

Continental Insurance Lanka Limited

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



Hotline 0112 800 200

Service, redefined.



CORPORATE GOVERNANCE REPORT

1. Introduction

The Board of Directors of Continental Insurance Lanka Limited (CILL) is committed to maintaining the highest standards of corporate governance and accountability. The effective corporate governance is essential to achieve long term success, fostering a culture of transparency and accountability for the benefit of all stakeholders, including shareholders, customers and employees. This Corporate Governance Report outlines the company's framework and practices that ensure effective oversight, risk management and ethical conduct and regulatory compliance.

2. Board of Directors

2.1 Composition

The Board comprises six directors including five independent non-executive directors. The composition complies with the corporate governance framework as set out in listing rules.

2.2 Key Responsibilities.

The Board provides strategic directions, ensures legal and regulatory compliance and oversees company performance.

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

3. Sub Committees of the Board

To facilitate effective governance, the following committees have been constituted.

3.1 Remuneration Committee

➤ Composition

Three directors and two of them are independent non-executive
Chaired by an independent non-executive director

➤ Function

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

3.2 Audit Committee

➤ Composition

Four directors and three of them are independent non-executive
Chaired by an independent non-executive director.

➤ **Function**

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

3.3 Risk Management Committee

➤ **Composition**

Five directors and four of them are independent non-executive
Chaired by an independent non-executive director.

➤ **Function**

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

3.4 Investment Committee

➤ **Composition**

Five directors and four of them are independent non-executive
Chaired by an independent non-executive director.

➤ **Function**

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

3.5 Nominations and Governance Committee

➤ **Composition**

Three directors and two of them are independent non-executive
Chaired by an independent non-executive director.

➤ **Function**

The Nominations and Governance Committee oversees the selection and evaluation of board members and members of senior management and ensures that the company adheres to sound corporate governance practices and policies.

AUDIT OPINION



KPMG
(Chartered Accountants)
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CONTINENTAL INSURANCE LANKA LIMITED

Report on the Audit of the Separate Financial Statement

Opinion

We have audited the separate financial statements of Continental Insurance Lanka Limited ("the Company"), which comprise the statement of separate financial position as at 31st December 2024 and the statement of separate profit or loss, separate statement of other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated position of the Company as at 31st December 2024 and of its unconsolidated separate financial performance and its unconsolidated cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the separate Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for professional accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation of separate financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements (Continued)

using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of us auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Separate Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

As required by section 163(2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

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

Chartered Accountants

Colombo, Sri Lanka

18th April 2025

CONTINENTAL INSURANCE LANKA LIMITED

SEPARATE STATEMENT OF FINANCIAL POSITION

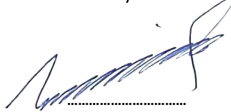
As at 31st December,

	2024 Rs.	2023 Rs.
Assets		
Property, plant and equipment	165,087,589	83,273,248
Investment property	33,149,000	33,149,000
Right-of-use assets	143,180,859	160,099,199
Deferred tax assets	40,566,646	42,910,436
Investments in subsidiaries	510,000,000	510,000,000
Financial investments	6,451,213,159	6,460,409,194
Loans granted to subsidiaries	5,704,072	5,531,826
Amounts due from related companies	57,009,889	8,990,986
Deferred acquisition cost	553,817,888	502,461,561
Reinsurance receivables	477,815,367	407,856,377
Premium receivables	3,172,405,876	2,672,400,265
Receivables and other assets	296,937,661	295,166,295
Cash and cash equivalents	473,027,571	1,131,617,526
Total assets	12,379,915,577	12,313,865,913
Equity and liabilities		
Equity		
Stated capital	1,250,000,070	1,250,000,070
Available-for-sale reserve	(11,279,524)	(12,046,484)
Retained earnings	3,467,766,662	3,545,556,687
Total equity	4,706,487,208	4,783,510,273
Liabilities		
Insurance contract liabilities	5,031,665,391	4,668,077,671
Lease liabilities	154,137,688	164,063,251
Retirement benefits obligation	137,344,171	95,905,857
Reinsurance payables	608,022,898	762,905,658
Current tax liabilities	131,727,621	211,099,324
Amounts due to related companies	-	51,511
Other liabilities	1,363,372,970	1,530,945,114
Bank overdraft	247,157,630	97,307,254
Total liabilities	7,673,428,369	7,530,355,640
Total equity and liabilities	12,379,915,577	12,313,865,913

The notes form an integral part of these financial statements.

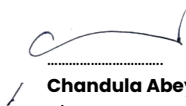
Figures in brackets indicate deductions.

I certify that these Financial Statements are in compliance with the requirements of Companies Act No.07 of 2007.



