

ANNUAL REPORT 2025

Securing

Today

Empowering

Tomorrow

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ABOUT US

Who we are

Orient Insurance Limited is a fully owned subsidiary of Orient Insurance PJSC which is owned by one of the largest and diversified business conglomerates Al-Futtaim Group. The Al-Futtaim Group also owns AMW group of companies, including AMW Capital Leasing & Finance PLC in Sri Lanka. This association provides us with access to extensive resources and a proven track record of business success.

Our leadership is the cornerstone of our strength, comprised of highly skilled professionals with decades of experience in both local and multinational insurance markets. Our management team brings a wealth of expertise and strategic vision. Throughout our fourteen-year journey, we have consistently stood out in a highly competitive market. With over 29 branches, 12 points of sale and 03 Virtual Franchise Offices across the island, our strategic direction and customer-centricity have enabled us to achieve significant milestones, including becoming one of the fastest growing General Insurance Companies in Sri Lanka.

The strong financial position and reliability of our parent Company are further evidenced by its outstanding credit ratings. Orient Insurance PJSC holds “A Excellent” rating from A.M. Best and A + rating from Standard & Poor’s, reflecting its robust financial stability and superior operational performance. These ratings reinforce our dedication to upholding high standards and consistently delivering exceptional results.

The Company prides itself on having world-class top-rated reinsurers as its strategic reinsurance partners, the reinsurance arrangements of the Company are placed with financially strong, reputed and globally rated reinsurance giants such as QBE, Swiss Re, Deutsche Re, Singapore Re, XL Re Europe, Partner Re, and other top-tier companies. This collaboration ensures that we can confidently underwrite complex risks and offer comprehensive coverage to our clients.

In a dynamic and ever-evolving financial environment shaped by emerging opportunities and complex challenges, we continue to stand as a reliable and trusted risk management partner to our valued stakeholders. By combining deep industry expertise with a forward-looking approach, we proactively adapt to changing market conditions while maintaining strong governance and ethical standards. Our commitment to trust, transparency, and accountability enables us to navigate uncertainties with confidence, deliver sustainable value, and build long-term relationships. As we move forward, we remain focused on innovation, resilience, and strategic growth, ensuring that we are well-positioned to support our stakeholders and successfully navigate the future with foresight and integrity.

Our Vision, Mission and Values



Our Vision

To be the premier insurer of choice.



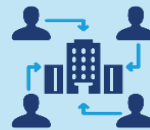
Our Values

Respect, Integrity, Collaboration, and Excellence



Our Mission

To reach the consumer and corporate segments with appealing risk solutions.



Corporate Conduct

In achieving the vision and mission, all directors and employees conduct their activities with the highest level of ethical standards and integrity.

Corporate Information

Head Office

Orient Insurance Limited
10th Floor, JFI Tower 03,
No 75, Piyadasa Sirisena Mawatha,
Colombo 10.
Tel: [+94] 112 030300

Registration No PB 4720

Date of incorporation - 03 June 2011

Auditors

Ernst & Young Chartered Accountants

Bankers

Bank of Ceylon
Commercial Bank of Ceylon
Cargills Bank
DFCC Bank
Hatton National Bank
National Development Bank
Nations Trust Bank

Company Secretary

S. S. P Corporate Services (Private) Limited

Pan Asia Banking Corporation
People's Bank
Sampath Bank
Seylan Bank
Standard Chartered Bank
Union Bank of Colombo

BOARD OF DIRECTORS

Omer Hassan Elamin

Chairman

Tanuj Edward

Managing Director/ Executive Director

G.L. Priya Aponso

Independent Non-Executive Director

Deshapriya De Silva

Independent Non-Executive Director

Nimmi Guneratne

Non-Executive Director

EXECUTIVE MANAGEMENT

Tanuj Edward

Managing Director & Chief Executive Officer

Manjula Kohombange

Senior Vice President - Finance

Ameera Hindurangala

Senior Vice President - Strategy & Operations

Rochana Kulatunge

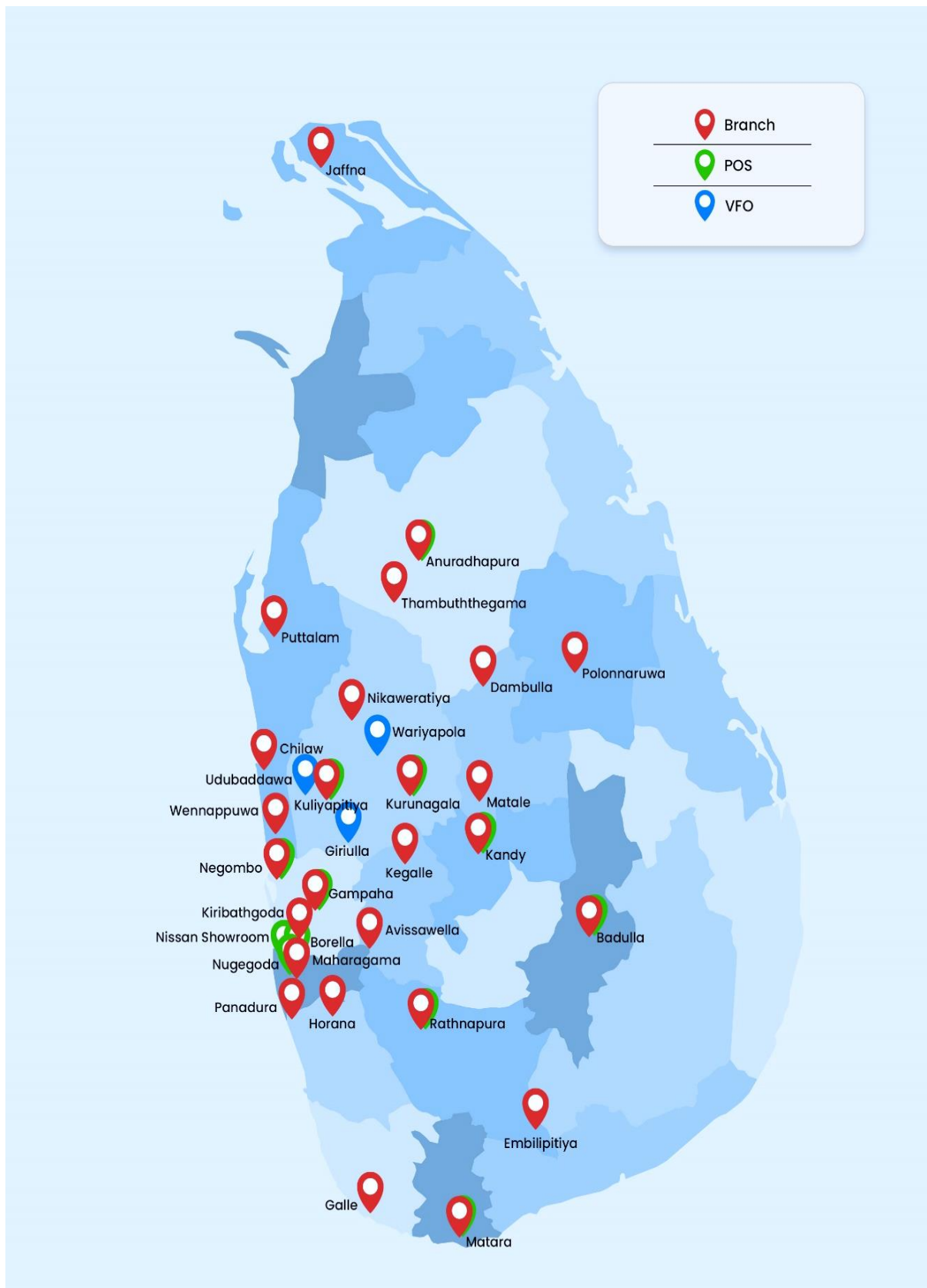
Senior Vice President - Sales & Distribution

Pasindu Abeygunawardana

Senior Vice President - Operation Control



Branch Network



Branches	Avissawella	No. 223, Colombo Road, Ukwatte, Avissawella
	Gampaha	No.119, Oruthota Road, Gampaha
	Horana	No. 515, Panadura Road, Horana
	Kiribathgoda	No. 486/B/1/1, Hunupitiya Road, Dalugama, Kelaniya
	Maharagama	No.107/1, High Level Road, Moraketiya, Pannipitiya
	Negombo	No. 06, St. Joseph Street, Negombo
	Panadura	No. 96/1/1, Srimahavihara Road, Panadura
	Kandy	No. 147/2, Kotugodella Street, Kandy
	Dambulla	No. 745, Anuradhapura Road, Dambulla
	Matale	No. 66, Mosque Road, Matale
	Chilaw	No. 85C, Puttalam Road, Chilaw
	Kurunegala	No. 254/1/1, First Floor, Colombo Road, Kurunegala
	Kuliyapitiya	No. 60 1/1, Kurunegala Road, Kuliyapitiya
	Wennappuwa	No. 193, Colombo Road, Kolinjadiya, Wennappuwa
	Nikaweratiya	No. 226, Kurunegala Road, Nikaweratiya
	Puttalam	No. 171/1, Kurunegala Road, Puttalam
	Thambuththegama	No. 132, Near the Daily Fair,Thambuththegama
	Anuradhapura	No.190, Godage Mawatha, Kada Dolaha, Anuradhapura
	Polonnaruwa	No. 260/B, Batticaloa Road, Polonnaruwa
	Kegalle	No. 362, Colombo Road, Ranwala, Kegalle
	Rathnapura	No. 66/2, Bandaranayake Mawatha,Ratnapura
	Embilipitiya	No. 168/A, "Piyakaru" Building, New Town, Embilipitiya
	Galle	No. 60B, Colombo Road, Kaluwella, Galle
Matara	No. 306/2/1, Anagarika Dharmapala Mawatha, Nupe, Matara	
Jaffna	No. 275 1/2, Clock Tower Road, Jaffna	
Badulla	No. 373, Viharagoda, Passara Road, Badulla	
POS	Badulla	No. 16A, Station Road, Badulla
	Borella	No. 445, Baudhaloka Mawatha, Colombo – 08
	Gampaha	No.163/A, Ja-Ela Road, Gampaha
	Kuliyapitiya	No. 463/A, Madampe Road, Kuliyapitiya
	Kandy	No. 400/1, Katugasthota Road, Kandy
	Kurunegala	No. 255, Ranawaka Building, Colombo Road, Wanduragala, Kurunegala
	Negombo	No. 262, Chilaw Road, Periyamulla, Negombo
	Nugegoda	No. 330, High Level Road, Nugegoda
	Rathnapura	No. 510, Colombo Road, Veralupa, Rathnapura
	Anuradhapura	No.521/40,4th Lane,Nawa Nagaraya,Anuradhapura
	Nissan Showroom	No. 185, Union Place, Colombo 02
	Matara	No. 215E,Galle Road,Pamburana,Matara
VFO	Udubaddawa (VFO)	Naththandiya Road, Udubaddawa
	Giriulla (VFO)	No. 126 Negombo road, Giriulla
	Wariyapola (VFO)	97/3/A, Kurunegala Road, Vilakatupotha, Wariyapola

Highlights of the Year 2025



Orient Insurance Limited was recognized as a “Company with Great Managers” at the CLA Great Managers Awards Programme, with the award received by CEO Tanuj Edward. This achievement marks a significant milestone, reflecting the Company’s strong leadership capability, commitment to developing talent, and continued focus on driving organisational performance and growth.

Continuing this success, four leaders from Orient Insurance Limited were also honored with individual awards at the prestigious Great Managers Awards. This recognition further highlights the Company’s strong leadership culture, depth of talent, and ongoing commitment to developing high-performing individuals who contribute to organizational excellence and sustained success.



The Head Office of Orient Insurance Limited has moved to a new office, marking a significant milestone in its corporate journey. This relocation enhances administrative efficiency, strengthens operational capabilities, and improves overall coordination across the organization, while reinforcing its long-term commitment to growth, expansion, and service excellence.

The Company enhanced its presence with the relocation of its Kiribathgoda branch to a new and more accessible location, strengthening its service network and improving customer convenience in the region. This move reflects the Company’s continued commitment to growth, enhanced service delivery, and providing accessible insurance solutions to its customers.



Performance Highlights

	2025	2024	Change
	LKR Mn	LKR Mn	%
RESULTS FOR THE YEAR			
Gross Written Premium	4,854.7	3,411.9	42%
Investment and Other Income	691.1	632.2	9%
Profit After Tax	56.1	18.1	210%
Basic Earnings Per Share (LKR)	6.8	2.2	211%
Retention Ratio (%)	67.9	63.6	7%
Loss Ratio (%)	66.5	73.9	-7%
Combined Ratio (%)	106.3	112.7	-6%
FINANCIAL POSITION AT YEAR END			
Total Assets	6,882.9	4,767.4	44%
Equity	1,569.4	1,517.2	3%
Investments	2,969.3	2,433.3	22%
STATUTORY REQUIREMENTS			
Capital Adequacy Ratio (CAR) %	178.0	171.0	7%
Total Available Capital (TAC)	1,422.0	1,279.2	11%

LEADERSHIP

Chairman's Message



It gives me great pleasure to present the Annual Report of Orient Insurance Limited for the financial year ended 31 December 2025. The year under review was one of strong strategic progress for our Company, marked by robust growth, improving profitability, and decisive action to strengthen our long-term competitive position in an evolving and increasingly demanding operating environment.

Despite a business landscape shaped by global uncertainty, heightened competition, and domestic cost pressures, I am pleased

with Orient Insurance's performance in 2025. I am particularly pleased to note that the Company recorded a remarkable top-line growth of 42.3%, making Orient Insurance the fastest-growing General Insurance Company in Sri Lanka during the year. This performance reflects the trust placed in us by our customers, the discipline of our distribution and operational teams, and the successful execution of our growth strategy.

While the broader economic backdrop remained mixed, Sri Lanka showed encouraging signs of recovery during 2025, supported by improved macroeconomic stability and positive growth momentum. Yet, businesses continued to navigate an environment characterized by pricing pressure, supply-side constraints, and elevated customer expectations.

Against this backdrop, I am also proud to report that Orient Insurance achieved a 210% improvement in profitability compared to 2024. This is a particularly noteworthy achievement given the intensely competitive nature of the Sri Lankan insurance market and the external challenges faced during the year. It reflects the success of the strategic measures taken by the Board and Management to improve business quality, recalibrate risk selection, optimize reinsurance arrangements, and maintain disciplined cost management. Our focus in 2025 was not merely on growth for its own sake, but on delivering sustainable, profitable growth, and I am pleased to say that the Company has made meaningful progress in that direction.

One of the key pillars of our Company's progress has been innovation. The Insurance Regulatory Commission of Sri Lanka (IRCSL) has articulated a clear ambition to broaden the reach of insurance in the country and increase insurance penetration. At Orient Insurance, we firmly support this national agenda. As part of our response, the Company continued to invest in technology-led transformation, including the development of micro-level and accessible insurance solutions designed to reach wider customer segments through digital platforms, artificial intelligence. I am proud to state that many of these initiatives have already contributed meaningfully to the Company's growth trajectory and profitability momentum, while also laying the foundation for a more inclusive and scalable business model.

In parallel, we have continued to build future-ready operational capabilities. Our investments in digital infrastructure, process automation, and AI-enabled solutions are helping us improve speed, customer experience, underwriting precision, and claims efficiency. These are not simply technology investments; they are strategic enablers that will support our ambition to build a more agile, resilient, and customer-centric insurer for the future.

The catastrophic floods and Cyclone Ditwah in late November reminded us of the importance of resilience. In the face of external disruptions and market volatility, our people demonstrated commitment, adaptability and an unwavering focus on service delivery throughout these adversities, ensuring speedy claims settlements to help restart lives and support the economy. Their dedication, together with the confidence of our customers, business partners, intermediaries, and regulators, enabled the Company to navigate challenges successfully and emerge stronger.

As Chairman, I am encouraged by the momentum we have built. Orient Insurance enters the future with greater scale, stronger profitability, sharper strategic clarity, and an expanding platform for innovation. We remain committed to creating long-term value for all stakeholders while contributing meaningfully to the development of Sri Lanka's insurance industry.

On behalf of the Board, I extend my sincere appreciation to our customers, employees, business partners, regulators, and shareholders for their continued trust and support. With a clear vision, disciplined execution, and a strong commitment to innovation and service excellence, I am confident that Orient Insurance is well positioned to sustain its growth and strengthen its role as a leading force in Sri Lanka's general insurance sector.

Omer Elamin

Chairman

Managing Director's Message



It is with great pride and a deep sense of accomplishment that I present the Annual Report of Orient Insurance Limited for the financial year ended 31 December 2025. The year under review has been a defining one for our Company, marked by strong growth, improved profitability, strategic transformation, and the continued strengthening of our position as one of the most dynamic players in Sri Lanka's general insurance industry.

At Orient Insurance, we are extremely proud of the momentum we have built during the year. 2025 was a year in which the Company moved decisively from strength to strength, demonstrating not only resilience in a challenging environment, but also the ability to convert opportunity into meaningful business outcomes. This progress reflects the clarity of our strategy, the dedication of our teams, and the confidence that our customers, business partners, and stakeholders continue to place in the Orient brand.

One of the most significant highlights of the year was our exceptional top-line performance. Orient Insurance recorded a remarkable growth of 42.3% in 2025, making us the fastest-growing General Insurance Company in Sri Lanka. This achievement is especially gratifying given the highly competitive nature of the market. It is a reflection of our disciplined execution, our ability to identify and capture profitable opportunities, and the success of our efforts to expand our footprint across multiple business segments.

Equally important is the progress we have made on the profitability front. I am particularly pleased to note that the Company recorded a 210% improvement in profitability compared to 2024. This was achieved despite external pressures, market-wide competition, and operating challenges that required careful navigation throughout the year. Our improved profitability was driven by a sharper focus on disciplined underwriting, better portfolio management, stronger risk selection, prudent cost control, and the continued strengthening of our operational framework. These results demonstrate that our growth agenda is firmly anchored in sustainability and value creation.

The year was not without challenges. External market conditions, evolving customer expectations, and broader economic pressures required us to remain agile and responsive. In addition, the disruptions experienced during the year tested the resilience of our teams and processes. I am proud to say that Orient Insurance responded with determination, maintaining service continuity, protecting customer confidence, and ensuring that the business remained focused on execution and delivery. This resilience is one of the defining strengths of our Company.

A particularly significant challenge during the year was the catastrophic floods in November and the impact of Cyclone Ditwah, which tested not only our operational preparedness but also the spirit and commitment of our people. During this difficult period, I witnessed with immense pride the extraordinary resilience and dedication shown by our staff across the Company. They acted with a

deep sense of ownership and commitment, taking every possible step to protect Company assets, safeguard operations, and ensure that the overall impact on the business was kept to a minimum. At the same time, our teams worked closely and tirelessly with loss adjusters, risk managers, and all other stakeholders to expedite claims assessments and settlements, so that affected customers could restore their lives and businesses to normalcy as quickly as possible. I am deeply grateful to our employees for the remarkable unity, selflessness, and commitment they demonstrated during this period. Their efforts enabled Orient Insurance to take proactive and meaningful action in supporting recovery, while also contributing in our own way to the restoration of economic activity in the country.

A major milestone during the year was our move to a new state-of-the-art head office. This was far more than a physical relocation. It represented a new chapter in the evolution of Orient Insurance. Our new corporate environment has significantly enhanced collaboration, employee engagement, transparency, and organizational synergy. It has strengthened our culture, uplifted morale, and created a platform that better reflects the scale of our ambition. Just as importantly, it has enhanced the image of the Company and reinforced confidence among customers, partners, and other stakeholders in the strength and professionalism of the Orient brand.

As we look to the future, technology remains central to our strategic direction. Orient Insurance is making significant investments in digital transformation, with a growing emphasis on Artificial Intelligence (AI), automation, and data-driven decision-making. These investments are helping us simplify complex processes, reduce manual bottlenecks, improve turnaround times, enhance underwriting accuracy, and elevate customer experience. We are also proud to support the broader national agenda of increasing insurance penetration in Sri Lanka. In line with this, we have continued to explore and introduce more accessible and micro-level insurance solutions, enabled by technology, to reach wider customer segments. I am pleased to note that many of these initiatives have already made a meaningful contribution to our growth and profitability momentum.

Our progress in 2025 has been made possible by the unwavering support and guidance of our Chairman, Mr. Omer Elamin, and our CEO- International Markets, Mr. Mohamed Mostafa, the Board of Directors, whose leadership has been invaluable in shaping the Company's strategic direction. I also wish to place on record my sincere appreciation to the Senior Management and our employees, whose passion, commitment, and hard work have been instrumental in delivering this performance. My thanks also go to our customers, intermediaries, business partners, regulators, and shareholders for their continued trust and confidence in Orient Insurance.

Tanuj Edward

Managing Director & CEO

Directors' Profile

Omer Elamin

Chairman

[Non-executive Director (Member of the Board since May 2011)]



Mr. Omer Elamin is currently the Group President of Orient Insurance PJSC, Dubai and he leads Orient Insurance Group in seven countries.

The company is a well-recognized Insurer operating in the UAE insurance market with a capital of 500 million Dirhams and accredited with the highest credit rating in the region of 'A+' Strong (S&P) and 'A' Excellent (AM Best).

Mr. Elamin holds a BA degree from the University of Cairo. He is the Advisory Board Member for Al-Futtaim Finance, Dubai and a member of the Al-Futtaim Group HR committee.

He was also a former Insurance Advisory Board Member for Dubai Financial Center (DIFC), Former Board Member of Arab War Risk Insurance Syndicate - Manama Bahrain, Former Chairman of the Insurance Business Group, Dubai Chamber of Commerce and Former Chairman of the High Technical Committee - UAE Insurance Association.

Mr. Elamin has made remarkable contributions to the insurance sector in the Middle East with more than 40 years of experience in the industry. His stellar leadership and business know-how have also been recognized by various conferences. In April 2019, he has been ranked among the Top 10 CEOs in the Insurance category at the TOP CEO Conference and Awards held in Bahrain.

Tanuj Edward**Managing Director & CEO**

[Executive Director (Member of the Board since November 2021)]



Mr. Tanuj Edward, Managing Director & CEO, counts over 36 years of professional experience in the insurance industry and held many Senior Management positions in Sri Lanka and overseas. Mr. Edward is a Chartered Insurer and an Associate Member of the Chartered Insurance Institute of London and a Senior Associate of the Australian and New Zealand Institute of Insurance and Finance.

Throughout his illustrious career, holding key positions in the insurance industry of Sri Lanka and overseas, Mr. Edward has been the recipient of multiple accolades and recognition awards for his services. His very latest sprint was bagging the special award of recognition of “Al-Futtaim Values Award”, the most prestigious recognition awarded by the group. His achievement thus went beyond his own halo and garnered recognition to Sri Lanka in a global forum.

Mr. Edward commenced his insurance career at Union Assurance Limited in 1990, thereafter he joined Norwich Union, and returned to Sri Lanka to join Eagle Insurance and was part of Eagle Star, Zurich, AVIVA and AIA, thereafter he joined Abu Dhabi National Insurance Company (ADNIC) to gain exposure in Marine Hull, Aviation and Energy. After a successful learning there, Mr. Edward returned to Sri Lanka to join AIA and continued there until the sale to Janashakthi in the capacities of Chief Operating Officer, and Deputy CEO AIA General Insurance Company. On the date of the sale to Janashakthi, he joined Orient Insurance Limited as its CEO and rose to his current position as its Managing Director and CEO.

G. L. Priya Aponso

[Independent Non-Executive Director (Member of the Board since September 2020)]



Mr. Priya Aponso is an experienced and renowned personality within Orient and the Insurance industry.

Mr. Aponso commenced his career in the Insurance Industry in 1988 when he joined CTC Eagle Insurance Ltd (now known as AIA Insurance Lanka Ltd) at the inception of the Company. He held progressively responsible positions before being appointed as the Chief Financial Officer in 2001, a position he retained until a few months prior to his retirement in 2010.

He served as the Chief Financial Officer of People's Insurance Ltd from its inception in 2010 to 2011. After which he joined Orient Insurance Ltd as the Senior Vice President – Finance from its inception in 2011 to 2015. He was a consultant - Finance to the National Insurance Trust Fund Board (NITF) between 2015 and 2016, as well as Janashakthi Insurance PLC (2016-2017).

Mr. Aponso was a member of the Group Internal Audit Team of Eagle Star Insurance Group UK, who conducted Internal Audit assignments in several branches of the Eagle Star Group in England, Scotland, Isle of Man and Hong Kong.

He has completed a General Insurance Accounting and Management Information training program at Zurich Insurance Group Head Office and a Reinsurance Accounting and Reporting training program conducted by Swiss Re in their branch office in Munich. He has obtained certifications in General Management from the National University of Singapore, in Communication Skills from the Management Institute of Ahmadabad, in Top Management from FALIA Tokyo, and in Shipping Business from JICA Tokyo.

He is also a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

Deshapriya De Silva

[Independent Non-Executive Director (Member of the Board since November 2021)]



Mr. Deshapriya De Silva one of the known professionals in the Insurance industry who reached the pinnacle of the industry starting from 1985. Mr. De Silva started his profession at Mercantile Credit and has gained 37 years of experience by working at ACW insurance, Union Assurance and Fair First Insurance. He has held key positions in the insurance industry in motor, health, fire and other miscellaneous business units while directly handling operational departments throughout his 36 years of experience. His expertise in engagement and implementation of the general insurance system, designing health insurance systems, implementation of Reinsurance automation systems and implementation of the Motor front-end system are some of his achievements and initiations that added value to industry norms. Mr. De Silva was heading the claims function at Fair First Insurance as the Deputy General Manager until he reached his retirement.

