

Continental Insurance Lanka Limited

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



Hotline 0112 800 200

Service, redefined.



CORPORATE GOVERNANCE REPORT

1. Introduction

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

2. Governance Structure

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

2.1 Board of Directors

2.1.1 Composition

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

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

2.1.2 Key Responsibilities.

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

2.2 Sub Committees of the Board

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

2.2.1. Remuneration Committee

➤ Composition

Three directors and two of them are independent non-executive

Chaired by Mr. Ranil Angunawela who is an independent non-executive director

➤ Function

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

2.2.2 Audit Committee

➤ Composition

Three directors who are independent non-executive

Chaired by Mr. Roschen Perera, who is an independent non-executive director.

➤ Function

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

2.2.3 Risk management Committee

➤ **Composition**

Four directors who are independent non-executive
Chaired by Mr. Trevine Fernandopulle, who is an independent non-executive director.

➤ **Function**

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

2.2.4 Investment Committee

➤ **Composition**

Four directors who are independent non-executive
Chaired by Mr. Roschen Perera, who is an independent non-executive director.

➤ **Function**

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

2.2.5 Nominations and Governance Committee

➤ **Composition**

Four directors who are independent non-executive
Chaired by Mr. Trevine Fernandopulle, who is 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 succession planning to ensure that the company adheres to sound corporate governance practices and policies.

2.2.6 Related Party Transaction Review Committee

➤ **Composition**

Three directors who are independent non-executive
Chaired by Mr. Ranil Angunawela, who is an independent non-executive director.

➤ **Function**

The Related Party Transaction Review Committee is responsible for reviewing, evaluating and monitoring all related party transactions to ensure that such transactions are conducted in fair, transparent and ethical manner and in the best interests of the Company and its stakeholders and reviewing disclosures of related party transactions in the financial statements to ensure accuracy, completeness and transparency.

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 2025 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 financial position of the Company as at 31st December 2025 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 and we do not express any form of assurance conclusion thereon.

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 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.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF CONTINENTAL INSURANCE LANKA LIMITED (CONTINUED)

Report on the Audit of the Separate Financial Statements (Continued)

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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF CONTINENTAL INSURANCE LANKA LIMITED (CONTINUED)

Report on the Audit of the Separate Financial Statements (Continued)

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
30th April 2026

CONTINENTAL INSURANCE LANKA LIMITED
SEPARATE STATEMENT OF FINANCIAL POSITION

	2025 Rs.	2024 Rs.
Assets		
Intangible assets	378,581	-
Plant and equipment	166,722,346	165,087,589
Investment property	33,149,000	33,149,000
Right of use assets	130,288,310	143,180,859
Deferred tax assets	99,143,323	40,566,646
Investments in subsidiaries	500,000,000	510,000,000
Financial investments	6,639,801,058	6,451,213,159
Loans granted to subsidiaries	-	5,704,072
Amounts due from related companies	28,416,955	57,009,889
Deferred acquisition cost	553,422,964	553,817,888
Reinsurance receivables	2,933,538,843	477,815,367
Premium receivables	2,376,435,510	3,172,405,876
Receivables and other assets	228,029,295	296,937,661
Cash and cash equivalents	513,902,362	473,027,571
Total assets	14,203,228,547	12,379,915,577
Equality and liabilities		
Equity		
Stated capital	1,250,000,070	1,250,000,070
Available-for-sale reserve	24,635,578	(11,279,524)
Retained earnings	2,627,739,629	3,467,766,662
Total equity	3,902,375,277	4,706,487,208
Liabilities		
Insurance contract liabilities	7,313,174,564	5,031,665,391
Lease liabilities	136,652,905	154,137,688
Retirement benefits obligation	143,001,930	137,344,171
Reinsurance payables	705,429,400	608,022,898
Current tax liabilities	59,270,733	131,727,621
Amounts due to related companies	42,559,207	-
Other liabilities	1,525,755,426	1,363,372,970
Bank overdraft	375,009,105	247,157,630
Total liabilities	10,300,853,270	7,673,428,369
Total equity and liabilities	14,203,228,547	12,379,915,577

*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.

