	-
AFS reserves					
Balance as at 01st Janauray		**10,592,656**	4,643,742		4,643,742
Net change in the AFS reserve		**4,690,347**	5,948,914		(487,504)
Transfer due to segregation		**-**	-		(4,156,238)
Balance ast at 31st December		**15,283,003**	10,592,656	**-**	-
Life insurance funds as at 31st December including AFS reserves		**246,997,441**	213,228,220	**-**	-
AFS Reserves - Other Liabilities - Fund		**607,541**	479,438	**-**	-
Policyholders' outstanding claims		**3,280,467**	3,075,663	**-**	-
		250,885,449	216,783,321	**-**	-

Sri Lanka Insurance Corporation Life Ltd

Surplus distributed to Shareholder

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.

- 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 based on the recommendation of in-house actuarial department and approval of the Board of Directors.

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 acturial assumptions.

Assumption	Description
Mortality	- Factored A67/70 for non-annuity business to allow best estimate experience rate - Weighted average of a(90)m and a(90)f with one year age setback to allow approximated 1% mortality improvement of annuitants approximated 1% mortality improvement of annuitants.
Expenses	Based on the Company 2025 internal expenses studies and expenses split into Participating and non-participating business. Expanse inflation is based on the long term expectation of the Company and is 10% per annum.
Lapses/Surrenders	Based on the experience as per study conducted for 31 December 2025 valuation, covering the experience for the last 3 investigation years.
Morbidity	Based on the Company internal experience and actual vs expected analysis. Expected rates are based on the reinsurance rate tables.
Reinsurance	Based on the Company internal experience studies with respect to reinsurance.
Investment return	Risk Free Rate structure proposed by IRCSL as at 31.12.2025.

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

23. INSURANCE CONTRACT LIABILITIES -LIFE (CONTINUED)

From 1st January 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 31st December 2015. This change in valuation basis has resulted an one-off surplus in life insurance policy liabilities as at 1st January 2016.

IRCSL submitted the guidelines 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 20th March 2018 where minimum One-off Surplus computation is recommended. Accordingly, SLICL had quantified the One-off Surplus as at 1st January 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 IRCSL, SLICLL transferred the One-off Surplus arising from Non-Participating Fund to Shareholder Fund and accounted in the statement of financial position as at 31st December 2017, under new line item called "Restricted Regulatory Reserve". The "Restricted Regulatory Reserve" is a part of Shareholders Equity, but distribution of the same to shareholders as dividend is subject to meeting Governance requirements stipulated by the IRCSL and can only be released upon receiving approval from the IRCSL. SLICLL maintained the same amounts in One-off Surplus in Participating Fund and Restricted Regulatory Reserve in Shareholders fund as at 31st December 2025. The One-off Surplus in the Shareholders Fund will remain invested in Repo at Commercial Bank PLC (Fitch Ratings A(lka)) as per the direction of the IRCSL.

	Rs: Mn
Long-term Insurance Fund excluding One-off Surplus	240,716
Surplus created due to change in valuation method from NPV to GPV (Participating)	6,281
Long-term Insurance Fund as at 31.12.2025	**246,997**

	Rs: Mn
Restricted Regulatory Reserve (One-off Surplus Non-Participating Fund)	**98**

The valuation of the Insurance Provision - Life Insurance Business, as at 31st December 2025 was made by Kunj Behari Maheshwari, a 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: 3,638 million (In 2024 Rs: 3,008 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 2025 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 2025 is Rs: 249,313 million (2024 - Rs: 215,870 million). The Board of Directors decided to transfer Rs: 2,316 million (2024: Rs: 2,642 million) to the Shareholders' Fund in the Statement of Financial Position in life insurance. Subsequent to this transfer, the life insurance fund stands Rs: 246,997 million (2024 - Rs: 213,228 million).

Liability Adequacy Test (LAT)

A Liability Adequacy Test ("LAT") for life insurance contract liability was carried out by Kunj Behari Maheshwari, a fellow of the Institute and Faculty of Actuaries UK, of Willis Towers Watson, as at 31st December 2025 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 2025.

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 2025 no additional provision is required against the LAT as at 31st December 2025.

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:

		Group		Company	
As at 31st December	Notes	**2025**	2024	**2025**	2024
		Rs. 000'		**Rs. 000'**	Rs. 000'
Reserves for net unearned premium	**24.1**	**11,711,091**	10,106,019	-	-
Reserves for title insurance and unexpired risk reserve	**24.2**	**736,243**	724,919	-	-
Reserves for gross outstanding claims	**24.3**	**14,011,148**	9,610,327	-	-
		26,458,482	20,441,265	-	-

24.1 Reserve for Net Unearned Premium

	Group 2025	Group 2024	Company 2025	Company 2024
Reserve for unearned premium				
Balance as at 01st January	**11,433,188**	12,066,470	-	12,066,470
Transfer due to segregation	-	-	-	(11,930,292)
Transfer during the year	**1,843,343**	(633,282)	-	(136,178)
Balance as at 31st December	**13,276,531**	11,433,188	-	-
Reserve for unearned reinsurance premium				
Balance as at 01st January	**(1,327,169)**	(1,894,441)	-	(1,894,441)
Transfer due to segregation	-	-	-	1,759,450
Transfer during the year	**(238,271)**	567,272	-	134,991
Balance as at 31st December	**(1,565,440)**	(1,327,169)	-	-
Total reserve for net unearned premium	**11,711,091**	10,106,019	-	-

24.2 Reserve for Title Insurance and Unexpired Risk Reserve

	Group 2025	Group 2024	Company 2025	Company 2024
Reserve for title insurance				
Balance as at 01st January	**724,919**	649,590	-	649,590
Transfer due to segregation	-	-	-	(648,690)
Transfer during the year	**11,324**	75,329	-	(900)
Balance as at 31st December	**736,243**	724,919	-	-
Total reserve for title insurance and unexpired risk reserve	**736,243**	724,919	-	-

24.3 Reserves for Gross Outstanding Claims

Insurance Contract Liabilities - Non-Life (Continued)	Group		Company	
	2025	2024	**2025**	2024
As at 31st December	**Rs. 000'**	Rs. 000'	**Rs. 000'**	Rs. 000'
Balance as at 01st January	**6,783,084**	6,972,431		6,972,431
Transfer due to segregation	-	-		(7,082,893)
Claims incurred during the year	**16,161,527**	12,627,496		2,727,582
Claims paid during the year	**(12,305,974)**	(12,816,843)		(2,617,120)
Balance as at 31st December	**10,638,637**	6,783,084	-	-
IBNR/IBNER balance as at 01st January	**2,827,243**	2,702,142		2,702,142
Segregation transfer	-	-		(2,727,581)
Increase/decrease in IBNR/IBNER	**545,268**	125,101		25,439
IBNR/IBNER balance as at 31st December	**3,372,511**	2,827,243	-	-
Total Reserves for gross outstanding claims	**14,011,148**	9,610,327	-	-

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.

	Group		Company	
As at 31st December	**2025**	2024	**2025**	2024
	Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
Reconciliation between insurance contract liabilities non - life and technical reserves				
Insurance contract liabilities non - life	**26,458,483**	20,441,265	-	-
Reserve for net deferred acquisition expenses	-	(732,566)	-	-
Reinsurance on claims reserves	**(5,704,773)**	(1,740,034)	-	-
Technical reserves	**20,753,710**	17,968,665	-	-

24 INSURANCE CONTRACT LIABILITIES - NON-LIFE (CONTINUED)

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	2020	2021	2022	2023	2024	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross reserves for losses and loss adjustment expenses	7,861,686	9,549,407	11,855,930	9,674,573	9,601,884	14,011,151
Reinsurance recoverable	(1,395,321)	(1,888,143)	(3,104,431)	(1,656,462)	(1,740,034)	(5,704,773)
Net reserves for losses and loss adjustment expenses	6,466,365	7,661,264	8,751,499	8,018,111	7,861,850	8,306,378
Cumulative paid						
One year later	5,370,767	6,994,929	6,790,213	7,948,365	7,983,827	9,236,886
Two years later	7,043,437	9,312,011	9,271,432	9,949,287	10,041,993	-
Three years later	7,092,891	9,537,176	9,694,934	10,049,747	-	-
Four years later	7,169,932	9,624,465	9,752,812	-	-	-
Five years later	7,211,162	9,706,428	-	-	-	-
Six years later	7,228,500	-	-	-	-	-
Cumulative Reported						
One year later	6,492,661	8,980,052	8,892,648	9,650,801	9,782,133	12,601,589
Two years later	7,255,303	10,014,973	9,681,923	10,246,257	10,402,554	-
Three years later	7,321,827	10,029,949	10,025,269	10,366,784	-	-
Four years later	7,366,908	9,874,325	9,966,395	-	-	-
Five years later	7,367,255	9,868,696	-	-	-	-
Six years later	7,333,889	-	-	-	-	-

25 INCOME TAX LIABILITY

	Group		Company	
	2025	2024	**2025**	2024
As at 31st December	**Rs. 000'**	Rs. 000'	**Rs. 000'**	Rs. 000'
Balance as at 01st January	**2,539,500**	3,010,059	**907,421**	2,114,571
Income tax charge for the year	**7,178,001**	4,535,880	**623,644**	533,643
Disposal of subsidiary	**-**	(84)	**-**	-
Transferred from income tax receivable	**(82,105)**	-	**-**	-
Income tax settlements made during the year	**(5,556,848)**	(5,008,193)	**(583,761)**	(1,740,793)
Tax recovered during the year-Withholding Tax	**(3,764)**	-	**-**	-
Under/(over) provision in respect of previous year	**(18,747)**	1,838	**-**	-
Balance as at 31st December	**4,056,037**	2,539,500	**947,304**	907,421

26 RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2025	2024	**2025**	2024
	Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
As at 31st December				
Balance as at 01st January	**3,023,881**	2,473,643	**-**	1,738,388
Recognised in the statement of profit or loss				
Current service cost	**186,458**	156,356	**-**	6,780
Interest cost	**340,100**	291,767	**-**	17,375
Disposal of subsidiary	**-**	(4,982)	**-**	-
Recognised in the statement of other comprehensive income				
Actuarial (gain)/ loss	**249,681**	336,622	**-**	(110,698)
	3,800,120	3,253,406	**-**	1,651,845
Benefit paid by the plan	**(352,673)**	(226,243)	**-**	(9,239)
Benefits payable for those who left during the year/ transferred to other payables	**-**	(3,282)	**-**	-
Transfer due to segregation	**-**	-	**-**	(1,642,606)
Balance as at 31st December	**3,447,447**	3,023,881	**-**	-

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 benefit 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 Acturial 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 benefit 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

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 benefit 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. The following key assumptions were made in arriving at the above figure.

As at 31st December 2025 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.1,072.25 mn. The actuarial valuation is performed annually. Principal actuarial assumptions used:

Litro Gas Lanka Limited

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Private) Limited, as at 31 December 2025. The present value of the retirement benefits as at 31 December 2025 amounted to Rs. 245,884,951.The liability is not externally funded.

26 RETIREMENT BENEFIT OBLIGATION (CONTINUED)

26.1 Description of the Valuation Method Used and the Information about the Valuer

Litro Gas Terminal Lanka (Pvt) Ltd

The provision for retirement benefits obligations 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 2025. The actuarial present value of the promised retirement benefits as at 31st December 2025 amounted to Rs. 23,649,704/-.

Canowin Hotels and Spas (Pvt) Ltd

The provision for Retirement Benefits Obligations for the year was based on the acturial valuation carried out by professionally qualified acturies, as at 31st December 2025 amounting to Rs. 8,672,048/-.

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.

LKAS 19 “Employee Benefits” requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that 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 benefit 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. The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Acturial and Management Consultants (Pvt) Ltd, as at 31st December 2025. The liability is not externally funded.

Lanka Hospitals Diagnostics (Pvt) Ltd

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd., as at 31st December 2025. The actuarial present value of the promised retirement benefits as at 31st December 2025 amounted to Rs. 75,220,546/-. The liability is not externally funded.

26.2 Principal Actuarial Assumptions used

	Group		Company	
	2025	2024	**2025**	2024
Discount rate	**9.8%-'11%**	10%-12%	-	-
Salary Increment rate	**8%-10%**	6%-10%	-	-
Staff turnover factor	**7%-15%**	5%-23%	-	-
Retirement age; Male (Years)	**60**	60	-	-
Retirement age; Female (Years)	**60**	60	-	-
Retirement age; Minor staff (Years)	**57**	57	-	-

The Group's gratuity liability is not externally funded.

26.3 Sensitivity analysis

Reasonable 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		Company	
	2025		2024	
	Increase	**Decrease**	Increase	Decrease
Group	**Rs. '000**	**Rs. '000**	Rs. '000	Rs. '000
Discount rate 1%	**(193,031)**	**3,074,251**	2,255,676	2,461,100
Future salary growth 1%	**3,140,182**	**(234,306)**	2,477,860	2,245,076

27 PROVISION FOR PRICE STABILISATION

The Stabilisation Fund represents amounts collected from consumers with the objective of stabilising LPG prices against fluctuations in global market prices.