Mr. De Silva's experience in the insurance field and business management, qualifies him further as an industry professional as a Chartered Insurer by profession and possesses the qualification of Associateship of the Chartered Insurance Institute (ACII). His recognition in the industry also includes positions such as Chief Examiner for insurance for the Institute of Bankers of Sri Lanka (IBSL) from 2013 to 2017.

He is also a Senior Associate of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF), and a member of British Computer Society (MBCS). Mr. De Silva as a professional has qualified himself in the field of management and holds a Diploma in Business Management from the National Institute of Business Management (NIBM).

Nimmi Guneratne

[Non-Executive Director (Member of the Board since December 2024)]



Ms. Nimmi De A Guneratne is a well-known professional in the corporate sector with multiple disciplines in various sectors. With 38 years of experience at a diversified conglomerate, Ms. Guneratne brings a wealth of expertise in insurance, law, and corporate leadership.

Ms. Guneratne's career is marked by a dedication to excellence, strong interpersonal skills, and a proven ability to solve complex problems. Her core competencies include insurance underwriting, claims settlement, Lloyds Agency operations, and navigating intricate legal matters.

Having held senior leadership positions, including Director at Aitken Spence Group Ltd. and Managing Director of Aitken Spence Insurance Brokers (Pvt) Ltd., she played a pivotal role in the privatization of insurance in Sri Lanka and contributed significantly to the industry regulatory framework.

After her retirement in 2022 as Managing Director of Aitken Spence Insurance Brokers Ltd Ms. Guneratne continues to engage with the business community, providing consultancy in marketing, business development, and risk compliance, whilst continuing her work as a lecturer.

Academically, she is a Fellow of the Chartered Insurance Institute (London), a Chartered Insurance Practitioner, and an Attorney-at-Law with extensive experience in training, lecturing and presenting at legal and insurance seminars, including international conferences.

Ms. Guneratne's involvement with industry bodies such as the Ceylon Chamber of Commerce and the International Chamber of Commerce underscores her commitment to professional development and industry advancement.

MANAGEMENT DISCUSSION & ANALYSIS

Macro-economic overview

In 2025, Sri Lanka's economy was influenced by a gradual recovery, ongoing political changes, and external shocks that challenged the strength of its reform efforts. Following the economic crisis and social unrest witnessed in 2022, and the subsequent political developments culminating in a leadership transition in late 2024, the country entered 2025 under a renewed governance framework. This shift signaled a move away from historically debt-driven and populist policies toward a more disciplined, reform-oriented, and transparency-focused economic management approach.

The macroeconomic environment during the year can be best described as one of *"fragile stability."* Early in 2025, the economy demonstrated encouraging momentum, supported by ongoing fiscal consolidation measures, improved revenue mobilization, and the continued implementation of structural reforms aligned with the International Monetary Fund (IMF) programme.

A key milestone was achieved during the year with the successful conclusion of external debt restructuring negotiations. By mid-2025, Sri Lanka finalized agreements with major bilateral creditors, including the Paris Club, India, and China, as well as private bondholders, covering over USD 17 billion in external debt. This development significantly reduced near-term debt servicing pressures, restored a degree of investor confidence, and laid the foundation for medium-term macroeconomic stability.

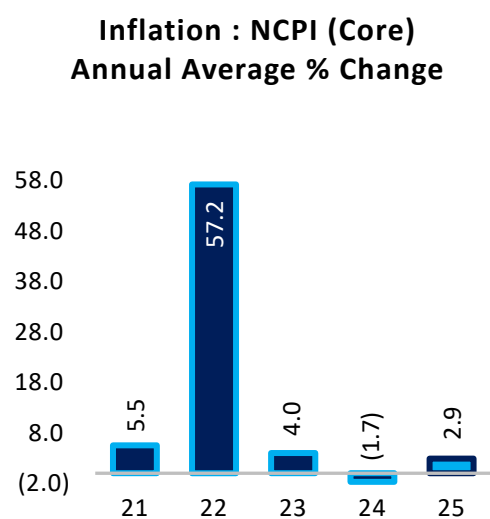
However, despite these positive developments, the recovery remained delicate, with vulnerabilities stemming from global economic uncertainties, tight domestic financial conditions, and exposure to climate-related disruptions. Against this backdrop, sustaining economic stability will depend on continued policy discipline, structural reforms, and enhanced resilience to external and environmental shocks, ensuring that the growth momentum achieved is both durable and inclusive in the years ahead.

Key Performance Indicators (KPIs) for 2025 revealed a surprisingly resilient economy:

A cornerstone of the economic recovery in 2025 has been the successful containment of inflationary pressures. Following the significant volatility experienced in prior years, Sri Lanka transitioned into a period of relative price stability. This is evidenced by the National Consumer Price Index (NCPI) (Base Year: 2021), where annual average inflation normalized to 2.9% in 2025.

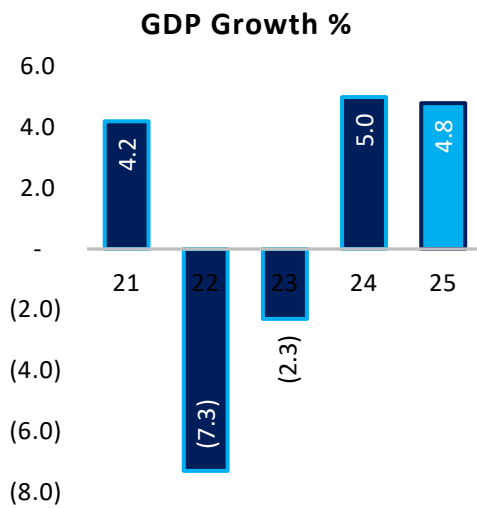
This shift from a deflationary phase to a stable low-inflation environment has played a pivotal role in reshaping the country's economic trajectory. By maintaining price stability, the Central Bank of Sri Lanka (CBSL) has secured greater flexibility in monetary policy,

enabling a more accommodative approach that supports broader economic growth. This development has contributed to a lower cost of capital, as declining market interest rates continue to encourage private sector credit expansion and investment activity. Moreover, improved price stability has helped



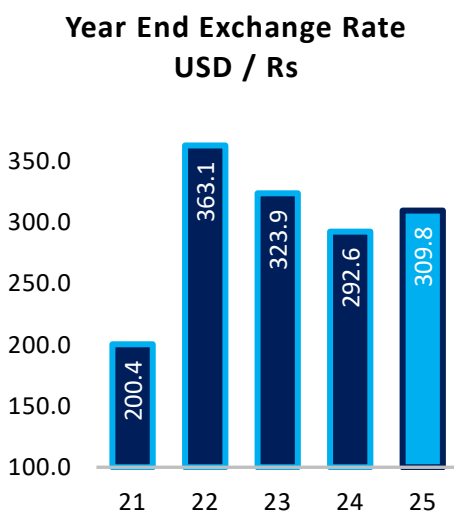
restore consumer confidence, enhancing real household incomes and supporting a gradual recovery in domestic consumption.

In 2025, the normalization in NCPI (Core) annual average inflation reinforced macroeconomic stability in Sri Lanka. This stable price environment supported a more accommodative monetary policy stance, helping to ease interest rates and reduce the cost of capital. As a result, private sector credit growth and investment activity improved, while strengthened consumer confidence contributed to a gradual recovery in domestic consumption.



Sri Lanka’s economic trajectory remained firmly on a recovery path throughout 2025, characterized by resilient and broad-based expansion. Following the strong rebound observed in 2024, the economy recorded an estimated GDP growth of 4.8% (Base Year: 2021) in 2025. While this represents a moderation from the 5.0% growth recorded in the previous year, this is primarily attributable to the base effect, as the exceptional recovery in 2024 created a higher comparative benchmark.

In addition, economic activity during the year was partially impacted by adverse weather conditions, including flood-related disruptions, which affected key sectors such as agriculture, infrastructure, and supply chains. These climate-related shocks exerted short-term pressures on output and contributed to the moderation in overall growth.



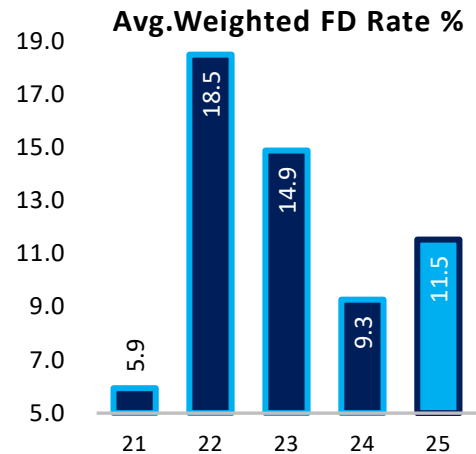
The External Sector Performance reached a 6% year-on-year growth. This resurgence was underpinned by record-breaking tourism earnings and resilient worker remittances, which collectively fortified the Balance of Payments (BOP) and facilitated a strategic rebuilding of foreign exchange reserves.

The resulting increase in liquidity has been instrumental in maintaining the stability of the Sri Lankan Rupee, providing a predictable environment for international trade. Furthermore, the continued oversight and technical support from the International Monetary Fund (IMF) under the Extended Fund Facility (EFF) remained a critical anchor for the government’s reform agenda. The successful adherence to these structural benchmarks has not only bolstered investor confidence but has also secured the nation’s transition toward long-term fiscal sustainability and global creditworthiness.

The trajectory of deposit rates in 2025 continued to align closely with the Central Bank of Sri Lanka's (CBSL) revised monetary policy framework. Following the period of aggressive easing and accommodative liquidity seen in 2024, market interest rates underwent a necessary realignment. The Average Weighted Fixed Deposit Rate (AWFDR) adjusted upward to approximately 11.5% in 2025, representing a notable increase from the 9.3% recorded in the previous year.

This upward recalibration was driven by:

- **Liquidity Management** : Evolving market liquidity conditions necessitated a shift toward a more neutral policy stance to maintain long-term price stability.
- **Operational Efficiency** : The full-scale adoption of the Overnight Policy Rate (OPR) as the unified policy rate mechanism significantly enhanced the precision of monetary transmission.
- **Market Synchronization** : The OPR framework ensured that policy signals were more effectively absorbed by the banking sector, leading to a tighter correlation between Central Bank mandates and commercial market responses.



While the higher rate environment reflects a move toward market normalization, it has also provided a more attractive yield for domestic savers, contributing to a steady growth in the national deposit base despite the broader shift in the interest rate cycle.

Despite the positive momentum observed throughout 2025, the long-term sustainability of Sri Lanka's economic trajectory remains fundamentally contingent upon the unwavering execution of structural reforms. Key priorities include enhancing public sector efficiency and maintaining a disciplined approach to macroeconomic management. While the domestic environment has stabilized, the outlook remains sensitive to external volatility and global economic shifts.

Furthermore, domestic challenges, most notably climate-related disruptions which impacted several quarters this year, highlight the need for enhanced resilience to climate-related risks. Navigating these potential headwinds will require a proactive policy stance and continued adherence to the fiscal benchmarks set by international partners to ensure that the recovery transitions into a period of permanent, inclusive growth.

Challenges Faced in 2025 & Strategic Responses

Despite the numerical successes, 2025 was not without severe friction. The new government faced a dual challenge: adhering to the rigid IMF Extended Fund Facility (EFF) targets while managing the rising expectations of a population suffering from "austerity fatigue."

Although inflation declined, overall price levels remained elevated compared to 2021, continuing to exert pressure on household incomes. Poverty levels remained significantly higher than pre-crisis conditions, with approximately one-third of the population classified as vulnerable. In response, the

government expanded the social safety net and reintroduced targeted subsidies for farmers and fishermen to help reduce production costs and support livelihoods.

Real wages continued to lag behind cumulative inflation from previous years, resulting in labor market stagnation and contributing to the emigration of skilled professionals. To address these challenges, the state prioritized vocational training programmes and initiatives within the digital economy aimed at creating higher-value employment opportunities.

The government faced increasing internal pressure to improve governance and strengthen institutional integrity. In response, key structural reforms were introduced, including the establishment of a Public Debt Management Office and the accelerated digitalization of the Inland Revenue Department (IRD) to reduce human intervention and mitigate risks of corruption in tax administration.

The Catastrophe of Cyclone Ditwah

In late November 2025, Sri Lanka's recovery trajectory was severely disrupted by Cyclone Ditwah, a tropical system of exceptional intensity. Making landfall on 28 November, the cyclone triggered a "once-in-a-century" flooding event that inundated approximately 20% of the country's land area. The World Bank estimated direct physical damage at around USD 4.1 billion, equivalent to nearly 4% of GDP. The humanitarian impact was equally severe, with over 600 people reported dead or missing and close to one million displaced across 25 districts. The Central Province, particularly Kandy, experienced devastating landslides that destroyed entire communities, while the Western Province faced significant disruption as flooding of the Kelani River paralyzed key industrial and transport corridors.

The economic impact of Cyclone Ditwah was broad-based and severe. The infrastructure sector sustained the highest losses, with damage exceeding USD 1.7 billion as roads, bridges, and segments of the national power grid were extensively damaged. The agricultural sector was also significantly affected, recording losses of approximately USD 814 million, with over 1.1 million hectares of paddy and vegetable cultivation submerged just prior to harvest, raising immediate concerns over food security.

Social infrastructure suffered considerable disruption as well, with more than 700,000 buildings, including schools and hospitals, reported damaged. In response, the government acted swiftly, seeking emergency financial assistance, which led the IMF to approve a USD 206 million disbursement under the Rapid Financing Instrument (RFI) to address urgent balance-of-payments needs. However, the broader impact extended beyond physical losses, as the recovery timeline was also affected, with the IMF's Fifth Review deferred to 2026 to allow for a reassessment of fiscal conditions and economic capacity.

General Insurance Market Dynamics

As of 31st December 2025, the Sri Lankan insurance landscape comprised twenty-nine (29) active entities. The market structure remains specialized, with fifteen (15) companies dedicated to Long-Term (Life) Insurance and fourteen (14) focusing on General Insurance.

General Insurance Sector Performance

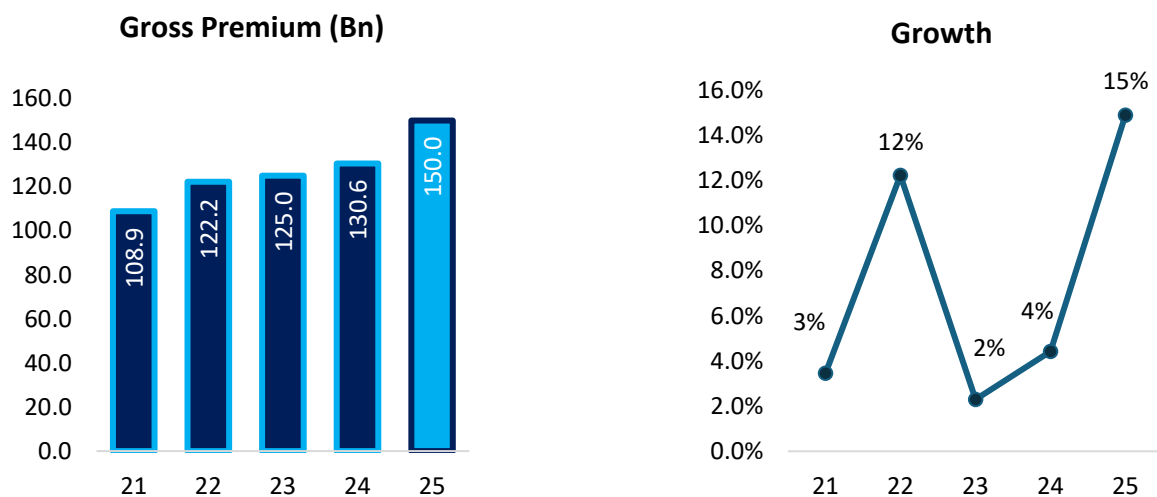
The General Insurance industry maintained its upward trend throughout 2025. Gross Written Premium (GWP) for the sector reached LKR 150.0 billion (Provisional), representing a robust 14.9% increase from the LKR 130.6 billion recorded in 2024. This growth is a direct reflection of rejuvenated economic activity and a heightened national awareness of risk mitigation following the stabilization of the macroeconomic environment.

The industry continued to operate in a gradually improving economic environment, supported by the stabilization of macroeconomic conditions and improved consumer confidence. However, insurers continued to face challenges arising from rising operational costs, increasing claims expenses, and inflationary pressures within certain sectors.

Motor Insurance remained the largest contributor to the General Insurance portfolio. Although the gradual easing of vehicle import restrictions has improved market sentiment, the sector continues to experience cost pressures driven by elevated motor vehicles and spare part prices. Similarly, medical insurance segments continue to face upward pressure due to rising healthcare costs and medical inflation, which have contributed to higher claims costs across the industry.

Despite these headwinds, the General Insurance industry demonstrated remarkable resilience in 2025, balancing steady top-line growth with the strategic management of escalating claims and operational costs.

The following table illustrates the growth of the General Insurance Business over the past 5 years:



Company Performance

Persistence Through Hardship-Strategic Oversight

The Company demonstrated a dynamic yet varied financial performance during the 2025 fiscal year, navigating a period of rapid operational scaling. A primary highlight of the year was the substantial expansion in business volume, reflecting the Company's strengthening market share and effective distribution strategies. This growth is clearly evidenced by the Gross Written Premium (GWP), which surged from LKR 3,412.0 million in 2024 to LKR 4,854.7 million in 2025.

The Company's robust top-line momentum in 2025 was underpinned by significant growth across the majority of its core insurance portfolios. The Motor segment remained the primary volume driver, surging from LKR

2,388.9 million to LKR 3,584.0 million, reflecting both increased market share and the gradual recovery of the automotive sector. Notably, the medical segment saw a remarkable expansion, more than doubling from LKR 233.2 million to LKR 507.2 million, as demand for private healthcare protection intensified.

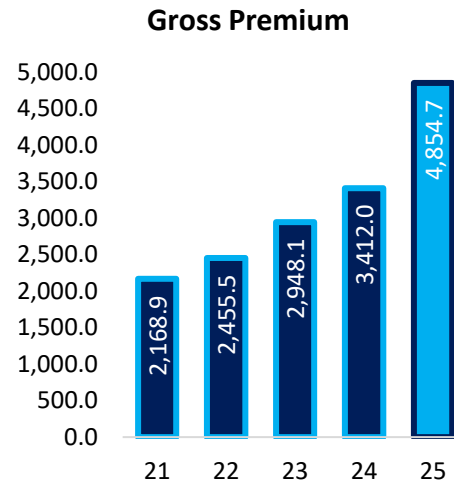
However, certain niche segments experienced a contraction during the year, reflecting shifting market dynamics and a more selective underwriting approach. Travel insurance saw a decline to LKR 77.1 million (from LKR 125.3 million), while the Engineering and Marine portfolios moderated to LKR 119.8 million and LKR 13.0 million, respectively. This strategic shift in the portfolio mix underscores the Company's focus on high-growth sectors while maintaining a disciplined stance in more volatile or stagnant business lines.

While Gross Written Premium recorded strong growth, Net Earned Premium also increased, however at a relatively slower pace, rising from LKR 2,258.9 million in 2024 to LKR 2,797.8 million in 2025. This trend reflects the Company's cautious risk management approach, where reinsurance was effectively used to manage exposure, ensuring steady growth while safeguarding capital.

The Company's underwriting performance in 2025 reflected the challenges of scaling operations in a high-cost environment. While the underwriting loss narrowed from LKR 287.4 million in 2024 to LKR 175.0 million in 2025, representing a 39.1% improvement, the core technical result remains under pressure. This recovery in the bottom line was achieved despite a significant increase in the cost of doing business.

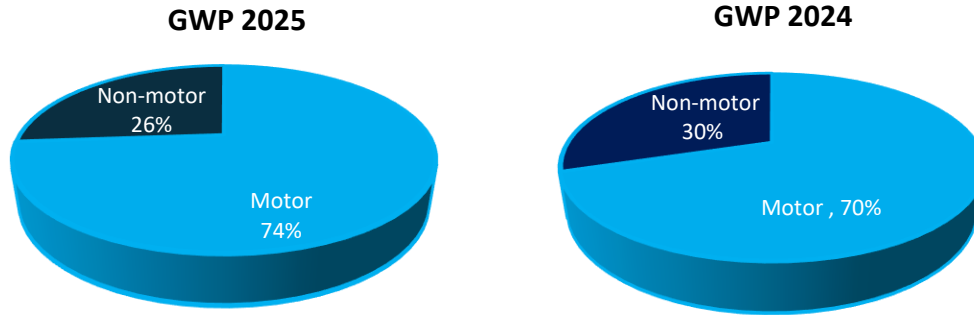
The Company's bottom-line performance in 2025 showed a remarkable recovery, driven by enhanced investment income and disciplined claims management. A key highlight was the stabilization of the Net Loss Ratio, which saw improvement, moving from 73.9% in 2024 to 66.5% in 2025. This indicates that despite the rapid expansion of the portfolio, the Company successfully maintained its underwriting quality.

Overall profitability metrics saw a significant upward trajectory during the year:

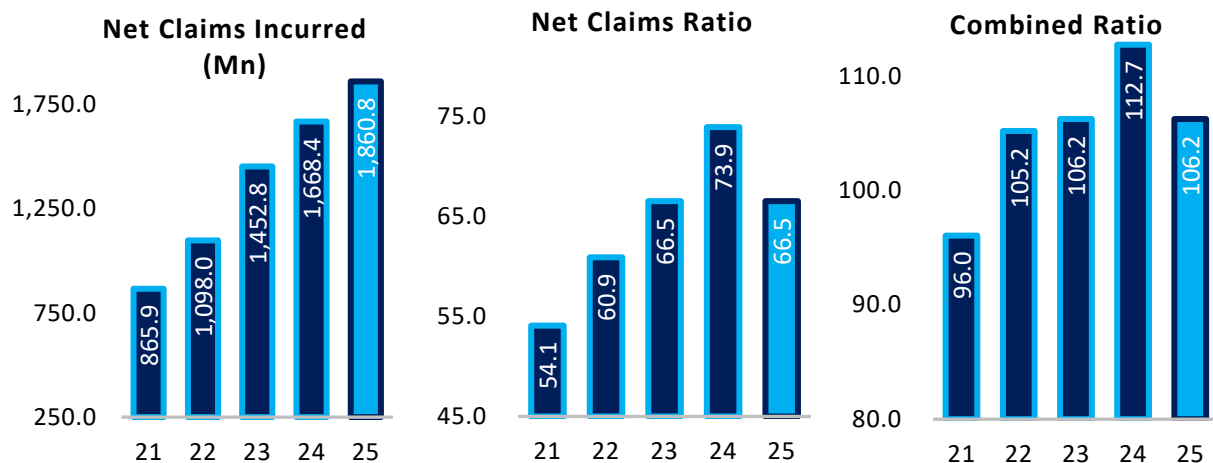


Profit After Tax (PAT) : Following the same positive trend, PAT rose from LKR 18.1 million to LKR 56.1 million.

In terms of financial position, the Company demonstrated growth in key areas. Total equity increased from LKR 1,517.2 million at the end of 2024 to LKR 1,569.4 million at the end of 2025. The Company's total assets also saw an increase, rising from LKR 4,767.4 million to LKR 6,896.0 million over the same period. Liabilities also increased from LKR 3,250.2 million in 2024 to LKR 5,326.7 million in 2025.



The business composition in 2025 of the Company changed slightly compared to the previous year, where business underwritten under Motor: Non-Motor lines recorded 74%: 26% in 2025 as opposed to 70%: 30% in 2024.

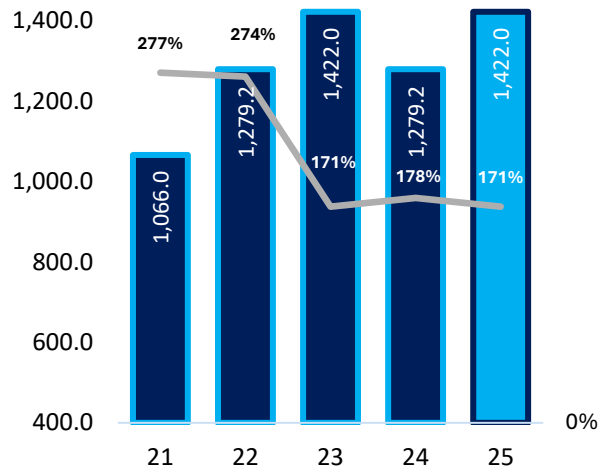


In 2024, the Central Bank's efforts to maintain single-digit interest rates resulted in lower yields on government securities and fixed deposits. Consequently, the Company's interest income decreased by 25.8%, falling from LKR 300.7 million to LKR 222.9 million. Despite these challenging market conditions, the Company achieved 96.4% of its budgeted interest income due to strategic investments in higher-yielding instruments made in prior years.

The Company strengthened its financial position during the year, with total equity increasing from LKR 1.51 billion in 2024 to LKR 1.56 billion in 2025. In parallel, total financial investments grew from LKR 2.43 billion in 2024 to LKR 2.97 billion as at the end of the financial year under review, reflecting a solid growth of 22.0%.

A key requirement of our Company is to ensure compliance with the solvency obligations of the Insurance Regulatory Commission of Sri Lanka (IRCSL), Capital Adequacy Ratio (CAR) and Total Available Capital (TAC). As of 31st December 2025, the Company has complied with the regulatory requirement by recording a TAC of LKR 1,422.0 million and a CAR of 178%.

Solvency TAC (Mn) and CAR%



2026, “Intelligent Growth Driven by Innovation and Resilience”

Building on the strong foundation and key operational and technological milestones achieved in 2025, Orient enters 2026 with renewed momentum and strategic clarity, continuing to advance its transformation agenda. The successful relocation of our head office and continued investments in infrastructure have further strengthened operational efficiency and stakeholder engagement.