Thushara Amarasinghe
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for on behalf of the Board;



Chandula Abeywickrema
Director



Chaminda De Silva
Deputy Chairman

18th April 2025
Colombo, Sri Lanka

CONTINENTAL INSURANCE LANKA LIMITED

SEPARATE STATEMENT OF PROFIT OR LOSS

<i>For the year ended 31st December,</i>	2024	2023
	Rs.	Rs.
Gross written premium	11,024,180,894	9,378,227,864
Net change in reserve for unearned premium	(540,413,109)	(996,073,489)
Gross earned premium	10,483,767,785	8,382,154,375
Premium ceded to reinsurers	(2,453,191,787)	(1,068,724,215)
Compulsory cession to National Insurance Trust Fund	(1,202,474,184)	(912,509,362)
	(3,655,665,971)	(1,981,233,577)
Net change in reserve for unearned reinsurance premium	461,476,735	188,595,366
Net earned premium	7,289,578,549	6,589,516,164
Other revenue		
Net investment income	607,911,651	774,731,316
Net realised gains	(23,373,110)	(30,520,810)
Net fair value gains	(138,063,111)	(41,267,499)
Fee and commission income	75,059,529	59,269,928
Other operating income	7,183,210	31,892,165
Total other revenue	528,718,169	794,105,100
Total net revenue	7,818,296,718	7,383,621,264
Net benefits, claims and expenses		
Net benefits and claims	(4,602,891,980)	(3,856,857,135)
Underwriting and net acquisition costs	(720,955,904)	(839,282,038)
Other insurance related cost	(41,627,971)	(44,156,738)
Other operating and administrative expenses	(1,875,495,074)	(1,667,261,609)
Derecognition loss on restructuring of ISBs	(11,729,792)	-
Depreciation on property, plant and equipment	(30,030,257)	(20,219,629)
Total benefits, claims and expenses	(7,282,730,978)	(6,427,777,149)
Profit from operations	535,565,740	955,844,115
Finance expenses	(32,987,022)	(26,937,151)
Profit before tax	502,578,718	928,906,964
Income tax expense	(66,845,425)	(184,470,687)
Profit for the year	435,733,293	744,436,277
Basic and diluted earnings per share	3.63	9.02

The notes form an integral part of these financial statements.

Figures in brackets indicate deductions.

CONTINENTAL INSURANCE LANKA LIMITED
SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

<i>For the year ended 31st December,</i>	2024	2023
	Rs.	Rs.
Profit for the year	435,733,293	744,436,277
Other comprehensive income, net of tax		
Items that will never be reclassified to profit or loss		
Actuarial loss on defined benefit plan	(18,747,554)	(40,536,539)
Deferred tax impact on actuarial loss on defined benefit plan	5,624,266	12,160,962
Items that are or may be reclassified subsequently to profit or loss		
Net change in fair value - investments classified as available for sale financial assets	1,095,657	61,103,664
Deferred tax impact on net change in fair value-investments classified as AFS	(328,697)	(18,331,099)
Total other comprehensive income for the year, net of tax	(12,356,328)	14,396,988
Total comprehensive income for the year net of tax	423,376,965	758,833,265

The notes form an integral part of these financial statements.

Figures in brackets indicate deductions.

CONTINENTAL INSURANCE LANKA LIMITED

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December,

	Stated capital Rs.	Available for sale reserve Rs.	Retained earnings Rs.	Total equity Rs.
Balance as at 1 st January 2023	1,250,000,070	(54,819,049)	3,729,495,987	4,924,677,008
Total comprehensive income for the year				
- Profit for the year	-	-	744,436,277	744,436,277
- Net change in fair value of available for sale financial assets	-	61,103,664	-	61,103,664
- Actuarial loss of defined benefit plan	-	-	(40,536,539)	(40,536,539)
- Tax on other comprehensive income	-	(18,331,099)	12,160,962	(6,170,137)
Total comprehensive income for the year	-	42,772,565	716,060,700	758,833,265
Transactions with owners, recorded directly in equity				
- Dividends 2023	-	-	(900,000,000)	(900,000,000)
Total transactions with owners, recorded directly in equity	-	-	(900,000,000)	(900,000,000)
Balance as at 31 st December 2023	1,250,000,070	(12,046,484)	3,545,556,687	4,783,510,273
Balance as at 1st January 2024	1,250,000,070	(12,046,484)	3,545,556,687	4,783,510,273
Total comprehensive income for the year				
- Profit for the year	-	-	435,733,293	435,733,293
- Net change in fair value of available for sale financial assets	-	1,095,657	-	1,095,657
- Actuarial loss of defined benefit plan	-	-	(18,747,554)	(18,747,554)
- Tax on other comprehensive income	-	(328,697)	5,624,266	5,295,569
Total comprehensive income for the year	-	766,960	422,610,005	423,376,965
Transactions with owners, recorded directly in equity				
- Dividends - 2024	-	-	(500,400,030)	(500,400,030)
Total transactions with owners, recorded directly in equity	-	-	(500,400,030)	(500,400,030)
Balance as at 31st December 2024	1,250,000,070	(11,279,524)	3,467,766,662	4,706,487,208

Figures in brackets indicate deductions.