The movement in the Stabilisation Fund during the year ended 31 December 2025 is as follows:

	Group		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Addition	**117,477**			
Collections from consumers during the year	**(445,106)**			
Balance at the end of the year	**(327,629)**	-	-	-

Litro Gas Lanka Limited
The opening debit balance indicates that the Company had advanced funds to maintain price stability at the beginning of the year. During the year, additional collections from consumers were made, resulting in a closing credit balance, which will be utilised in subsequent periods to continue mitigating the impact of global LPG price fluctuations on local consumers.

The Stabilisation Fund is accounted for in accordance with [SLFRS/ LKAS] guidelines on Provisions, Contingent Liabilities, and Other Liabilities, as it represents amounts collected in advance for a specific purpose and not yet expended.

28 OTHER LIABILITIES

	Notes	Group		Company	
		2025	2024	**2025**	2024
		Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
As at 31st December					
Policyholder advance payments		**719,943**	595,093	**-**	-
Payables					
Agency commission payable		**1,673,316**	1,512,772	**-**	-
Staff / Agent related payables		**396,120**	298,358	-	-
Income Tax Payable		**31,335**	-		
Amounts due to related companies		**2,189**	2,189	-	-
Others including accrued expenses	**28.1**	**5,585,973**	4,862,874	**540,269**	1,497,004
Trade payable		**9,407,000**	4,225,689	-	-
Other payables		**2,480,561**	2,024,819	-	-
Advance received		**9,231**	2,215	-	-
Premium Control Account		**974,811**	-	-	-
Customer deposit payable	**28.2**	**9,419,678**	9,184,935	-	-
Total other liabilities		**30,700,157**	22,708,944	**540,269**	1,497,004

28.1 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 shown under trade payables.

28.2 Customer deposit payable

Litro Gas Lanka (Pvt) Limited
Refundable deposits are received from customers in respect of LPG cylinders and are recognised as a liability until refunded. Refunds are made upon return of the cylinder along with the original deposit voucher or, if unavailable, an affidavit in accordance with common law. As at 31 December 2025, the maximum refundable deposits per cylinder are: 37.5kg, 12.5kg, 5kg & 2.3kg cylinders are subject to a maximum refund of Rs. 2,476/=, Rs. 1,500/=, Rs. 700/=, and Rs. 550/=. The liability is derecognised when the deposit is refunded to the customer.

29 FINANCIAL LIABILITIES

	Note	Group		Company	
		2025	2024	**2025**	2024
		Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
As at 31st December					
Bank overdraft	**18**	**1,155,210**	923,089	**-**	-
Total financial liabilities		**1,155,210**	923,089	**-**	-

30 REVENUE

	Notes	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
For the year ended 31st December					
Gross written premium	**31**	**62,800,237**	51,264,470	**-**	3,589,653
Net change in reserve for unearned premium	**32.2**	**(1,854,667)**	557,953	**-**	137,078
Gross earned premium		**60,945,570**	51,822,423	**-**	3,726,731
Premium ceded to reinsurers		**(10,039,977)**	(8,280,428)	**-**	(319,941)
Net change in reserve for unearned reinsurance premium	**32.4**	**238,271**	(567,272)	**-**	(134,991)
Net earned premium	**32.1**	**51,143,864**	42,974,723	**-**	3,271,799
Revenue from other operations	**31.1**	**111,186,880**	104,399,831	-	-
Investment income	**32**	**37,975,682**	36,365,220	**5,550,526**	6,313,117
Other income	**34,35,36**	**2,106,118**	(1,653,617)	**2,164,880**	1,329,000
Hospital revenue	**31.1**	**10,782,473**	7,781,288	-	-
Laboratory revenue	**31.1**	**3,578,191**	2,729,731	-	-
Room rental and services charges	**31.1**	**195,240**	127,623	-	-
Revenue from liquid Petroleum Gas (LPG) activities	**31.1**	**96,630,976**	79,982,082	-	-
		202,412,544	182,086,157	**7,715,406**	10,913,916

Note-The significant reduction in the Company's revenue is primarily due to the segregation of the Company.

31 GROSS WRITTEN PREMIUM

	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
For the year ended 31st December				
Life insurance				
New businesses premium	**7,564,955**	4,960,050	**-**	-
Renewal premium	**17,877,812**	13,665,505	**-**	-
Group Life premium	**5,584,316**	3,880,235	**-**	-
Single premium	**1,578,485**	2,025,072	**-**	-
Group and non-group	**-**	1,270,053	**-**	1,696,746
Group term life assurance	**-**	130,973	**-**	130,973
Gross written premium - life insurance	**32,605,568**	25,931,888	**-**	1,827,719
Non- life insurance				
Fire and engineering risk	**3,419,379**	2,963,310	**-**	120,390
Motor	**18,441,537**	14,218,434	**-**	1,029,106
Marine	**1,092,467**	1,004,107	**-**	131,816
Workmen's compensation	**214,990**	179,285	**-**	-
General accident	**7,026,296**	6,967,446	**-**	480,622
Gross written premium - Non-life insurance	**30,194,669**	25,332,582	**-**	1,761,934
Total gross written premium	**62,800,237**	51,264,470	**-**	3,589,653

31.1 Revenue from other operations

	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
For the year ended 31st December				
Hospital revenue	**10,782,473**	10,401,730	-	-
Laboratory revenue	**3,578,191**	3,165,992	-	-
Room rental and services charges	**195,240**	58,033	-	-
Revenue from liquid Petroleum Gas (LPG) activities	**96,630,976**	90,774,076	-	-
Total revenue from other operations	**111,186,880**	104,399,831	**-**	-

Litro Gas Lanka (Private) Ltd

Litro Gas is the largest importer and the 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 maintainance work for new and existing customers.
Income from fuel consists retail fuel sales generated from the fuel stations in Southern Highway operated by the Company.

Litro Gas Terminal Lanka (Pvt) Ltd
Throughput fee:
a) Revenue consists of throughout fee invoiced to Litro Gas Lanka Limited, for the year 2025, 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.

32 NET EARNED PREMIUM

32.1 Net Earned Premium

For the year ended 31st December		2025			2024		
Company	**Note**	**Non-Life Rs. 000'**	**Life Rs. 000'**	**Total Rs. 000'**	Non-Life Rs. 000'	Life Rs. 000'	Total Rs. 000'
Gross written premium		-		-	1,761,934	1,827,719	3,589,653
Change in reserve for unearned premium	24.1	-	-	-	136,178	-	136,178
Gross earned premium		-	-	-	1,898,112	1,827,719	3,725,831
Premiums ceded to reinsurers	32.3	-	-	-	(254,536)	(65,405)	(319,941)
Change in reserve for unearned reinsurance premium	32.4	-	-	-	(134,991)	-	(134,991)
Gross reinsurance premium		-	-	-	(389,527)	(65,405)	(454,932)
Transfer to title insurance reserve	24.2	-	-	-	900	-	900
		-	-	-	(388,627)	(65,405)	(454,032)
Net earned premium		-	-	-	1,509,485	1,762,314	3,271,799

For the year ended 31st December		2025			2024		
Group	**Note**	**Non-Life Rs. 000'**	**Life Rs. 000'**	**Total Rs. 000'**	Non-Life Rs. 000'	Life Rs. 000'	Total Rs. 000'
Gross written premium	31	**30,303,079**	**32,605,568**	**62,908,647**	25,332,582	25,931,888	51,264,470
Change in reserve for unearned premium	24.1	**(1,843,343)**	**-**	**(1,843,343)**	633,282	-	633,282
Gross earned premium		**28,459,736**	**32,605,568**	**61,065,304**	25,965,864	25,931,888	51,897,752
Premiums ceded to reinsurers	32.3	**(8,735,752)**	**(1,304,225)**	**(10,039,977)**	(7,252,681)	(1,027,747)	(8,280,428)
Change in reserve for unearned reinsurance premium	32.4	**238,271**	**-**	**238,271**	(567,272)	-	(567,272)
Gross reinsurance premium		**(8,497,481)**	**(1,304,225)**	**(9,801,706)**	(7,819,953)	(1,027,747)	(8,847,700)
Transfer to title insurance reserve	24.2	**(11,324)**	**-**	**(11,324)**	(75,329)	-	(75,329)
		(8,508,805)	**(1,304,225)**	**(9,813,030)**	(7,895,282)	(1,027,747)	(8,923,029)
Net earned premium		**19,950,931**	**31,301,343**	**51,252,274**	18,070,582	24,904,141	42,974,723

32.2 Net Change in Reserve for Unearned Premium

		Group		Company	
		2025 Rs. 000'	2024 Rs. 000'	**2025 Rs. 000'**	2024 Rs. 000'
For the year ended 31st December	**Note**				
Non-life insurance					
Change in reserve for unearned premium	24.1	**(1,843,343)**	633,282	**-**	136,178
Transfer to title insurance reserve	24.2	**(11,324)**	(75,329)	**-**	900
		(1,854,667)	557,953	**-**	137,078

32.3 Premiums Ceded to Reinsurers

	Group		Company	
	2025 Rs. 000'	2024 Rs. 000'	**2025 Rs. 000'**	2024 Rs. 000'
For the year ended 31st December	Held to maturity (HTM) financial assets / Amortised cost			
Life insurance	**1,304,225**	1,027,747	**-**	65,405
	1,304,225	1,027,747	**-**	65,405
Non- life insurance				
Fire	**2,383,953**	1,635,214	**-**	77,147
Motor	**307,444**	174,011	**-**	23,393
Marine	**776,087**	578,605	**-**	6,294
Amounts ceded to NITF	**3,385,825**	2,889,251	**-**	-
Miscellaneous	**1,882,443**	1,975,600	**-**	147,702
	8,735,752	7,252,681	**-**	254,536
Total premium ceded to reinsurers	**10,039,977**	8,280,428	**-**	319,941

32.4 Net Change in Reserve for Unearned Reinsurance Premium

		Group		Company	
		2025 Rs. 000'	2024 Rs. 000'	**2025 Rs. 000'**	2024 Rs. 000'
For the year ended 31st December	**Note**				
Non-life Insurance					
Change in reserve for unearned premium	24.1	**238,271**	(567,272)	**-**	(134,991)
		238,271	(567,272)	**-**	(134,991)

33 INVESTMENT INCOME

		Group		Company	
		2025 Rs. 000'	2024 Rs. 000'	**2025 Rs. 000'**	2024 Rs. 000'
For the year ended 31st December	**Note**				
Interest income	33.1	**32,069,143**	29,488,188	**2,649,454**	4,161,036
Dividend income	33.2	**1,868,715**	1,123,429	**2,698,807**	1,683,574
Capital gains/ (losses)	33.3	**4,037,824**	5,753,603	**202,265**	468,507
		37,975,682	36,365,220	**5,550,526**	6,313,117

33 INVESTMENT INCOME (CONTD..)

33.1 Interest Income

	Group		Company	
	2025	2024	**2025**	2024
	Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
For the year ended 31st December				
Financial investment at held-to- maturity (HTM)				
Treasury bonds	**6,105,694**	6,924,600	**-**	732,549
Listed debentures	**4,441,476**	2,132,384	**-**	364,313
Unlisted debentures	**418,818**	439,237	**-**	-
Reverse repurchase agreements	**348,305**	57,341	**-**	-
Fixed deposits	**144,904**	195,517	**-**	-
Treasury bills	**-**	-	**-**	-
Financial investments at loans and receivables (L&R)				
Development bonds	**-**	-	**-**	-
Interest on staff and agent loans	**399,554**	441,868	**-**	-
Call deposits	**7,283**	4,072	**-**	-
Unlisted debentures	**3,221,506**	3,338,098	**-**	376,412
Term deposits	**1,623,107**	4,025,798	**198,872**	1,209,468
Unwinding of Impairment Loss (P&L) - FD	**-**	-	**(23)**	-
Unwinding of Impairment Loss (P&L) - CP	**-**	-	**2,918**	-
Unwinding of Impairment Loss (P&L) - Canwill Holdings	**-**	-	**881,209**	-
Commercial paper	**1,026,692**	3,495,678	**1,026,692**	1,265,245
Financial investments at available for sale (AFS)				
Treasury bonds	**6,757,561**	4,631,451	**-**	-
Listed shares	**385,033**	181,141	**-**	-
Listed debentures	**111,685**	220,121	**-**	-
Treasury bills	-	17,656	**-**	520
Commercial papers	**2,783,050**	120,976	**-**	-
Corporate debt-listed	**2,038,247**	2,151,952	**-**	-
Cash and cash equivalents				
Reverse repurchase agreements	**1,042,731**	728,879	**539,786**	211,585
Call and savings accounts	**13,542**	14,255	**-**	944
Short term deposits-Interest income	**1,199,955**	367,164	**-**	-
Other fee based income				
Commission on investments	**-**	-	**-**	-
Total interest income	**32,069,143**	29,488,188	**2,649,454**	4,161,036