A defining feature of our next phase of growth is the accelerated adoption of Artificial Intelligence driven solutions across our operations. From intelligent underwriting and predictive analytics to enhanced claims management and personalized customer engagement, AI is no longer merely an enabler but a core driver of our business transformation and growth trajectory. In particular, AI will play a pivotal role in the ongoing digitalization of our claims processes, enabling faster turnaround times, improved accuracy, and strengthened fraud detection capabilities.

Our digital transformation journey will continue to evolve with a focus on embedding data intelligence into decision-making processes, enabling greater agility, precision, and responsiveness in a rapidly changing market environment. This will be complemented by the introduction of digital insurance cards, enhancing accessibility, portability, and real-time verification for policyholders, alongside other innovative, customer-centric solutions designed to deliver seamless and differentiated experiences.

We also remain committed to strengthening governance and regulatory compliance in line with evolving Insurance Regulatory Commission of Sri Lanka (IRCSL) requirements and the forthcoming Personal Data Protection Act (PDPA) framework. In this regard, the Company continues to align with Credit Information Bureau (CRIB) requirements, enhancing credit risk assessment processes while reinforcing data governance, privacy, and security standards to ensure greater transparency and accountability.

In parallel, the Company is committed to upholding the core principles of sound market conduct and customer protection through the continuous strengthening of its internal operations. These efforts are focused on embedding the fair treatment of customers, transparency, and ethical business practices across all touchpoints, ensuring that regulatory expectations are consistently translated into operational excellence.

As market conditions evolve, particularly in the motor segment, Orient is well-positioned to capitalize on emerging opportunities while maintaining a disciplined approach to risk and sustainability.

With a resilient business model and a forward-looking mindset, we are confident that 2026 will mark a year of intelligent growth, operational excellence, and sustained value creation for our customers, partners, and stakeholders.

DIRECTORS' REPORT

The Board of Directors of Orient Insurance Limited takes pleasure in presenting its report together with the Audited Financial Statements of the Company for the year ended 31st December 2025.

This Report was approved by the Board of Directors on 30th May 2026.

Principal Activity of the Company

The principal activity of the Company is the provision of General Insurance business. There were no significant changes in the nature of the Company's principal activity during the year under review. The Company has not engaged in any activities which contravene laws and relevant regulations.

Corporate Vision, Mission and Values

The vision, mission and the values of the Company are given on page 02 of this report. The Directors and employees of the Company practice high standards of ethical behavior in conducting the business in line with the Company's vision and mission.

Human Resources

The Company implements appropriate human resource management policies to develop employees and optimize their contribution towards the achievement of corporate objectives.

Remuneration policy

Our remuneration policy is designed to attract, reward, recognize, motivate and compensate employees for their services to Al-Futtaim's success in line with market practice. A key feature of our remuneration policy is recognizing and rewarding our employees in order to help drive performance. To do this, we offer market-aligned rewards and benefits to attract, engage, retain, and drive superior performance in all sectors, businesses, and regions where our businesses compete for talent. Our Total Rewards policy (TRP) for employees consists of Fixed and Variable compensation, Benefits, Performance-based elements, and cost of operations work related element.

We aim to inspire and take part in the moments that matter to our employees, offering rewards that they will appreciate at any given time whether in their personal and professional lives. Our policy is a testament as well as a document to showcase the Al-Futtaim commitment to providing each employee with the opportunity to grow, evolve and contribute.

Compliance with laws and regulations

The Company has not engaged in any activity that contravenes any applicable law or regulation. There is no material non-compliance with laws or regulations and any material fines imposed by any government or regulatory authority in any jurisdiction where the Company has operations.

We work closely with the Insurance Regulatory Commission of Sri Lanka to implement regulations which enable safeguarding all stakeholder interests. During the year under review, the IRCSL issued 6 directions depicted below:

1. Immediate measures to be taken by General Insurance Company due to floods and Cyclone Ditwah.
2. Direction to disclose all types of premium charges and all charges and comply with SRCC and T requirements.
3. Issuing Insurance Product Information Document
4. Minimum Net Capital Requirement by insurance brokers
5. Improving the confidence level of the Policyholder.
6. Assessment and Customer Onboarding process for Long-Term Insurance Business.

Financial Performance

The Performance Review and Financial Statements of the Company are indicated in the Audited Financial Statements of the Company found on pages 30 to 33 and pages 03 to 65 respectively of the Annual Report.

Stated Capital

The Stated Capital of the Company was LKR 825,000,000/- as at 31st December 2025, represented by issued and fully paid LKR 825,000 voting ordinary shares.

Dividends

The Board does not recommend the declaration of a Dividend for the year ended 31st December 2025

Board of Directors

The Directors of the Company during the year under review were:

- | | |
|--|--------------------------------------|
| 1. Mr. Omer Hassan Elamin Elsheikh | - Chairman |
| 2. Mr. Joseph Charlton Tanuj Edward | - Managing Director |
| 3. Mr. Gonyamalimage Lasirian Priya Aponso | - Independent Non-Executive Director |
| 4. Mr. Deshapriya De Silva | - Independent Non-Executive Director |
| 5. Ms. Nimmi Wijayaluckshmi De Almeida Guneratne | -Non-Executive Director |

In terms of Article 83 of the Articles of Association, Mr. Priya Aponso retires by rotation and being eligible offers himself for re-election. The Board recommends his reappointment.

Director's Remuneration and Other Benefits

Details of the fees paid to the Directors during the financial year are given in Note. 36 to the Financial Statements.

Minimum Capital Requirement to continue General Insurance Business

Section 13(b) of the Regulation of the Insurance Act, No. 43 of 2000 requires a minimum Stated Capital as prescribed by the Insurance Regulatory Commission of Sri Lanka to be maintained by any insurer to carry on Non-Life Business. The requirement gazetted for the year under review is LKR 500 million per class of business for all new insurance companies and Orient Insurance Ltd has issued and fully paid Stated Capital of LKR 825 million as of 31st December 2025 and therefore, in compliance with the above-mentioned statutory requirement. The total net assets of the Company amounted to LKR 1,569 million (2024 - LKR 1,517 million) as at the reporting date of 31st December 2025.

Directors' Interest in Contracts

The Directors have no direct or indirect interest in any contracts or proposed contracts with the Company, other than those stated in the Financial Statements.

Interest Register

As per requirements of the Companies Act, No. 07 of 2007, an Interest Register is maintained by the Company. Directors have made declarations of their interests in other companies conforming to Sections 192 (1) and 192 (2) of the Companies Act.

Board Sub-Committees

The Board has delegated some of its functions to Board committees while retaining final decision rights pertaining to matters under the purview of these committees. The Board is supported by a structure that enables appropriate delegation between the Board, its committees and management, whilst ensuring that the Board retains overall control.

The reports of the sub-committees are detailed out on pages 36 to 40 of the Annual Report.

Donations

There were no donations made by the company for the year under review.

Contingencies

All contingencies to the Company were disclosed in the Note. 40 to the Financial Statements and are found on page 64 of the Audited Financial Statements.

Going Concern

The Directors, after having made necessary assessment of the Company's ability to continue as a going concern declare that it has the resources to continue in business for the foreseeable future.

Events occurring after the Date of the Statement of Financial Position

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statement other than those disclosed in the note. 41 to the financial statements.

Appointment of Auditors

Auditors of the Company, Messrs. Ernst & Young have expressed their willingness to continue in office as Auditors of the Company for the year ending 31st December 2026. A Resolution pertaining to their re-appointment and authorizing the Directors to determine their remuneration will be proposed at the Annual General Meeting.

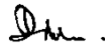
The Company paid an Audit Fee of Rs. 2,903,000/- and a Non-Audit Fee of Rs. 901,000/- to the External Auditors for the year ended 31st December 2025.

BY ORDER OF THE BOARD OF DIRECTORS OF
ORIENT INSURANCE LIMITED



.....

Director



.....

Director



.....

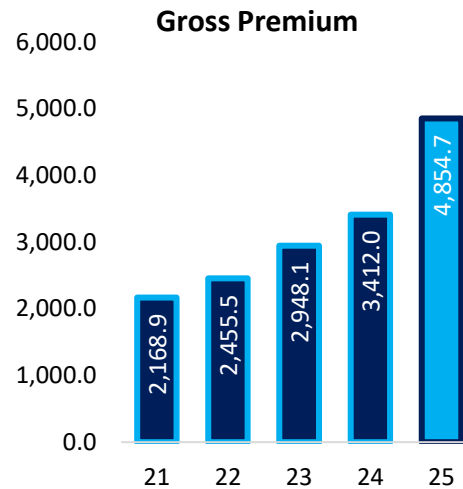
S S P Corporate Services
(Private) Limited
Secretaries

Performance Review

Orient recorded a YoY growth of 42.3%, ahead of industry.

The 2025 fiscal year was characterized by a bifurcated insurance market. While the broader general insurance industry experienced a period of prolonged and slow growth, the Company's performance stood in stark contrast. By maintaining a disciplined strategic focus on high-potential and profitable business segments, the Company successfully achieved a growth rate that significantly outpaced the industry average.

This momentum is reflected in the Gross Written Premiums (GWP), which saw a remarkable 42% increase, rising from LKR 3.41 billion in 2024 to LKR 4.85 billion in 2025.



The Board reflects on the 2025 performance of the Motor Insurance segment, traditionally a cornerstone of our portfolio, which continued to navigate a landscape of systemic headwinds. Persistent constraints on vehicle imports throughout the year continued to suppress new business volumes across the industry, resulting in a period of subdued growth for new policy acquisitions.

Rather than a temporary disruption, the Board recognizes this as a structural shift in the market; the national vehicle fleet continues to age, which has paradoxically driven a surge in demand for maintenance and spare parts. This heightened demand, compounded by global supply chain complexities and the rising import costs for specialized components, led to a substantial escalation in repair costs during the period. To mitigate these pressures, the Company has adopted a sophisticated and proactive approach to claims management, ensuring a balance between rising operational costs and our steadfast commitment to policyholder service and long-term value.

To mitigate the systemic pressures within the Motor insurance segment, the Company successfully executed a strategic shift toward non-motor business lines. This diversification strategy yielded significant results in 2025, with non-motor premiums growing by 24.2% and surpassing the LKR 1 billion threshold for the second consecutive year. This shift has been instrumental in rebalancing our risk portfolio and securing alternative revenue streams in a volatile market.

The Company's Net Earned Premium saw a robust growth of 23.9%, reaching LKR 2,797 million in 2025, up from LKR 2,258 million in the previous year. However, the Board notes that while the top-line expansion was strong, overall profitability remained sensitive to the prevailing economic climate and a rising claims environment.

The Net Claims Incurred increased by 11.5% year-on-year, rising from LKR 1,668 million in 2024 to LKR 1,860 million in 2025.

The Board remains committed to refining our underwriting discipline and enhancing our claims-processing efficiencies to ensure that our portfolio growth translates into sustainable bottom-line improvements.

The Board remains focused on improving the technical profitability of the insurance portfolio. In 2025, the Combined Ratio stood at 106.3%, marking the third consecutive year this metric has surpassed the 100% threshold. This trend was primarily driven by the Net Loss Ratio, which reflects the heightened claims environment previously discussed.

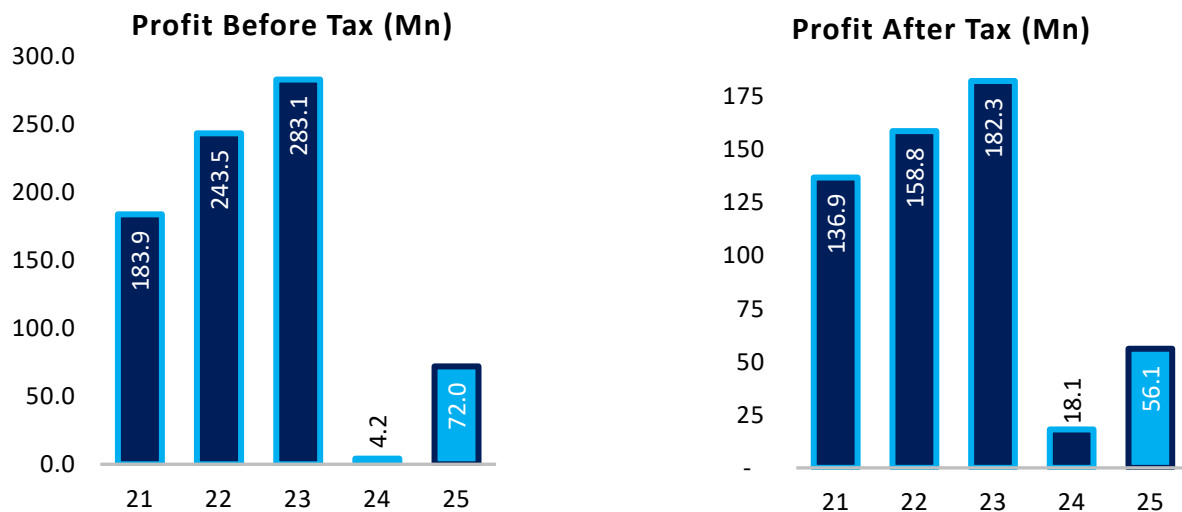
The underwriting results were pressured by two main factors:

- Escalating Claims Costs** : Particularly within the Motor and Medical segments, where inflationary pressures significantly impacted settlement values.
- Net Earned Premium Dynamics** : While the topline GWP saw aggressive growth, the net retention levels and timing of earned premiums were not yet sufficient to fully offset the rising technical expenses and claims.

Performance Improvement

Despite these pressures, the Board notes a positive trajectory in the overall technical result. The underwriting loss narrowed significantly to LKR 175.0 million in 2025, compared to a loss of LKR 287.4 million in 2024. This 39.1% improvement in the underwriting deficit suggests that the Company’s strategic shift toward non-motor business and its focus on operational efficiencies are beginning to yield results.

Interest rates were reduced drastically in 2025 and reached a single digit value in line with the central bank’s monetary policy on stabilizing the economy. Despite depleting interest rates throughout the year, the Company earned an investment income of LKR 222.8 million for the year 2025 compared to LKR 300.7 million in 2024 (25.9% YoY decrease). Negative underwriting results recorded for the year were cushioned by the positive investment income recorded for the year.



The Board is pleased to report a substantial strengthening of the Company’s bottom-line performance during the 2025 financial year. This turnaround is most evident in the Profit Before Tax (PBT), which surged by an extraordinary percentage, rising from LKR (0.19) million in 2024 to LKR 71.2 million in 2025. This exponential growth underscores the Board’s focus on scaling the business and optimizing non-technical income streams to offset underwriting pressures.

Following the same positive trajectory, the Profit After Tax (PAT) recorded an increase of 210.2%, growing from LKR 18.1 million in 2024 to LKR 56.1 million in 2025. While the tax charge for the year reflected the higher earnings base, the net result reinforces the Company's move toward a more sustainable and resilient financial footing.

In contrast to the core profitability metrics, Other Comprehensive Income (OCI) experienced a surge during the period. OCI increased by 41.2%, moving from LKR 331.4 million in 2024 to LKR 468.2 million in 2025.

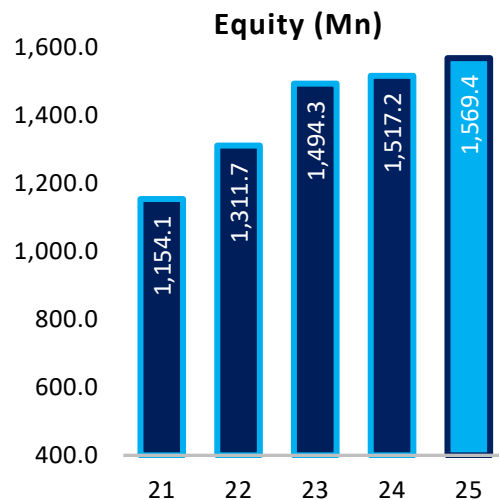
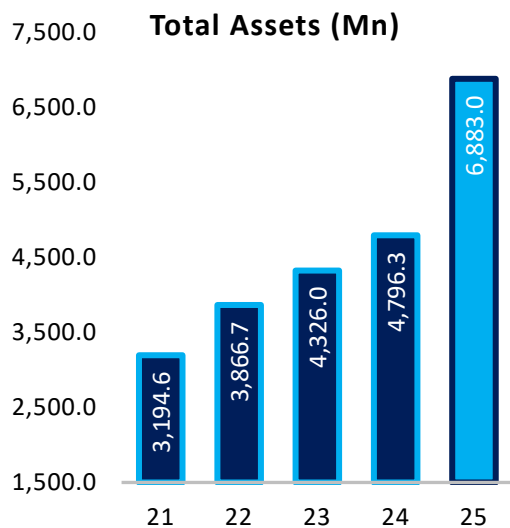
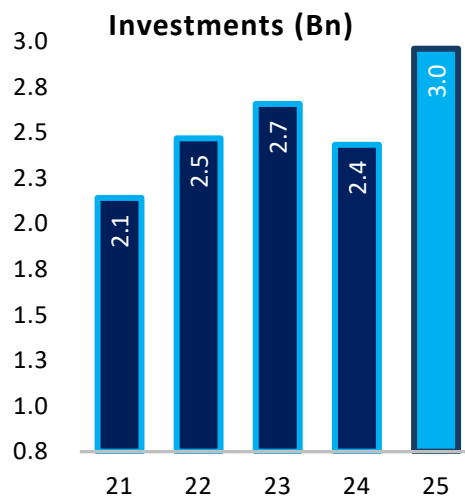
The investment portfolio includes government securities, bank deposits and corporate debts. The investments increased by 16.1%, from LKR 2.43 billion in 2024 to LKR 2.97 billion in 2025.

Investments in government debt securities amounted to LKR 1,394 million representing 49% (2024 LKR 1,018 million, 42%) of the total investments.

The Total Assets increased to LKR 6.8 billion in 2025, compared to LKR 4.8 billion recorded in 2024, reflecting a 44.4% growth.

Improved retained earnings resulted in equity increasing from LKR 1,517.2 million in 2024 to LKR 1,569.4 million in 2025.

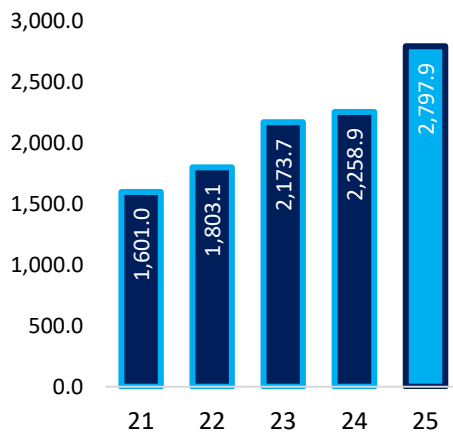
Overall, the Company's financial position strengthened during the year, supported by higher investments in government securities and steady growth in total assets.



Key Financial Highlights

In LKR Mn	2021	2022	2023	2024	2025	Growth 25 vs 24	CAGR
Gross Written Premium	2,169	2,455	2,948	3,412	4,855	42%	17%
Net Earned Premium	1,601	1,803	2,174	2,259	2,798	24%	12%
Total Claims and Expenses	866	1,098	1,453	1,668	1,859	11%	17%
Investment and Other Income	121	337	496	301	223	-26%	13%
Profit After Tax	137	159	182	18	56	210%	-16%
Total Comprehensive Income	138	158	183	23	52	128%	-18%

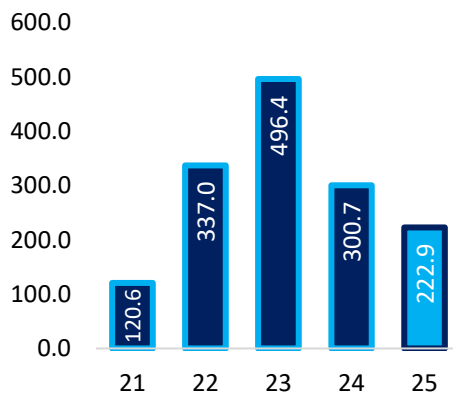
Net Earned Premium (Mn)



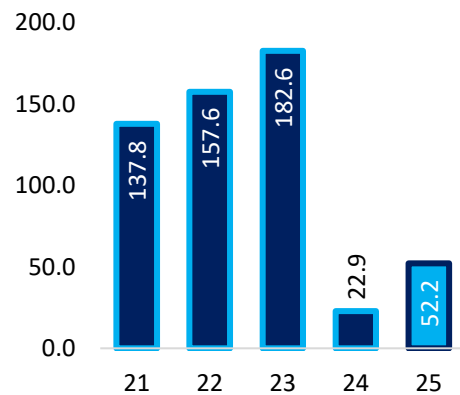
Total Benefits, Claims and Expenses (Mn)



Investment and Other Income (Mn)



Total Comprehensive Income (Mn)



CORPORATE GOVERNANCE REPORT

Corporate governance can be described as a mechanism through which a Company or an organization is directed, controlled, and supervised. The Board believes that effective governance practices will assist the Company in transacting its operations more efficiently, mitigating risks, and also guaranteeing more effective management of its business operations. Transparency and accountability are other values that sound governance encourages and this, eventually, facilitates value creation to all stakeholders.

The Company operates as a limited liability entity wholly owned by Orient Insurance PJSC (UAE), with Al-Futtaim Company LLC (UAE) as its ultimate parent. This group structure facilitates better governance of the business, ensuring that the Company aligns with the broader corporate governance standards, policies, and strategic direction of the Group.

A strong corporate culture and ethics are vital for the survival and profitability of an organization in a highly competitive market.

In order to create and increase the value and gain market confidence, Orient Insurance Limited has implemented a Corporate Governance Policy designed to align with best practices and ensure the highest ethical standards. This framework supports the Company in upholding strong ethics while maintaining the smooth functioning of the Company's operations.

Attendance at Board Meetings

The number of Board Meetings held during the financial year under review was four and the number of meetings attended by each Director of the Company is as follows:

Mr. G.L. Priya Aponso	4/4
Mr. Tanuj Edward	4/4
Mr. Deshapriya De Silva	4/4
Ms. Nimmi Guneratne	4/4

The Company is in compliance with the following Directions relating to Corporate Governance;

- Direction No. 17 on Corporate Governance issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) as revised by Direction No.2 of 2022 dated 3rd February 2022, Direction No. 2 of 2022 dated 25th February 2022
- Rules of the Insurance Regulatory Commission of Sri Lanka.

The extent of compliance with Section 09

Sec. No.	Requirement	Status
9.2	Policies to be established and maintained by the Listed Entities (a) Policy on the matters relating to the Board of Directors	Complied

	(b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistleblowing (l) Policy on Anti-Bribery and Corruption	
9.3	<p>9.3.1 Listed entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include;</p> <p>a) Nominations and Governance Committee b) Remuneration Committee c) Audit Committee d) Related Party Transaction Review Committee</p> <p>9.3.2 Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committee as set out in these Rules.</p> <p>9.3.3 Chairperson of the Board of Directors shall not be the Chairperson of the Board Committees</p>	Complied
9.6	Requirements on Chairperson and CEO duality, and the requirement to appoint a Senior Independent Director, in the instances specified.	Not applicable
9.7	<p>Fitness and Propriety of Directors and CEOs</p> <p>9.7.4 Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.</p> <p>9.7.3 Fit and proper' Assessment Criteria</p>	Complied
9.8.2	<p>Minimum number of Independent Directors on the Board</p> <p>(a) The Board of Directors of Listed Entities shall include at least two Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher</p>	Complied
9.8.3(ix)	<p>Enhancements to the Independence Criteria as follows:</p> <ul style="list-style-type: none"> - A Director shall not be considered 'independent' if he/she is above 70 years of age. - Declaring Directors as 'nevertheless independent' by the Board of Directors will not be applicable with effect from 1st October 2024. 	Complied
9.9	Alternate Directors	Not applicable

	Nominations and Governance Committee	
	9.11.1 Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules	
	9.11.2 Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	
9.11	9.11.3 The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied
	9.11.4 Composition	
	(1) The members of the Nominations and Governance Committee shall; (a) comprise of a minimum of three Directors of the Listed Entity, out of which a minimum of two members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity.	
	(2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.	
	(3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	
9.12.6(2), 9.13.3(4), 9.14.2(2)	Rules relating to sharing of Board Committees in a situation where both the parent Company and the subsidiary Company are Listed Entities	Not Applicable
	Revisions to the composition of the Remuneration Committee	
9.12.6(1)	(1) The members of the Remuneration Committee shall; (a) comprise of a minimum of three Directors of the Listed Entity, out of which a minimum of two members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity.	Complied
	Revisions to the composition of the Audit Committee	
9.13.3	(1) The members of the Audit Committee shall; (a) comprise of a minimum of three directors of the Listed Entity, out of which a minimum of two or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Entity.	Complied
9.13.4 9.13.5	(7) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body. Enhanced functions and disclosures in the Annual Report relating to the Audit Committee	Complied

9.14	Rules relating to Related Party Transactions Review Committee will be applicable to the Entities that have listed only its Debt Securities with effect from 1 st October 2024	Complied
9.14.2(1)	Revisions to composition of the Related Party Transactions Review Committee	Complied
9.17 (i),(g)	Revisions to the enforcement procedure for non-compliance with Corporate Governance Requirement	Not Applicable
9.19 (i),(j)	Revisions to the enforcement procedure applicable to Entities listed on the Empower Board in the Alternate Market Segment which are non-compliant with Corporate Governance Requirements	Not Applicable

Statement of Compliance

The Board of Directors of Orient Insurance Limited confirms that the Company has complied with all applicable provisions of the Regulation of Insurance Industry Act No. 43 of 2000 (as amended), as well as the rules, regulations, directions, circulars, and guidelines issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) during the year under review. The Board further affirms adherence to the corporate governance, financial reporting, and disclosure requirements prescribed by the regulator.

