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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Period Ended 30th June 2025

Statement of Financial Position

As at,	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		30th June 2025	31st Dec 2024	30th June 2025	31st Dec 2024
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets					
Property, Plant and Equipment		773,736	769,638	519,204	541,118
Right of Use Assets		483,472	482,551	413,019	427,016
Intangible Assets		265,499	164,019	256,200	155,588
Deferred Tax Assets		14,752	14,783	-	-
Financial Investments	3	61,060,046	54,304,798	54,282,471	48,486,327
Investment in Subsidiary		-	-	1,150,000	1,150,000
Loans to Life Policyholders		482,747	459,395	482,747	459,395
Reinsurance Receivables		1,676,470	1,268,504	487,394	238,175
Premium Receivables		2,652,905	2,272,135	603,159	198,723
Other Assets		1,445,374	1,277,749	1,032,130	906,713
Insurance Contract - Deferred Expenses		49,451	33,468	-	-
Cash and Cash Equivalents		1,254,219	1,402,419	731,806	841,377
Total Assets		70,158,671	62,449,459	59,958,130	53,404,432
Equity and Liabilities					
Equity Attributable to the Equity Holders					
Stated Capital		1,171,875	1,171,875	1,171,875	1,171,875
Retained Earnings		10,286,085	10,351,725	8,533,249	8,689,963
Available for Sale Reserve		289,601	279,432	210,565	211,076
Other Reserves		(104,708)	(104,708)	(82,179)	(82,179)
Life Policyholders' Available for Sale Reserve Fund	5	841,962	437,695	841,962	437,695
Restricted Regulatory Reserve	6	381,156	381,156	381,156	381,156
Equity Attributable to the Equity Holders		12,865,971	12,517,175	11,056,628	10,809,586
Non-Controlling Interest		-	-	-	-
Total Equity		12,865,971	12,517,175	11,056,628	10,809,586
Liabilities					
Insurance Contract Liabilities - Life Insurance	7	44,415,477	38,647,547	44,415,477	38,647,547
Insurance Contract Liabilities - General Insurance	8	4,862,841	4,507,058	-	-
Employee Defined Benefit Liabilities		532,473	477,315	325,070	279,864
Current Tax Liabilities		516,045	559,876	418,239	479,148
Reinsurance Creditors		2,278,069	1,000,350	699,346	214,999
Lease Creditors		574,283	560,905	496,977	503,233
Other Liabilities		3,873,296	3,760,247	2,327,654	2,276,075
Bank Overdrafts		240,216	418,986	218,739	193,980
Total Liabilities		57,292,700	49,932,284	48,901,502	42,594,846
Total Equity and Liabilities		70,158,671	62,449,459	59,958,130	53,404,432

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.


These Condensed Consolidated Interim Financial Statements are in compliance with the requirements of the Companies Act, No. 07 of 2007.



Punsirini Perera
Chief Financial Officer

The Board of Directors is responsible for these Condensed Consolidated Interim Financial Statements.

Signed on behalf of the Board;