33.2 Dividend Income

	Group		Company	
	2025	2024	**2025**	2024
	Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
For the year ended 31st December				
Financial investments at cost				
Listed subsidiaries	**-**	-	**146,449**	1,274,590
Unlisted Subsidiaries	**-**	-	**1,496,155**	-
Financial investments at NAV				
Associates	**4,920**	4,936	**4,920**	4,936
Financial investments at Aailable For Sale (AFS)				
Listed shares	**1,547,389**	586,548	**1,023,994**	330,596
Unlisted shares	**13,595**	21,148	**13,595**	21,148
Financial investments at Fair Value Through Profit or Loss (FVTPL)				
Listed shares	**302,811**	510,797	**13,694**	52,304
Total dividend income	**1,868,715**	1,123,429	**2,698,807**	1,683,574

33 INVESTMENT INCOME (CONTD..)

33.3 Capital Gains/(Losses)

	Group		Company	
	2025	2024	**2025**	2024
	Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
For the year ended 31st December				
Financial investments at Available For Sale (AFS)				
Listed shares	**2,132,081**	4,233,059	-	-
Unlisted shares	-	-	-	-
Subsidiaries	-	-	-	-
Unit trusts	**785,349**	-	-	-
Subscription rights	**1,702**	(46,941)	-	-
Treasury bonds	**650,580**	22,213	-	-
Listed debentures	-	(58,134)	-	-
Treasury Bill	-	-	-	-
	3,569,712	4,150,197	-	-
Financial investments at Fair Value Through Profit or Loss (FVTPL)				
Listed shares	**213,952**	1,091,744	**186,777**	434,456
Profit on sale of subscription rights	**4,696**	-	-	-
Unit trust	**249,464**	511,662	**15,488**	34,051
Total Capital Gains/(Losses)	**4,037,824**	5,753,603	**202,265**	468,507

	Group		Company	
	2025	**2024**	**2025**	**2024**
For the year ended 31st December	**Rs. 000'**	Rs. 000'	**Rs. 000'**	Rs. 000'
Realised gain/ (losses)				
Unit trust	-	(312)	-	-
Subscription rights	**139,170**	(48,375)	-	-
Treasury bonds	-	22,213	-	-
Treasury bills	-	-	-	-
Listed debentures	-	(58,134)	-	-
Listed shares	-	216,844	-	-
	139,170	**132,236**	-	-
Unrealised gain/losses				
Listed shares	**186,777**	5,109,393	**186,777**	434,456
Unit trust	**15,488**	511,974	**15,488**	34,051
	202,265	5,621,367	**202,265**	468,507
Total capital gains/(losses)	**341,435**	5,753,603	**202,265**	468,507

34 FEES AND COMMISSION INCOME

	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
For the year ended 31st December				
Reinsurance commission	**143,308**	75,965	**-**	238
	143,308	75,965	**-**	238

35 NET REALISED/UNREALISED GAINS

	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
For the year ended 31st December				
Foreign currency gains/(losses)	**1,484,423**	(26,054)	**-**	(137,891)
	1,484,423	(26,054)	**-**	(137,891)

36 OTHER (EXPENSES) / INCOME

	Note	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
For the year ended 31st December					
Rent income		**12,236**	267,165	**615,338**	686,070
Interest on policyholders and other loans		**300,993**	309,350	**-**	63,423
Sundry income	**36.1**	**511,069**	632,459	**24,340**	69,185
Fees and commission income		**36,598**	35,858	**-**	-
Fees charged for utility expenses incurred		**529,070**	-	**529,070**	**457,841**
Gain/(loss) on the disposal of subsidiary		**-**	(3,371,402)	**-**	**100,642**
Loss on disposal of investment in Canwill Holdings (Pvt) Ltd	**6.2.1**	**(1,383,081)**	-	**-**	-
Non refundable deposit income		**-**	-	**-**	-
Net gain from change in fair value of investment property		**395,773**	423,034	**938,304**	89,492
Net gain from change in fair value of Right-of-Use Assets		**3,000**	18,000	**-**	-
Gain on redemption of financial assets classified as FVTPL		**-**	-	**-**	-
Gain / (loss) on disposal of property, plant and equipment		**14,558**	10,373	**-**	-
Revaluation gain on CWIP		**-**	-	**-**	-
Other income		**343**	473		
Gain/(loss) on disposal of ROU assets		**57,828**	(28,838)	**57,828**	-
		478,387	(1,703,528)	**2,164,880**	1,466,653

36.1 Sundry Income

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

37. NET BENEFITS AND CLAIMS

	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
(A) Gross benefits and claims paid				
Non-life insurance				
Fire	**(4,177,393)**	(674,573)	-	(153,398)
Motor	**(7,707,012)**	(6,811,000)		(672,071)
Marine	**(193,401)**	(178,245)	-	4,560
Miscellaneous	**(4,074,452)**	(3,296,250)	-	(245,272)
Total	**(16,152,258)**	(10,960,068)	-	(1,066,181)
Life Insurance				
Death claims	**(2,282,878)**	(1,862,586)	-	(135,287)
Policy maturities	**(10,151,963)**	(8,182,577)	-	(628,074)
Surrenders	**(1,942,844)**	(1,691,060)	-	(120,376)
Disability, ex-gratia, annuities, hospitalisation and mortgage protection	**(2,628,926)**	(1,951,840)	-	(128,742)
Total	**(17,006,611)**	(13,688,063)	-	(1,012,479)
Total gross benefits and claims paid	**(33,158,869)**	(24,648,131)	-	(2,078,660)

37 NET BENEFITS AND CLAIMS (CONTINUED)

		Group		Company	
		2025	2024	2025	2024
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
	For the year ended 31st December				
(B)	**Claims ceded to reinsurers**				
	Claims recovered from reinsurers	**1,272,348**	1,191,302	-	55,426
	Total claims ceded to reinsurers	**1,272,348**	1,191,302	-	55,426
(C)	**Gross change in contract liabilities**				
	Change in non-life insurance contract outstanding claims provision	**(545,268)**	(125,103)	-	(25,440)
	Total gross change in contract liabilities	**(545,268)**	(125,103)	-	(25,440)
(D)	**Change in contract liabilities ceded to reinsurers**				
	Change in non-life insurance contract outstanding claims provision	**3,964,740**	83,573	-	43,276
	Total change in contract liabilities ceded to reinsurers	**3,964,740**	83,573	-	43,276
	Total net benefits and claims	**(28,467,049)**	(23,498,359)	-	(2,005,398)

38 UNDERWRITING AND NET ACQUISION COSTS (INCLUDING REINSURANCI

	Group		Company	
	2025	2024	2025	2024
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
For the year ended 31st December				
Acquisition cost	**6,099,684**	5,066,784	-	376,817
Net change in reserve for Deferred Acquisition Cost (DAC)	**(42,237)**	(97,715)	-	3,680
	6,057,447	4,969,069	-	380,497
Reinsurance commission received	**(1,347,038)**	1,121,938	-	25,385
Net change in reserve for unearned commission (UCR)	**16,602**	25,556	-	15,257
	(1,330,436)	1,147,494	-	40,642
	4,727,011	3,821,575	-	339,855

39 PROFIT BEFORE TAX

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

		Group		Company	
		2025	2024	2025	2024
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
For the year ended 31st December	**Note**				
Auditor remuneration					
Fees for the assigned auditors		**15,059**	14,453	**1,011**	1,470
Fees for Auditor General		**801**	4,593	**152**	220
Non audit service		-	726	-	726
Depreciation of property, plant and equipment	**8**	**2,949,806**	2,249,286	**63,759**	91,959
Amortization of intangible assets	**11.2**	**82,240**	55,981	-	2,737
Amortisation of right of use asset	**9.1**	**450,573**	422,459	**9,379**	183,107
Amortisation of leasehold land		-	3,156	-	3,156
Impairment loss of trade receivables	**16.2**	-	(13,315)	**457**	-
Impairment loss of inventories		**886**	2,595	-	-
Legal expenses		**73,647**	5,576	**45,928**	-
Staff related cost		**14,125,933**	15,363,797	-	726,447
Marketing and business promotion expenses		**1,131,236**	460,924	-	23,284

Litro Gas Lanka (Private) Limited & 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 (LGTLL). This arrangement was approved in the Corporate Plan and Annual Budget for 2024 and continued to 2025. The administrative costs of LGTLL, including the common costs transferred from LGLL, amounted to Rs. 92.1 million in 2024 and Rs. 88.35 million in 2025.

40 INCOME TAX EXPENSE

40.1 Amounts recognised in Profit or Loss

	Note	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
For the year ended 31st December					
Current tax expenses					
Current tax year		**7,240,803**	4,457,603	**623,644**	533,643
Under/(over) provision in previous year		**22,232**	1,838	**-**	-
Cumulative effect of the prior period error (Note 50)		**-**	-	**-**	-
10% Withholding tax on intercompany dividends		**-**	-	**-**	-
		7,263,035	4,459,441	**623,644**	533,643
Deferred tax expenses					
Origination/(reversal) of temporary differences	**15.1.1**	**(909,786)**	505,458	**(235,232)**	(623,180)
Disposal of subsidiaries	**15.1.1**	**-**	-	**-**	-
		(909,786)	505,458	**(235,232)**	(623,180)
Income tax expenses reported in the income statement		**6,353,249**	4,964,899	**388,412**	(89,537)

40.2 Amounts recognised in OCI

	Note	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
Remeasurement of defined benefit liability	**15.1.1**	**41,059**	69,591	**-**	(20,803)
Revaluation of property, plant and equipment	**15.1.1**	**(2,781,089)**	(726,046)	**(219,155)**	(518,870)
Fair value changes in available for sale financial assets	**15.1.1**	**(2,927)**	(278,179)	**-**	(110,802)
		(2,742,957)	(934,634)	**(219,155)**	(650,475)

40.3 Analysis of Brought Forward Tax Loss

	Group 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
Balance as at 01st January	**-**	11,791,717	-	-
Adjustment for brought forward losses	**-**	227,796	-	-
Tax loss incurred during the year	**-**	722,079	-	-
Disposal of subsidiaries	**-**	(2,764,393)	-	-
Tax loss claimed during the year	**-**	(9,710,697)	-	-
Losses expired	**-**	(266,501)	-	-
Balance as at 31st December	**-**	-	**-**	**-**

Litro Gas Terminal Lanka (Pvt) Ltd

(a) Provision for income tax for the year ended 31 December 2025 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 2024 and 2025.

(b) The tax on the Company's profit before tax differs from the theoretical amount that would arise using the effective tax rate applicable to the Company as follows:

40 INCOME TAX EXPENSE (CONTD...)

The Lanka Hospitals Corporation PLC

The Inland Revenue (Amended) Act No.45 of 2022 was certified by the speaker on 19th December 2022. The standard rate of income tax has been increased from 24% to 30%. The increase in the income tax rate to 30% has resulted in two tax rates being applicable for the year of assessment 2022/23. The Company have computed the current tax based on the appropriate rates.

The Lanka Hospitals Corporation PLC is liable to income tax at 30%

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 31 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

41 BASIC/DIALUTED 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	**2025**	2024	**2025**	2024
Amounts used as the numerators				
Net profit attributable to ordinary shareholders (Rs. 000')	**14,398,355**	8,466,020	**6,502,263**	3,635,639
Number of ordinary shares used as denominators				
Weighted average number of ordinary shares in issue (000')	**599,656**	599,656	**599,656**	599,656
Basic/ diluted earnings per share (Rs.)	**24.01**	14.12	**10.84**	6.06

42 DIVIDEND PAID AND PROPOSED

	Group		Company	
	2025	2024	**2025**	2024
For the year ended 31st December				
Dividend Paid/Proposed (Rs. 000')	**1,990,846**	1,271,268	**1,990,846**	1,271,268
Weighted Average Number of Ordinary Shares in Issue (000')	**599,656**	599,656	**599,656**	599,656
Dividend per share (Rs.)	**3.32**	2.12	**3.32**	2.12

43 FINANCIAL ASSETS AND LIABILITIES

43.1 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 Group		2025 Fair Value Through Profit or Loss (FVTPL) financial asset Rs. 000'	Available For Sale (AFS) financial assets / FVOCI Rs. 000'	Held To Maturity (HTM) financial assets / Amortised cost Rs. 000'	Loans and receivables (L and R) / Amortised cost Rs. 000'	Carrying value Rs. 000'	Fair value Rs. 000'
Financial assets measured at fair value							
Listed shares	5	17,770,395	62,775,884	-	-	80,546,279	68,273,486
Unlisted shares	5	-	5,934	-	-	5,934	5,934
Unit trusts	5	6,915,067	2,609,411	-	-	9,524,478	7,600,320
Listed debentures	5	-	18,884,933	-	-	18,884,933	18,884,933
Commercial papers	5	-	27,732,390	-		27,732,390	26,227,017
Treasury bonds	5	-	73,930,152	-	-	73,930,152	65,675,848
Financial assets not measured at fair value							
Treasury bills and bonds	5	-	-	53,511,062	-	53,511,062	55,441,369
Listed debentures	5	-	-	47,486,928	-	47,486,928	43,427,290
Unlisted debentures	5	-	-	-	26,548,908	26,548,908	25,040,305
Term deposits	5	-	-	-	18,417,432	18,417,432	5,642,005
Agent loan	5	-	-	-	571,570	571,570	571,570
Staff loans and receivables	5	-	-	-	1,963,324	1,963,324	666,209
Loans to life policyholders	12	-	-	-	2,344,122	2,344,122	2,344,122
Reinsurance receivable	13	-	-	-	7,268,039	7,268,039	7,268,039
Premium receivable	14	-	-	-	7,470,308	7,470,308	7,470,308
Other receivables	16	-	-	-	22,599,822	22,599,822	22,599,822
Cash and cash equivalents	18	-	-	-	50,419,844	50,419,844	50,419,844
Total financial assets		24,685,462	185,938,704	100,997,990	137,603,369	449,225,525	407,558,421
Financial liabilities not measured at fair value							
Reinsurance payable		-	-	-	3,805,627	3,805,627	3,805,627
Bank overdraft	28	-	-	-	1,155,210	1,155,210	1,155,210
Total financial liabilities		-	-	-	4,960,837	4,960,837	4,960,837