The Company's Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka and, in the opinion of the Directors, comply with the Companies Act No. 7 of 2007, the Regulation of Insurance Industry Act No. 43 of 2000, and all applicable regulatory requirements governing general insurance businesses in Sri Lanka.

The Board has instituted appropriate governance frameworks and internal control systems to ensure effective oversight of the Company's operations. Its responsibilities are supported by the Audit Committee, Investment Committee, Nomination and Governance Committee, Remuneration Committee, and the Related Party Transaction Review Committee.

On 4th October 2018, the IRCSL granted Orient Insurance Limited an exemption from the listing requirements applicable to insurance companies. The Company continues to meet all regulatory, solvency, governance, and reporting obligations stipulated by the IRCSL.

The Board remains responsible for ensuring that adequate systems, policies, and controls are in place to maintain full compliance with the laws, regulations, and guidelines governing the insurance industry. The Board is satisfied that the Company maintains robust governance practices, risk management procedures, and internal controls to support continued regulatory compliance.

REPORTS OF BOARD SUB-COMMITTEES

Investment Committee Report

The Board Investment Committee comprised of the following members including three Independent Non-Executive Directors and one Executive Director.

Mr. Deshapriya De Silva	- Chairman / Independent Non-Executive Director
Mr. G.L. Priya Aponso	- Independent Non-Executive Director
Ms. Nimmi Guneratne	- Non-Executive Director
Mr. Tanuj Edward	- Executive Director

Senior Vice President - Finance and Senior Vice President Operation Control attend the meetings of the Committee by invitation. Other Executive Committee members may be invited as and when required. Senior Vice President - Finance serves as the Secretary of the Investment Committee.

The Investment Committee held four meetings during the year. The number of meetings attended by each Director who is a member of the Committee is as follows:

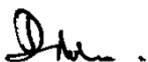
Mr. G.L. Priya Aponso	4/4	Mr. Deshapriya De Silva	4/4
Mr. Tanuj Edward	4/4	Ms. Nimmi Guneratne	4/4

Activities of the Committee

During the year under review, the Committee assisted the Board in overseeing the Company's investment activities and ensuring that investments were managed in accordance with the Board-approved Investment Policy and applicable regulatory requirements. The Committee reviewed the performance of the investment portfolio on a quarterly basis, assessed investment returns against expectations, and provided guidance to management on investment strategies aimed at achieving optimal returns while maintaining the Company's liquidity and solvency requirements.

In addition, the Committee reviewed matters relating to investment governance, transparency in investment-related decisions, and the effectiveness of the Company's investment management practices, and reported its observations and recommendations to the Board on a regular basis.

The Committee is satisfied that the Company's investment activities during the year were conducted in accordance with the approved Investment Policy and within the applicable regulatory framework. The Committee remains committed to supporting the Board in ensuring prudent investment management, effective risk oversight, regulatory compliance, and the achievement of sustainable returns in line with the Company's strategic objectives and obligations to policyholders and shareholders.



.....
 Mr. Deshapriya De Silva
 Chairman, Investment Committee
 30th May 2026

Remuneration Committee

The Board Remuneration Committee comprised of the following members including three Independent Non-Executive Directors and one Executive Director.

Mr. G.L. Priya Aponso	- Chairman / Independent Non-Executive Director
Mr. Tanuj Edward	- Executive Director
Mr. Deshapriya De Silva	- Independent Non-Executive Director
Ms. Nimmi Guneratne	- Non-Executive Director

Senior Vice President - Finance attends the meetings of the Committee by invitation. Other Executive Committee members may be invited as and when required. Head of Human Resources serves as the Secretary of the Remuneration Committee.

The Remuneration Committee held two meetings during the year. The number of meetings attended by each Director who is a member of the Committee is as follows:

Mr. G.L. Priya Aponso	2/2
Mr. Tanuj Edward	2/2
Mr. Deshapriya De Silva	2/2
Ms. Nimmi Guneratne	2/2

Activities of the Committee

During the year under review, the Committee assisted the Board in overseeing matters relating to remuneration, human capital management, and corporate governance. The Committee reviewed the Company's remuneration framework and related policies to ensure that they remained aligned with the Company's strategic objectives, performance expectations, market practices, and regulatory requirements.

The Committee reviewed employee engagement and wellbeing initiatives, staff retention and turnover trends, workforce planning, recruitment activities, and performance management processes. The Committee also considered matters relating to employee recognition, talent development, and succession planning to support the Company's objective of attracting, motivating, and retaining qualified personnel.

In addition, the Committee reviewed governance-related matters including Board composition, director independence requirements, Board effectiveness, training and development initiatives, and developments in the regulatory and corporate governance landscape. The Committee further reviewed governance disclosures for inclusion in the Annual Report and provided recommendations to the Board on matters within its mandate.



.....
Mr. G.L. Priya Aponso
Chairman, Remuneration Committee
30th May 2026

Audit Committee

The Board Audit Committee comprises the following members including three Independent Non-Executive Directors and one Executive Director.

Mr. G.L. Priya Aponso	- Chairman / Independent Non-Executive Director
Mr. Tanuj Edward	- Executive Director
Mr. Deshapriya De Silva	- Independent Non-Executive Director
Ms. Nimmi Guneratne	- Non-Executive Director

The Senior Vice President - Finance and Senior Vice President - Operation Control attends the meetings of the Committee by invitation. Other Executive Committee members may be invited as and when required. Senior Vice President - Operation Control serves as the Secretary of the Audit Committee.

The Audit Committee held four meetings during the year. The number of meetings attended by each Director who is a member of the Committee is as follows:

Mr. G.L. Priya Aponso	4/4
Mr. Tanuj Edward	4/4
Mr. Deshapriya De Silva	4/4
Ms. Nimmi Guneratne	4/4

The Audit committee reviewed the independence, objectivity and performance of the Company's Internal audit function and External audit findings including Management Letter for the year under review.

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to the integrity of the Company's financial reporting process. In discharging this responsibility, the Committee reviews the adequacy and effectiveness of the Company's internal control systems and risk management framework and monitors the performance and independence of the Internal Audit function.

The Committee also oversees the Company's processes for ensuring compliance with applicable laws, regulations, and regulatory guidelines. In addition, it makes recommendations to the Board regarding the appointment, reappointment, independence, and performance of the External Auditors, and reviews the scope and results of their audit work.

Internal Audit

The Committee is responsible for reviewing and approving the internal Audit plan, scope and reporting requirements of the Company/Group annually and ensuring that internal auditors have adequate access to information to carry out their audits. The Audit plan for year 2025 was approved by the committee members during the Audit committee meeting held on 09th February 2025.

External Audit

The Committee reviewed the External audit report for the year 2025 and discussions were held between the committee members and management of the external auditors on the external audit findings, Management Letter and improvements need to be made to safeguard Company's assets. Recommendations issued by the External auditor for the year 2025 were completed by the end of year.



.....
Mr. G.L. Priya Aponso
Chairman, Audit Committee
30th May 2026

Nomination and Governance Committee

Appointed by the Board on 29th December 2025, the Nomination and Governance Committee had been established in accordance with the Code of Best Practices (the Code) issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules to ensure compliance of the said Rules. The Committee reports directly to the Board.

This Committee comprises the following members including three Independent Non-Executive Directors and one Executive Director.

Mr. Deshapriya De Silva	- Chairman / Independent Non-Executive Director
Mr. G.L. Priya Aponso	- Independent Non-Executive Director
Ms. Nimmi Guneratne	- Non-Executive Director
Mr. Tanuj Edward	- Executive Director

The Nomination and Governance Committee operates within the Terms of Reference approved by the Board and assists the Board in strengthening and maintaining a robust corporate governance framework within the Company.

Its key responsibilities include identifying, evaluating, and recommending suitable candidates for appointment, re-appointment, or removal of Directors, as well as reviewing the size, structure, and composition of the Board and its Committees to ensure an appropriate balance of skills, experience, and independence. The Committee also recommends appointments to Board Committees.

The Committee oversees the implementation and ongoing effectiveness of corporate governance policies and monitors the Company's compliance with applicable laws, regulations, and governance requirements, including those issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL).

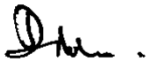
In addition, the Committee is responsible for overseeing the annual evaluation of the performance of the Board, its committees, and individual Directors, and for reviewing succession planning for

Directors and key management personnel to ensure continuity of leadership. The Committee also periodically reviews and updates the Company's corporate governance framework to ensure alignment with evolving regulatory requirements and best practices.

In accordance with the Terms of Reference of the Committee, the Company Secretary functions as the Secretary to the Committee and is responsible for facilitating the proper conduct of Committee proceedings. During the year under review, the Committee approved the appointment of Vice President – Human Resources to act as the representative of the Company Secretary and perform the secretarial functions of the Committee.

The Nomination and Governance Committee held one meeting during the year, which was the initial formation meeting of the Committee in 2025.

Mr. Deshapriya De Silva	1/1
Mr. G.L. Priya Aponso	1/1
Ms. Nimmi Guneratne	1/1
Mr. Tanuj Edward	1/1



.....
 Mr. Deshapriya De Silva
 Chairman, Nomination and Governance Committee
 30th May 2026

Related Party Transaction Review Committee

Appointed by the Board on 29th December 2025, the Related Party Transaction Review Committee (RPTR) had been established in accordance with the Code of Best Practice on Related Party Transactions (the code) issued by the Securities and Exchange Commission of Sri Lanka (SEC) and Section 9 of the Listing Rules to ensure compliance with those rules. The committee reports directly to the Board.

The Related Party Transactions Review (RPTR) Committee comprises the following Directors:

Mr. G.L. Priya Aponso	- Chairman / Independent Non-Executive Director
Mr. Tanuj Edward	- Executive Director
Mr. Deshapriya De Silva	- Independent Non-Executive Director
Ms. Nimmi Guneratne	- Non-Executive Director

The Related Party Transaction Review Committee operates within the terms of reference approved by the Board and assists the Board in strengthening the Company's corporate governance framework.

The Committee is responsible for establishing and maintaining a Board-approved Related Party Transactions (RPT) Policy and for identifying related parties in accordance with the Colombo Stock Exchange (CSE) Listing Rules and applicable accounting standards.

The Committee reviews and grants prior approval for all Related Party Transactions to ensure that such transactions are conducted in the ordinary course of business, on arm's length terms, and in the best interests of the Company and its policyholders.

In carrying out its responsibilities, the Committee oversees both recurrent and non-recurrent RPTs, ensures compliance with applicable CSE thresholds, approval requirements, and disclosure obligations, and monitors potential conflicts of interest, including the independence of Directors.

The Committee also reviews internal audit and compliance reports relating to RPTs to ensure the adequacy of internal controls and governance processes. It reports periodically to the Board on RPT-related matters and provides an annual summary of such transactions and activities for inclusion in the Annual Report.

In accordance with the Terms of Reference of the Committee, the Company Secretary functions as the Secretary to the Committee and is responsible for facilitating the proper conduct of Committee proceedings. During the year under review, the Committee approved the appointment of Vice President – Human Resources to act as the representative of the Company Secretary and perform the secretarial functions of the Committee.

The Directors have disclosed the transactions with related parties in terms of the Sri Lanka Accounting Standards – LKAS 24 – Related Party Transactions. Due regard has been accorded to these disclosures in the preparation of the Company's Financial Statements. These transactions are listed under the notes to the Financial Statements.

The Related Party Transaction Review Committee held one meeting during the year, which was the initial formation meeting of the Committee in 2025.

Mr. G.L. Priya Aponso	1/1
Mr. Tanuj Edward	1/1
Mr. Deshapriya De Silva	1/1
Ms. Nimmi Guneratne	1/1

During the year under review, the Company continued to strengthen its risk management framework. Steps have been initiated to establish a dedicated Risk Management Committee to further enhance oversight of enterprise risk management practices in line with evolving regulatory expectations.



.....
 Mr. G.L. Priya Aponso
 Chairman, Related Party Transaction Review Committee
 30th May 2026

ORIENT INSURANCE LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **FIFTEENTH ANNUAL GENERAL MEETING** of **ORIENT INSURANCE LIMITED** (“the Company”) will be held on 25th June 2026 commencing at 03.30 p.m. at 10th Floor, JFI Tower 3, No. 75, Piyadasa Sirisena Mawatha, Colombo 10, to transact the following businesses:

AGENDA

1. To read the Notice Convening the Meeting.
2. To receive, consider and adopt the Annual Report of the Directors, Financial Statements for the year ended 31st December 2025 and the Report of the Auditors thereon.
3. To re-elect Mr. G.L. Priya Aponso as a Director, who retires by rotation at the Annual General Meeting in terms of Article 83 of the Articles of Association of the company.
4. To re-appoint M/s Ernst & Young the retiring Auditors for the financial year 2026 and authorize the Directors to determine their remuneration.
5. To authorize the Directors to determine and make Donations to charities.
6. To consider any other business of which due notice has been given in terms of the relevant laws and regulations

By Order of the Board

Sgd.

S S P Corporate Services (Private) Limited

Company Secretary

Colombo

Dated, 30 May 2026

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on its/his behalf.
2. A proxy need not be a member of the Company. The Form of Proxy will be found at the end of the Annual Report.
3. The completed Form of Proxy should be deposited at 10th Floor, JFI Tower 3, No. 75, Piyadasa Sirisena Mawatha, Colombo 10, Sri Lanka not less than 48 hours before the date and time appointed for the meeting.

AUDITED FINANCIALS

ORIENT INSURANCE LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31ST DECEMBER 2025

ORIENT INSURANCE LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2025

DNG/LD/SAS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ORIENT INSURANCE LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Orient Insurance Limited ("Company"), which comprise the statement of financial position as at 31 December 2025, and the income statement, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Other information included in the company's 2025 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

(Contd...2/)



Shape the future
with confidence

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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.

As required by Section 47(2) of the Regulation of Insurance Industry Act, No.43 of 2000, 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.

06 April 2026
Colombo

Orient Insurance Limited

INCOME STATEMENT

Year ended 31 December 2025

	Note	2025 Dec Rs. ' 000	2024 Dec Rs. ' 000
Gross Written Premium	7.	4,854,685	3,411,983
Change in Reserve for Unearned Premium		(788,530)	(256,826)
Gross Earned Premium		<u>4,066,155</u>	<u>3,155,157</u>
Premiums Ceded to Reinsurers	8.	(1,319,339)	(1,243,260)
Change in Reserve for Unearned Reinsurance Premium		51,052	346,981
Net Earned Premium	9.	<u>2,797,868</u>	<u>2,258,878</u>
Net Investment Income	10.	222,885	300,688
Other Operating Income	11.	468,218	331,557
Other Income		<u>691,104</u>	<u>632,245</u>
Total Net Revenue		<u>3,488,971</u>	<u>2,891,123</u>
Net Insurance Benefits and Claims	12.	1,859,839	1,668,350
Underwriting and Net Acquisition Cost	13.	307,287	215,184
Other Operating and Administrative Expenses	14.	1,160,046	918,675
Depreciation and Amortisation		85,617	68,191
Other Operating Expenses		<u>1,245,663</u>	<u>986,866</u>
Net Finance Expenses	15.	4,990	16,569
Total Expenses		<u>3,417,779</u>	<u>2,886,969</u>
Profit Before Taxation	16.	71,192	4,154
Income Tax (Expense) / Reversal	17.	(15,045)	13,950
Profit for the year		<u>56,148</u>	<u>18,104</u>
Earnings per share			
Basic Earnings per Share (Rs)	18.	<u>6.81</u>	<u>2.19</u>

The Accounting Policies and Notes 08 to 65 form an integral part of these Financial Statements.



Orient Insurance Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Note	2025 Rs. ' 000	2024 Rs. ' 000
Profit for the year		56,148	18,104
Other Comprehensive Income			
Items that will never be reclassified to profit or loss			
Actuarial Gain/(Loss) on defined benefit obligations	32.2	(5,685)	6,847
Related Tax	26.1	1,705	(2,054)
		<u>(3,980)</u>	<u>4,793</u>
Other comprehensive income for the year, net of tax		<u>(3,980)</u>	<u>4,793</u>
Total comprehensive income		<u>52,168</u>	<u>22,897</u>

The Accounting Policies and Notes 08 to 65 form an integral part of these Financial Statements.



Orient Insurance Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025 Dec Rs. ' 000	2024 Dec Rs. ' 000
Financial Investments	19	2,969,478	2,433,308
Property Plant and Equipment	20	334,101	94,097
Intangible Assets	21	16,899	22,460
Reinsurance Receivables	22	1,417,879	460,124
Premium Receivables	23	1,325,999	1,252,535
Receivables and Other Assets	24	53,084	57,249
Deferred Acquisition Cost	25	472,445	231,311
Current Tax Receivables	35	10,874	13,533
Deferred Tax Assets	26	16,133	10,105
Cash and Cash Equivalents	27	266,085	221,562
Total Assets		6,882,977	4,796,284
Equity and Liabilities			
Equity			
Stated Capital	28	825,000	825,000
Retained Earnings		744,371	692,203
Total Equity		1,569,371	1,517,203
Liabilities			
Insurance Contract Liabilities	29	3,855,033	2,135,569
Reinsurance Payable	30	390,897	344,650
Deferred Revenue	31	167,224	142,820
Employee Benefits	32	43,701	35,178
Other Liabilities	33	553,902	539,002
Lease Liabilities	34	215,525	33,943
Amount Due to Related Parties	36	87,324	47,919
Deferred Tax Liabilities	26	-	-
Total Liabilities		5,313,606	3,279,081
Total Equity and Liabilities		6,882,977	4,796,284

These Financial Statements are in compliance with the requirement of the Companies Act No 07 of 2007.


 Manjula Kohombange
 Senior Vice President - Finance

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;


 Omer Elamin
 Chairman


 Tanuj Edward
 Director

The Accounting Policies and Notes 08 to 65 form an integral part of these Financial Statements.



STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Stated capital Rs. ' 000	Retained earnings Rs. ' 000	Total Rs. ' 000
Balance as at 1 January 2024	825,000	669,306	1,494,306
Profit for the year	-	18,104	18,104
Other comprehensive income for the year, net of tax			
Actual Gain/(Loss) on retirement benefit obligation	-	4,793	4,793
Total other comprehensive income	-	4,793	4,793
Total comprehensive income for the year	-	22,897	22,897
Balance as at 31 December 2024	825,000	692,203	1,517,203
Balance as at 1 January 2025	825,000	692,203	1,517,203
Profit for the year	-	56,148	56,148
Other comprehensive income for the year, net of tax			
Actual Gain/(Loss) on retirement benefit obligation	-	(3,980)	(3,980)
Total other comprehensive income	-	(3,980)	(3,980)
Total comprehensive income for the year	-	52,167	52,167
Balance as at 31 December 2025	825,000	744,371	1,569,371

The Accounting Policies and Notes 08 to 65 form an integral part of these Financial Statements.



Orient Insurance Limited
STATEMENT OF CASH FLOWS
Year ended 31 December 2025

		2025 Rs. ' 000	2024 Rs. ' 000
Profit before tax		71,192	4,154
Adjustment for;			
Depreciation and amortisation	20,21	85,617	68,191
Provision/(reversal) of impairment of premium receivable	23.2	6,213	(12,552)
Provision/(Reversal) for impairment of reinsurance receivable	23.2	(595)	12,552
Unrealized exchange (gain)/loss		(21,563)	2,514
Provision for employee benefits	32	8,912	10,905
Interest on lease liability	34.	28,376	2,990
Fair Value adjustment on Refundable deposit		(3,161)	(1,414)
(Profit)/Loss on Assets Disposal		(2,200)	-
Gain on Termination of lease agreement		-	(223)
Profit before working capital changes		<u>172,791</u>	<u>87,117</u>
Net change in operational assets			
Net change in reinsurance assets		(957,160)	(113,647)
Net change in accrued interest		(39,796)	(275,571)
Net change in premium receivables		(79,677)	(403,270)
Net change in receivables and other assets		<u>(12,532)</u>	<u>(37,410)</u>
Net change in operational liabilities			
Net change in other liabilities		(201,829)	156,061
Net change in insurance contract liabilities		1,719,464	122,364
Net change in related party payables		39,405	(18,653)
Net change in reinsurance payables		46,244	221,856
Cash generated in operating activities		<u>686,908</u>	<u>(261,152)</u>
Gratuity paid	32	(6,074)	(1,235)
Income tax self assessment payments		(16,708)	(47,625)
Net cash from operating activities		<u>664,130</u>	<u>(310,012)</u>
Cash flows from investing activities			
Acquisition of investments	19. 1 (b)	(22,946,864)	(4,401,030)
Maturity proceeds of investments	19. 1 (b)	22,472,053	4,898,024
Acquisition of intangible assets	21	(1,298)	-
Acquisition of property, plant and equipment	20	(105,608)	(15,488)
Proceeds from sale of property, plant and equipment		17,006	-
Net cash used in investing activities		<u>(564,712)</u>	<u>481,504</u>
Cash flows from financing activities			
Repayment of lease liabilities	34.3	(54,897)	(43,134)
Net cash used in financing activities		<u>(54,897)</u>	<u>(43,134)</u>
Net (decrease)/ increase in cash and cash equivalents		44,522	128,358
Cash and cash equivalents as at 1 January		221,562	93,204
Cash and cash equivalents as at 31 December		<u>266,085</u>	<u>221,562</u>

The Accounting Policies and Notes 08 to 65 form an integral part of these Financial Statements.



1. CORPORATE INFORMATION

1.1 Reporting Entity

Orient Insurance Limited (“Company”) is incorporated in December 2011 with limited liability and domiciled in Sri Lanka. The registered office of the Company is located at 10th Floor, JFI Tower 03, No 75, Piyadasa Sirisena Mawatha, Colombo 10.

1.2 Principal Activities and Nature of Operations

The Company is primarily engaged in the business of underwriting Non-Life Insurance.

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 and Ultimate Parent Entity

The Company’s parent undertaking and controlling entity is Orient Insurance PJSC which is incorporated in United Arab Emirates and is a fully owned subsidiary of Al-Futtaim Company LLC incorporated in United Arab Emirates.

1.4 Number of Employees

The staff strength of the Company as at 31 December 2025 is 349 (2024 – 304).

1.5 Approval of Financial Statements

The Financial Statements of Orient Insurance Limited for the year ended 31 December 2025, were authorised for issue by the Board of Directors on 06 April 2026.

1.6 Responsibility for Financial Statements

The Board of Directors is responsible for these Financial Statements as per the provisions of the Companies Act No. 7 of 2007, the Sri Lanka Accounting Standards, regulation of Insurance industry Act No.43 of 2000.



2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statements of Compliance

The Financial Statements of the Company are prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) set out by the Institute of Chartered Accountants of Sri Lanka. The Company also provide information as required under the Companies Act, No. 7 of 2007 and the Regulation of Insurance Industry Act, No. 43 of 2000 and amendments thereto, Sri Lanka Accounting Standards Act No. 15 of 1995, rules and regulations of the Insurance Regulatory Commission of Sri Lanka.

These financial statements include the following components:

- a 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 shareholders of the Company.
- 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 entities to utilise those cash flows.
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

The Company has opted to defer full application of SLFRS 9 – Financial Instruments, until the earlier of 2026 or on adoption of SLFRS -17 Insurance Contracts, by exercising the temporary exemption provided to an insurer that meets the criteria in paragraph 20B of SLFRS 4 (amended).

2.1.2 Materiality and Aggregation

Each item which is similar in nature is presented separately if material. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard LKAS 1 on 'Presentation of financial statements' and subsequent amendments. Refer note 6 Notes to these Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.1.3 Going Concern

The Company has prepared the financial statements for the year ended 31st December 2025 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis. Based on such assessment Directors are satisfied that it has the resources to continue in business for a foreseeable future.

In determining the above significant management judgements, estimates and assumptions, the Company has taken into consideration the existing and anticipated impact of macroeconomic uncertainties prevailing in the country including prevailing foreign exchange market limitations, high inflation, prevailing increased interest rates and local currency depreciation have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

The Board is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company.

Therefore, the financial statements continued to be prepared on the going concern basis.



2.1.4 Basis of Measurement

These financial statements have been prepared on a historical cost basis except for the following material items, which are measured on an alternative basis on each reporting date:

Items	Measurement basis	Note No.
Net defined benefit assets/ (liabilities)	Actuarially valued and recognized at the present value of the defined benefit obligation	32
Incurred But Not Reported (IBNR) / Incurred But Not Enough Reported Liabilities (IBNER)/ Provision for Unallocated Loss Adjustment Expense (ULAE)	Actuarially determined values based on internationally accepted actuarial policies and methodologies	29

No adjustments have been made for inflationary factors affecting the financial statements.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Sri Lankan Rupees (LKR), which is the Company's functional and presentation currency. All amounts presented in rupees have been rounded to the nearest rupees thousand (Rs'000), except when otherwise indicated.

4. USE OF JUDGMENTS AND ESTIMATES

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company'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 estimates are recognized prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included as follows.

Critical Accounting Estimates / Judgments	Disclosure reference Notes to the Financial Statements
Insurance contract liabilities	5.27
Measurement of defined benefit obligations: Key actuarial assumptions	5.29
Recognition of deferred tax assets	5.18.2
Impairment test: Key assumptions underlying recoverable amounts	5.21.7
Recognition and measurement of provisions and contingencies: Key assumptions about the likelihood and magnitude of an outflow of resources	5.31
Deferred acquisition cost	5.22.1
Determination of the fair value of financial instruments	5.21.6
Liability Adequacy Test	5.27.5



5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements unless otherwise indicated.