Stuart Chapman
Chairman

Colombo, Sri Lanka
31st July 2025



Ashoka Goonesekere
Senior Independent Director

Statement of Profit or Loss and Other Comprehensive Income

Group		Group		Company		Change		
(Audited)		Unaudited	Unaudited	Unaudited	Unaudited			
Year Ended		2025	2024	2025	2024	Group	Company	
31 st Dec 2024	For the Six Months Ended 30th June,	Rs. '000	Rs. '000	Rs. '000	Rs. '000	%	%	
Rs. '000		Note						
22,737,994	Gross Written Premium	9	14,269,316	10,959,687	8,631,073	6,404,608	30	35
(4,585,634)	Premium Ceded to Reinsurers		(3,066,734)	(2,259,488)	(484,494)	(365,249)	36	33
18,152,360	Net Written Premium		11,202,582	8,700,199	8,146,579	6,039,359	29	35
199,390	Net Change in Reserves for Unearned Premium		(355,572)	132,369	-	-	(369)	-
18,351,750	Net Earned Premium		10,847,010	8,832,568	8,146,579	6,039,359	23	35
	Other Revenue							
7,561,878	Interest and Dividend Income	10	3,974,612	3,747,389	3,616,684	3,350,410	6	8
100,442	Net Realised Gains		84,001	37,883	67,664	2,823	122	2,297
64,853	Net Fair Value Gains		40,706	24,354	33,281	34,179	67	(3)
421,785	Fee and Commission Income		284,927	213,412	75,608	68,162	34	11
24,723	Other Income		15,115	24,593	8,134	15,946	(39)	(49)
8,173,681	Total Other Revenue		4,399,361	4,047,631	3,801,371	3,471,520	9	10
26,525,431	Net Income		15,246,371	12,880,199	11,947,950	9,510,879	18	26
	Net Benefits, Claims and Expenses							
(6,711,226)	Net Insurance Benefits and Claims		(3,846,976)	(3,356,249)	(1,903,341)	(1,432,719)	15	33
(7,679,932)	Change in Contract Liabilities - Life Fund		(5,782,527)	(4,532,976)	(5,782,527)	(4,532,976)	28	28
(6,429,682)	Other Operating and Administration Expenses		(3,289,780)	(2,911,416)	(2,111,344)	(1,854,582)	13	14
(2,749,433)	Underwriting and Net Acquisition Costs		(1,490,329)	(1,239,563)	(1,442,135)	(1,071,950)	20	35
(242,237)	Finance and Other Insurance Related Costs		(106,345)	(129,402)	(101,630)	(105,695)	(18)	(4)
(23,812,510)	Total Benefits, Claims and Other Expenses		(14,515,957)	(12,169,606)	(11,340,977)	(8,997,922)	19	26
2,712,921	Profit Before Taxation		730,414	710,593	606,973	512,957	3	18
(816,060)	Income Tax Expense	11	(211,054)	(236,403)	(178,687)	(148,322)	(11)	20
1,896,861	Profit for the Period	12	519,360	474,190	428,286	364,635	10	17
	Other Comprehensive Income, Net of Related Tax							
	Items that are or may be reclassified to profit or loss							
1,087,198	- Net Change in fair value of Available For Sale Financial Assets		463,245	312,900	439,102	270,409	48	62
(131,952)	- Realised Gains transferred to Income Statement		(75,768)	(57,092)	(66,882)	(5,459)	33	1,125
57,165	- Amortisation of AFS reserve on reclassification		31,536	27,434	31,536	27,434	15	15
	- Net Change in fair value of Available For Sale Financial Assets							
(906,981)	transferred to Life Policyholders' Available For Sale Reserve Fund		(404,267)	(250,794)	(404,267)	(250,794)	61	61
(356)	- Tax related on items that are or may be reclassified to profit or loss	11	(4,577)	2,743	-	-	(267)	-
	Items that will never be reclassified to profit or loss							
(94,430)	- Actuarial Losses on Defined Benefit Plans		-	-	-	-	-	-
15,976	- Actuarial Gains on Land and Building Revaluation		-	-	-	-	-	-
(4,964)	- Tax related on items that will never be reclassified to profit or loss	11	-	-	-	-	-	-
21,656	Total Other Comprehensive Income for the Period, Net of Related Tax		10,169	35,191	(511)	41,590	(71)	(101)
1,918,517	Total Comprehensive Income for the Period		529,529	509,381	427,775	406,225	4	5
	Profit Attributable to:							
1,896,861	Equity Holders of the Company		519,360	474,190	428,286	364,635	10	17
-	- Non-Controlling Interest		-	-	-	-	-	-
	Total Comprehensive Income Attributable to:							
1,918,517	Equity Holders of the Company		529,529	509,381	427,775	406,225	4	5
-	- Non-Controlling Interest		-	-	-	-	-	-
12.65	Basic and Diluted Earnings Per Share (Rs.)	13	3.46	3.16	2.86	2.43	10	17