43 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

43.1 Accounting Classifications and Fair Values (Continued)

As at 31st December Group	Note	2024 Fair Value Through Profit or Loss (FVTPL) financial asset Rs. 000'	Available For Sale (AFS) financial assets / FVOCI Rs. 000'	Held To Maturity (HTM) financial assets / Amortised cost Rs. 000'	Loans and receivables (L and R) / Amortised cost Rs. 000'	Carrying value Rs. 000'	Fair value Rs. 000'
Financial assets measured at fair value							
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 Paper	**5**	-	38,485,072	-		38,485,072	38,485,072
Treasury bonds	**5**	-	44,459,015	-	-	44,459,015	44,459,015
Financial assets not measured at fair value							
Treasury bills & 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
Total financial assets		20,278,447	160,387,039	82,805,116	115,696,183	379,166,785	380,496,416
Financial liabilities not measured at fair value							
Reinsurance payable		-	-	-	3,239,796	3,239,796	3,239,796
Bank overdraft	**28**	-	-	-	923,089	923,089	923,089
Total financial liabilities		-	-	-	4,162,885	4,162,885	4,162,885

43 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

43.1 Accounting Classifications and Fair Values (Continued)

As at 31st December	Note	2025 Fair Value Through Profit or Loss (FVTPL) financial asset	Available For Sale (AFS) financial assets / FVOCI	Held To Maturity (HTM) financial assets / Amortised cost	Loans and receivables (L and R) / Amortised cost	Carrying value	Fair value
Company		**Rs. 000'**	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**
Financial assets measured at fair value							
Listed shares	**5**	**1,343,362**	**33,130,758**	**-**	**-**	**34,474,120**	**34,474,120**
Unlisted shares	**5**	**-**	**5,934**	**-**	**-**	**5,934**	**5,934**
Unit trusts	**5**	**265,488**	**-**	**-**	**-**	**265,488**	**265,488**
Financial assets not measured at fair value							
Term deposits	**5**	**-**	**-**	**-**	**2,578,054**	**2,578,054**	**2,578,054**
Other receivables	**16**	**-**	**-**	**-**	**9,528,995**	**9,528,995**	**9,528,995**
Cash and cash equivalents	**18**	**-**	**-**	**-**	**12,232,045**	**12,232,045**	**12,232,045**
Total financial assets		**1,608,850**	**33,136,692**	**-**	**24,339,094**	**59,084,636**	**59,084,636**
Financial liabilities not measured at fair value							
Reinsurance payable		-	-	-	-	-	-
Bank overdraft	**28**	-	-	-	-	-	-
Total financial liabilities		-	-	-	-	-	-

As at 31st December Company	Note	2024 Fair Value Through Profit or Loss (FVTPL) financial asset	Available For Sale (AFS) financial assets / FVOCI	Held To Maturity (HTM) financial assets / Amortised cost	Loans and receivables (L and R) / Amortised cost	Carrying Value	Fair Value
		Rs. 000'	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**
Financial assets measured at fair value							
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
Financial assets not measured at fair value							
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
Total financial assets		2,010,130	41,085,639	-	13,202,452	56,298,221	56,298,221
Financial liabilities not measured at fair value **							
Reinsurance payable		-	-	-	-	-	-
Bank overdraft	**28**	-	-	-	-	-	-
Total financial liabilities		-	-	-	-	-	-

43 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

43.2 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

	Group				Company			
As at 31st December 2025	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	Rs. 000'	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**
Available-for-sale (AFS) financial assets								
Listed shares	62,775,883	-	-	62,775,883	33,130,758	-	-	33,130,758
Unlisted shares	-	-	5,934	5,934	-	-	5,934	5,934
Unit trusts	2,609,411	-	-	2,609,411	-	-	-	-
Listed debentures	7,137,172	11,747,752	-	18,884,924	-	-	-	-
Treasury bonds	73,930,152	-	-	73,930,152	-	-	-	-
Commercial papers	-	-	23,369,975	23,369,975	-	-	-	-
Total	146,452,617	11,747,752	23,375,909	181,576,278	33,130,758	-	5,934	33,136,692
Fair-value-through-profit-or-loss (FVTPL) financial assets								
Listed shares	17,770,395	-	-	17,770,395	1,343,362	-	-	1,343,362
Unit trusts	6,915,067	-	-	6,915,067	265,488	-	-	265,488
Total	24,685,462	-	-	24,685,462	1,608,850	-	-	1,608,850
Held-to-maturity (HTM) financial assets								
Treasury bills	-	-	-	-	-	-	-	-
Treasury bonds	55,441,369	-	-	55,441,369		-	-	-
Listed debentures	39,142,842	11,614,735	-	50,757,578	-	-	-	-
Total	94,584,211	11,614,735	-	106,198,947	-	-	-	-
Loans and receivables (L and R) / Amortised cost								
Unlisted debentures	-	26,548,908	-	26,548,908	-	-	-	-
Commercial papers	-	-	4,362,415	4,362,415	-	-	4,362,415	4,362,415
Term deposits	-	8,625,787	9,791,645	18,417,432	-	2,578,054	-	2,578,054
Staff loans	-	-	666,209	666,209	-	-	-	-
Agent loan	-	-	571,570	571,570	-	-	-	-
Total	-	35,174,695	15,391,839	50,566,534	-	2,578,054	4,362,415	6,940,469
Total financial assets	265,722,291	58,537,182	38,767,748	363,027,221	34,739,608	2,578,054	4,368,349	41,686,011

43 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

43.2 Fair value hierarchy for assets carried at fair value (Continued)

	Group				Company			
As at 31st December 2024	**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'**
Available-Ffor-sale (AFS) financial assets								
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 trust	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
Total	102,919,478	12,593,474	44,874,087	160,387,039	25,900,124	-	15,185,515	41,085,639
Fair-value-through-profit-or-loss (FVTPL) financial assets								
Listed shares	16,284,581	-	-	16,284,581	2,010,130	-	-	2,010,130
Unit trusts	3,993,866	-	-	3,993,866		-	-	-
Total	20,278,447	-	-	20,278,447	2,010,130	-	-	2,010,130
Held-to-maturity (HTM) financial assets								
Treasury bills	-	-	-	-	-	-	-	-
Treasury bonds	62,077,643	-	-	62,077,643	-	-	-	-
Listed debentures	20,727,473	-	-	20,727,473	-	-	-	-
Total	82,805,116	-	-	82,805,116	-	-	-	-
Loans and receivables (L and R) / Amortised cost								
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	-	-	-	-
Total	-	42,395,206	10,531,239	52,926,445	-	2,146,539	-	2,146,539
Total financial assets	206,003,041	54,988,680	55,405,326	316,397,047	27,910,254	2,146,539	15,185,515	45,242,308

43.3 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.

43 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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 2025

Nature of the Transaction/ Name of the Company/Entity	Bank of Ceylon Rs. 000'	People's Bank Rs. 000'	National Savings Bank Rs. 000'	People's Leasing & Finance PLC Rs. 000'	Sri Lanka Telecom PLC Rs. 000'	HDFC Bank Rs. 000'	Associated Newspapers of Ceylon Ltd Rs. 000'	Ceylon Electricity Board Rs. 000'
Listed debentures	**15,544,141**	-	-	-	**2,274,499**	-	-	**5,043,014**
Unlisted debentures	**7,547,451**	**16,660,472**	**2,847,997**	-	-	-	-	-
Fixed deposits	**4,045,446**	**742,591**	-	-	-	-	-	-
Listed shares	-	-	-	-	**20,346**	-	-	-
	27,137,038	**17,403,063**	**2,847,997**	-	**2,294,845**	-	-	**5,043,014**

Outstanding Balances as at 31st December 2024

Nature of the Transaction/ Name of the Company/Entity	Bank of Ceylon Rs. 000'	People's Bank Rs. 000'	National Savings Bank Rs. 000'	People's Leasing & Finance PLC Rs. 000'	Sri Lanka Telecom PLC Rs. 000'	HDFC Bank Rs. 000'	Associated Newspapers of Ceylon Ltd Rs. 000'	Ceylon Electricity Board 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

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 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.

44 RELATED PARTY DISCLOSURES

44.1 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 (LKAS) - "Related Party Disclosures", key management personnel are those having 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.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	01.08.2025
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. Rohan Philip Buultjens,	Sri Lanka Insurance Corporation Limited / Sri Lanka Insurance Corporation General Limited	01.01.2025	-
Mr. Neil Unamboowe, PC	Sri Lanka Insurance Corporation Limited / Sri Lanka Insurance Corporation General Limited	01.01.2025	-
Mr. Somadasa Palihawadana	Sri Lanka Insurance Corporation Limited / Sri Lanka Insurance Corporation General Limited	30.06.2025	-
Mr. Bastiankoralalage Antony Thushara Rodrigo	Sri Lanka Insurance Corporation Limited / Sri Lanka Insurance Corporation General Limited	13.11.2025	-
Mr. Rajiv Dharmendra	Sri Lanka Insurance Corporation Limited / Sri Lanka Insurance Corporation General Limited	01.01.2025	23.06.2025
Mr. Nusith Kumaratunga	Sri Lanka Insurance Corporation Limited / Sri Lanka Insurance Corporation Life Limited / Management Services Rakshana (Private) Limited / Ceylon Electricity Board / National Transmission Network Service Provider (Private) Limited. / Lanka Hospitals Corporation PLC /Litro Gas Lanka Limited / Litro Gas Terminal Lanka Limited	23.10.2024	-
Mr. Ravindra Pathmapriya	Sri Lanka Insurance Corporation Limited./ Sri Lanka Insurance Life Limited. / Management Services Rakshana (Private) Limited	29.04.2024	01.08.2025
Ms. Ajitha Batagoda	Sri Lanka Insurance Corporation Limited / Sri Lanka Insurance Corporation Life Limited	13.08.2025	13.11.2025
Mr. Thushara Rodrigo	Sri Lanka Insurance Corporation Limited / Sri Lanka Insurance Corporation Life Limited	13.11.2025	
Mrs. Sinhalage Ajitha Batagoda	Sri Lanka Insurance Corporation Limited / Sri Lanka Insurance Corporation General Limited	13.08.2025	13.11.2025

43.1.1 Key Management Personnel Compensation

Key management personnel compensation comprised of the following:

	Group		Company	
For the year ended 31st December	**2025**	2024	**2025**	2024
	Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
Salaries and short term employee benefits	**147,013**	147,563	**-**	550
Director fees and allowances	**14,279**	17,568	**1,726**	1,331
Attendance fees	**-**	625	**-**	-

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

44.2 Transactions with Subsidiary Companies, Sub Subsidiary Companies and Associates

		Transactions with SLIC		Transactions with Group Companies	
		2025	2024	**2025**	2024
Name of the Company	**Nature of transactions**	**Rs.'000**	Rs.'000	**Rs.'000**	Rs.'000
Management Services Rakshana (Pvt) Ltd	Payment of emoluments	**-**	-	**-**	80,603
	Cash settlement	**-**	-	**-**	80,603
The Lanka Hospital Corporation PLC	Insurance premium	**-**	-	**5,123**	70,323
	Amount paid	**-**	-	**5,581**	66,820
	Dividends income	**146,449**		**146,449**	-
	Dividend received	**(146,449)**	-	**(146,449)**	-
	Claim	**-**	(411)	**(2,432)**	15,368
	Amount paid for claims	**-**	411	**1,923**	15,190
	Other medical servies	**-**	(3,565)	**(70,034)**	63,293
	Other medical servies paid	**-**	3,565	**70,524**	65,756