5.1 Foreign Currency

Transactions in foreign currencies are translated into the respective functional currency of the Company at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized costs in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the spot exchange rate at the end of the year.

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

Foreign currency differences arising on translation are generally recognized in profit or loss. However, foreign currency differences arising from the translation of the available-for-sale equity instruments are recognized in OCI.

Income Statement and Statement of Profit or Loss and Other Comprehensive Income

5.2 Gross Written Premiums (GWP)

Gross written premiums comprise the total premiums received/ receivable for the whole period of cover provided by contracts entered into during the accounting period. GWP is generally written upon approval of the policy.

Premium include any adjustments arising in the accounting period for premiums receivable in respect if business written in prior accounting periods.

5.3 Unearned Premium Reserve (UPR)

Unearned premiums are those proportions of premiums written in a 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 the 1/365 basis. The proportion attributable to subsequent period is deferred as a provision for unearned premiums.

5.4 Reinsurance Premiums

Reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered during the period, and are generally recognized on the date on which the policy incepts. Premium include any adjustments arising in the accounting period for premiums receivable in respect if business written in prior accounting periods.



5.5 Unearned Reinsurance Premiums

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are calculated on the 1/365 basis.

5.6 Unexpired Risk

Provision is made where appropriate for the estimated amount required over and above unearned premiums to meet future claims and related expenses on the business in force as at the reporting date.

5.7 Acquisition Costs

Acquisition costs comprise commissions, Service charges and other variable costs directly connected with acquisition or renewal of insurance contracts and paid to intermediaries. These costs are deferred over the period in which the related written premiums are earned. All other acquisition costs are recognized as an expense when incurred.

5.8 Reinsurance Commission Income

Reinsurance commission income on outwards reinsurance contracts are recognized as revenue when receivable. Subsequent to initial recognition, reinsurance commission income on outwards reinsurance contracts are deferred and amortized on a straight line basis over the term of the expected premiums payable.

5.9 Gross Claims Expense

Gross claims expense include all claims occurring during the year, whether reported or not, related internal and external 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.

Gross claims expense includes gross claims expense reported but not yet paid, incurred but not reported claims (IBNR) and the anticipated direct cost of setting those claims. The provision in respect of IBNR is actuarially valued to ensure a more realistic estimation of the future liability based on past experience and trends.

Actuarial valuations are performed on quarterly basis. While the Directors consider that the provision for claims is 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 adjustment to the amounts provided. Such amounts are reflected in the financial statements for that period. The methods used and the estimates made are reviewed regularly.

5.10 Reinsurance Claims Recoveries

Reinsurance claims recoveries are recognized when the related gross insurance claim is recognised according to the terms of the relevant contract. This includes reinsurance exposure of IBNR as well.



Other Revenue

5.11 Finance Income

Finance income comprises interest income on funds invested (including available-for-sale financial assets). Interest income is recognized in the Income Statement as it accrues and is calculated by using the effective interest rate method (EIR). Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument.

5.12 Other Income

Other income comprises fees charged for policy administration services, disposal gains on property, plant and equipment, gains on foreign currency translations, and miscellaneous income.

Expenses and Taxation

5.13 Expenditure Recognition

Expenses are recognized in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement.

5.14 Finance Cost

Interest paid is recognized in the Income Statement as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

5.15 Income Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in items recognized directly in equity or in Income Statement and Statement of Profit or Loss and Other Comprehensive Income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent assets.

5.15.1 Current Tax

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

5.15.2 Deferred Tax

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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



The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets are setoff, if a legally enforceable right exist to set off current tax assets against current tax liabilities and deferred tax assets relate to the same taxable entity and the same taxation authority.

5.15.3 Tax Exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities and such changes to tax liabilities will impact tax expense in the period that such a determination is made.

5.15.4 Crop Insurance Levy (CIL)

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

5.15.5 Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax except;

- Where the sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as a part of receivables or payables in the statement of financial position.

5.16 Earnings per share (EPS)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.



Statement of Financial Position

5.17 Insurance and Investment Contracts

5.17.1 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 contracts under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Significant insurance risk exists if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). The classification of contracts identifies both the insurance contracts that the Company issues and reinsurance contracts that the Company holds.

Contracts where the Company does not assume a significant insurance risk is classified as investment contracts.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk.

Interest rate financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

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 reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participating features (“DPF”).

5.17.2 Impact of Unrealized Gains and Losses on Available For Sale Assets on Liabilities from Insurance Contracts

Where unrealized gains or losses arise on available- for-sale assets, the adjustment to the liabilities arising from insurance contracts and investment contracts with DPF is equal to the effect that the realization of those gains or losses at the end of the reporting period would have had on those liabilities (and related assets) and is recognized directly in other comprehensive income.

5.18 Financial Assets and Liabilities

5.18.1 Non Derivative Financial Assets

Initial Recognition and Measurement

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

In the case of financial assets not at fair value through profit or loss, a financial asset is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.



Depending on the intention and ability to hold the invested assets, the Company classifies its non-derivative financial assets into following categories;

➤ Loans and receivables (L&R)

Income and expenses are presented on a net basis only when permitted under SLFRS/LKAS, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

Subsequent Measurement

(a) Loans and Receivables (L&R)

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized 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, less any impairment losses.

Loans and receivables comprise of investments in reverse repos', reinsurance receivables, premium receivables and cash and cash equivalents.

Cash and cash equivalent

Cash and cash equivalents comprise cash balances, and call deposits with original maturities of three months or less. Bank overdrafts are included in the statement of financial position under liabilities.

For the purpose of the cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Premiums receivable

Premium receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of premium receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

Impairment losses on premium receivables are the difference between the carrying amount and the present value of the estimated discounted cash flows. The impairment losses are recognized in the Income Statement.

Premium receivables are derecognized when de-recognition criteria for financial assets, as described in Note 5.21.3, have been met.

5.18.2 Non Derivative Financial Liabilities

Initial Recognition and Measurement

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

The Company classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.



Other financial liabilities comprise interest bearing borrowings, reinsurance payables, other liabilities and bank overdrafts.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification, as follows

Insurance Payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

De-recognition of Insurance Payables

Insurance payables are derecognized when the obligation under the liability is settled, cancelled or expired.

5.18.3 De-recognition

The Company de-recognizes a financial asset when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;
 - (a) The Company has transferred substantially all the risks and rewards of the asset, or
 - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of;

- (i) The consideration received (including any new asset obtained less any new liability assumed) and
- (ii) Any cumulative gain or loss that had been recognised in Income Statement and Statement of Profit or Loss and Other Comprehensive Income is recognised in profit or loss.

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled or expire.

5.18.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



5.18.5 Amortised Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

5.18.6 Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Determination of Fair Value

The fair value of financial instruments that are traded in an active market at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

5.18.7 Impairment

Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as result of one or more events that has occurred after the initial recognition of the asset and the loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated.

(a) Impairment losses on financial assets carried at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in Income Statement under other cost and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Income Statement.



5.19 Deferred Expenses

5.19.1 Deferred Acquisition Costs (DAC)

Deferred acquisition costs comprise commissions, service charge and other variable costs directly connected with acquisition or renewal of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

DAC is amortised over the period in which the related revenues are earned. The re-insurers share of deferred acquisition costs is amortised in the same manner as the unearned premium reserve is amortised.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. DAC is reviewed for recoverability based on the profitability of the underlying insurance contracts and when the recoverable amount is less than the carrying value, an impairment loss is recognised in the Income Statement

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

5.19.2 Reinsurance Commissions – Unearned Commission Reserve (UCR)

Commissions receivable on outward reinsurance contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

5.20 Property, Plant and Equipment

5.20.1 Recognition and Measurement

The Company applies the requirements of the Sri Lanka Accounting Standard - LKAS 16 on 'Property, Plant & Equipment' in accounting for its owned assets which are held for and use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

Basis of Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be reliably measured.

Basis of Measurement

An item of property, plant & equipment that qualifies for recognition as an asset is initially measured at its cost. Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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 Company 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; and
- Capitalised borrowing costs.



Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in "other operating income" in the Income Statement.

5.20.2 Subsequent Costs

The cost of replacing a component of an item of property or 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 Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognised in Income Statement as incurred.

5.20.3 Repairs and Maintenance

Repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

5.20.4 Depreciation

Depreciation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

Asset Class	Company
Office furniture	07 years
Furniture and fittings	04 - 05 years
Computer equipment	03 - 05 years
Motor vehicles	05 years
ROU Asset	Over the shorter of the lease term and estimated useful lives of the underlying class of assets

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

The depreciation rates are determined separately for each significant part of an item of Property, Plant and Equipment and commence to depreciate when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognized.

All classes of property, plant and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year are given in Note 20.



5.20.5 Carrying Amount

The carrying amount of an asset or significant group of assets within the class is assessed annually with its fair value and where the fair value is less than the carrying amount, the asset is written down to its fair value. The consequent adjustment is recognised in the Income Statement.

5.20.6 De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is de-recognised.

5.21 Intangible Assets

Software

Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are

amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

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

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is five years.

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

5.22 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset.



5.23 Equity Movements

Ordinary shares

The Company has issued ordinary shares that are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

5.24 Insurance Contract Liabilities

5.24.1 Insurance liabilities

Insurance contract liabilities include the outstanding claims provision (Reserve for gross outstanding and Incurred But Not Reported (IBNR), Incurred But Not Enough Reported (IBNER), provision for Unallocated Loss Adjustment Expense (ULAE) and the provision for unearned premium and the provision for premium deficiency.

5.24.2 Claims Payable Including IBNR

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

IBNR reserve is assessed on quarterly basis by an Actuary appointed for the Orient Group Head Office in UAE.

5.24.3 Insurance Risk and Impact of Natural Catastrophes

The Ditwah cyclon, which struck at the end of November 2025, exemplifies the significant insurance risks posed by natural catastrophes. This event affected all districts nationwide, resulting in widespread damage to policyholders' property and infrastructure. Consequently, the initial estimated claim expenses amounted to Rs.1,022.4 Mn(gross). With prudent understanding and efficient reinsurance arrangements, the net impact of Ditwah on the Profit and Loss statement is Rs.15.5Mn as at the balance sheet date.

This event highlights the inherent volatility in underwriting risk associated with catastrophic weather events and underscores the importance of robust risk management and reinsurance strategies. The increase in restatement premium by Rs 2.6.Mn reflects adjustments made to the reinsurance balances reported in the financial statements to better align with the heightened risk environment.

The company remains committed to continuously monitoring and managing insurance risks through prudent underwriting diversification, and reinsurance arrangements to mitigate the financial impact of such events on its operations and stakeholders.

There are other types of risks such as reinsurance default risk, credit risk, concentration risk, liquidity risk and market risks. The company's risk management policies and processes mitigate the impact of these risks and also benefits the organization by accepting some calculated risks at appropriate times.



5.24.4 Provision for Unearned Premiums

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. Provision for unearned premium is calculated on a 1/365 basis.

At each reporting date, the Company reviews its unexpired risk and the liability adequacy tested to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums.

The calculation uses current estimates of future cash flows after taking account of the investment return expected to arise from assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the statement in comprehensive income by setting up a provision for premium deficiency.

5.24.5 Liability Adequacy Test (LAT)

At the end of each reporting period the Company reviews its unexpired risk and a liability adequacy test is performed as laid out in SLFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. The calculation uses current estimates of future cash flows after taking account of the investment return expected to arise from assets relating to the relevant non-life insurance technical provisions. If the assessments show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency shall be recognised in the Income Statement by setting up a provision for liability adequacy. Insurance liability adequacy is assessed by an actuary appointed for the Orient Group Head Office in UAE on an annual basis.

5.25 Reinsurance

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. 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 financial position unless a right to offset exists.

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

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

5.26 Employee Benefits

5.26.1 Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.



5.26.2 Defined Contribution Plans

Employees are eligible for Employees' Provident Fund Contribution and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes a defined percentage of gross emoluments of employees to an approved Provident Fund and to the Employees' Trust Fund respectively.

Employees' Provident Fund

All employees of the Company are members of the Employees' Provident Fund (EPF). The Company and employees contribute 12% and 8% respectively of the salary to Employees' Provident Fund managed by the Central Bank of Sri Lanka.

Employees' Trust Fund

All employees of the Company are members of the Employees' Trust Fund (ETF). The Company contributes at the rate of 3% of the salaries of each employee to the Employees' Trust Fund managed by the ETF Fund Board of Sri Lanka.

5.26.3 Defined Benefit Plans

Gratuity is a defined benefit plan. The Company is liable to pay gratuity in terms of the payment of gratuity Act No. 12 of 1983, according to which a liability to pay gratuity arises only on completion of 5 years of continued service. In order to meet this liability, a provision is carried forward in the statement of financial position as per Sri Lanka Accounting Standard LKAS 19 Employee Benefits. This calculation is performed annually by a qualified independent actuary using the projected unit credit method (PUC).

The initial cost, the gratuity charge for the period is included as an expense/income in the income statement and the gain/loss on change in assumptions after the initial adoption, if any, is included as an expense/income in other comprehensive income.

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

The obligation is not externally funded.

5.27 Leases

At inception of a contract, the Company 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 Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- 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 Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.



As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company 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 right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is 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 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. If that rate cannot be readily determined, the Company's incremental borrowing rate may use. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

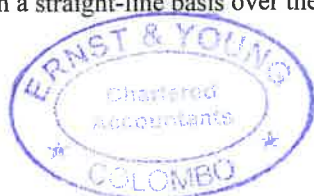
The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies SLFRS 15 to allocate the consideration in the contract.

The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'other income'.

5.28 Provisions and Contingencies (other than insurance provisions)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

5.29 Capital Commitments

Capital commitments of the Company are disclosed in the Note 40 to the financial statements.

5.30 Events Occurring after the Reporting Date

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 authorised for issue.

All material post reporting date events have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements.

5.31 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, "Cash Flow Statements."

Interest and dividend received are classified as operating cash flows. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an



insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

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

6. STANDARDS ISSUED AND NOT EFFECTIVE FOR THE COMPANY AS AT REPORTING DATE

The following SLFRSs have been issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have not been applied in preparing these Financial Statements. Those SLFRSs will have an effect on the accounting policies currently adopted by the Company and may have an impact on future Financial Statements which is summarized as below.

6.1 SLFRS 9 – Financial Instruments

In December 2014, the CA Sri Lanka issued the final version of SLFRS 9 Financial Instruments classification and measurement which reflects all phases of the financial instruments project and replaces LKAS 39 – Financial Instruments: Recognition and Measurement. The standard introduces new requirements for,

Classification and Measurement
Impairment
Hedge Accounting

SLFRS 9 is effective for annual periods beginning on or after 1st January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Temporary Exemption from SLFRS 9

An insurer that meets the criteria in paragraph 20B of SLFRS 4 (amended) provides a temporary exemption that permits, but does not require, the insurer to apply LKAS 39 – Financial Instruments: Recognition and Measurement rather than SLFRS 9 for annual periods beginning before 1st January 2026.

An insurer may apply the temporary exemption from SLFRS 9 if, and only if:

- it has not previously applied any version of SLFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as Fair Value Through Profit or Loss and;
- its activities are predominantly connected with insurance, at its annual reporting date that immediately precedes 1st April 2016, or at a subsequent annual reporting date.

	31 Dec 25 (Rs'000)	31 Dec 24 (Rs'000)
Insurance contract liabilities	3,855,033	2,135,569
Reinsurance Payable	390,897	344,650
Deferred commission income	167,224	142,820
Liabilities connected with insurance contracts	4,413,154	2,623,038
Total liabilities	5,313,606	3,279,081
Predominance ratio	83%	80%

Having considered the above criteria, Orient Insurance Limited are predominantly connected with Insurance activities, company may continue to apply LKAS 39 – Financial Instruments: Recognition and Measurement rather than SLFRS 9 for annual periods beginning before 1st January 2026.



Summary of the Requirements Classification and Measurement Financial Assets

SLFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

SLFRS 9 contains three principal classification categories for financial assets measured at:

- Amortised Cost
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit or Loss

The standard eliminates the existing LKAS 39 categories of Held to Maturity, Loans and Receivables and Available For Sale. Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis.

Financial Liabilities

SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification of financial liabilities. However, under LKAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in Profit or Loss, whereas under SLFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- the remaining amount of change in the fair value is presented in Profit or Loss.

The Company has not designated any financial liabilities at FVTPL and it has no current intention to do so.

Impairment

SLFRS 9 replaces the 'Incurred Loss' model in LKAS 39 with a forward-looking 'Expected Credit Loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVTOCI, except for investments in equity instruments, and to contract assets.

Under SLFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.
- Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component;

Disclosures to provide comparability

The Company will make an assessment of the objective of the business model when a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.



Classification – Financial assets

SLFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

SLFRS 9 includes three principal classification categories for financial assets; measured at amortised cost, Fair Value Through Other Comprehensive Income (FVTOCI) and Fair Value Through Profit or Loss (FVTPL). It replaces the existing four categories under LKAS 39 of held to maturity (HTM), Loans and Receivables (L & R), Fair Value Through Profit or Loss (FVTPL) and Available For Sale (AFS).

The table below provides an initial assessment made by the Company on its portfolio of financial assets.

Financial assets that meet the Solely Payment of Principal and Interest (SPPI) Test

(excluding the financial assets that meet the definition of held for trading or managed and evaluated on a fair value basis).

Instrument	Current classification	Carrying value Under LKAS 39 (Rs'000)	Classification under SLFRS 9	Carrying value (Rs'000)	Changes in Carrying value (Rs.000)
Fixed Deposits	L&R	1,405,057	Amortized Cost	1,405,057	-
Repo	L&R	1,375,203	Amortized Cost	1,375,203	-
Treasury Bills	L&R	159,175	Amortized Cost	159,175	-
Debentures	L&R	30,042	Amortized Cost	30,042	-

Impact Assessment

The standard will affect the classification and measurement of financial assets held, as follows;

- Trading assets and derivative assets held for risk management, which are classified as held for trading and measured at fair value under LKAS 39, will also be measured at fair value under SLFRS 9.
- Loans and receivables measured at amortised cost under LKAS 39 will also be measured at amortised cost under SLFRS 9.
- Held to maturity investment securities measured at amortised cost under LKAS 39 will be measured at amortised cost under SLFRS 9.
- Debt investment securities that are classified as Available For Sale under LKAS 39 may, under SLFRS 9, be classified under FVTOCI or amortised cost and measured at fair value /amortised cost depending on the particular circumstance.
- The majority of the equity investment securities that are classified as Available For Sale under LKAS 39 will be classified under FVTOCI and measured at fair value under SLFRS 9. However, some of the equity investment securities are held for Long-Term strategic purposes and will be designated as FVTOCI on initial recognition and measured at fair value.

6.2 SLFRS 17 – Insurance Contracts

SLFRS 17 will replace SLFRS 4 on accounting for insurance contracts and will be effective from 1 January 2026.

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



Objective

SLFRS 17 Insurance contracts establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard.

The objective of SLFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of Financial Statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

Scope

An entity shall apply SLFRS 17 Insurance contracts to:

- Insurance contracts, including reinsurance contracts, it issues;
- Reinsurance contracts it holds; and
- Investment contracts with discretionary participation features issues, provided the entity also issues insurance contracts.

Some contracts meet the definition of an insurance contract but have their primary purpose as provision of services for a fixed fee. Such issued contracts are in the scope of the Standard, unless an entity chooses to apply to them SLFRS 15 Revenue from Contracts with Customers and provided the following conditions are met:

- a. the entity does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer;
- b. the contract compensates customers by providing a service, rather than by making cash payments to the customer; and
- c. the insurance risk transferred by the contract arises primarily from the customer's use of service rather than from uncertainty over the cost of those services.

Recognition

Currently, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ("deferred acquisition costs") until those costs were included in profit or loss and OCI. Under SLFRS 17, only insurance acquisition cash flows that arises and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

An entity shall recognise a group of insurance contracts it issues from the earliest of the following:

- a) the beginning of the coverage period;
- b) the date when the first payment from a policyholder becomes due; and
- c) when the group becomes onerous if facts and circumstances indicate that there is such a group.

SLFRS – 17 specify three measurement approaches;

1. Building Block Approach (BBA)
2. Premium Allocation Approach (PAA)
3. Variable Fee Approach (VFA)

Building Block Approach (General Measurement Model) Measurement

On initial recognition, an entity shall measure a group of contracts at the total of:

- a) **the amount of fulfilment cash flows ("FCF"), which comprise:**
 - I. estimates of future cash flows;



- II. an adjustment to reflect the time value of money (“TVM”) and the financial risks associated with the future cash flows; and
- III. a risk adjustment for non-financial risk

b) the contractual service margin (“CSM”).

An entity shall include all the cash flows within the boundary of each contract in the group. The entity may estimate the future cash flows at a higher level of aggregation and then allocate the resulting fulfilment cash flows to individual groups of contracts.

The estimates of future cash flows shall be current, explicit, unbiased, and reflect all the information available to the entity without undue cost and effort about the amount, timing and uncertainty of those future cash flows. They should reflect the perspective of the entity, provided that the estimates of any relevant market variables are consistent with observable market prices.

Discount rates

The discount rates applied to the estimate of cash flows shall:

- a) reflect the time value of money (TVM), the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- b) be consistent with observable market prices of those financial instruments whose cash flow characteristics are consistent with those of the insurance contracts; and
- c) exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

Risk Adjustment for Non-financial Risk

The estimate of the present value of the future cash flows is adjusted to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of future cash flows that arises from non-financial risk.

Contractual Service Margin

The CSM represents the unearned profit of the group of insurance contracts that the entity will recognise as it provides services in the future. This is measured on initial recognition of a group of insurance contracts at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

- a) the initial recognition of an amount for the FCF;
- b) the derecognition at that date of any asset or liability recognised for acquisition cash flows; and
- c) any cash flows arising from the contracts in the group at that date.

Subsequent Measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of:

- a) the liability for remaining coverage comprising:
 - I. the FCF related to future services and;
 - II. the CSM of the group at that date;
- b) the liability for incurred claims, comprising the FCF related to past service allocated to the group at that date.



Onerous Contracts

An insurance contract is onerous at initial recognition if the total of the FCF, any previously recognised acquisition cash flows and any cash flows arising from the contract at that date is a net outflow. An entity shall recognise a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCF and the CSM of the group being zero.

On subsequent measurement, if a group of insurance contracts become onerous (or more onerous), that excess shall be recognised in profit or loss. Additionally, CSM cannot increase and no revenue can be recognised, until the onerous amount previously recognised has been reversed in profit or loss as part of a service expense.

Premium Allocation Approach

An entity may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the Premium Allocation Approach (PAA) on the condition that, at the inception of the group:

- a) the entity reasonably expects that this will be a reasonable approximation of the General Model, or
- b) the coverage period of each contract in the group is one year or less

Where, at the inception of the group, an entity expects significant variances in the FCF during the period before a claim is incurred, such contracts are not eligible to apply the PAA.

Using the PAA, the liability for remaining coverage shall be initially recognised as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows.

Subsequently the carrying amount of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus amortisation of acquisition cash flows, minus the amount recognised as insurance revenue for coverage provided in that period, and minus any investment component paid or transferred to the liability for incurred claims.

Modification and De-recognition

Modification of an insurance contract

If the terms of an insurance contract are modified, an entity shall derecognise the original contract and recognise the modified contract as a new contract if there is a substantive modification, based on meeting any of the specified criteria.

The modification is substantive if any of the following conditions are satisfied:

- a) if, had the modified terms been included at contract's inception, this would have led to:
 - I. exclusion from the Standard's scope;
 - II. unbundling of different embedded derivatives;
 - III. redefinition of the contract boundary; or
 - IV. the reallocation to a different group of contracts; or
- b) if the original contract met the definition of a direct participating insurance contracts, but the modified contract no longer meets that definition, or vice versa; or
- c) the entity originally applied the PAA, but the contract's modifications made it no longer eligible for it.

De-recognition

An entity shall de-recognise an insurance contract when it is extinguished, or if any of the conditions of a substantive modification of an insurance contract are met.



Presentation in the Statement of Financial Position

An entity shall present separately in the statement of financial position the carrying amount of groups of:

- a) insurance contracts issued that are assets;
- b) insurance contracts issued that are liabilities;
- c) reinsurance contracts held that are assets; and
- d) reinsurance contracts held that are liabilities.

Recognition and Presentation in the statement(s) of financial performance

An entity shall disaggregate the amounts recognised in the statement(s) of financial performance into:

- a) an insurance service result, comprising insurance revenue and insurance service expenses; and
- b) insurance finance income or expenses.

Income or expenses from reinsurance contracts held shall be presented separately from the expenses or income from insurance contracts issued.

Insurance Service Result

An entity shall present in profit or loss revenue arising from the groups of insurance contracts issued, and insurance service expenses arising from a group of insurance contracts it issues, comprising incurred claims and other incurred insurance service expenses. Revenue and insurance service expenses shall exclude any investment components. An entity shall not present premiums in the profit or loss, if that information is inconsistent with revenue presented.

Insurance Finance Income or Expenses

Insurance finance income or expenses comprises the change in the carrying amount of the group of insurance contracts arising from: [SLFRS 17:87]

- a) the effect of the time value of money and changes in the time value of money; and
- b) the effect of changes in assumptions that relate to financial risk; but
- c) excluding any such changes for groups of insurance contracts with direct participating insurance contracts that would instead adjust the CSM.

An entity has an accounting policy choice between including all of insurance finance income or expense for the period in profit or loss, or disaggregating it between amount presented in profit or loss and amount presented in other comprehensive income ("OCI").