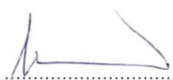


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Diluka Rajapaksha
General Manager – Finance

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
Chairman



.....
Thomas Frank Datwyler
Director

30th April 2026, Colombo

CONTINENTAL INSURANCE LANKA LIMITED
SEPARATE STATEMENT OF PROFIT OR LOSS

For the year ended 31st December,

	2025 Rs.	2024 Rs.
Gross written premium	10,729,721,490	11,024,180,894
Net change in reserve for unearned premium	503,261,774	(540,413,109)
Gross earned premium	11,232,983,264	10,483,767,785
Premium ceded to reinsurers	(2,876,720,053)	(2,453,191,787)
Compulsory Cession to National Insurance Trust Fund	(1,373,149,927)	(1,202,474,184)
	(4,249,869,980)	(3,655,665,971)
Net change in reserve for unearned reinsurance premium	62,334,683	461,476,735
Net earned premium	7,045,447,967	7,289,578,549
Other revenue		
Net investment income	540,699,903	607,911,651
Net realised gain/(loss)	62,480,331	(23,373,110)
Net fair value gain/(loss)	60,177,450	(138,063,111)
Fee and commission income	115,543,555	75,059,529
Other operating income	1,339,676	7,183,210
Total other revenue	780,240,915	528,718,169
Total net revenue	7,825,688,882	7,818,296,718
Net benefits, claims and expenses		
Net benefits, claims	(5,775,894,696)	(4,602,891,980)
Underwriting and net acquisition costs	(483,366,239)	(720,955,904)
Other insurance related cost	(40,709,685)	(41,627,971)
Other operating and administrative expenses	(2,187,402,944)	(1,874,540,074)
Derecognition loss on restructuring of ISB/SLSB	-	(11,729,792)
Impairment of premium receivables	(6,391,913)	(954,999)
Depreciation on property, plant and equipment	(40,657,148)	(30,030,257)
Total benefits, claims and expenses	(8,534,422,625)	(7,282,730,978)
(Loss)/profit from operations	(708,733,743)	535,565,740
Finance expenses	(25,784,244)	(32,987,022)
(Loss)/profit before tax	(734,517,987)	502,578,718
Income tax expense	80,125,614	(66,845,425)
(Loss)/profit for the year	(654,392,373)	435,733,293
Basic and diluted (loss)/earnings per share	(5.45)	3.63

*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

For the year ended 31st December,

	2025	2024
	Rs.	Rs.
Loss / (profit) for the year	(654,392,373)	435,733,293
Other comprehensive income, net of tax		
Items that will never be reclassified to profit or loss		
Defined benefit plan actuarial gain/(loss)	20,522,503	(18,747,554)
Related tax	(6,156,751)	5,624,266
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	51,307,288	1,095,657
Related tax	(15,392,186)	(328,697)
Total other comprehensive (loss)/income for the year, net of tax	50,280,854	(12,356,328)
Total comprehensive (loss)/income for the year net of tax	(604,111,519)	423,376,965

*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 1st January 2024	1,250,000,070	(12,046,484)	3,545,556,687	4,783,510,273
Surcharge tax	-	-	-	-
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	422,610,006	423,376,965
Transaction with owners, recorded directly in equity				
☒ Dividends 2024	-	-	(500,400,030)	(500,400,030)
Total Transaction 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
Balance as at 1st January 2025	1,250,000,070	(11,279,524)	3,467,766,662	4,706,487,208
Total comprehensive income for the period				
☒ Loss for the year	-	-	(654,392,373)	(654,392,373)
☒ Net change in fair value of available for sale financial assets	-	51,307,288	-	51,307,288
☒ Actuarial gain of defined benefit plan	-	-	20,522,503	20,522,503
☒ Tax on other comprehensive income	-	(15,392,186)	(6,156,751)	(21,548,937)
Total comprehensive income for the year	-	35,915,102	(640,026,621)	(604,111,519)
Transaction with owners, recorded directly in equity				
☒ Dividends - 2025	-	-	(200,000,412)	(200,000,412)
Total Transaction with owners, recorded directly in equity			(200,000,412)	(200,000,412)
Balance as at 31st December 2025	1,250,000,070	24,635,578	2,627,739,629	3,902,375,277