44 RELATED PARTY DISCLOSURES (CONTINUED)

44.2 Transactions with subsidiary companies, sub subsidiary companies and associates

Name of the Company	Nature of transactions	Transactions with SLIC 2025 Rs.'000	Transactions with SLIC 2024 Rs.'000	Transactions with Group Companies 2025 Rs.'000	Transactions with Group Companies 2024 Rs.'000
Sri Lanka Insurance Corporation Life Ltd.	Rent charged	**181,543**	(192,342)	**181,543**	(192,342)
	Payment of emoluments	**-**	-	**-**	80,603
	Cash settlement	**-**	-	**-**	80,603
	Insurance premium	**-**	-	**-**	10,487
	Premium settlement	**-**	-	**-**	10,487
	Claim	**-**	-	**(8,259)**	4,250
	Amount paid for claims	**-**	-	**174**	2,750
	Other medical servies	**-**	-	**25,215**	47,113
	Other medical servies paid	**-**	-	**12,677**	42,482
	Asset utilisation fee due	**-**	-	**45,468**	3,238
	Utility charges	**229,318**	(203,644)	**199,852**	(203,644)
	Honourariam fee	**(8,809)**	5,746	**(8,809)**	5,746
	Invesetment related	**(31,029)**	1,961,156	**647,387**	4,523,000
	Expenses	**(197,254)**	21,497,294	**(755,394)**	28,488,932
	Dividends income	**212,500**	-	**-**	-
	Dividend received	**(212,500)**	-	**-**	-
	Staff related other expenses due	**-**	-	**(6,028)**	-
	Cash settlement	**219,369**	(22,829,331)	**1,016,668**	(14,340,241)
Sri Lanka Insurance Corporation Genral Ltd.	Honourariam fee	**-**	775	**-**	775
	Rent charged	**299,889**	-	**-**	-
	Dividends income	**212,500**	-	**-**	-
	Dividend received	**(212,500)**	-	**-**	-
	Insurance premium	**-**	-	**116,634**	384,769
	Amount paid for premium	**-**	-	**(164,765)**	232,534
	Asset utilization fees	**373,976**	-	**405,580**	2,798
	Claim	**-**	-	**(19,136)**	52,409
	Amount paid for claims	**-**	-	**9,615**	52,409
	Other medical servies	**-**	-	**(111,321)**	22,387
	Other medical servies paid	**-**	-	**67,264**	22,351
	Invesetment related	**147,296**	1,317,360	**468,240**	3,343,188
	Expenses	**(159,533)**	16,872,812	**269,082**	23,740,891
	Cash settlement	**379,633**	(18,995,673)	**1,149,489**	(10,631,545)
Litro Gas Lanka Ltd	Rent charged	**135,000**	115,934	**135,000**	115,934
	Insurance premium	**-**	36,903	**75,482**	250,219
	Amount paid for premium	**-**	(36,903)	**(125,289)**	68,508
	Claims paid	**-**	(5,462)	**(5,338)**	29,768
	Amount paid for claims	**-**	5,462	**7,920**	40,693
	Cash settlement	**(134,972)**	(115,934)	**(134,972)**	(115,934)
	Throughput fee	**-**	-	**(2,637,949)**	(2,442,681)
	Reimbursement of expenses	**-**	-	**67,008**	68,653
	Repayment for the services	**-**	-	**2,606,181**	2,483,406
	Term loan	**-**	-	**(720,000)**	(720,000)
	Interest for long term loan	**-**	-	**14,042**	14,042
	Utility expenses	**-**	-	**(3,057)**	(3,057)
	Supply of fuel	**-**	-	**2,569**	2,569
	Rent of fuel station	**-**	-	**(4,375)**	(4,375)
	Dividend received	**-**	637	**-**	637
	Cash received	**-**	(637)	**-**	(637)
	Payment received	**-**	-	**4,702**	4,702

44 RELATED PARTY DISCLOSURES (CONTINUED)

44.2 Transactions with subsidiary companies and sub subsidiary companies and associates (Continued)

		Transactions with SLIC		Transactions with Group Companies	
		2025	2024	**2025**	2024
Name of the Company	**Nature of transactions**	**Rs.'000**	Rs.'000	**Rs.'000**	Rs.'000
Litro Gas Terminal Lanka (Pvt) Ltd	Insurance premium	-	-	**30,471**	68,128
	Premium settlement	-	-	**(33,007)**	31,412
	Throughput fee	-	-	**(2,637,949)**	(2,442,681)
	Reimbursement of expenses	-	-	**67,008**	68,653
	Repayment for the services	-	-	**2,606,181**	2,483,406
	Repayment for the expenses	-	-	**(72,620,938)**	(96,682)
	Repayment of loan	-	-	**(720,000)**	(720,000)
	Dividend payment	**1,062,500**	638	**1,062,500**	638
	Cash received	**(1,062,500)**	(638)	**(1,062,500)**	(638)
	Rent charged	**33,466**	29,934	**33,466**	29,934
	Payments	**(33,466)**	(24,829)	**(33,466)**	(24,829)
Canwill Holdings (Pvt) Ltd	Insurance premium	-	-	-	2,931
	Staff salaries and allowances	-	-	-	27,397
	Cash settlement	-	-	-	(31,553)
	Claim paid	-	75	-	2,773
	Consideration for share buyback	-	-	-	400,000
	Amount paid for claims	-	(75)	-	-
	Others expenses	-	-	-	2,624
Canowin Hotels and Spas (Pvt) Ltd	Insurance premium	-	136	**4,988**	5,664
	Amount paid for premium	-	(136)	**(3,383)**	4,048
	Claim paid	-	(79)	**(1,097)**	1,577
	Amount paid for claims	-	79	**1,001**	1,735
	Sales of goods/ services	-	-	**(1,866)**	-
	Marketing campaign	-	-	**1,866**	1,210
	Cash settlement	-	-	-	1,210
	Utility expenses	-	-	**(3,057)**	(3,057)
	Supply of fuel	-	-	**2,569**	2,569
	Rent of fuel station	-	-	**(4,375)**	(4,375)
	Payment received	-	-	**(2,765)**	(2,765)
	Payments	-	-	**7,466**	7,466
	Dividends income	**8,655**	-	**8,655**	-
	Dividend received	**(8,655)**	-	**(8,655)**	-
Sinolanka Hotels and Spa (Pvt) Ltd	Insurance premium	-	122	-	10,772
	Amount paid for premium	-	(122)	-	10,528
	Foreign currency transactions	-	91	-	91
	Claim due	-	-	-	36
	Claim settlement	-	-	-	36
	Staff related cost	-	-	-	26,880
	Other expenses	-	-	-	(51)
	Cash settlement	-	-	-	(32,688)
Helanco Hotels & Spa (Pvt) Ltd	Expenses paid	-	-	-	(51)
	Allocation of staff cost	-	-	-	517
	Settlement	-	-	-	(1,796)
	Consideration for share buyback	-	-	-	400,000
Lanka Hospitals Diagnostics (Pvt) Limited	Reimbursement of expenses / rent income received	-	-	**100,919**	108,249
	Insurance premium	-	221	**3,236**	12,711
	Amount paid for premium	-	(221)	**(6,001)**	9,503
	Claim paid	-	-	**(8,770)**	1,259
	Amount paid for claims	-	-	**270**	759
	Amounts received	-	-	**(137,376)**	(250,000)
	Laboratory services provided	-	-	**(1,335,349)**	(1,225,297)
	Amounts paid	-	-	**1,563,490**	1,571,674
Ceybank Asset Management Ltd	Insurance premium received	-	-	-	-
	Dividends received	**4,920**	4,936	**4,920**	4,936
	Amount received	**(4,920)**	(4,936)	**(4,920)**	(4,936)

44 RELATED PARTY DISCLOSURES (CONTINUED)

44.3 Transactions with Other Related Companies

		Transactions with SLIC		Transactions with Group Companies	
		2025	2024	**2025**	2024
Name of the Company	**Nature of transactions**	**Rs.'000**	Rs.'000	**Rs.'000**	Rs.'000
Capital Alliance Investments Ltd	Dividend received	-	-	-	-
Sri Lanka Insurance Corporation Life Ltd.	Investment in subsidiaries	-	-	-	-
Sri Lanka Insurance Corporation General Ltd	Investment in subsidiaries	-	-	-	-

44.4 Amount Due from Subsidiaries

	Balances with SLIC		Balances with Group Companies	
	2025	2024	**2025**	2024
Amount due from related parties	**Rs.'000**	Rs.'000	**Rs.'000**	Rs.'000
Sri Lanka Insurance Corporation Life Limited	-	-	-	-
Sri Lanka Insurance Corporation General Limited	**146,818**	1,064,392	**146,818**	1,064,392
Litro Gas Lanka Ltd	**10,210**	19,157	**296,310**	283,249
Litro Gas Terminal Lanka Ltd	**2,552**	-	**2,552**	13,754
Canwill Holdings (Pvt) Ltd	-	-	-	-
Canowin Hotels & Spas (Pvt) Ltd	**3,252**	1,056	**6,923**	4,728
Sinolanka Hotels & Spa (Pvt) Ltd	-	-	-	-
Helanco Hotels & Spa (Pvt) Ltd	-	-	-	-
	162,832	1,084,605	**452,603**	1,366,123

44.5 Amount Due to Subsidiaries

	Balances with SLIC		Balances with Group Companies	
	2025	2024	**2025**	2024
Amount due to related parties	**Rs.'000**	Rs. '000	**Rs.'000**	Rs.'000
The Lanka Hospital Corporation PLC	-	229	**50,840**	20,729
Litro Gas Lanka Ltd	-	-	**(7)**	-
Litro Gas Terminal Lanka Ltd	-	3,938	**1,005,059**	986,609
Sri Lanka Insurance Corporation Life Limited	-	232,009	**146,818**	1,294,214
Sri Lanka Insurance Corporation General Limited	**20,779**	805,847	**20,779**	805,847
Canwill Holdings (Pvt) Ltd	-	-	-	-
Canowin Hotels & Spas (Pvt) Ltd	**3,828**	-	**6,281**	1,745
Sinolanka Hotels & Spa (Pvt) Ltd	-	-	-	-
Helanco Hotels & Spa (Pvt) Ltd	-	-	-	-
	24,607	1,042,023	**1,229,770**	3,109,144

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.

45 INSURANCE AND FINANCIAL RISK MANAGEMENT

Overview

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

▪ Insurance risk
▪ Market risk
▪ Credit 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 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.

45.1 Insurance Risk

Insurance risk is the 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.

45.1.1 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 policyholder 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 analysed 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 analysed in the "Credit Risk" section in the Risk Review.

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Insurance Risk (Continued)

45.1.1 Life Insurance Contracts (Continued)

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

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 with compared to minimum regulatory basis (RBC).

Sensitivity analysis for life insurance risk

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

Assumption	Description
Mortality	- Factored A67/70 for non-annuity business to allow best estimate experience rate - Weighted average of a(90)m and a(90)f with one year age setback to allow approximately 1% mortality improvement of annuitants approximated 1% mortality improvement of annuitants
Expenses	Based on the Company 2025 internal expenses studies and expenses split into Participating and Non-participating business.
Lapses/Surrenders	Based on the experience as per study conducted for 31st December 2025 valuation, covering the experience for the last 3 investigation years
Morbidity	Based on the Company's internal experience and actual vs expected analysis. Expected rates are based on the reinsurance rate tables.
Reinsurance	Based on the Company's internal experience studies with respect to reinsurance.
Discount rate	Risk Free Rate structure proposed by IRCSL as at 31st December 2025.

Group maintained steady and strong solvency ratio over the year 2025 for its Life Insurance business and as at 31st December 2025 the Risk-based Capital Adequacy Ratio (CAR) stands at 532% and it was 565% as at 31st December 2024. This is well above the regulatory minimum requirement which is 120%.

Assumption	Change in Assumption	Impact on Liability
Mortality	+10%	1095 million
	-10%	(1,100) million
Expense	+10%	3,791 million
Persistency	+20%	(2,325) million
	-20%	2,058 million
Discount rate	Up shock scenario under RBC	(25,751) 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, the 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 hold however for the purpose of SLFRS reporting, the Group has adopted a more prudent approach where un-discounted liabilities are hold where un-discounted liabilities are higher than the discounted liabilities.

Held to maturity (HTM) financial assets / Amortised cost

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Insurance Risk (Continued)

45.1.1 Life Insurance Contracts (Continued)

Segregation of Policy Liability based on Product Category

31st December	**2025**			2024		
	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	**17,239**	**4,340**	**21,578**	15,753	4,010	19,763
Endowment Assurance	**111,728,389**	**7,459,535**	**119,187,924**	95,304,980	7,884,963	103,189,943
Term Assurance	**-**	**8,517,298**	**8,517,298**	-	2,919,583	2,919,583
Annuity	**18,936,525**	**233,447**	**19,169,972**	16,752,827	4,046,401	20,799,227
Rider Benefits	**83,207**	**4,441,169**	**4,524,376**	90,329	3,713,075	3,803,404
Total	**130,765,359**	**20,655,789**	**151,421,148**	112,163,889	18,568,031	130,731,920

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'**
2025	**226,205,965**	**20,791,485**	**246,997,450**
Percentage	**91.58%**	**8.42%**	
2024	194,546,922	18,681,308	213,228,229
Percentage	91.24%	8.76%	

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Insurance Risk (Continued)

45.1.2 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 breakdown 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 workers 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.