Under the general model, disaggregating means presenting in profit or loss an amount determined by a systematic allocation of the expected total finance income or expenses over the duration of the group of contracts. On derecognition of the groups amounts remaining in OCI are reclassified to profit or loss.

Under the VFA, for direct participating insurance contracts, only where the entity holds the underlying items, disaggregating means presenting in profit or loss as insurance finance income or expenses an amount that eliminates the accounting mismatches with the finance income or expenses arising on the underlying items. On derecognition of the groups, the amounts previously recognised in OCI remain there.

Disclosures

An entity shall disclose qualitative and quantitative information about:

- a) the amounts recognised in its Financial Statements that arise from insurance contracts;



- b) the significant judgements, and changes in those judgements, made when applying SLFRS 17; and
- c) the nature and extent of the risks that arise from insurance contracts.

Effective Date

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted if both SLFRS 15 'Revenue from Contracts with Customers' and SLFRS 9 'Financial instruments' have also been applied. The Company intends to adopt the new standard on its mandatory effective date.

Transition

An entity shall apply the Standard retrospectively unless impracticable, in which case entities have the option of using either the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, an entity shall utilise reasonable and supportable information and maximise the use of information that would have been used to apply a full retrospective approach, but need only use information available without undue cost or effort. Under this approach the use of hindsight is permitted, if that is the only practical source of information for the restatement of prior periods.

Under the fair value approach, an entity determines the CSM or the loss component at the transition date as the difference between the fair value of a group of insurance contracts at that date and the FCF measured at that date. Using this approach, on transition entity has a choice need for annual groups.

At the date of initial application of the Standard, those entities already applying SLFRS 9 may retrospectively re-designate and reclassify financial assets held in respect of activities connected with contracts within the scope of the Standard.

Entities can choose not to restate SLFRS 9 comparatives with any difference between the previous carrying amount of those financial assets and the carrying amount at the date of initial application recognised in the opening equity at the date of initial application. Any restatements of prior periods must reflect all the requirements of SLFRS 9.

The Company has completed a gap assessment for SLFRS 17 in consultation with external consultants of actuarial and finance and in the process of initiating an implementation plan. This will involve setting of accounting policies and developing application methodologies, establishing appropriate processes and controls, sourcing and implementing appropriate actuarial and finance system changes.

The financial impact of initial application of SLFRS 17 Insurance Contracts has not been disclosed in these financial statements as it is not yet reasonably estimable at this stage.

6.3 SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.



The Company will be required to restate prior period financial statements to align with the revised presentation and disclosure framework.

6.4 SLFRS 19 Subsidiaries without public accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The Company is not eligible to apply SLFRS 19.

6.5 Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability-linked terms and nature-dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The amendments are not expected to have a material impact on the financial statements.



7. GROSS WRITTEN PREMIUM

Gross written premium (GWP) represents the premium charged by the Company to underwrite risks in order to pay customer claims/ benefits if the event insured against occurs/ specified term is completed. GWP is accounted on an accrual basis.

For the year ended 31 December,

	2025 Rs. ' 000	2024 Rs. ' 000
Fire	380,328	342,854
Motor	3,584,077	2,388,883
Marine	13,063	20,619
Casualty	250,044	255,989
Engineering	119,884	170,414
Medical	507,289	233,224
	<u>4,854,685</u>	<u>3,411,983</u>

8. PREMIUM CEDED TO REINSURERS

Premium ceded to reinsurers represents the premium paid by the Company to its reinsurers in order to manage its underwriting risks. This is accounted on an accrual basis.

For the year ended 31 December,

	2025 Rs. ' 000	2024 Rs. ' 000
Fire	340,301	287,738
Motor	712,429	657,776
Marine	10,754	14,407
Casualty	145,823	141,117
Engineering	110,032	142,222
	<u>1,319,339</u>	<u>1,243,260</u>

9. NET EARNED PREMIUM

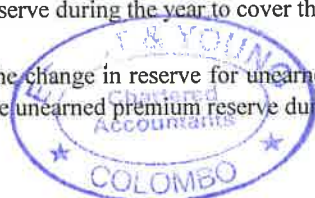
This represents the net earned premium for the financial year subsequent to deduction of reinsurance and net change in unearned premiums.

For the year ended 31 December,

	Note	2025 Rs. ' 000	2024 Rs. ' 000
Gross written premium	7.	4,854,685	3,411,983
Premium ceded to reinsurers	8.	(1,319,339)	(1,243,260)
Total net written premium		<u>3,535,346</u>	<u>2,168,723</u>
Change in reserve for unearned premium	9.1	(788,530)	(256,826)
Change in reserve for unearned reinsurance premium	9.2	51,052	346,981
Net change in reserve for unearned premium		<u>(737,478)</u>	<u>90,155</u>
Net Earned Premium		<u>2,797,868</u>	<u>2,258,878</u>

9.1 The change in reserve for unearned premium represents the net portion of the GWP transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.

9.2 The change in reserve for unearned reinsurance premium represents the net portion of the reinsurance premium transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.



10. NET INVESTMENT INCOME	Note	2025 Rs. ' 000	2024 Rs. ' 000
Interest income	10.1	222,885	300,688
Total net investment income		222,885	300,688

10.1 Interest income**Interest Income from Financial Investments - Loans and Receivables**

- Term Deposits	110,398	127,250
- Reverse REPO	74,532	18,287
- Corporate debts	3,134	3,143
- Treasury Bill	28,467	145,637
- Saving Account Interest	6,354	6,371
	222,885	300,688

11. OTHER OPERATING INCOME

**2025
Rs. ' 000** **2024
Rs. ' 000**

For the year ended 31 December,

Policy administration fee	452,214	307,535
Miscellaneous income	13,804	24,022
Gain on sale of property, plant and equipment	2,200	-
Total other operating income	468,218	331,557

12. NET INSURANCE BENEFITS AND CLAIMS

Net claims incurred reflect the total amount of claims and claims related expenses incurred during the year, net of amounts due from reinsurers. Since claims expenses are based on the information available as at a particular date, the charge for the year include any over or under provisioning with regard to the previous years claims. A provision is also made in respect of claims incurred by policyholders but not informed to insurers as at the reporting date. Such claims are commonly referred to as Incurred But Not Reported (IBNR) claims, and is computed based on internationally accepted actuarial principles.

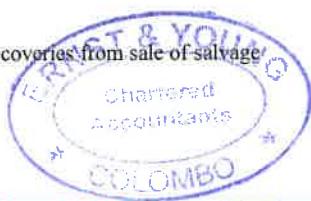
For the year ended 31 December,

	Note	2025 Rs. ' 000	2024 Rs. ' 000
Gross insurance benefits and claims paid		2,026,958	1,975,682
Claims ceded to reinsurers		(181,488)	(385,889)
Net insurance benefits and claims paid	12.1	1,845,470	1,589,794
Gross change in liabilities	29.1	981,985	212,519
Change in liabilities ceded to reinsurers	29.1	(967,617)	(133,963)
Total net benefits and claims	12.2	1,859,839	1,668,350

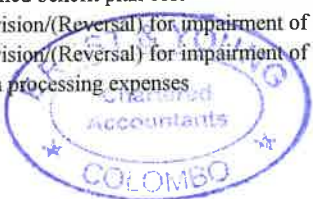
12.1 Net insurance benefits and claims paid

For the year ended 31 December,

Rs. ' 000	2025			2024		
	Gross claims paid	Claims recovered from reinsurers	Net claims paid	Gross claims paid	Claims recovered from reinsurers	Net claims paid
Fire	147,922	130,407	17,515	338,931	333,186	5,745
Motor	1,513,965	4,949	1,509,016	1,422,331	25,154	1,397,177
Marine	2,833	1,445	1,388	9,151	4,651	4,500
Casualty	45,014	23,918	21,096	46,105	18,241	27,864
Engineering	33,485	29,930	3,555	5,754	4,705	1,049
Medical	297,640	-	297,640	199,467	-	199,467
	2,040,858	190,649	1,850,210	2,021,739	385,937	1,635,803
Recoveries from sale of salvage	(13,901)	(9,163)	(4,739)	(46,057)	(48)	(46,009)
	2,026,957	181,487	1,845,471	1,975,682	385,889	1,589,795



12. NET INSURANCE BENEFITS AND CLAIMS (Contd...)		2025 Rs. ' 000	2024 Rs. ' 000
12.2 Total net insurance benefits and claims			
Gross claims incurred		3,008,943	2,188,201
Reinsurance recoveries		(1,149,105)	(519,852)
		<u>1,859,838</u>	<u>1,668,349</u>
13. UNDERWRITING AND NET ACQUISITION COST (INCLUDING REINSURANCE)			
		2025 Rs. ' 000	2024 Rs. ' 000
Acquisition cost		830,387	445,834
Net change in reserve for deferred acquisition cost (DAC)		(241,134)	(52,267)
		<u>589,253</u>	<u>393,567</u>
Reinsurance commission income		306,370	288,985
Net change in reserve for unearned commission (UER)		(24,404)	(110,602)
		<u>281,966</u>	<u>178,383</u>
Total underwriting and net acquisition cost		<u>307,287</u>	<u>215,184</u>
14. OTHER OPERATING AND ADMINISTRATIVE EXPENSES	Note	2025 Rs. ' 000	2024 Rs. ' 000
Employee benefits expenses	14.1	500,872	407,951
Administration and establishment expenses		517,161	400,019
Selling expenses		142,013	110,705
Total other operating and administrative expenses		<u>1,160,046</u>	<u>918,675</u>
14.1 Employee benefits expenses		2025 Rs. ' 000	2024 Rs. ' 000
Staff remuneration		445,440	360,638
Defined contribution plan cost - EPF	32.1	35,042	28,252
Defined contribution plan cost - ETF	32.1	8,760	7,063
Defined benefit plan cost	32.2	8,912	10,905
Staff welfare		704	411
Training expenses		2,014	682
		<u>500,872</u>	<u>407,951</u>
15. NET FINANCE (INCOME) / EXPENSES		2025 Rs. ' 000	2024 Rs. ' 000
Interest expense - Leases		28,376	2,990
Realized exchange (gain)/ loss		(1,823)	11,065
Unrealized exchange (gain)/loss		(21,563)	2,514
		<u>4,990</u>	<u>16,569</u>
16. PROFIT BEFORE TAXATION	Note	2025 Rs. ' 000	2024 Rs. ' 000
Profit before taxation is stated after charging:			
Auditors remuneration			
Audit & audit related services		2,903	2,399
Non audit related services		901	819
Defined contribution plan cost - EPF	14.1	35,042	28,252
Defined contribution plan cost - ETF	14.1	8,760	7,063
Defined benefit plan cost	14.1	8,912	10,905
Provision/(Reversal) for impairment of Insurance Premium receivable	23.2	6,213	(12,552)
Provision/(Reversal) for impairment of reinsurance receivable		(595)	12,552
Data processing expenses		70,270	57,970



17. INCOME TAX EXPENSE	Note	2025 Rs. ' 000	2024 Rs. ' 000
17.1 Amount recognised in profit or loss			
Current tax expense			
Current tax expense for the year		19,367	-
Under/(Over) provision adjustment from prior year		-	1,610
Total current tax expense	17.2	<u>19,367</u>	<u>1,610</u>
Deferred tax expense			
Reversal/(Origination) of deferred tax assets	26.1	1,631	(21,500)
Origination/(Reversal) of deferred tax liabilities	26.1	(5,954)	5,940
Net Deferred tax (reversal) / Origination		<u>(4,323)</u>	<u>(15,560)</u>
Income Tax Expense		<u>15,045</u>	<u>(13,950)</u>
17.2 Reconciliation of effective Tax rate		2025	2024
		Rs. ' 000	Rs. ' 000
Accounting profit before tax from continuing operations		71,192	4,154
At the statutory income tax rate of 30% (2024 :30%)		21,358	1,246
Exempt Income		(66,865)	(90,206)
Aggregated disallowable expenses		1,595	1,798
Aggregated allowable expenses		(948)	(13,691)
Investment Income		59,905	85,293
Under/ (Over) provision adjustment from prior year		-	1,610
Current Tax Expenses		<u>15,045</u>	<u>(13,950)</u>
17.3 Amount recognised in OCI		2025	2024
		Rs. ' 000	Rs. ' 000
Tax on gain on Remeasurement of defined benefit obligation		1,705	(2,054)
		<u>1,705</u>	<u>(2,054)</u>
18. EARNINGS PER SHARE			
18.1 Basic earnings per share			
The calculation of basic earnings per share was based on the following profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding as at the reporting date.			
		2025	2024
		Rs. ' 000	Rs. ' 000
Profit for the period attributable to the owners of the Company		56,148	18,104
Weighted average number of ordinary shares		8,250	8,250
Basic Earnings Per Share (Rs.)		<u>6.81</u>	<u>2.19</u>
18.2 Diluted earnings per share			
There was no dilution of ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is the same as basic earnings per share as shown in Note 18.1			
19. FINANCIAL INVESTMENTS			

The following provides details of how insurance funds have been invested. The Company's investments, i.e. 53% are in Government securities and Corporate debts. Deposits with Banks and Financial Institutions and Finance Companies are account for a further 47% of investments.

19. FINANCIAL INVESTMENTS (Contd...)

The Company's financial instruments are summarised by the following categories:

	Note	2025		2024	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Loans and receivables (L&R)	19.1	2,969,478	2,969,478	2,433,308	2,433,308
Total financial investments		2,969,478	2,969,478	2,433,308	2,433,308

19.1 Loans and receivables (L&R)	Note	2025 Rs. '000	2024 Rs. '000
Bank deposit			
- Licensed Commercial Banks		981,554	1,001,488
- Licensed Finance Companies		423,503	383,594
Reverse repurchase agreements		1,375,203	531,807
Treasury Bills		159,175	486,375
Corporate debts		30,042	30,044
	19.1 (a)	2,969,478	2,433,308

19.2 (a) Impairment of L&R Financial Investments	2025 Rs. '000	2024 Rs. '000
At the reporting date, there were no L&R financial investments that were overdue and impaired.		

19.3 (b) Net movement of L&R Financial Investments	2025 Rs. '000	2024 Rs. '000
As at 01 January	2,433,308	2,657,247
Purchases during the year	22,946,864	4,401,030
Maturities during the year	(22,472,053)	(4,898,024)
Net change in accrued interest	61,358	273,055
As at 31 December	2,969,478	2,433,308

20. PROPERTY, PLANT AND EQUIPMENT

20.1 Property, plant and equipment owned

Rs. '000	Office equipment	Furniture and fittings	Computer equipment	Motor Vehicle	Total
Cost					
Balance as at 1 January 2024	19,780	39,995	70,977	45,697	176,449
Additions during the year	2,610	2,474	10,404	-	15,487
Disposals during the year	-	-	-	-	-
Balance as at 31 December 2024	22,390	42,469	81,381	45,697	191,937
Balance as at 31 January 2025	22,390	42,469	81,381	45,697	191,937
Additions during the year	4,536	55,881	12,564	32,627	105,608
Disposals during the year	(5,770)	(13,134)	-	(19,200)	(38,104)
Balance as at 31 December 2025	21,155	85,217	93,945	59,124	259,440
Accumulated depreciation and impairment losses					
Balance as at 1 January 2024	13,915	22,836	53,059	20,255	110,066
Depreciation for the year	2,985	4,202	10,962	5,756	23,905
Disposals	-	-	-	-	-
Balance as at 31 December 2024	16,901	27,038	64,021	26,011	133,971
Balance as at 1 January 2025	16,901	27,038	64,021	26,011	133,971
Depreciation for the year	2,789	9,160	10,443	6,632	29,025
Disposals	(4,712)	(11,518)	-	(7,070)	(23,300)
Balance as at 31 December 2025	14,978	24,681	74,464	25,573	139,696
Carrying value					
As at 31 December 2025	6,177	60,536	19,480	33,551	119,744
As at 31 December 2024	5,489	15,431	17,360	19,686	57,966

20. PROPERTY, PLANT AND EQUIPMENT (Contd...)**20.1.1 Title restriction on property, plant and equipment**

There are no restrictions that existed on the title of the PPE of the Company as at the reporting date. (2024-No Title Restriction)

20.2 Right-of-use assets

The Company leases buildings for office and branches. Information about leases for which the Company is a lessee is presented below.

	Building	
	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	36,130	86,112
Additions from entering to new lease agreements	228,942	9,677
Termination of existing lease agreements	-	(22,383)
Depreciation charge for the year	(49,733)	(37,275)
Others	(982)	-
Balance as at 31 December	214,357	36,130

20.2.1 Depreciation charge for the year is Rs.61.2 million (2024- Rs.78.8 million) which includes Rs.49.7 million (2024 - Rs.37.3 million) of depreciation relating to Right of Use Asset.

Right-of-use assets include adjustments for prepaid lease payments and the fair value adjustment of refundable lease deposits.

20.3 Total property, plant and equipment

	2025	2024
	Rs. '000	Rs. '000
Property, plant and equipment owned (Note 20.1)	119,744	57,966
Right-of-use assets (Note 20.2)	214,357	36,131
	334,101	94,097

20.4 Acquisition of property, plant and equipment during the year

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 105.6 million (2024 - 15.5 million) which the Company has fully paid for.

20.5 Capitalisation of borrowing costs

There were no borrowing costs relating to property, plant and equipment capitalised during the year.

20.6 Impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 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 property, plant and equipment.

20.7 Fully depreciated property, plant and equipment

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

	2025	2024
	Rs. ' 000	Rs. ' 000
<i>As at 31 December,</i>		
Computer equipment	58,561	49,857
Office equipment	9,369	11,149
Furniture and fittings	7,620	12,525
Motor Vehicle	16,997	16,997
Total	92,547	90,527

20.8 Property, plant and equipment pledged as security

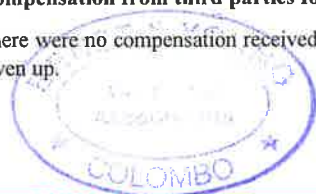
None of the property, plant and equipment have been pledged as securities as at the reporting date.

20.9 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

20.10 Compensation from third parties for items of property, plant and equipment

There were no compensation received or receivable from third parties for items of property, plant and equipment that were impaired, lost or given up.



21. INTANGIBLE ASSETS	2025 Rs. '000	2024 Rs. '000
Computer software		
Cost		
Balance as at 1 January	59,454	59,454
Additions	1,298	-
Balance as at 31 December	<u>60,752</u>	<u>59,454</u>
Accumulated amortisation and impairment losses		
Balance as at 1 January	36,994	29,983
Amortisation	6,859	7,011
Balance as at 31 December	<u>43,853</u>	<u>36,994</u>
Carrying amount as at 31 December	<u>16,899</u>	<u>22,460</u>

21.1 Acquisition of intangible assets during the year

During the financial year, the Company acquired Rs.1.3 million intangible assets (2024 - Nil) .

21.2 Fully amortized intangible assets in use

Intangible assets include fully amortized computer software which are in use of normal business activities having gross carrying amounts of Rs. 28.1 million (2024 - Rs. 24.6 million)

21.3 Assessment of impairment of Intangible Assets

The Board of Directors has assessed potential impairment loss of Intangible Assets as at 31 December 2025. Based on the assessment, no impairment indicators were identified.

21.4 Capitalisation of Borrowing Costs

There were no borrowing costs related to Intangible Assets capitalised during the year. (2024 - Nil)

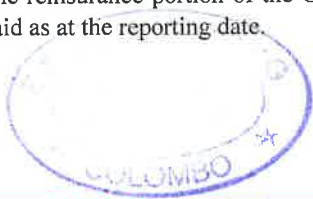
22. REINSURANCE RECIEVABLE

	Note	2025 Rs. '000	2024 Rs. '000
Reinsurance receivable on outstanding claims	22.2	1,192,859	284,317
Incurred But Not Reported (IBNR) - Reinsurance		<u>213,952</u>	<u>154,877</u>
		1,406,811	439,194
Reinsurance receivable on settled claims	22.3	23,025	33,482
Less - Impairment of RI premium receivables		<u>(11,957)</u>	<u>(12,552)</u>
Total reinsurance receivables		<u>1,417,879</u>	<u>460,124</u>

22.1 Impairment of RI premium receivables

	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	12,552	-
Provision made/(reversed) during the year	(595)	12,552
Balance as at 31 December	<u>11,957</u>	<u>12,552</u>

22.2 The reinsurance portion of the Outstanding Claims have not been materialised, since these insurance claims have not been paid as at the reporting date.



22. REINSURANCE RECIEVABLE (Contd...)

22.3 Reinsurance receivable on settled claims are accounted on a net basis of reinsurer wise gross reinsurance receivable less gross reinsurance payable on the basis of that offsetting reflects the substance of the transaction and based on the grounds that the settlements are made on a net basis. Net reinsurer receivable balances as at the reporting date are classified as reinsurance receivables on settled claims.

Following breakup shows the gross receivable and payable components,

	2025 Rs. '000	2024 Rs. '000
Gross receivable balance	70,021	214,592
Gross payable balance	<u>(46,995)</u>	<u>(181,110)</u>
	<u>23,024</u>	<u>33,482</u>

23. PREMIUM RECIEVABLES

	Note	2025 Rs. '000	2024 Rs. '000
Premium Receivables	23.1	1,352,299	1,272,622
Less - Impairment of premium receivables	23.2	<u>(26,300)</u>	<u>(20,087)</u>
		<u>1,325,999</u>	<u>1,252,535</u>

23.1 Premium receivable from

	2025 Rs. '000	2024 Rs. '000
Leasing agents	424,994	380,356
Brokers	639,393	679,503
Travel agents	19,896	33,995
Other	<u>268,015</u>	<u>178,768</u>
	<u>1,352,299</u>	<u>1,272,622</u>

23.1.1 Premium receivable balances from others are accounted on a gross basis since it doesn't qualify the conditions of LKAS 01, para 33 for offsetting.

23.2 Impairment of premium receivables

	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	20,087	32,639
Provision made/(reversed) during the year	6,213	<u>(12,552)</u>
Balance as at 31 December	<u>26,300</u>	<u>20,087</u>

23.3 Collateral details

The Company does not hold any collateral as security against potential default by a policy holder or intermediaries.

23.4 Risk management initiatives relating to premium receivables

There is lower concentration of credit risk with respect to premium receivable as the Company has a large number of dispersed debtors. Refer to Note 37.2.1 to the financial statements.



24. RECEIVABLES AND OTHER ASSETS

	Note	2025 Rs. '000	2024 Rs. '000
Financial assets			
Refundable deposits		32,436	50,942
		<u>32,436</u>	<u>50,942</u>
Non financial assets			
Prepayments		7,008	3,730
Other receivables		13,640	2,577
		<u>20,648</u>	<u>6,307</u>
Total receivables and other assets		<u><u>53,084</u></u>	<u><u>57,249</u></u>

24.1 Refer Note 37 to the financial statements for risk management initiatives relating to other financial assets.

25. DEFERRED ACQUISITION COST (DAC)

	Note	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January		231,311	179,044
Acquisition cost during the Year	13	830,386	445,833
Amortisation for the Year		(589,252)	(393,566)
Balance as at 31 December		<u><u>472,445</u></u>	<u><u>231,311</u></u>

26. DEFERRED TAX

		2025 Rs. '000	2024 Rs. '000
Deferred tax liabilities	26.2	(1,985)	(7,939)
Deferred tax assets	26.3	18,118	18,044
Net deferred tax asset / (liability)		<u><u>16,133</u></u>	<u><u>10,105</u></u>

26.1 The movements on the deferred tax account is as follows:

	2025 Rs. '000	2024 Rs. '000
<u>Deferred tax liabilities</u>		
Balance at the beginning of the year	7,939	1,999
Recognised in profit or loss		
Originated/ (Reversed) during the year - Recognised in Profit or Loss	(5,954)	5,940
Effect of change in tax rates (Note 26.4)	-	-
Total amount originated/ (Reversed) during the year in profit or loss	<u>(5,954)</u>	<u>5,940</u>
Balance at the end of the year	<u><u>1,985</u></u>	<u><u>7,939</u></u>
<u>Deferred tax assets</u>		
Balance at the beginning of the year	18,044	(1,402)
Recognised in profit or loss		
Originated during the year - Recognised in Profit or Loss	(1,631)	21,500
Effect of change in tax rates	-	-
Total amount (Reversed)/ originated during the year in profit or loss	<u>(1,631)</u>	<u>21,500</u>
Recognised in OCI		
Actuarial Gain/(Loss)	1,705	(2,053)
Balance at the end of the year	<u><u>18,118</u></u>	<u><u>18,044</u></u>



26. DEFERRED TAX (Contd...)

Rs. ' 000	2025		2024	
	Temporary difference	Tax effect	Temporary difference	Tax effect
26.2 Deferred tax liabilities				
Right of use asset	213,657	64,097	36,132	10,840
Lease liability	(215,525)	(64,657)	(33,943)	(10,183)
Property, plant and equipment	8,486	2,545	24,274	7,282
	<u>6,618</u>	<u>1,985</u>	<u>26,463</u>	<u>7,939</u>
26.3 Deferred tax assets				
Employee benefits	38,016	11,405	42,026	12,608
Actuarial gain	5,685	1,705	(6,848)	(2,054)
Forex Translation Gain/(Loss)	(21,563)	(6,469)	2,514	754
Carried forward Tax Loss	-	-	22,453	6,736
Provision for doubtful debts	38,256	11,477	-	-
	<u>60,394</u>	<u>18,118</u>	<u>37,693</u>	<u>18,044</u>
Net deferred tax assets/(liabilities)	<u>53,776</u>	<u>16,133</u>	<u>11,230</u>	<u>10,105</u>
Tax rate		<u>30%</u>		<u>30%</u>

27. CASH AND CASH EQUIVALENTS

	2025	2024
	Rs. ' 000	Rs. ' 000
Cash and cash equivalents		
Cash at bank	265,429	220,937
Cash in hand	656	625
Total cash and cash equivalents	<u>266,085</u>	<u>221,562</u>

27.1 Fair value of cash and cash equivalents

The carrying amounts disclosed above reasonably approximate fair value as at the reporting date.