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Changes in Equity - Group

	Statement Capital Rs. '000	Retained Earnings Rs. '000	Available for Sale Reserve Rs. '000	Other Reserve Rs. '000	Life Policyholders' ARS Reserve Fund Rs. '000	Restricted Regulatory Reserve Rs. '000	Total Equity Rs. '000
Balance as at 01st January 2024	1,171,875	9,039,864	174,358	(21,290)	(469,286)	381,156	10,276,671
Comprehensive Income for the Period							
Profit for the Period-Unaudited	-	474,190	-	-	-	-	474,190
Other Comprehensive Income for the Period, Net of Related Tax							
Net Change in fair value of Available For Sale Financial Assets	-	-	285,985	-	-	-	285,985
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	(250,794)	-	-	-	(250,794)
Total Other Comprehensive Income for the Period	-	-	35,191	-	-	-	35,191
Total Comprehensive Income for the Period	-	474,190	35,191	-	-	-	509,381
Net Change in fair value of Available For Sale Financial Assets - transferred from Available For Sale Reserve	-	-	-	-	250,794	-	250,794
Transactions with owners recorded directly in equity							
Distributions to owners of the Parent	-	(656,000)	-	-	-	-	(656,000)
Dividend to equity holders for 2023	-	8,929,054	209,549	(21,290)	(218,492)	381,156	10,451,852
Unaudited balance as at 30th June 2024	1,171,875	8,929,054	209,549	(21,290)	(218,492)	381,156	10,451,852
Comprehensive Income for the Period							
Profit for the Period-Unaudited	-	1,422,671	-	-	-	-	1,422,671
Other Comprehensive Income for the Period, Net of Related Tax							
Net Change in fair value of Available For Sale Financial Assets	-	-	726,070	-	-	-	726,070
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	(656,187)	-	-	-	(656,187)
Actuarial Losses on Defined Benefit Plans	-	-	-	(95,849)	-	-	(95,849)
Gains on Land and Building Revaluation	-	-	-	12,431	-	-	12,431
Total Other Comprehensive Income for the Period	-	69,883	(83,418)	-	-	-	(13,535)
Total Comprehensive Income for the Period	-	1,422,671	69,883	(83,418)	-	-	1,409,136
Net Change in fair value of Available For Sale Financial Assets - transferred from Available For Sale Reserve	-	-	-	-	656,187	-	656,187
Audited balance as at 31st December 2024	1,171,875	10,351,725	279,432	(104,708)	437,695	381,156	12,517,175
Balance as at 01st January 2025	1,171,875	10,351,725	279,432	(104,708)	437,695	381,156	12,517,175
Comprehensive Income for the Period							
Profit for the Period-Unaudited	-	519,360	-	-	-	-	519,360
Other Comprehensive Income for the Period, Net of Related Tax							
Net Change in fair value of Available For Sale Financial Assets	-	-	414,436	-	-	-	414,436
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	(404,267)	-	-	-	(404,267)
Total Other Comprehensive Income for the Period	-	-	10,169	-	-	-	10,169
Total Comprehensive Income for the Period	-	519,360	10,169	-	-	-	529,529
Net Change in fair value of Available For Sale Financial Assets - transferred from Available For Sale Reserve	-	-	-	-	404,267	-	404,267
Transactions with owners recorded directly in equity							
Distributions to owners of the Parent	-	(656,000)	-	-	-	-	(656,000)
First and final dividend to equity holders for 2024	-	10,296,095	289,601	(104,708)	641,962	381,156	12,865,971
Unaudited balance as at 30th June 2025	1,171,875	10,296,095	289,601	(104,708)	641,962	381,156	12,865,971

Stated Capital represents 150 Million Ordinary Shares as at 30th June 2025 (2024 - 150 Million).