2025	**GWP**	**Amounts ceded to NITF**	**Reinsurance**	**NWP**	
Class	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**	**%**
Motor	**18,441,537**	**307,444**	**2,353,352**	**15,780,741**	**73.17%**
Fire	**3,419,379**	**2,383,953**	**945,177**	**90,249**	**0.42%**
Marine	**1,092,467**	**776,087**	**6,953**	**309,426**	**1.43%**
Other	**7,349,695**	**1,882,443**	**80,344**	**5,386,909**	**24.98%**
	30,303,078	**5,349,927**	**3,385,825**	**21,567,325**	**100.00%**

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%

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Insurance Risk (Continued)

45.1.1 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 is 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, Abu Dhabi, United Arab Emirates	United Arab Emirates	a	A	A.M.Best
African Re Cairo Office via Aon MENA	South Africa	A	A	S & P
AI Marine Risk Limited	United Kingdom	aa-	A+	AM Best
AIG MEA Limited - Dubai	United Arab Emirates	a+	A+	AM Best
Allianz Global Corporate & Specialty SE Singapore Branch	Germany	aa	A+	A.M.Best
AM First Limited	USA	a-	A-	AM Best
American International Group UK Ltd	United Kingdom	aa-	A+	AM Best
AmFirst Specialty Insurance Company	Ridgeland,USA	a-	A-	AM Best
Amlin Syndicate 2001 at Lloyd's	United Kingdom	aa-	A+	AM Best
Antarah Ltd	Dubai	aa-	A+	AM Best
Aon Underwriter Managers - Lloyds Syndicate ACT 4514	United Kingdom	aa-	A+	AM Best
Arch Insurance International	United Kingdom	aa-	A+	AM Best
Asian Reinsurance Corporation	Thailand	B++	bbb	AM Best
Aurora P&I Club	Ireland	aa-	A+	AM Best
AXA XL (XL Insurance Company SE, Singapore branch)	Singapore	AA-	AA-	S & P
AXIS Specialty Ltd	Bermuda	a+	A	A.M.Best
Bahrain National Insurance Company	Bahrain	bbb+	B++	AM Best
Bajaj Allianz Insurance Company Ltd	India	Aa2	Aa2	Moodys
Berkshire Hathaway Specialty Insurance	Singapore	AA+	AA+	S & P
Best Meridian International Insurance Company	Cayman Island	a-	A-	A.M.Best
Canopius Managing Agents Ltd	United Kingdom	aa-	A+	AM Best
Castel Underwriting Agencies Ltd	United Kingdom	aa-	A+	AM Best
Chaucer Underwriting Services Ltd	Dubai	aa-	A+	AM Best
China Pacific Property Insurance Co. Ltd	China	A	A	S & P
China Reinsurance (Group) Corporation Singapore Branch	Singapore	a+	A	A.M.Best
Chord Reinsurence Ltd	United Kingdom	aa-	A+	AM Best
Chubb European Group SE	United Kingdom	aa-	A+	AM Best
Chubb Underwriting (DIFC) Ltd as agent for and on behalf of Chubb European Group SE	Dubai	aa+	A++	AM Best
Compagnie Commune de Réassurance des Etats Membres de la CIMA (CICA Re)	Togo	bbb-	B+	AM Best
Convex Insurance UK Limited - UK	United Kingdom	aa-	A+	AM Best
CSL Syndicate 5316	United Kingdom	aa-	A+	AM Best
Doha Insurance Group (DIG, formerly DIC)	Qatar	A-	A-	S & P
Dubai National Insurance & Reinsurance Co. PSC	Dubai	a	A	A.M.Best
Echo Reinsurance Limited	Switzerland	A	a	S & P
Elseco Limited, Dubai	Dubai	a-	A-	A.M.Best
ERS Insurance Ltd	United Kingdom	aa-	A+	AM Best

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Insurance Risk (Continued)

45.1.1 Reinsurance Risk (Continued)

Name of the Company	Country of Origin	Credit Rating	Financial strength Rating	Name of the Rating Agency
Korean Reinsurance Company	Singapore	a+	A	A.M.Best
Kuwait Reinsurance Company K.S.C.P	Kuwait	a-	A-	A.M.Best
Lancashire Insurance Services Ltd	United Kingdom	aa-	A+	AM Best
Liberty Specialty Market	Singapore	a	A	A.M.Best
Malaysia Reinsurance Berhad	Malaysia	a-	A-	A.M.Best
Mapfre Re Compania de Reaseguros, S.A., Madrid, Spain	Spain	a+	A	A.M.Best
Markel International (Dubai) Ltd	United Arab Emirates	a+	A	A.M.Best
Markel International (Lloyd's Underwriter Syndicate No. 3000 MKL):	United Kingdom	aa-	A+	AM Best
Markel International Singapore Pte Ltd	Singapore	a+	A	A.M.Best
Markel Int'l Sing. Pvt.Ltd	Singapore	a+	A	A.M.Best
MS First Capital Insurance Limited	Singapore	a+	A	AM Best
Munchener Ruckversicherungs - Gesellschaft Aktiengesellschaft, Munich , Germany	Germany	AA-	AA-	S&P
Munich Re (Lloyd's Underwriter Syndicate No. 457 MRS):	United Kingdom	aa-	A+	AM Best
Navium Marine Limited:	United Kingdom	aa-	A+	AM Best
New India Assurance Co.Ltd	India	bbb+	B++	A.M.Best
Newline Syndicate 1218 At Lloyd's	United Kingdom	aa-	A+	AM Best
Nexus Underwriting Limited	United Kingdom	aa-	A+	AM Best
North Standard Limited	United Kingdom	A	A	S & P
Oman Reinsurance Co QFC Branch	United Arab Emirates	BBB	BBB	Fitch
PICC Property and Casualty Company Ltd	China	a-	A-	AM Best
Pine Walk Capital Limited	United Kingdom	aa-	A+	AM Best
Ping An Property & Casualty Insurance Company	China	a+	A	A.M.Best
PVI Insurance Corporation	Vietnam	a-	A-	A.M.Best
Qatar Insurance Group, Doha	Qatar	A-	A-	S & P
QBE Europe SA/NV trading as British Marine	Belgium	a+	A	A.M.Best
Redbridge Insurance Co,	Barbados	bbb	B++	A.M.Best
Royal & Sun Alliance Insurance Ltd (DIFC Branch)	United Arab Emirates	a+	A	A.M.Best
Samsung Reinsurance Pte Ltd	Singapore	aa+	A++	AM Best
Scor Reinsurance Compay	Singapore	aa-	A+	AM Best
Singapore Reinsurance Company Ltd	Singapore	a	A	AM Best
Sinopec Insurance Ltd	Hong Kong	a-	A-	AM Best
SiriusPoint International Insurance Corp (publ) Stockholm, Sweden	Sweden	a-	A-	A.M.Best
SMA SA	France	a+	A+	Fitch

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Insurance and Financial Risk Management (Continued)

Name of the Company	Country of Origin	Credit Rating	Financial strength Rating	Name of the Rating Agency
Sompo Insurance Singapore PTE Ltd	Singapore	A+	A+	S & P
Starr International (Europe) Ltd	United Kingdom	aa-	A+	AM Best
Starr International Insurance (Singapore) Pte. Ltd.	Singapore	aa-	A+	AM Best
Steamship Mutual Underwriting Association Limited	United Kingdom	aa-	A+	AM Best
Sukoon - formerly Oman Insurance Company,	United Arab Emirates	a	A	S & P
Sukoon Insurance PJSC Trading as Sukoon , Dubai, UAE(Former Oman Insurance Company)	United Arab Emirates	a	A	S & P
Swiss Re International SE ,	Singapore	aa	A+	AM Best
Taiping Reinsurance Company Limited	Hong Kong	a	A	AM Best
Talbot Underwriting Ltd	United Kingdom	aa-	A+	AM Best
The Shipowners' Mutual Protection and Indemnity Association - Luxembourg	Luxembourg	A	A	S & P
Tokio Marine & Nichido Fire Ins. Co Ltd	Japan	aa+	A++	AM Best
Tokio Marine Houston Casualty Company, Singapore	Singapore	aa+	A++	AM Best
Travelers syndicate 5000 at Lloyd's of London	United Kingdom	aa-	A+	AM Best
Westfield Specialty Managing Agency	United Kingdom	aa-	A+	AM Best
Worldwide Reinsurance Limited	Trinidad & Tobago	bbb-	B+	AM Best
Zurich Insurance Company	Switzerland	aa	A+	A.M.Best

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 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 optimising 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.

45. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 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 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'**
As at 31st December 2025					
Shock Level:					
	5%	**888,520**	**3,138,794**	**(888,520)**	**(3,138,794)**
	10%	**1,777,040**	**6,277,588**	**(1,777,040)**	**(6,277,588)**
		2,665,559	**9,416,382**	**(2,665,559)**	**(9,416,382)**
As at 31st December 2024					
Shock Level:					
	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)

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'**
As at 31st December 2025					
Shock Level:					
	5%	**67,168**	**1,656,538**	**(67,168)**	**(1,656,538)**
	10%	**134,336**	**3,313,076**	**(134,336)**	**(3,313,076)**
		201,504	**4,969,614**	**(201,504)**	**(4,969,614)**
As at 31st December 2024					
Shock Level:					
	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)

45.2.1 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:

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.
1 The major part of the investment portfolio is made in rated financial institutions or in rated instruments.
2 The Investment Committee makes the investment decisions and approval from the Board of Directors is sought wherever necessary.

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 Market Risk (Continued)

45.2.1 Interest Rate Risk (Continued)

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.

	Group		Company	
31st December	**2025**	**2024**	**2025**	**2024**
	Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
Fixed Rate Instruments				
Held To Maturity (HTM)				
Treasury Bills	**-**	-	**-**	-
Treasury Bonds	**53,511,061**	62,077,643	**-**	-
Listed Debentures	**47,486,927**	20,727,473	**-**	-
Loans and Receivable (L&R)				
Unlisted Debentures	**19,120,379**	22,038,619	**-**	-
Term Deposits	**8,625,788**	12,850,781	**2,578,054**	2,146,539
Staff Loan	**1,963,323**	2,184,536	**-**	-
Agent loan	**571,570**	478,667	**-**	-
Available For Sale (AFS)				
Listed Debentures	**18,884,924**	20,694,676	**-**	-
Commercial Papers	**27,732,390**	38,485,072	**4,362,415**	15,179,581
Treasury Bond	**61,941,616**	34,740,429	**-**	-
	239,837,978	214,277,894	**6,940,469**	17,326,119
Floating Rate Instruments				
Loans and Receivables (L & R)				
Unlisted Debentures	**7,428,529**	7,505,806	**-**	-
Available-For-Sale (AFS)				
Treasury Bonds	**11,988,536**	15,967,869	**-**	-
	19,417,065	23,473,675	**-**	-
	259,255,043	237,751,569	**6,940,469**	17,326,119

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 Market Risk (Continued)

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 2025	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
Group	**Impact on Interest Income**	**Impact on Equity**	**Impact on Interest Income**	**Impact on Equity**
	Rs. 000'	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**
Financial Investments				
Held To Maturity (HTM)	-	-	-	-
Loans and Receivable (L&R)	792,443	-	(792,443)	-
Available For Sale (AFS)	92,855	4,308,094	(92,855)	12,694,855
Fair Value Through Profit or Loss (FVTPL)	-	-	-	-
	885,298	**4,308,094**	**(885,298)**	**12,694,855**

31st December 2025	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
Company	**Impact on Interest Income**	**Impact on Equity**	**Impact on Interest Income**	**Impact on Equity**
	Rs. 000'	**Rs. 000'**	**Rs. 000'**	**Rs. 000'**
Financial Investments				
Loans and Receivable (L&R)	-	-	-	-
Available For Sale (AFS)	-	-	-	-
Fair Value Through Profit or Loss (FVTPL)	-	-	-	-
	-	-	-	-

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 Market Risk (Continued)

45.2.1 Interest Rate Risk (Continued)

Sensitivity Analysis (Continued)

31st December 2024	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
Group/Company	Impact on Interest Income	Impact on Equity	Impact on Interest Income	Impact on Equity
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Financial Investments				
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

* 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

45.2.2 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 Carrying Value		Company Carrying Value	
	2025	2024	**2025**	2024
	Rs. 000'	Rs. 000'	**Rs. 000'**	Rs. 000'
Fixed Deposits:				
USD	**4,115,155**	4,316,170	**-**	-
	4,115,155	4,316,170	**-**	-

The following significant exchange rates were applicable during the year:

	Average Rate		Reporting date spot rate	
	2025	2024	**2025**	2024
	Rs.	Rs.	**Rs.**	Rs.
USD	**297.58**	304.88	**306.40**	288.75
GBP	**-**	-	**-**	-
AUD	**-**	-	**-**	-
EUR	**-**	-	**-**	-

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 Market Risks (Continued)

45.2.2 Foreign Currency Risk (Continued)

Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the USD at 31st December 2025 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 2025	**Exchange Rate Shock Level**		
Group	**1.0%**	**1.5%**	**2.0%**
	Rs. 000'	**Rs. 000'**	**Rs. 000'**
Impact on Forex Gain/Loss			
Floating Rate Instruments			
USD	-	-	-
Fixed Rate Instruments			
USD	**41,152**	**61,727**	**82,303**
	41,152	**61,727**	**82,303**

As at 31st December 2025	**Exchange Rate Shock Level**		
	1.0%	**1.5%**	**2.0%**
	Rs. 000'	**Rs. 000'**	**Rs. 000'**
Impact on Interest Income			
Floating Rate Instruments			
USD	-	-	-
Fixed Rate Instruments			
USD	**1,974**	**2,960**	**3,947**
	1,974	**2,960**	**3,947**