28. STATED CAPITAL

	2025		2024	
	Number of shares	Rs. '000	Number of shares	Rs. '000
Ordinary Shares	8,250,000	<u>825,000</u>	8,250,000	<u>825,000</u>

Ordinary Shares

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

28.1 Regulatory / Capital Management

The company has been maintaining the Capital Adequacy Ratio (CAR) well above the required minimum level of 120% as prescribed by IRCSL throughout the year under review. The Company has consistently maintained the approved assets under Determination 1 issued by IRCSL.

	2025	2024
	Rs. ' 000	Rs. ' 000
Total Available Capital (TAC)	1,397,833	1,288,085
Risk-based Capital Requirement (RCR)	797,201	760,244
Risk-based Capital Adequacy Ratio (CAR)	175%	169%
Minimum Capital Requirement (MCR)	500,000	500,000
Minimum Capital Adequacy ratio as prescribed by IRCSL	120%	120%

29. INSURANCE CONTRACT LIABILITIES

	Note	2025	2024
		Rs. ' 000	Rs. ' 000
Outstanding claims provision (Gross)	29.2	1,895,300	913,315
Provision for unearned premiums (Net)	29.3	1,959,733	1,222,254
		<u>3,855,033</u>	<u>2,135,569</u>



29. INSURANCE CONTRACT LIABILITIES (Contd...)

29.1 Movement in insurance contract liabilities

The Company enters into reinsurance agreements in order to mitigate insurance risks as outlined in Note 37.1.5 Financial risk review. Although positions are managed on a net basis by management, insurance disclosures have been made on both gross and net basis in order to provide a comprehensive set of disclosures.

<i>As at 31st December</i>		2025			2024		
Rs. ' 000	Note	Insurance Contract Liabilities	Re insurance	Net	Insurance Contract Liabilities	Re insurance	Net
Provision for reported claims		1,345,754	(1,192,859)	152,895	499,007	(284,317)	214,690
Incurred But Not Reported (IBNR)		527,668	(213,952)	313,716	393,590	(154,877)	238,713
Provision for Unallocated Loss Adjustment Expense (ULAE)		21,877	-	21,877	20,718	-	20,718
Outstanding claims provision	29.2	1,895,300	(1,406,811)	488,489	913,315	(439,194)	474,120
Provision for unearned premiums	29.3	2,562,892	(603,159)	1,959,733	1,774,362	(552,108)	1,222,254
Total		4,458,192	(2,009,970)	2,448,221	2,687,677	(991,302)	1,696,374

29.2 Outstanding claims provision

The movement in the outstanding claims provision is as follows;

	2025	2024
	Rs. ' 000	Rs. ' 000
Provision for reported claims		
Balance as at 1 January	214,690	243,292
Claims incurred during the year	1,783,675	1,561,192
Claims paid during the year	(1,845,470)	(1,589,794)
Balance as at 31 December	152,895	214,690
Incurred But not reported (IBNR)		
Balance as at 1 January	238,712	152,273
Increase/(decrease) in IBNR	75,004	86,438
Balance as at 31 December	313,716	238,712
Provision for Unallocated Loss Adjustment Expense (ULAE)		
Balance as at 1 January	20,718	-
Increase/(decrease) in IBNR	1,160	20,718
Balance as at 31 December	21,878	20,718
Balance as at 31 December	488,489	474,119

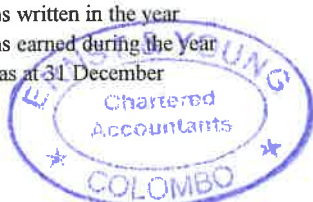
29.2.1 Valuation of IBNR

The Incurred but not reported claims and Provision for Unallocated Loss Adjustment Expense have been actuarially computed by Mr. Saqib Jamil , FSA, CERA, appointed Actuary for the Orient Group Head Office in UAE. The Valuation of IBNR was certified on 22 April 2026 for the above purpose.

29.3 Provision for unearned premiums

The reserve for net unearned premium indicates the amount of premium which is attributable to policies written as at 31 December 2025, but covering periods after 31 December 2025.

<i>As at 31st December,</i>		2025			2024		
Rs. ' 000		Unearned Premiums	Re insurance	Net	Unearned Premiums	Re insurance	Net
Balance as at 1 January		1,774,362	552,108	1,222,256	1,517,536	205,127	1,312,410
Premiums written in the year		4,854,685	1,319,339	3,535,346	3,411,983	1,243,260	2,168,724
Premiums earned during the year		(4,066,155)	(1,268,288)	(2,797,867)	(3,155,157)	(896,279)	(2,258,878)
Balance as at 31 December		2,562,892	603,159	1,959,735	1,774,362	552,108	1,222,256



29. INSURANCE CONTRACT LIABILITIES (Contd...)**29.4 Liability adequacy test (LAT)**

A Liability Adequacy Test ("LAT") for insurance contract liability was carried out by Mr. Saqib Jamil, FSA, CERA, appointed Actuary for the Orient Group Head Office in UAE as required by SLFRS 4 - Insurance Contracts. The valuation is based on internationally accepted actuarial methods and is performed on annual basis. According to the appointed Actuary's report, the Company adequately satisfies the LAT as at 31 December 2025. No additional provision was required against the LAT as at 31 December 2025.

29.5 Technical reserves

	Note	2025 Rs. ' 000	2024 Rs. ' 000
As at 31 December			
Insurance contract liabilities	29.	3,855,033	2,135,569
Deferred acquisition cost (net)		(305,221)	(88,491)
Reinsurance receivable on outstanding claims (Exclusive of IBNR)	22.	(1,192,859)	(284,317)
Reinsurance receivable on outstanding claims IBNR/ IBNER	22.	(213,952)	(154,877)
		<u>2,143,001</u>	<u>1,607,885</u>

30. REINSURANCE PAYABLE

	Note	2025 Rs. ' 000	2024 Rs. ' 000
As at 31 December ,			
Reinsurance Payables	30.1	<u>390,897</u>	<u>344,650</u>
		<u>390,897</u>	<u>344,650</u>

30.1 Reinsurance payables are accounted on a net basis of reinsurer wise gross reinsurance payable less gross reinsurance receivable on the basis of that offsetting reflects the substance of the transaction and based on the grounds that the settlements are made on a net basis. Net reinsurer payable balances as at the reporting date are classified as reinsurance payable.

	2025 Rs. ' 000	2024 Rs. ' 000
Following breakup shows the gross payable and receivable components,		
Gross payable balance	721,624	792,074
Gross receivable balance	(330,727)	(447,424)
	<u>390,893</u>	<u>344,650</u>

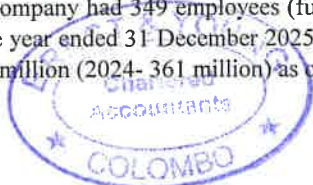
31. DEFERRED REVENUE

This represents the income relating to acquisition of reinsurance contracts and are released to income as the insurance contract expires.

	Note	2025 Rs. ' 000	2024 Rs. ' 000
As at 31 December,			
Balance as at 1 January		142,820	32,217
Commission income	13.	306,370	288,985
Recognised during the year		(281,964)	(178,383)
		<u>167,224</u>	<u>142,820</u>

32. EMPLOYEE BENEFITS

The Company had 349 employees (full-time equivalents) as of 31 December 2025. Personnel and other related costs incurred for the year ended 31 December 2025 was Rs. 500.9 million (2024- Rs. 407.9 million) which include staff remuneration of Rs. 445.4 million (2024- 361 million) as of 31 December 2025.



32. EMPLOYEE BENEFITS (Contd...)**32.1 Defined contribution plans**

Following contributions have been made for employee provident fund and employee trust fund during the year.

As at 31 December,

	2025 Rs. ' 000	2024 Rs. ' 000
Employees' Provident fund (EPF)		
Employer's contribution (12%)	35,042	28,252
Employee's contribution (8%)	23,361	18,834
Employees' trust fund (ETF)		
Employer's contribution (3%)	8,760	7,063
32.2 Movement in present value of gratuity	2025	2024
	Rs. ' 000	Rs. ' 000
Balance as at 1 January	35,178	32,355
Included in profit or loss:		
Interest Cost	3,455	4,507
Current Service Cost	5,457	6,398
	<u>8,912</u>	<u>10,905</u>
Benefits paid	<u>(6,074)</u>	<u>(1,235)</u>
	<u>(6,074)</u>	<u>(1,235)</u>
Included in Other Comprehensive Income:		
Actuarial (Gain)/Loss	5,685	(6,847)
Present Value of benefit defined Obligation as at 31 December	<u>43,701</u>	<u>35,178</u>

32.3 Principal actuarial assumptions used

	2025	2024
Discount rate	9.80%	10.75%
Salary increase	8.50%	8.00%
Retirement Age	60 Years	60 Years
Expected future working life time	4.47 Years	4.17 Years

Assumptions regarding future mortality are based on published statistics and mortality tables. The actuarial valuations regarding above were carried out as at reporting date by Mr. Rahim Feroz Ali (ASA) for and on behalf of SHMA Consulting DMCC (Dubai). The valuation report was certified on 23 April 2026 for the above purpose.

32.4 Sensitivity analysis

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

Rs. ' 000		2025		2024	
		Increase	Decrease	Increase	Decrease
Discount rate	1%	41,857	45,764	(33,791)	36,724
Future salary growth	1%	45,765	41,824	36,750	(33,744)

32.5 Maturity Analysis of Undiscounted Defined Benefit Obligation

As at 31st December 2025,	Undiscounted Value					
	Carrying amount	One Year	Two Year to Three Years	Four to Five Years	More than Five Years	Total
Defined Benefit Obligation	43,701	18,991	8,014	4,871	49,446	81,321
As at 31st December 2024,	Undiscounted Value					
	Carrying amount	One Year	Two Year to Three Years	Four to Five Years	More than Five Years	Total
Defined Benefit Obligation	35,178	13,770	9,306	5,226	39,909	68,210

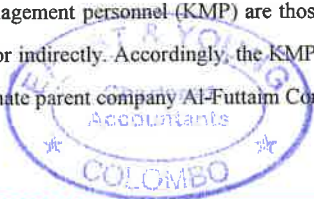
33. OTHER LIABILITIES

	2025 Rs. ' 000	2024 Rs. ' 000
Other financial liabilities		
Acquisition cost payable	228,416	178,275
Other payables	20,987	23,631
	<u>249,403</u>	<u>201,906</u>
Other non financial liabilities		
Government levies	73,912	45,011
Staff related provisions	603	289
Accruals and provisions	229,984	291,796
	<u>304,499</u>	<u>337,096</u>
	<u>553,902</u>	<u>539,002</u>



34. LEASE LIABILITIES	Note	2025 Rs. ' 000	2024 Rs. ' 000
Lease liabilities (Note 34.1)		215,525	33,943
		<u>215,525</u>	<u>33,943</u>
34.1 Lease liabilities		2025 Rs. ' 000	2024 Rs. ' 000
Balance as at the beginning of the year		33,943	87,340
Additions from entering to new lease agreements		206,407	9,352
Termination of lease agreement		-	(22,606)
Interest expense for the year	15	28,376	2,990
Others		1,696	-
Repayment during the year		<u>(54,897)</u>	<u>(43,134)</u>
Balance at the end of the year		<u>215,525</u>	<u>33,943</u>
34.1.1 Other adjustments include Rs. 1.7 million (2024 - nil) rent payable relating to the lease payments during the time gap between end of the tenor and renewal date			
34.2 Amounts recognised in profit or loss related to leases		2025 Rs. ' 000	2024 Rs. ' 000
Interest on lease liabilities		28,376	2,990
Depreciation of right-of-use assets		49,733	37,275
		<u>78,109</u>	<u>40,265</u>
34.3 Amounts recognised in statement of cash flows			
The Company has classified:			
- cash payments for the principal portion of lease payments as financing activities;			
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Company			
- short-term lease payments and payments for leases of low-value assets as operating activities.			
The Company has not restated the comparative information.		2025 Rs. ' 000	2024 Rs. ' 000
Total cash outflow for leases		(54,897)	(43,134)
35. CURRENT TAX RECEIVABLES/LIABILITIES	Note	2025 Rs. ' 000	2024 Rs. ' 000
Balance as at the beginning of the year		(13,533)	32,482
Provision made for the year	17.1	19,367	-
Under/(Over) provision adjustment from prior year	17.1	-	1,610
Self assessment payments		(6,318)	(40,496)
Set off against liability		-	-
- WHT		<u>(10,390)</u>	<u>(7,129)</u>
Balance as at the end of the year		<u>(10,874)</u>	<u>(13,533)</u>
36. RELATED PARTY DISCLOSURES			
36.1 Parent and ultimate controlling party			
The Company's immediate controlling party is Orient Insurance PJSC.			
36.2 Transactions with key management personnel (KMPs)			

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities directly or indirectly. Accordingly, the KMP include members of the Board of Directors of the Company and its parent Orient Insurance PJSC and ultimate parent company Al-Futtaim Company LLC (including Executive and Non-Executive Directors) and Chief Executive Officer.



36. RELATED PARTY DISCLOSURES (Contd...)

36.3 Compensation of KMPs

	2025 Rs. ' 000	2024 Rs. ' 000
Short term employment benefits	31,427	40,947
Post employment benefits	1,472	2,182
	<u>32,899</u>	<u>43,129</u>

The short term employment benefits include only the directors fees and emoluments paid to executive directors. Where applicable such fees are paid directly to the companies that the Directors represent. There are no short-term, long-term, post - employment, terminal and share-based payments linked to the remuneration of the directors and no ex-gratia payments were made to directors during the year.

The Directors of the Company and their immediate relatives do not have substantial shareholdings in the Company as at 31 December 2025.

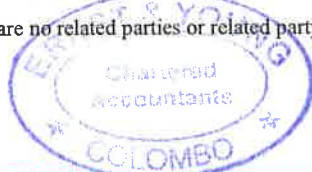
36.4 Transactions with Related Parties

Details of related party transactions are reported below.

Company	Relationship	Nature of the transaction	Transactions during the year		Balance as at 31 December	
			2025 Rs. ' 000	2024 Rs. ' 000	2025 Rs. ' 000	2024 Rs. ' 000
Al Futtain Group - UAE	Ultimate Parent	Services obtained by the Company	(72,189)	(40,688)	(87,324)	(47,919)
		Amount paid to Parent Company	32,784	59,341		
Amount Due to Related Parties					<u>(87,324)</u>	<u>(47,919)</u>
AMW Capital Leasing PLC	Common ultimate parent	Fixed deposits balance			371,887	372,281
		Fixed deposits - Investments	350,000	350,000	-	-
		Fixed deposits - Maturities	(386,250)	(365,679)	-	-
		Fixed deposits Income	35,857	48,198	-	-
		Insurance premium due in respect of customer policies	-	-	41,061	16,519
		Insurance premium due in respect of own policies	-	-	81	5
		Insurance premium income in respect of customer policies	233	-	-	-
		Insurance premium income in respect of own policies	1,112	1,627	-	-
		Claim expenses paid - Own policies	-	(95)	-	-
		Claim expenses paid - Customers policies	(8,632)	-	-	-
		Commission expense paid	(22,947)	(10,731)	-	-
Associated Motorways (Private) Limited	Common ultimate parent	Insurance premium due in respect of customer policies	-	-	13,184	470
		Insurance premium due in respect of own policies	-	-	88	-
		Insurance premium income - Customer Policies	32,858	-	-	-
		Insurance premium income in respect of own policies	61	19,589	-	-
		Claim expenses paid - Own policies	(2,393)	(4,015)	-	-
		Motor vehicle repair charges paid relating to claims	(9,508)	(26,068)	-	-
Associated Motor (Lanka) Company Limited	Common ultimate parent	Insurance premium due in respect of own policies	-	-	(55)	45
		Insurance premium income	493	357	-	-
		Claim expenses paid	-	-	-	-
Associated Property Development (Private) Limited	Common ultimate parent	Insurance premium income	327	376	-	-

36.5 No security has been obtained for related party receivables and all related party dues are payable on demand.

36.6 There are no related parties or related party transactions other than those disclosed in Note 36 to the Financial Statements.



37. RISK MANAGEMENT

This note presents information about Company's exposure to financial risks and management of capital.

37.1 Business Risk

The Company being in the insurance industry, business risk is the insurance risk that the Company is exposed to as a result of the insurance contracts undertaken. The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty regarding the amount of the resulting claim. Therefore, the objective is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting guidelines, as well as the use of reinsurance arrangements.

The risks faced by the Company and the manner in which these risks are managed by management are summarised below:

37.1.1 Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

37.1.2 Risk management framework

The Company's risk management function is carried out by the board of directors, with its associated committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to the Managing Director and other members of the senior management.

The senior management meets regularly to approve any commercial, regulatory and organisational decisions. The Managing Director under the authority delegated from the board of directors defines the Company's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

37.1.3 Capital management framework

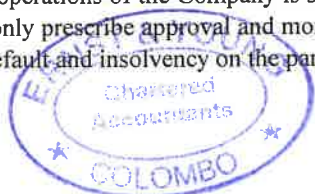
The primary objective of the Company's capital management is to comply with the regulatory requirements in Sri Lanka to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company fully complied with the externally imposed capital requirements and no changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024.

37.1.4 Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and the public shareholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company is subject to regulatory requirements within Sri Lanka where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.



37. RISK MANAGEMENT (Contd....)

37.1.5 Asset Liability Management Framework (ALM)

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Company manages these positions to achieve long-term investment returns in excess of its obligations under insurance contracts.

The principal technique of the company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. The executive management actively monitors the ALM to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance contracts.

The Managing Director regularly monitors the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance liabilities.

The risks faced by the Company and the way these risks are mitigated by management are summarised below:

a) Insurance risk

The principal risk the Company 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 Company is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The Group underwrites mainly property, marine, motor, engineering, miscellaneous accident and medical classes. These classes of insurance are generally regarded as short-term insurance contracts where claims are normally intimated and settled within a short time span. This helps to mitigate insurance risk

Property

For property insurance contracts, the main perils are fire damage and other allied perils and business interruption resulting therefrom. These contracts are underwritten either on replacement value or indemnity basis with appropriate values for the interest insured. The cost of rebuilding or repairing the damaged properties, the time taken to reinstate the operations to its pre- loss position in the case of business interruption and the basis of insurance are the main factors that influence the level of claims.

Marine

In marine insurance the main risk elements are loss or damage to insured cargo and hull due to various mishaps resulting in the total or partial loss claims. The extent of the loss or damage is the main factor that influences the level of claims.

Motor

For motor insurance contracts, the main elements of risks are claims arising out of death and bodily injury and damage to third party properties as well as that of insured vehicles. The potential court awards for deaths and bodily injury and the extent of damage to properties are the key factors that influence the level of claims.

Engineering

For engineering insurance contracts, the main elements of risks are loss or damage to insured project works and resultant third party liabilities, loss or damage to insured plant, machinery and equipment and resultant business interruption losses. The extent of the loss or damage is the main factor that influences the level of claims.



37. RISK MANAGEMENT (Contd...)**37.1.5 Asset Liability Management Framework (ALM) (Contd...)****Miscellaneous Accident**

For miscellaneous accident classes of insurance such as loss of money, infidelity of employees, personal accident, workmen's compensation, travel, general third-party liability and professional indemnity, the extent of loss or damage and the potential court awards for liability classes are the main factors that influence the level of claims.

Medical

In medical insurance, the main risk elements are illness and accidents and related healthcare costs.

The Company has adequate reinsurance arrangements to protect its financial viability against such claims for all the above classes except medical insurance where the risk is fully retained by the company

Geographical concentration of risks

The insurance risk arising from insurance contracts is primarily concentrated mainly in Sri Lanka. The geographical concentration of risks is similar to last year.

37.1.6 Estimation for claim reserve

Following table summarizes the outstanding claims position as at 31 December,

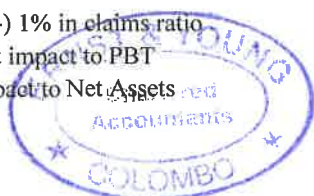
Rs. ' 000	2025		
	Gross Claim	Reinsurance	Net
Provision for reported claims	1,345,754	(1,192,859)	152,895
Incurred But Not Reported (IBNR)	527,668	(213,952)	313,716
Total	1,873,422	(1,406,811)	466,611
	2024		
Rs. ' 000	Gross Claim	Reinsurance	Net
Provision for reported claims	499,007	(284,317)	214,690
Incurred But Not Reported (IBNR)	393,590	(154,877)	238,713
Total	892,597	(439,194)	453,402

The table below shows the sensitivity of net profit before tax (PBT) and the sensitivity of net assets (NA) as a result of adverse development in the net loss ratio by one percentage point. Such an increase could arise from either higher frequency of the occurrence of the insured events or from an increase in the severity of resulting claims or from a combination of frequency and severity.

The sensitivities do not indicate a probability of such an event and do not consider any non-linear effects of reinsurance. Based on the assumptions applied in the presentation of the sensitivity analysis in the table below, each additional percentage point increase in the loss ratio would lead to a linear impact on net profit before tax and net assets.

Sensitivity of PBT and net assets due to increase in net claim ratio

	2025 Rs. ' 000	2024 Rs. ' 000
(+/-) 1% in claims ratio		
Net impact to PBT	(27,979)	(22,589)
Impact to Net Assets	(19,585)	(15,812)



37. RISK MANAGEMENT (Contd...)

37.1.6 Estimation for claim reserve (Contd...)

The following analysis is performed for possible movements in Net Claims Outstanding with all other assumptions held constant, showing the impact on net liabilities, Profit before Tax and equity. It should be noted that movements in these assumptions are non-linear

Sensitivity of PBT and net assets due to increase of Net Claim Outstanding

	2025 Rs. ' 000	2024 Rs. ' 000
(+/-) 1% in Change in Net Claim Outstanding		
Net impact to PBT	(4,885)	(4,741)
Impact to Net Assets	(3,419)	(3,319)

Claims Development Table

The following table reflects the cumulative incurred claims for each successive accident year at each statement of financial position date, together with cumulative payments to date:

As at 31 December 2025,

Accident year	Before 2022 Rs. ' 000	2022 Rs. ' 000	2023 Rs. ' 000	2024 Rs. ' 000	2025 Rs. ' 000	Total Rs. ' 000
At the end of accident year		1,403,935	1,643,862	1,666,039	2,727,936	-
One year later		1,531,463	1,955,823	1,814,428	-	-
Two years later		1,539,433	1,992,035			-
Three years later		1,517,259				-
Four years later	5,647,875					-
Current estimate of cumulative claims	<u>5,647,875</u>	<u>1,517,259</u>	<u>1,992,035</u>	<u>1,814,428</u>	<u>2,727,936</u>	<u>-</u>
At the end of accident year		(1,007,885)	(1,310,081)	(1,309,746)	(1,597,296)	-
One year later		(1,455,681)	(1,933,672)	(1,655,204)	-	-
Two years later		(1,481,762)	(1,983,290)			-
Three years later		(1,503,266)				-
Four years later	(5,614,723)					-
Cumulative payments to date	<u>(5,614,723)</u>	<u>(1,503,266)</u>	<u>(1,983,290)</u>	<u>(1,655,204)</u>	<u>(1,597,296)</u>	<u>-</u>
Gross outstanding claims	<u>33,152</u>	<u>13,993</u>	<u>8,745</u>	<u>159,224</u>	<u>1,130,640</u>	<u>1,345,754</u>

As at 31 December 2024,

Accident year	Before 2021 Rs. ' 000	2021 Rs. ' 000	2022 Rs. ' 000	2023 Rs. ' 000	2024 Rs. ' 000	Total Rs. ' 000
At the end of accident year	-	1,011,305	1,403,935	1,643,862	1,666,039	-
One year later	-	958,395	1,531,463	1,955,823	-	-
Two years later	-	967,387	1,539,433	-	-	-
Three years later	-	972,511	-	-	-	-
Four years later	4,692,024	-	-	-	-	-
Current estimate of cumulative claims	<u>4,692,024</u>	<u>972,511</u>	<u>1,539,433</u>	<u>1,955,823</u>	<u>1,666,039</u>	<u>-</u>
At the end of accident year	-	(696,626)	(1,007,885)	(1,310,081)	(1,309,746)	-
One year later	-	(921,073)	(1,455,681)	(1,933,672)	-	-
Two years later	-	(956,287)	(1,481,762)	-	-	-
Three years later	-	(960,988)	-	-	-	-
Four years later	(4,640,654)	-	-	-	-	-
Cumulative payments to date	<u>(4,640,654)</u>	<u>(960,988)</u>	<u>(1,481,762)</u>	<u>(1,933,672)</u>	<u>(1,309,746)</u>	<u>-</u>
Gross outstanding claims	<u>51,370</u>	<u>11,523</u>	<u>57,671</u>	<u>22,151</u>	<u>356,293</u>	<u>499,008</u>



37. RISK MANAGEMENT (Contd...)

37.1.6 Estimation for claim reserve (Contd...)

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

37.1.7 Re insurance risk

In common with other insurance companies, in order to minimize financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess of loss reinsurance contracts.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements. To minimize its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsures.