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Changes in Equity - Company

	Total Equity Rs. '000	Restricted Regulatory Reserve Rs. '000	Life Policyholders' AFS Reserve Fund Rs. '000	Other Reserve Rs. '000	Available for Sale Reserve Rs. '000	Retained Earnings Rs. '000	Statd Capital Rs. '000	Total Equity Rs. '000
Balance as at 01st January 2024	8,787,656	381,156	(469,286)	(21,175)	106,634	7,616,252	1,177,875	8,787,656
Comprehensive Income for the Period								
Profit for the Period-Unaudited						384,635		384,635
Other Comprehensive Income for the Period, Net of Related Tax								
Net Change in fair value of Available For Sale Financial Assets					292,384			292,384
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund					(250,794)			(250,794)
Total Other Comprehensive Income for the Period					41,590			41,590
Total Comprehensive Income for the Period					41,590	384,635		406,225
Net Change in fair value of Available For Sale Financial Assets								
- transferred from Available For Sale Reserve								
Transactions with owners recorded directly in equity								
Distributions to owners of the Company								
Dividend to equity holders for 2023						(695,000)		(695,000)
Unaudited balance as at 30th June 2024	8,695,675	381,156	(216,492)	(21,175)	148,424	7,397,867	1,177,875	8,695,675
Comprehensive Income for the Period								
Profit for the Period-Unaudited						1,292,076		1,292,076
Other Comprehensive Income for the Period, Net of Related Tax								
Net Change in fair value of Available For Sale Financial Assets					718,839			718,839
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund					(656,187)			(656,187)
Actuarial Losses on Defined Benefit Plans								(61,004)
Total Other Comprehensive Income for the Period					62,652			62,652
Total Comprehensive Income for the Period					62,652	1,292,076		1,354,728
Net Change in fair value of Available For Sale Financial Assets								
- transferred from Available For Sale Reserve								
Audited balance as at 31st December 2024	10,809,586	381,156			211,076	8,689,963	1,177,875	10,809,586
Balance as at 01st January 2025	10,809,586	381,156			211,076	8,689,963	1,177,875	10,809,586
Comprehensive Income for the Period								
Profit for the Period-Unaudited						428,286		428,286
Other Comprehensive Income for the Period, Net of Related Tax								
Net Change in fair value of Available For Sale Financial Assets					403,756			403,756
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund					(404,267)			(404,267)
Total Other Comprehensive Income for the Period					(511)			(511)
Total Comprehensive Income for the Period					(511)	428,286		427,775
Net Change in fair value of Available For Sale Financial Assets								
- transferred from Available For Sale Reserve								
Transactions with owners recorded directly in equity								
Distributions to owners of the Company								
First and final dividend to equity holders for 2024								
Unaudited balance as at 30th June 2025	11,056,628	381,156	841,962	(82,179)	210,565	8,533,249	1,177,875	11,056,628

Stated Capital represents 150 Million Ordinary Shares as at 30th June 2025 (2024 - 150 Million).