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 Market Risks (Continued)

45.2.2 Foreign Currency Risk (Continued)

Sensitivity Analysis (Continued)

As at 31st December 2024	Exchange Rate Shock Level		
Group/Company	**1.00%**	**1.50%**	**2.00%**
	Rs. 000'	**Rs. 000'**	**Rs. 000'**
Impact on Forex Gain/Loss			
Floating Rate Instruments			
USD	-	-	-
Fixed Rate Instruments			
USD	43,162	64,743	86,323
	43,162	64,743	86,323

As at 31st December 2024	Exchange Rate Shock Level		
	1.0%	**1.5%**	**2.0%**
	Rs. 000'	**Rs. 000'**	**Rs. 000'**
Impact on Interest Income			
Floating Rate Instruments			
USD	2,482	3,496	4,661
Fixed Rate Instruments			
USD	-	-	-
	2,482	3,496	4,661

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 Market Risks (Continued)

45.2.3 Market Rate Risk

The Group maintains the maximum exposure limit for 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	2025 Market Value Rs. 000'	2025 %	2024 Market Value Rs. 000'	2024 %
Financials	Banks	**21,515,738**	**70.06%**	15,270,496	59.64%
	Diversified financials	**2,093,315**	**6.82%**	2,394,442	9.35%
Financials		**23,609,053**	**76.88%**	17,664,938	68.99%
Consumer discretionary	Consumer services	**-**	**0.00%**	-	0.00%
	Consumer durables and apparel	**-**	**0.00%**	-	0.00%
	Retailing	**1,975,515**	**6.43%**	47,049	0.18%
	Automobiles and components	**-**	**0.00%**	-	0.00%
Consumer discretionary		**1,975,515**	**6.43%**	47,049	0.18%
Industrials	Capital goods	**-**	**0.00%**	2,196,998	8.58%
***Health care**	Health care equipment and services	**239,480**	**0.78%**	201,006	0.79%
Telecommunication services	Telecommunication services	**1,468,091**	**4.78%**	1,213,716	4.74%
Materials	Materials	**1,071,369**	**3.49%**	1,564,478	6.11%
Consumer staples	Food and staples retailing	**-**	**0.00%**	-	0.00%
	Food, beverage and tobacco	**709,392**	**2.31%**	921,850	3.60%
Real estate	Real estate	**-**	**0.00%**	113,441	0.44%
Energy	Energy	**1,058,326**	**3.45%**	1,037,736	4.05%
Information technology	Utilities	**577,659**	**1.88%**	644,534	2.52%
Total		**30,708,885**	**100%**	25,605,746	100%

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

General Insurance Business

Sector	Industry Group	2025 Market Value Rs. 000'	2025 %	2024 Market Value Rs. 000'	2024 %
Financials	Banks	**12,980,576**	**84.49%**	9,046,511	87.66%
	Diversified financials	**863,492**	**5.62%**	431,322	4.18%
Financials		**13,844,068**	**90.11%**	9,477,833	91.84%
Consumer Discretionary	Consumer durables and apparel	**923**	**0.01%**	923	0.01%
	Retailing	**-**	**0.00%**	-	0.00%
Consumer discretionary		**923**	**0.01%**	923	0.01%
Consumer staples	Food, beverage and tobacco	**404,982**	**2.64%**	-	0.00%
***Health care**	Health care equipment and services	**-**	**0.00%**	-	0.00%
Industrials	Capital goods	**692,705**	**4.51%**	209,616	2.03%
Materials	Materials	**287,413**	**1.87%**	596,327	5.78%
Utilities	Utilities	**-**	**0.00%**	18,043	0.17%
Real estate	Real estate	**-**	**0.00%**	-	0.00%
Telecommunication services	Telecommunication Services	**133,183**	**0.87%**	17,004	0.16%
Energy	Energy	**-**	**0.00%**	-	0.00%
Total		**15,363,274**	**100%**	10,319,747	100%

*Including Lanka Hospitals Corporation PLC which is a subsidiary of SLIC

45.3 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 it is obligated to do. The risk is primarily that of the lender and includes lost 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 recognized 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.

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2025 Rs. 000'	Group 2024 Rs. 000'	Company 2025 Rs. 000'	Company 2024 Rs. 000'
Held To Maturity (HTM)	5	**100,997,990**	82,805,116	**-**	-
Loans and Receivable (L&R)	5	**47,501,234**	52,926,445	**-**	-
Available For Sale (AFS)	5	**185,938,704**	160,387,039	**33,130,758**	25,900,124
Loans to policyholders	12	**2,344,122**	2,288,853	**-**	-
Reinsurance receivable	13	**7,268,039**	3,260,696	**-**	-
Premium receivable	14	**7,470,308**	5,933,582	**-**	-
Other assets	16	**22,732,189**	18,422,206	**10,813,765**	10,966,118
Cash and cash equivalents	18	**50,419,844**	33,130,712	**12,232,045**	555,913
		424,672,430	359,154,649	**56,176,568**	37,422,155

Held-to-maturity (HTM)

Held-to-maturity financial assets comprise treasury bills, listed debentures and treasury bond investments made by the Company. These are non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has both the intention and ability to hold until maturity. These assets are initially recognised at fair value plus any directly attributable transaction costs.

Government Securities

Government securities consist of investments in treasury bills, treasury bonds and reverse repurchase agreements which are referred to as risk free instruments by nature.

Loans and receivable (L&R)

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. 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.

Available for sale (AFS)

Available-for-sale financial investments include debt securities. Securities in this category are those that are intended to be held till maturity and which maybe sold in response to the need for liquidity or in response to changes in the market conditions. 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.

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 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 amounts to Rs. 1,978 Mn and the related surrender value is Rs. 3,731 Mn.

Reinsurance receivable

This is the risk of reinsurers failing to fulfil their financial obligations towards the Group.

The 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.

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.3 Credit Risk (Continued)

The Maximum Exposure to credit risk (Continued)

Premium receivable

This consists of premium receivables 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.

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 saving 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. 50,419 Mn as at 31st December 2025 (Rs. 33,131 Mn as at 31st December 2024) which represents its maximum credit exposure on these assets.

Credit Risk Exposure - Life Insurance Business

As at 31st December	**2025 Rs.000'**	**% of Allocation**	2024 Rs.000'	% of Allocation
Financial Investments				
Debt Securities - Loans and receivables	**28,104,257**	**26%**	34,368,649	36%
Debt Securities - Held to maturity	**40,156,640**	**37%**	18,708,638	20%
Staff and Agent Loan	**1,237,779**	**1%**	1,205,253	1%
Debt Securities - Available For Sale	**39,740,932**	**36%**	41,018,556	43%
	109,239,607	**100%**	95,301,096	100%

Credit Risk Exposure - General Insurance Business

As at 31st December	**2025 Rs.000'**	**% of Allocation**	2024 Rs.000'	% of Allocation
Financial Investments				
Debt Securities - Loans and Receivables	**2,983,782**	**21%**	5,880,018	54%
Debt Securities -Held to Maturity	**8,838,891**	**62%**	2,018,835	19%
Debt Securities - Available For Sale	**2,513,976**	**18%**	2,981,620	27%
	14,336,649	**100%**	10,880,473	100%

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.3 Credit Risk (Continued)

Debt Securities Allocation according to Credit Ratings

Life Insurance Business

As at 31st December	2025		2024	
Rating	Rs. million	% of Total	Rs. million	% of Total
AAA	**21,824**	**20%**	21,894	23%
AA+	**-**	**0%**	-	0%
AA	**-**	**0%**	-	0%
AA-	**21,906**	**20%**	17,950	19%
A+	**7,239**	**7%**	9,411	10%
A	**40,243**	**37%**	26,579	28%
A-	**671**	**1%**	1,724	2%
BBB+	**16,120**	**15%**	16,381	17%
BBB	**-**	**0%**	157	0%
BBB-	**-**	**0%**	-	0%
BB+	**-**	**0%**	-	0%
BB-	**-**	**0%**	-	0%
Unrated	**1,238**	**1%**	1,205	1%
Total	**109,240**	**100%**	95,301	100%

**Credit Risk on Fixed Deposits is based on Credit risk of the Bank.*

General Insurance Business

As at 31st December	2025		2024	
Rating	Rs. million	% of Total	Rs. million	% of Total
AAA	**1,167**	**8%**	-	0%
AA+	**-**	**0%**	3,049	28%
AA-	**6,652**	**46%**	4,089	38%
A+	**-**	**0%**	-	0%
A	**3,908**	**27%**	2,980	27%
A-	**2,103**	**15%**	255	2%
BBB+	**507**	**4%**	507	5%
Total	**14,337**	**100%**	10,880	100%

**Credit Risk on Fixed Deposits is based on Credit risk of the Bank.*

45 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

45.4 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 2025 **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'**
Financial assets								
Loans and receivables (L & R)	**6,940,469**		**2,027,691**	**19,110**	**-**	**-**	**-**	**2,046,801**
Available For Sale (AFS)	**33,136,692**	**25,906,058**	**13,880,000**	**-**	**-**	**-**	**-**	**39,786,058**
Fair Value Through Profit or Loss (FVTPL)	**1,608,850**	**2,010,130**	**-**	**-**	**-**	**-**	**-**	**2,010,130**
Other assets	**9,303,592**	**-**	**10,975,039**	**-**	**-**	**-**	**-**	**10,975,039**
Cash & cash equivalents	**12,232,045**	**-**	**555,913**	**-**	**-**	**-**	**-**	**555,913**
	63,221,648	**27,916,188**	**27,438,643**	**19,110**	**-**	**-**	**-**	**55,373,942**
Financial liabilities								
Current tax liabilities	**947,304**	**-**	**947,304**	**-**	**-**	**-**	**-**	**947,304**
Other liabilities	**540,266**	**-**	**540,266**	**-**	**-**	**-**	**-**	**540,266**
	1,487,570	**-**	**1,487,570**	**-**	**-**	**-**	**-**	**1,487,570**

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'**
Financial assets								
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
Financial liabilities								
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

46 COMMITMENTS, CONTINGENCIES AND GUARANTEES

46.1 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 Group and Company in respect of the ongoing projects but not incurred as at the financial year end 31st December 2025 amounted to Rs.81 Mn. (2024 : Rs 232 Mn)

Litro Gas Lanka Limited

As at 31 December 2025, the Board of Directors has approved capital expenditure amounting to Rs. 10.4 billion (31 December 2024: Rs. 8.6 billion) for the year ending 31 December 2025. These commitments relate to ongoing and planned investments in property, plant, equipment, and other capital projects. The Company is also involved in an ongoing legal matter concerning an advance payment of Rs. 20 million made for the purchase of oxygen cylinders. The ultimate outcome of this matter is currently uncertain, and no adjustment has been made to the Financial Statements in respect of this advance, pending the resolution of the legal proceedings.

Litro Gas Terminal Lanka Limited

Capital Expenditure approved by the Board as at 31st December 2025 is Rs.5 Billion, (2024 Rs.8.4 Billion)

46.2 Contingent Liabilities and Guarantees

There were no significant contingent liabilities and 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 Limited
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 reinsures for the general insurance is liable for the Value Added Tax. Accordingly 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 view of 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 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 NBTon 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, Rs, 665 million and 920 million respectively.

The Company has duly appealed against these assessments with the consultation of company tax consultants. The 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. The 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
2021/2022	Pending the appeal inquiry by the CGIR	VAT on financial Services	An additional Tax Liability of Rs 920 Mn
2022/2023	Pending the appeal inquiry by the CGIR	VAT on financial Services	An additional Tax Liability of Rs 1,152 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.

46 COMMITMENTS, CONTINGENCIES AND GUARANTEES (CONTINUED)

46.2 Contingent Liabilities & Guarantees (Contd)

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 those assessment will not materialize. Therefore, no additional provision has been made in the financial

The Company, in consultation with its tax consultants, has duly appealed against the respective assessments issued by the Inland Revenue Department. The Tax Appeal Commission (TAC) has determined that the income tax assessments for the years 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 filed appeals against these determinations in the Court of Appeal.

With respect to the income tax assessment for the year 2014/2015, the TAC, by their letter dated 27th February 2024, partially allowed the Company's appeal. The Inland Revenue Department has subsequently filed an appeal against this decision in the Court of Appeal. Regarding the assessment for the year 2016/2017, the TAC has issued a Determination in favour of the company by their letter dated 12th September 2023. The Inland Revenue Department has appealed this decision in the Court of Appeal. Following this, the Tax Appeal Commission released the bank guarantees held for the assessments pertaining to 2014/2015 and 2016/2017, via their letters dated 22nd November 2023 and 25th June 2024, respectively.

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 Commissioner General of 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

Ongoing Supreme Court Cases

SLIC has filed a civil case against Ceyexxe 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 organiser 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 09.07.2024 at the Supreme Court.

46 COMMITMENTS, CONTINGENCIES AND GUARANTEES (CONTINUED)

46.2 Contingent Liabilities & Guarantees (Contd)

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 the Company has been adviced 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 require adjustments to or disclosure in the financial statements.