As at 31 December 2025, 75% of our reinsurance receivables were due from reinsurers with a rating of "A-" or better and from the National Insurance Trust Fund (NITF). There were no collateral against reinsurance receivables as at reporting date. The ratings of reinsurer's and their related rating agencies are as follows:

Reinsurers	Rating	Rating Agency
ACE Insurance Ltd	AA	Fitch
Africa Re	A	AM Best
Agora Syndicate 3268	AA-	Fitch
Arch Re Ltd	AA-	Fitch
ARIG	BB+	AM Best
Asian Reinsurance Corporation	BBB	AM Best
AXA XL	AA-	S&P
Barents Re	A-	S&P
CCR Algeria	B+	AM Best
CV Starr	A	AM Best
Deutsche Ru	A+	S&P
Echo Re	A	Fitch
Emirates	A-	AM Best
General Insurance Corporation	A-	AM Best
Gulf-Re	A	AM Best
Hannover Re	A+	Fitch
Helvetia	A	AM Best
Korian -Re	AA+	Fitch
Labuan Re	A-	AM Best
Liberty	A	AM Best
Lloyd's Syndicate	AA-	Fitch
Mapfre Re	A	AM Best
Milli Re	CCC+	AM Best
Misr Insurance	AAA	Fitch
NITF	NITF	Fitch
Odyssey Re	A+	AM Best
Oman Re	BBB	Fitch
Partner-Re	AA-	Fitch
Qatar Re	B+	S&P
QBE Re	AA-	S&P
R+V Versicherung	AA	Fitch
Redbridge Insurance Company Ltd	BBB	AM Best
Royal and Sun Allianz Insurance Plc	AA-	Fitch
Saudi Re	A-	S&P

37. RISK MANAGEMENT (Contd...)

37.1.7 Re insurance risk (Contd...)

Reinsurers	Rating	Rating Agency
Scor Global	A+	Fitch
SCR RE	BBB	AM Best
Sentinel Underwriting Specialty Market (Acurra)	BBB-	AM Best
Singapore-Re	A	AM Best
Swiss Reinsurance Co.	AA-	Fitch
The New India Assurance Co. Ltd	BBB+	AM Best
Trust Re	CC	AM Best
Tunis Re	AA	Fitch
Turk Re	B	AM Best
Uzbekinvest	BB	AM Best
VHV Re	A+	S&P
Volantes Syndicate	A+	AM Best

37.1.8 Concentration Risk

Concentration risk within the insurance business based on the Gross Written Premium is as follows,

Rs. ' 000		2025			
Class	Gross Written Premium	Reinsurance	Net Written Premium	%	
Fire	380,328	340,301	40,027	1%	
Motor	3,584,077	712,429	2,871,648	81%	
Marine	13,063	10,754	2,309	0%	
Casualty	250,044	145,823	104,221	3%	
Engineering	119,884	110,032	9,852	0%	
Medical	507,289	-	507,289	14%	
	<u>4,854,685</u>	<u>1,319,339</u>	<u>3,535,346</u>		
Motor / Non Motor Composition					
Motor	3,584,077	712,429	2,871,648	81%	
Non Motor	1,270,609	606,910	663,698	19%	
	<u>4,854,685</u>	<u>1,319,339</u>	<u>3,535,346</u>		
Rs. ' 000		2024			
Class	Gross Written Premium	Reinsurance	Net Written Premium	%	
Fire	342,854	287,738	55,116	3%	
Motor	2,388,883	657,776	1,731,107	80%	
Marine	20,619	14,407	6,212	0%	
Casualty	255,989	141,117	114,872	5%	
Engineering	170,414	142,222	28,192	1%	
Medical	233,224	-	233,224	11%	
	<u>3,411,983</u>	<u>1,243,260</u>	<u>2,168,724</u>		
Motor / Non Motor Composition					
Motor	2,388,883	657,776	1,731,107	80%	
Non Motor	1,023,101	585,484	437,616	20%	
	<u>3,411,983</u>	<u>1,243,260</u>	<u>2,168,724</u>		



37. RISK MANAGEMENT (Contd...)

37.2 Credit risk

Credit risk' is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers and other banks, and investment debt securities. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). The Company is exposed to credit risk on securities issued by third parties. The debt security investments are broadly categorized into investments in government securities and investments in corporate debt securities.

37.2.1 Credit Quality analysis

The tables below set out information about the credit quality of financial investments (government securities and deposits with Banks and Financial Institutional) and the allowance for impairment loss held by the Company against the assets.

2025				
Rs. ' 000	Loans and receivables	Cash and cash equivalents	Total	(%)
Maximum exposure to credit risk	2,969,478	266,085	3,235,562	0%
Carrying amount	2,969,478	266,085	3,235,562	
A+ to A-	1,063,212	260,986	1,324,198	41%
BBB+ to BBB-	371,887	4,443	376,330	12%
BB+ to BB-	-	-	-	0%
CCC	-	-	-	0%
Government guaranteed	1,534,378	-	1,534,378	47%
Not rated	-	656	656	0%
Total	2,969,478	266,085	3,235,562	
Neither past due nor impaired	2,969,478	266,085	3,235,562	
A+ to A-	1,063,212	260,986	1,324,198	41%
BBB+ to BBB-	371,887	4,443	376,330	12%
B+ to B-	-	-	-	0%
CCC	-	-	-	0%
Government guaranteed	1,534,378	-	1,534,378	47%
Not rated	-	656	656	0%
Total	2,969,478	266,085	3,235,562	
Past due but not impaired	Nil	Nil	Nil	
Impaired	Nil	Nil	Nil	
2024				
Rs. ' 000	Loans and receivables	Cash and cash equivalents	Total	(%)
Maximum exposure to credit risk	2,433,308	221,563	2,654,870	0%
Carrying amount	2,433,308	221,563	2,654,870	
A+ to A-	2,019,670	218,267	2,237,937	84%
BBB+ to BBB-	383,594	537	384,131	14%
BB+ to BB-	-	1,212	1,212	0%
CCC	-	922	922	0%
Government guaranteed	30,044	-	30,044	1%
Not rated	-	625	625	0%
Total	2,433,308	221,563	2,654,870	



37. RISK MANAGEMENT (Contd...)

37.2.1 Credit Quality analysis (Contd...)

Rs. ' 000	2024		Total	(%)
	Loans and receivables	Cash and cash equivalents		
Neither past due nor impaired	2,433,308	221,563	2,654,870	
A+ to A-	2,019,670	218,267	2,237,937	84%
BBB+ to BBB-	383,594	537	384,131	14%
BB+ to BB-	-	1,212	1,212	0%
CCC	-	922	922	0%
Government guaranteed	30,044	-	30,044	1%
Not rated	-	625	625	0%
Total	2,433,308	221,563	2,654,870	
Past due but not impaired	Nil	Nil	Nil	
Impaired	Nil	Nil	Nil	

The following table provides information relating to credit risk exposure of other financial assets:

Rs'000	2025		2024	
	Reinsurance receivable	Premium receivable	Reinsurance receivable	Premium receivable
Maximum exposure to credit risk	1,203,928	1,325,999	305,247	1,252,535
Neither past due nor impaired	995,101	939,499	12,154	798,960
Past due but not impaired				
61-90 days	4,151	187,644	5,662	164,631
90-180 days	14,253	160,801	12,143	234,200
180 days +	202,380	64,355	287,840	74,831
Total	220,783	412,800	305,645	473,661
Impaired	(11,957)	(26,300)	(12,552)	(20,087)
Total	1,203,928	1,325,999	305,247	1,252,534

Credit risk relating to reinsurance receivable

There were no collateral against reinsurance receivables as at reporting date.

Credit risk of reinsurance receivables by rating class have been illustrated below in order to ensure that Company has significant control over managing them.

Credit risk relating to reinsurance receivable

Rs.Mn	2025				2024			
	On paid claims	On reserve	Total	%	On paid claims	On reserve	Total	%
AAA	639	28,096	28,734	2%	-	-	-	0%
AA	18	711	729	0%	766	2,992	3,759	1%
AA+	25	372	397	0%	3	-	3	0%
AA-	994	165,273	166,267	14%	649	12,887	13,536	4%
A+	2,366	62,466	64,832	5%	1,068	24,135	25,203	8%
A	2,314	128,127	130,440	11%	177	17,821	17,998	6%
A-	2,769	199,719	202,488	17%	6,992	146,248	153,240	50%
BBB+	238	10,709	10,948	1%	873	16,991	17,864	6%
BBB	797	129,101	129,899	11%	1,721	9,708	11,428	4%
BBB-	-	4,653	4,653	0%	0	1,968	1,969	1%
BB+	-	57	57	0%	-	87	87	0%
BB	-	-	-	0%	0	2,637	2,637	1%
B+	-	473	473	0%	-	720	720	0%
B	330	279	609	0%	-	-	-	0%
CCC+	294	211	506	0%	-	-	-	0%
CC	-	38	38	0%	-	-	-	0%
NITF	-	313,791	313,791	26%	8,674	47,006	55,680	18%
Unrated	285	148,781	149,066	12%	5	1,116	1,122	0%
Total	11,069	1,192,859	1,203,928		20,930	284,317	305,247	
IBNR	-	213,952	213,952		-	154,877	154,877	
Total RI Receivable	11,069	1,406,811	1,417,880		20,930	439,194	460,125	

37. RISK MANAGEMENT (Contd...)**37.2.1 Credit Quality analysis (Contd...)***Credit risk relating to premiums receivable*

Rs'000	2025				2024			
	Upto 30 Days	31-60 Days	Above 60 Days	Total	Upto 30 Days	31-60 Days	Above 60 Days	Total
Total Receiv:	606,228	333,270	412,800	1,352,298	440,025	359,098	473,499	1,272,622

Credit risk relating to cash and cash equivalents

The Company held cash and cash equivalents of Rs. 266 million as at 31 December 2025. The cash and cash equivalents are held with banks and financial institutional counterparties, 99% of which are rated BBB or better.

37.2.2 Collateral of debt securities

Treasury bill and Reverse repo investments which fall under government securities is backed by treasury bills and bonds which are provided as collateral. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. A haircut of 4% is maintained at all times. As at the Reporting date, Company holds treasury bills and treasury bond worth Rs.1,599,961,228/- as collateral for treasury bill and reverse repo investments amounting to Rs.1,534,378,123/-.

37.2.3 Concentrations of credit risk

The Company actively manages its investment mix to ensure that there is no significant concentration of credit risk. The Company monitors concentrations of credit risk by sector and instruments. An analysis of concentrations of credit risk from financial investments is shown below.

By instrument:

As at 31 December,

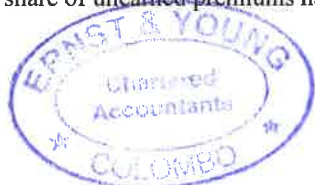
	Note	2025		2024	
		Rs. ' 000	%	Rs. ' 000	%
Government securities and related institutions	19.1	1,534,378	52%	1,018,182	42%
Fixed deposits and other deposits	19.1	1,405,057	47%	1,385,082	57%
Corporate debt instruments	19.1	30,042	1%	30,044	1%
Total		<u>2,969,478</u>	100%	<u>2,433,308</u>	100%

37.2.4 Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid financial resources to meet its obligations when they fall due, or would have to incur excessive costs to do so. In respect of catastrophic / unexpected large claim events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance

37.3 Maturity analysis for financial assets and financial liabilities

The table below summarises the maturity profiles of non derivative financial assets and financial liabilities based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contracts liabilities and reinsurance receivables, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premium reserve, deferred acquisition expenses and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.



37. RISK MANAGEMENT (Contd...)

37.3 Maturity analysis for financial assets and financial liabilities (Contd...)

Rs'000	2025					
	Carrying amount	Up to one year	1 - 5 years	Over 5 years	No Maturity Date	Total
Financial assets						
Loans and receivables	2,969,478	2,911,335	58,142	-	-	2,969,478
Reinsurance receivable	1,417,879	1,417,879	-	-	-	1,417,879
Premiums receivable	1,325,999	1,325,999	-	-	-	1,325,999
Other financial assets	32,436	32,436	-	-	-	32,436
Cash and cash equivalents	266,085	266,085	-	-	-	266,085
Total undiscounted assets	6,011,877	5,953,734	58,142	-	-	6,011,877
Financial liabilities						
Insurance contract liabilities	3,855,033	3,855,033	-	-	-	3,855,033
Reinsurance payable	390,897	390,897	-	-	-	390,897
Other financial liabilities	249,403	249,403	-	-	-	249,403
Lease Liabilities	215,525	2,505	32,081	180,939	-	215,525
Amount due to related parties	87,324	87,324	-	-	-	87,324
Total undiscounted liabilities	4,798,182	4,585,162	32,081	180,939	-	4,798,182
Total liquidity excess	1,213,695	1,368,572	26,061	(180,939)	-	1,213,698
2024						
Rs'000	Carrying amount	Up to one year	1 - 5 years	Over 5 years	No Maturity Date	Total
Financial assets						
Loans and receivables	2,433,308	2,164,013	269,295	-	-	2,433,308
Reinsurance receivable	460,124	460,124	-	-	-	460,124
Premiums receivable	1,252,535	1,252,535	-	-	-	1,252,535
Other financial assets	50,942	50,942	-	-	-	50,942
Cash and cash equivalents	221,562	221,562	-	-	-	221,562
Total undiscounted assets	4,418,471	4,149,176	269,295	-	-	4,418,471
Financial liabilities						
Insurance contract liabilities	2,135,569	2,135,569	-	-	-	2,135,569
Reinsurance payable	344,650	344,650	-	-	-	344,650
Other financial liabilities	201,906	201,906	-	-	-	201,906
Lease Liabilities	33,943	4,770	25,317	3,857	-	33,944
Amount due to related parties	47,919	47,919	-	-	-	47,919
Total undiscounted liabilities	2,763,987	2,734,814	25,317	3,857	-	2,763,988
Total liquidity excess	1,654,484	1,414,362	243,978	(3,857)	-	1,654,484

37.4 Maturity Analysis of Undiscounted Financial Liabilities

Undiscounted value of Reinsurance Creditors, Bank Overdraft and Other Financial Liabilities are same as the carrying value considered under the maturity analysis as mentioned above. Undiscounted value of the Lease creditors and the maturity of undiscounted lease creditors of the Company are as follows;



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Year ended 31 December 2025

37. RISK MANAGEMENT (Contd...)

37.4 Maturity Analysis of Undiscounted Financial Liabilities (Contd...)

As at 31st December 2025,	Carrying Value	Undiscounted Value				
		Less Than One Year	One Year to Three Years	Three to Five Years	More than Five Years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liabilities	215,525	2,638	19,374	21,443	261,390	304,846

As at 31st December 2024,	Carrying Value	Undiscounted Value				
		Less Than One Year	One Year to Three Years	Three to Five Years	More than Five Years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liabilities	33,943	4,901	15,865	15,859	5,672	42,297

Financial assets pledged as collateral

There were no financial assets pledged as collateral during the year ended 31 December 2025.

37.5 Market risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company has assessed the market risk under main two categories namely;

- Currency risk
- Interest rate risk

The table below sets out the allocation of assets and liabilities subject to market risk.

37.5.1 Exposure to interest rate risk

The following is a summary of the Company's interest rate gap position on non-trading portfolios.

Rs'000	2025					
	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Loans and receivables	2,969,478	818,205	834,945	1,258,185	58,142	-
Cash and cash equivalents	266,085	266,085	-	-	-	-
Rs'000	2024					
	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Loans and receivables	2,433,308	582,347	733,365	848,300	269,295	-
Cash and cash equivalents	221,562	221,562	-	-	-	-

The Company's investment portfolio is analysed based on the types of interest rates are as follow:

Instruments Rs'000	2025			2024		
	Fixed Interest Rate	Variable Interest Rate	Non-Interest bearing	Fixed Interest Rate	Variable Interest Rate	Non-Interest bearing
Government Securities	1,534,378	-	-	1,018,182	-	-
Fixed deposits	1,405,057	-	-	1,385,082	-	-
Corporate debt instruments	30,042	-	-	30,044	-	-
Total	2,969,478	-	-	2,433,308	-	-



37. RISK MANAGEMENT (Contd...)

37.5.2 Exposure to currency risks

As at the reporting date, net currency exposures representing the Company's equity were as follows.

Foreign currency exposures other than in respect of foreign operations

Foreign Currency Deposits in'000	2025			2024		
	Amount in Foreign Currency	Exchange rate	LKR amount	Amount in Foreign Currency	Exchange rate	LKR amount
USD Deposits	\$ 2,014	309.99	624,213	\$ 1,243	292.58	363,799

Sensitivity analysis

The table below shows the estimated impact on profitability and equity due to fluctuation of exchange rates on the USD bank balances.

Sensitivity of PBT and equity to changes in exchange rates

Change in variables	Impact on Profit Before Tax	
	2025 Rs	2024 Rs
(+) 1%	6,242	3,638
(-) 1%	(6,242)	(3,638)

38. DETERMINATION OF FAIR VALUES

This note explains the methodology for valuing our financial assets and liabilities and provides an analysis of these according to a 'fair value hierarchy', determined by the market observability of valuation inputs.

38.1 Valuation Models

The Company measures fair values using the fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

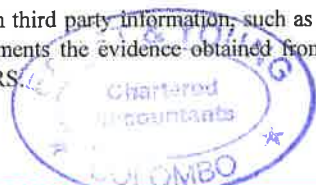
The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 19 for financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

38.2 Valuation Framework

The Company has an established control framework with respect to the measurement of fair values. The Company has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements carried out by the treasury division, which include :

- * Verification of observable pricing;
- * Re-performance of model valuations;
- * Quarterly calibration and back-testing of models against observed market transactions;
- * Analysis and investigation of significant daily valuation movements; and
- * Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3.

When third party information, such as broker quotes or pricing services, is used to measure fair value, Product Control assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS.



38. DETERMINATION OF FAIR VALUES (Contd...)**38.3 Fair Value Hierarchy**

Assets and liabilities recorded at fair value in the statement of financial position are measured and classified in accordance with a fair value hierarchy consisting of three “levels” based on the observability of inputs available in the marketplace used to measure the fair values as discussed below:

Level 1

Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The Company measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price), without any deduction for transaction costs. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm’s length basis.

Level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3

Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

38.4 Fair values of financial assets and liabilities not carried at fair value

As at 31 December,

Rs. ' 000	Note	2025		2024	
		Fair Value	Carrying Value	Fair Value	Carrying Value
Loans and receivables :					
Reverse repos	19.1	1,375,203	1,375,203	531,807	531,807
Treasury Bills	19.1	159,175	159,175	486,375	486,375
Fixed term deposit	19.1	1,405,057	1,405,057	1,385,082	1,385,082
Debentures	19.1	30,812	30,042	30,123	30,044
		<u>2,970,247</u>	<u>2,969,478</u>	<u>2,433,387</u>	<u>2,433,308</u>

38.4.1 Fixed term deposit

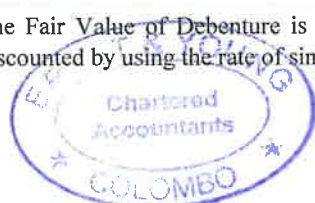
The fair values of fixed term deposits with remaining maturity of less than one year and variable rate loans and advances are estimated to approximate their carrying amounts. For fixed rate term deposits with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using market rates of term deposits of similar credit risks and maturity.

38.4.2 Reverse Repos

The fair values of money market placements and reverse repurchase agreements with remaining maturity of less than one year also approximate their carrying amounts due to the relatively short maturity of the financial instruments.

38.4.3 Debentures

The Fair Value of Debenture is the sum of present values of all the coupon payments and the final redemption amount, discounted by using the rate of similar type of debenture issued and published in Colombo Stock Exchange (CSE)



38. DETERMINATION OF FAIR VALUES (Contd....)**38.5 Other Financial Assets**

Other financial assets which are not recorded at fair value in the statement of financial position are listed below.

	Note	2025		2024	
		Fair Value	Carrying Value	Fair Value	Carrying Value
Other financial assets :					
Reinsurance receivables	22	1,417,879	1,417,879	460,124	460,124
Premium receivables	23	1,325,999	1,325,999	1,252,535	1,252,535
Refundable deposits	24	32,436	32,436	50,942	50,942
Cash and cash equivalent	27	266,085	266,085	221,562	221,562
		<u>3,042,399</u>	<u>3,042,399</u>	<u>1,985,163</u>	<u>1,985,163</u>

The carrying amount of cash and bank balances approximate fair values due to the relatively short maturity of the financial instruments. For other receivables the carrying values have been considered as the fair value due to uncertainty of the timing of the cash flows.

38.6 Other Financial Liabilities

Carrying values of financial liabilities have been considered as the fair value, due to uncertainty of the timing of the cash flow.

	Note	2025		2024	
		Fair Value	Carrying Value	Fair Value	Carrying Value
Other financial liabilities :					
Reinsurance payables	30	390,897	390,897	344,650	344,650
Acquisition cost payable	33	228,416	228,416	178,275	178,275
Other financial liabilities	33	20,987	20,987	23,631	23,631
Lease Liabilities	34	215,525	215,525	33,943	33,943
		<u>855,826</u>	<u>855,826</u>	<u>580,499</u>	<u>580,499</u>

39. COMPARATIVE FIGURES

The presentation and classification in the financial statements have been amended where appropriate to ensure comparability with the current year.

40. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no significant capital commitments as at the reporting date.

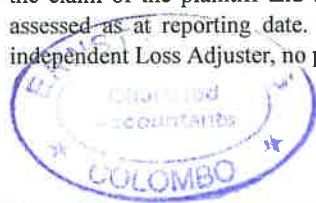
40.1 Litigation and claims

There have been no material Contingent liabilities outstanding as at the reporting date except for the below;

40.1.1 Case No CHC 354/2018/MR.

The independent Loss Adjuster engaged by the Company has confirmed that the above mentioned case is pending in Commercial High Court. At present the Plaintiff, Abans is leading evidence and cross- examination will continue on the next date of trial 23rd March 2026.

A policyholder ("plaintiff") had filed an action against the Company on 07 June 2018 in Commercial High Court Colombo, for losses and damages for rejecting claims relating to liability insurance policy taken from the Company. The Company has denied the claim of the plaintiff and is defending the matter in consultation with the Loss Adjuster. The outcome of this cannot be assessed as at reporting date. Based on the internal assessment carried out by the Board and confirmation provided by an independent Loss Adjuster, no provision was required to be made in the financial statements as at reporting date.



40. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES (Contd...)

40.2 Assessments on Income Tax

The Department of Inland Revenue has raised an assessment on income tax for the year of assessment 2017/2018, assessing the Company to pay an additional income tax liability of Rs. 0.9 million along with a penalty, totaling to Rs. 1.2 million. The Company has lodged an appeal in consultation with the Company's Tax Consultant with the Commissioner General of Inland Revenue against the said assessment.

40.3 Assessments on VAT

The Company has received Notice of Assessments for the years 2016,2017,2018, 2019, 2020, 2021 and 2022 where by the Department of Inland Revenue has disallowed some of the claimed input tax. The Company has dully appealed for the assessments in consultation with the Company's Tax Consultant.

40.4 Assessments on VAT and NBT on Financial Services

The Company has received Notice of Assessments for the years 2016, 2017, 2018, 2019, 2020,2021 and 2022 , relating to VAT and NBT on Financial Services from the Department of Inland Revenue.

The Company has duly lodged appeals against all of the above assessments with the Department of Inland Revenue.

2016 – VAT on Financial Services:

The Company attended the hearing and subsequently received a favorable determination.

2017 – VAT on Financial Services:

The Company attended the Tax Appeal Commission hearing and received an unfavorable determination. An appeal was subsequently filed with the Court of Appeal, and the matter remains ongoing, with judgment still pending.

2019 – VAT on Financial Services:

The Company attended hearings before the Tax Appeals Commission, the latest of which was held on 09 February 2026. The Commission's determination is currently pending.

2020 – VAT on Financial Services:

The Company lodged an appeal with the Tax Appeals Commission on 21 January 2026. The first hearing before the Commission was held on 16 March 2026.

2021 – VAT on Financial Services:

The Company received a Notice of Assessment from the IRD on 01 January 2025 and subsequently filed an appeal with the IRD on 27 January 2025. An interview with the IRD was held on 25 February 2026.

2022 – VAT on Financial Services:

The Company received a Notice of Assessment from the IRD on 31 December 2025 and subsequently filed an appeal with the IRD on 23 January 2026.

41. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

42. DIRECTOR'S RESPONSIBILITY

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



ORIENT INSURANCE LIMITED

FORM OF PROXY

I/We.....of
.....being
a member of Orient Insurance Limited, hereby appoint
..... (holder of NIC/Passport No.....) of
..... (or failing him)
.....of
.....

as our Proxy to represent and vote for us on our behalf at the Annual General Meeting of the Company to be held on 25th June 2026 and at any adjournment thereon and at every poll which may be taken in consequence thereon.


	For	Against
1. To receive and adopt the Statement of Accounts for the year ended 31 st December 2025 and to receive the Report of the Auditors.	<input type="checkbox"/>	<input type="checkbox"/>
2. To reappoint Mr. Priya Aponso as an Independent Non-Executive Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To appoint Ernst & Young as Auditors and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
4. To authorize the Directors to determine and make Donations to charities for the ensuing year	<input type="checkbox"/>	<input type="checkbox"/>

* The proxy may vote as he thinks fit on any other resolution brought before the meeting

As witness my hand/our hands this day of
Two Thousand & Twenty-Six

.....
Signature Seal

1. Kindly complete the form of proxy, by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
2. If the Proxy form is signed by an Attorney, the relative Power of Attorney should also accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.
3. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
4. The completed form of proxy should be deposited at 10th floor, JFI Tower 3, No. 75 Piyadasa Sirisena Mawatha, Colombo 10, Sri Lanka, not less than 48 hours, before the time appointed for the holding of the meeting.



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Piyadasa Sirisena Mawatha,
Colombo 10.
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