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Cash Flows

<i>For the Six months Ended 30th June,</i>	Note	Group		Company	
		Unaudited 2025 Rs. '000	Unaudited 2024 Rs. '000	Unaudited 2025 Rs. '000	Unaudited 2024 Rs. '000
Cash Flows From Operating Activities					
Profit Before Taxation		730,414	710,593	606,973	512,957
<i>Adjustments for:</i>					
Interest Income	10	(3,945,374)	(3,731,848)	(3,587,446)	(3,334,901)
Dividend Income	10	(29,238)	(15,541)	(29,238)	(15,509)
Amortisation of Intangible Assets		21,797	13,301	20,642	12,359
Depreciation of Property, Plant and Equipment		101,832	85,137	76,558	65,040
Net Depreciation of Right of Use Assets		106,399	105,872	98,501	98,374
Interest Expense of Lease Creditors		44,458	57,748	39,271	53,258
Provision for Employee Benefits		70,453	65,191	50,152	43,091
Net Realised Gains		(84,001)	(37,883)	(67,664)	(2,823)
Net Fair Value Gains		(40,706)	(24,354)	(33,281)	(34,179)
Gains on Disposal of Property, Plant and Equipment		(165)	(12,817)	(97)	(12,787)
		(3,024,131)	(2,784,601)	(2,825,629)	(2,615,120)
Net Change in Operating Assets	A	(995,696)	(100,839)	(802,424)	(108,096)
Net Change in Operating Liabilities	B	7,514,481	5,085,987	6,303,856	4,446,491
Cash Flows from Operating Activities		3,494,654	2,200,547	2,675,803	1,723,275
Cash Flows from Investing Activities					
Gratuity Paid		(15,295)	(13,113)	(4,946)	(6,939)
Income Tax Paid		(256,765)	(287,349)	(239,596)	(243,210)
Payment of Lease Interest		(44,458)	(57,748)	(39,271)	(53,258)
Capital Gain Tax Paid		(2,666)	(15,522)	-	-
Net Cash Generated from Operating Activities		3,175,470	1,826,815	2,391,990	1,419,868
Cash Flows from Investing Activities					
Acquisition of Financial Investments		(86,864,155)	(54,522,994)	(65,497,297)	(39,438,216)
Proceeds from Maturity of Financial Investments		80,265,809	48,453,558	60,090,388	34,828,850
Proceeds from Sale of Financial Investments		425,401	1,448,688	211,391	842,568
Interest Received		3,911,026	3,785,994	3,495,755	3,201,047
Dividend Received		25,004	9,485	25,004	9,453
Acquisition of Intangible Assets		(123,278)	(112,623)	(121,254)	(111,836)
Acquisition of Property, Plant and Equipment		(106,286)	(142,314)	(54,943)	(118,742)
Proceeds from the Disposal of Property, Plant and Equipment		521	17,335	396	17,305
Advance Paid to Right of Use asset		(7,320)	(4,800)	(7,320)	(4,800)
Net Cash Used in Investing Activities		(2,473,278)	(1,067,671)	(1,857,880)	(774,371)
Cash Flows from Financing Activities					
Dividend Paid		(585,000)	(585,000)	(585,000)	(585,000)
Payment of Lease Capital		(86,622)	(58,971)	(83,440)	(56,357)
Net Cash Used in Financing Activities		(671,622)	(643,971)	(668,440)	(641,357)
Net Increase/(Decrease) in Cash and Cash Equivalents (Net of Book OD)					
		30,570	115,173	(134,330)	4,140
Cash and Cash Equivalents at the beginning of the Period (Net of Book OD)		983,433	651,733	647,397	505,675
Cash and Cash Equivalents at the end of the Period (Net of Book OD)	C	1,014,003	766,906	513,067	509,815

Notes to the Statement of Cash Flows

<i>For the Six months Ended 30th June,</i>	Note	Group		Company	
		Unaudited 2025 Rs. '000	Unaudited 2024 Rs. '000	Unaudited 2025 Rs. '000	Unaudited 2024 Rs. '000
A. Change in Operating Assets					
		(15,983)	103,393	-	-
		(23,352)	7,513	(23,352)	7,513
		(407,966)	(328,191)	(249,219)	(139,975)
		(380,770)	90,110	(404,436)	(68,156)
		(167,625)	26,336	(125,417)	92,522
		(995,696)	(100,839)	(802,424)	(108,096)
B. Change in Operating Liabilities					
		113,049	(291,357)	51,579	(327,498)
		5,767,930	4,565,438	5,767,930	4,565,438
		355,783	127,520	-	-
		1,277,719	684,386	484,347	208,551
		7,514,481	5,085,987	6,303,856	4,446,491
C. Cash and Cash Equivalents at the end of the Period					
		1,254,219	1,125,694	731,806	642,379
		(240,216)	(358,788)	(218,739)	(132,564)
		1,014,003	766,906	513,067	509,815

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and at bank, net of outstanding bank overdraft as shown above.