CONTINENTAL INSURANCE LANKA LIMITED SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31st December,

	2024 Rs.	2023 Rs.
Cash flows from operating activities		
Profit before tax	502,578,718	928,906,964
Adjustments for:		
Interest income	(607,405,383)	(774,182,772)
Dividend income	(506,268)	(548,544)
Interest on lease liability	30,959,488	26,937,151
Amortisation on intangible assets	-	584,690
Depreciation on property, plant and equipment	30,030,257	20,221,366
Gain on disposal of property, plant and equipment	(7,075,000)	-
Provision for retiring gratuity	27,581,484	17,654,981
Impairment/(reversal) on premium receivables	954,999	(1,500,782)
Gain on acquisition of investment property	-	(31,835,165)
Net fair value loss/ (gain) on financial assets at FVTPL	8,278,003	(99,803,942)
Net (gain) on sale of investments at FVTPL	(26,523,343)	(83,955,585)
Foreign exchange loss on loans and receivables	129,785,107	43,298,351
	88,658,062	45,776,713
Change in operating assets	(652,976,310)	(1,210,187,316)
Change in operating liabilities	100,918,468	972,600,524
Cash flow from operating activities	(552,057,842)	(237,586,792)
Taxes paid	(138,577,769)	(217,266,113)
Lease interest paid	(30,959,488)	(26,937,151)
Retiring gratuity paid	(4,890,725)	(15,372,805)
Net cash used in operating activities	(637,827,762)	(451,386,149)
Cash flows from investment activities		
Net acquisition of investment securities	(225,986,326)	(82,262,661)
Interest income received	710,915,861	676,854,964
Net gain on sale of investments at FVTPL	26,523,343	83,955,585
Dividend received	506,268	548,544
Acquisition of property, plant and equipment	(116,519,598)	(35,176,198)
Proceeds from the sale of property, plant and equipment	11,750,000	-
Net cash generated from investment activities	407,189,548	643,920,234
Cash flows from financing activities		
Dividends paid	(500,400,030)	(900,000,000)
Repayment of lease liabilities	(77,402,087)	(65,366,873)
Net cash used in financing activities	(577,802,117)	(965,366,873)
Net decrease in cash and cash equivalents	(808,440,331)	(772,832,788)
Cash and cash equivalents at the beginning of the year	1,034,310,272	1,807,143,060
Cash and cash equivalents at the end of the year	225,869,941	1,034,310,272
Notes to the separate statement of cash flows		
A. Change in operating assets		
Increase in deferred expenses	(51,356,326)	(89,999,467)
Increase in reinsurance receivable	(69,958,989)	(121,589,387)
Increase in premium receivable	(500,960,609)	(797,910,051)
Increase in other assets	(30,700,386)	(200,688,411)
	(652,976,310)	(1,210,187,316)
B. Change in operating liabilities		
Increase in insurance contract liabilities	363,587,720	1,083,678,320
(Decrease) in reinsurance payable	(154,882,760)	(589,149,960)
(Decrease) / increase in other liabilities	(107,786,492)	478,072,164
	100,918,468	972,600,524
C. Net decrease in cash and cash equivalents		
Favourable balance at the end of the year	225,869,941	1,034,310,272
Favourable balance at the beginning of the year	1,034,310,272	1,807,143,060
Net decrease in cash and cash equivalents	(808,440,331)	(772,832,788)

ACCOUNTING POLICIES

1. CORPORATE INFORMATION

1.1 Reporting Entity

Continental Insurance Lanka Limited (the Company) is a Limited Liability Company incorporated on 12th November 2009 and domiciled in Sri Lanka. The registered office of the Company is situated at No. 79, C.W.W. Kannangara Mawatha, Colombo 07.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company is primarily involved in general insurance business. There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.3 Parent Entity

The Company's immediate parent entity is the Melstacorp PLC and the ultimate parent entity is Milford Exports Ceylon (Private) Limited.

1.4 Number of Employees

The staff strength of the Company as at 31 December 2024 is 667 (2023 – 621).

2. BASIS OF PREPARATION

2.1.1 Presentation of Financial Statements

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

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

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

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

A statement of cash flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and the needs of the entity to utilize those cash flows; and Notes to the financial statements comprising accounting policies and other explanatory information. Details of the Company's accounting policies, including changes during the year, are included in Note 4.

2.1.2 Statement of Compliance

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

2.2 Responsibility for Financial Statements

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

2.3 Approval of Financial Statements

The financial statements for the year ended 31st December 2024 were authorized for issue by the Board of Directors on 18th April 2025.