47 SEGREGATION

Sri Lanka Insurance Corporation Ltd was segregated into Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited in compliance with the Insurance Industry Regulation (Amendment) Act No. 03 of 2011, segregation guidelines of the Insurance Regulatory Commission of Sri Lanka, and relevant Cabinet decisions (Cabinet Decisions No. 23/0431/604/046 (17th March 2023) and No. 23/2397/604/239 (18th December 2023)). Following approvals from the District Court, Commercial High Court, and shareholders, the IRCSL granted insurance licenses effective 01 February 2024 to the two entities Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited.

Company

Name change of Sri Lanka Insurance Corporation Limited

In accordance with Act No 43 of 2000, Section 96 of Insurance Regulatory commission of Sri Lanka “No person, other than an insurer, a broker registered under this Act or an insurance agent of such an insurer or broker, shall, without the written approval of the Board, use as part of its name, title or description, the word “insurance” or any of its derivatives or any other similar word in any language, to indicate that such person carries on insurance business in Sri Lanka in that name, title or description, or make any representations to such effect in any bill head, letter head, notice or advertisement ; Provided that nothing in this section shall prohibit an association of insurers or brokers from using the word “insurance” or any of its derivatives or similar word in any language as part of its name, title or as description of its activities.”

On 01 February 2024, Sri Lanka Insurance Corporation Ltd was segregated into Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited in compliance with the Insurance Industry Regulation (Amendment) Act No. 03 of 2011, segregation guidelines of the Insurance Regulatory Commission of Sri Lanka. Accordingly, Sri Lanka Insurance Corporation doesn’t conduct insurance business with effective 01 February 2024.

Accordingly, to comply with Act No 43 of 2000, Section 96 of Insurance Regulatory commission of Sri Lanka The Company is required to remove the term ‘insurance’ from the name of Sri Lanka Insurance Corporation Limited.

However, Insurance Regulatory Commission of Sri Lanka had granted an extension to Sri Lanka Insurance Corporation Limited until the conclusion of the court case SC SPL LA173/24. On 4th September 2025 the said court case has been dismissed by the supreme court. Accordingly, the Board of Directors, at its meeting held on 23rd March 2026, considered a proposal to change the Company’s corporate name in line with its post-restructuring status and in accordance with regulatory directions issued by the Insurance Regulatory Commission of Sri Lanka.

The Board granted in-principle approval for the proposed name change, subject to obtaining the opinion of the Hon. Attorney General of Sri Lanka. Accordingly, the necessary steps have been initiated to seek the required legal opinion, and the process is currently in progress.

47. SEGREGATION (CONTD…)

Group

• Administrative name change of financial investments from holding company (SLIC) to SLICLL

As per the scheme of arrangement, financial assets with a cost of Rs. 194.7 billion were transferred to the Company (SLICLL) as at 1st February 2024. In parallel, all possible measures have been taken to transfer the ownership of these financial instruments from the holding company. However, Listed Shares and Listed Debentures are still remain under the name of the holding company administratively. The status of the transfer process as at 31st December 2025 and 28th February 2026 is as follows:

		The fair values of the financial instruments of which the names have not been changed				
Financial Instrument Category	**Bank/Entity**	**Balance as at 31st December 2025 Rs. 000'**	**Balance Completed As at 28th February 2026 Rs. 000'**	**Balance in progress as at 28th February 2026 Rs. 000'**	**Balance as at 31st December 2024 Rs. 000'**	
Listed Shares	CDS Account	30,708,885	-	30,708,885	25,605,476	Note 01
Listed Debentures	CDS Account	58,032,969	-	58,032,969	38,139,646	Note 01
Unlisted Debentures	Bank of Ceylon	6,038,849	6,038,849	-	6,052,065	
	DFCC Bank PLC	-	-	-	1,857,062	
	People's Bank	16,153,459	16,153,459	-	16,206,888	
	NSB	2,847,997	2,847,997	-	2,858,630	
Commercial Papers	LOLC Holdings PLC	21,864,602	21,864,602	-	21,587,539	
Fixed Deposit	Bank of Ceylon	1,158,744	1,158,744	-	2,389,315	
	People's Bank	742,591	742,591	-	690,277	
	DFCC Bank PLC	-	-	-	1,188,744	
	Lanka Orix Leasing Company PLC	-	-	-	697,685	
	Peoples' Leasing	-	-	-	2,423,361	
	Commercial Bank of Ceylon PLC	4,962	4,962	-	4,624	
	Cargills Bank	1,157,654	1,157,654	-	-	
Unit Trusts	Ceylon Asset Management Co. Ltd	3,155,097	3,155,097	-	2,047,025	
	JB Financial (Pvt) Ltd	1,799,970	1,799,970	-	1,659,009	

47. SEGREGATION (CONTD…)

Financial Instrument Category	Bank/Entity	The fair values of the financial instruments of which the names have not been changed			
		As at 31st December 2025 Rs. 000'	Completed As at 28th February 2026 Rs. 000'	In progress as at 28th February 2026 Rs. 000'	As at 31st December 2024 Rs. 000'
Treasury Bonds	Bank of Ceylon	9,403,017	9,403,017	-	10,003,697
	NSB	163,813	163,813	-	460,676
	People's Bank	9,505,104	9,505,104	-	9,679,732
	DFCC Bank PLC	3,129,154	3,129,154	-	4,061,209
	Hatton National Bank PLC	-	-	-	631,154
	Commercial Bank of Ceylon PLC	63,687,475	63,687,475	-	33,416,195
	Seylan Bank	-	-	-	296,451
	Acuity Securities	-	-	-	4,156,936
	Capital Alliance	12,550,810	12,550,810	-	10,225,424
	First Capital Securities	-	-	-	6,425,034
	Pan Asia	7,431,557	7,431,557	-	8,376,155
	Wealth Trust	13,315,979	13,315,979	-	7,575,934
Reverse Repurchase Agreement	Commercial Bank of Ceylon PLC	3,852,610	3,852,610	-	10,655,487

Note 01

The transfer of listed shares and debentures from SLIC to SLICLL CDS accounts, which had been delayed pending approval from the Securities and Exchange Commission of Sri Lanka (SEC) for a waiver of transaction fees, was approved on 17 March 2026 following several discussions between SLIC corporate management and the SEC. Accordingly, the Company will proceed with effecting the transfers in line with the approval granted.

As per the scheme of arrangement, legal title of bank accounts were transferred to the Company (SLICLL) as at 1st February 2024. Furthermore, administrative names of major number of banks have been changed as of 28th February 2026 and the management is in the process of changing the administrative names of remaining below five Bank accounts from SLIC.

Bank	No. of Bank Accounts	Completed As at 28th February 2026	% of Completion
Nations Trust Bank	2	-	-
Standard Chartered Bank	3	-	-
Total	**5**	**-**	

The Company has 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 as of the date of auditor's report.

47. SEGREGATION (CONTINUED)

Sri Lanka Insurance Corporation General Limited (SLICGL)

To ensure full compliance with Section 30 of the Regulation of Insurance Industry Act No. 43 of 2000, the Management of SLICGL initiated an extensive administrative name-change project. As of 31st December 2025, the Management has successfully completed over 90% of these administrative updates.

Financial Instrument Category	Bank/Entity	Balance as at 31st December 2025 Rs. 000'	Balance completed as at 28th February 2026 Rs. 000'	Balance in progress as at 28th February 2026 Rs. 000'	Balance as at 31st December 2024 Rs. 000'
Listed shares	CDS Account *	15,363,274	-	15,363,274	10,319,746
Listed debentures	CDS Account *	8,338,891	-	8,338,891	3,282,503
Unlisted debentures	Bank of Ceylon	-	-	-	1,001,589
	DFCC Bank PLC	-	-	-	1,061,178
	People's Bank	-	-	-	507,014
Commercial papers	LOLC Holdings PLC				1,717,952
Term deposits	Bank of Ceylon	2,886,702	2,775,809	110,893	3,049,286
	Commercial Bank of Ceylon PLC	12,363	12,363	-	203,043
	Hatton National Bank	84,717	84,717	-	57,908
Unit trusts	Ceylon Asset Management Co. Ltd	4,303,923	4,303,923	-	3,095,920
Treasury bonds	Bank of Ceylon **	1,820,223	-	1,820,223	3,791,483
	Hatton National Bank PLC **	1,702,436	-	1,702,436	2,457,800
	Commercial Bank of Ceylon PLC **	3,455,893	2,128,729	1,327,165	3,944,310
	Wealth Trust **	159,330	-	159,330	1,034,484
	HNB Securities**	1,010,450	-	1,010,450	
	Pan Asia Bank**	105,972	-	105,972	
Reverse repurchase agreements	Commercial Bank of Ceylon PLC	-	-	-	2,602,341

*The transfer of listed shares and debentures from SLIC to SLICGL CDS accounts, which had been delayed pending approval from the Securities and Exchange Commission of Sri Lanka (SEC) for a waiver of transaction fees, was approved on 17 March 2026 following several discussions between SLIC corporate management and the SEC. Accordingly, the Company will proceed with effecting the transfers in line with the approval granted.

** The Company has opened the CDS accounts in CBSL under the name of SLICGL and is in the process of transferring the Securities under the name of SLIC for the newly opened CDS accounts. Newly purchased Treasury Bonds are under the name of SLICGL.

Financial Instrument Category	Bank/Entity	Remarks
Current Accounts	Cargills Bank Bank of China DFCC Bank Nations Trust Bank Seylan Bank Standard Chartered Bank	As per the scheme of arrangement, Bank accounts were transferred to the Company (SLICGL) as at 1st February 2024. Furthermore, administrative name of significant number of bank accounts have been changed as of 28th February 2026 and the management is in the process of changing the administrative name of remaining bank accounts from SLIC.

48 COMPLIANCE WITH REGULATORY REQUIREMENTS - BOARD COMPOSITION

In terms of Direction No. 02 of 2022 on the Corporate Governance Framework for Insurers issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), read together with Section 9.8.2(a) of the Listing Rules of the Colombo Stock Exchange issued by the Securities and Exchange Commission of Sri Lanka and Principle A.5.3 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, companies are required to maintain the minimum number of independent directors of board shall be at least one-third of the Board or a minimum of two, whichever is higher complying to the definition of independence of directors.

As at the reporting date, the Board of Directors of Sri Lanka Insurance Corporation Life Limited (SLICLL) and Sri Lanka Insurance Corporation General Limited (SLICGL) comprised six (06) Non-Executive Directors, all of whom were classified as Non - Independent. Accordingly, the SLICLL and SLICGL was not in full compliance with the above regulatory requirements relating to the independence of Directors as at the reporting date.

• Regulatory Communication, Grace Period and Current Status
The lRCSL has formally communicated this matter of non-compliance to Sri Lanka Insurance Corporation Limited (SLIC) and its subsidiaries and has granted a grace period until 06" April 2026 for the Companies to regularize their position and comply with the applicable requirements. SLICLL and SLICGL have sought the guidance of the Secretary to the Treasury on below mentioned Management's Proposed Course of Action.

• Management's Proposed Course of Action

In order to achieve compliance while maintaining the effectiveness and balance of the existing Board structure, the Company has proposed the following actions (as communicated to the Secretary to the Treasury, Ministry of Finance, Planning and Economic Development):

1. Re-designation of Directors: Re-designating two (02) existing Non-Executive Non-Independent Directors as Independent Directors, subject to meeting the prescribed independence criteria
2. Appointment of a new independent Director: Appointing one (01) new independent Director to fill an existing vacancy on the Board.

This approach is intended to ensure compliance with the requirement to have a minimum of three (03) Independent Directors, without increasing the overall size of the Board.

49 EVENTS AFTER THE REPORTING DATE

Company

There were no significant events after reporting date other than what is disclosed below, which require adjustments or disclosure in the Financial Statements.

Group

49.1 Litro Gas Lanka Limited
No circumstances have arisen since the reporting date, which would require adjustments to, or disclosure, in the Financial Statements.

49.2 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.

49.3 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.

49 EVENTS AFTER THE REPORTING DATE (CONTINUED)

49.4 Sri Lanka Insurance Corporation Life Limited

Events after the reporting period are those events, favorable and unfavorable, that occur between the Reporting date and the date when the Financial Statements are authorized for issue.

Other than mentioned in the note 47, 48 and below, there were no events after reporting period ended 31st December 2025 which may have a material impact on the financial position of the Company as of the balance sheet date.

On 23rd March 2026, the Board of Directors has proposed a dividend amounting to Rs. 675 Mn for the year ended 31st December 2025, which is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been recognised as a liability as at the reporting date.

49.5 Sri Lanka Insurance Corporation General Limited

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.

Other than mentioned in the note 47 and 48, there were no events after reporting period ended 31st December 2025 which may have a material impact on the financial position of the Company as of the balance sheet date.

49.6 Canowin Hotels and Spas (pvt) Ltd

There were no other material events that occurred after the reporting date that require adjustment to or disclosure in the Financial Statement.

50 GOING CONCERN

The Directors have made an assessment of the Group's ability to continue as a going concern, and 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 and 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 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 Company's ability to continue as a going concern.