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

CONTINENTAL INSURANCE LANKA LIMITED

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31st December,

	2025 Rs.	2024 Rs.
Cash flows from operating activities		
(Loss)/profit before tax	(734,517,987)	502,578,718
Adjustments for:		
Interest income	(540,163,752)	(607,405,383)
Dividend income	(536,150)	(506,268)
Interest on lease liability	22,604,506	30,959,488
Amortisation on intangible assets	42,525	-
Depreciation on property, plant and equipment	40,657,148	30,030,257
Gain on disposal of property, plant and equipment	(1,240,295)	(7,075,000)
Provision for retiring gratuity	36,843,185	27,581,484
Impairment on premium receivables	6,391,913	954,999
Net fair value (gain)/loss on financial assets at FVTPL	(3,236,290)	8,278,003
Net gain on sale of investments at FVTPL	(20,153,952)	(26,523,343)
Foreign exchange (gain)/loss on loans and receivables	(56,941,160)	129,785,107
	(1,250,250,309)	88,658,062
Change in operating assets	(1,585,030,946)	(652,976,310)
Change in operating liabilities	2,721,905,475	100,918,468
Cash flow from operating activities	1,136,874,529	(552,057,842)
Taxes paid	(72,456,888)	(138,577,769)
Lease interest paid	(22,604,506)	(30,959,488)
Retiring gratuity paid	(10,662,923)	(4,890,725)
Net cash used in operating activities	(219,100,097)	(637,827,762)
Cash flows from investment activities		
Net acquisition of investment securities	(249,677,386)	(225,986,326)
Interest income received	691,189,042	710,915,861
Net gain on sale of investments at FVTPL	20,153,952	26,523,343
Dividend received	536,150	506,268
Acquisition of intangible assets	(421,106)	-
Acquisition of property, plant and equipment	(56,796,609)	(116,519,598)
Proceeds from sale of property, plant and equipment	2,547,090	11,750,000
Net cash generated from investment activities	407,531,133	407,189,548
Cash flows from financing activities		
Dividends paid	(200,000,412)	(500,400,030)
Repayment of lease liabilities	(75,407,308)	(77,402,087)
Net cash used in financing activities	(275,407,720)	(577,802,117)
Net decrease in cash and cash equivalents	(86,976,684)	(808,440,331)
Cash and cash equivalents at the beginning of the year	225,869,941	1,034,310,272
Cash and cash equivalents at the end of the year	138,893,257	225,869,941
Notes to the cash flow statement		
A. Change in operating assets		
Decrease/(increase) in deferred expenses	394,924	(51,356,326)
Increase in reinsurance receivable	(2,455,723,476)	(69,958,989)
Increase/decrease in premium receivable	789,578,453	(500,960,609)
Increase in other assets	80,719,153	(30,700,386)
	(1,585,030,946)	(652,976,310)
B. Change in operating liabilities		
Increase in insurance contract liabilities	2,281,509,173	363,587,720
Increase/(decrease) in reinsurance payable	97,406,501	(154,882,760)
Increase/(decrease) in other liabilities	342,989,801	(107,786,492)
	2,721,905,475	100,918,468
C. Net decrease in cash and cash equivalents		
Favourable balance at the end of the year	138,893,257	225,869,941
Favourable balance at the beginning of the year	225,869,941	1,034,310,272
Net decrease in cash and cash equivalents	(86,976,684)	(808,440,331)

CONTINENTAL INSURANCE LANKA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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 parent entity is Melstacorp PLC, which has been incorporated in Sri Lanka. The ultimate parent entity is Milford Exports Ceylon (Pvt) Ltd which has been incorporated in Sri Lanka.

1.4 Number of Employees

The staff strength of the Company as at 31st December 2025 is 684.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS/LKAS) as 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 and its subsequent amendments.

These financial statements include the following components:

- Income statement and statement of profit or loss and other comprehensive income providing the information on the financial performance of the Company for the year under review;
- A statement of financial position providing the information on the financial position of the Company as at the year end.
- A statement of changes in equity depicting all changes in owners' equity during the year and the business at the year end.
- A statement of cash flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and the needs of the entity to utilize those cash flows; and
- Notes to the financial statements comprising accounting policies and other explanatory information. Details of the Company's accounting policies, including changes during the year, are included in Note 3.

CONTINENTAL INSURANCE LANKA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

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