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		Company		Change	
		2025	2024	2025	2024	Group	Company
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	%	%
<i>For the Three Months Ended 30th June,</i>							
Gross Written Premium	9	6,173,733	4,753,869	4,077,966	3,068,102	30	33
Premium Ceded to Reinsurers		(1,103,361)	(761,639)	(275,367)	(187,853)	45	47
Net Written Premium		5,070,372	3,992,230	3,802,599	2,880,249	27	32
Net Change in Reserves for Unearned Premium		118,213	293,373	-	-	(60)	-
Net Earned Premium		5,188,585	4,285,603	3,802,599	2,880,249	21	32
Other Revenue							
Interest and Dividend Income	10	2,015,646	1,848,936	1,838,463	1,668,419	9	10
Net Realised Gains		33,961	2,312	27,546	(2,248)	1,369	1,325
Net Fair Value Gains		24,335	56,622	23,311	24,835	(57)	(6)
Fee and Commission Income		115,034	80,559	10,229	11,902	43	(14)
Other Income		3,402	15,617	7,160	14,486	(78)	(51)
Total Other Revenue		2,192,378	2,004,046	1,906,709	1,717,394	9	11
Net Income		7,380,963	6,289,649	5,709,308	4,597,643	17	24
Net Benefits, Claims and Expenses							
Net Insurance Benefits and Claims		(2,139,656)	(1,640,312)	(1,150,542)	(648,360)	30	77
Change in Contract Liabilities - Life Fund		(2,408,653)	(2,115,578)	(2,408,653)	(2,115,578)	14	14
Other Operating and Administration Expenses		(1,700,357)	(1,513,445)	(1,094,297)	(987,377)	12	11
Underwriting and Net Acquisition Costs		(746,897)	(629,475)	(714,046)	(541,429)	19	32
Finance and Other Insurance Related Costs		(79,259)	(52,263)	(70,126)	(43,244)	52	62
Total Benefits, Claims and Other Expenses		(7,074,822)	(5,951,073)	(5,437,664)	(4,335,988)	19	25
Profit Before Taxation		306,141	338,576	271,644	261,655	(10)	4
Income Tax Expense	11	(87,776)	(99,390)	(79,025)	(73,950)	(12)	7
Profit for the Period	12	218,365	239,186	192,619	187,705	(9)	3
Other Comprehensive Income, Net of Related Tax							
Items that are or may be reclassified to profit or loss							
- Net Change in fair value of Available For Sale Financial Assets		420,377	55,389	394,696	48,833	659	708
- Realised Gains transferred to Income Statement		(26,764)	(21,328)	(26,764)	(388)	25	6,798
- Amortisation of AFS reserve on reclassification		16,001	13,856	16,001	13,856	15	15
- Net Change in fair value of Available For Sale Financial Assets transferred to Life Policyholder's Available For Sale Reserve Fund		(350,106)	(53,533)	(350,106)	(53,533)	554	554
- Tax related on items that are or may be reclassified to profit or loss	11	(7,704)	4,316	-	-	(278)	-
Total Other Comprehensive Income for the Period, Net of Related tax		51,804	(1,300)	33,827	8,768	4,085	286
Total Comprehensive Income for the Period		270,169	237,886	226,446	196,473	14	15
Profit Attributable to:							
Equity Holders of the Company		218,365	239,186	192,619	187,705	(9)	3
Non-Controlling Interest		-	-	-	-	-	-
Total Comprehensive Income Attributable to:							
Equity Holders of the Company		270,169	237,886	226,446	196,473	14	15
Non-Controlling Interest		-	-	-	-	-	-
Basic and Diluted Earnings Per Share (Rs.)	13	1.46	1.59	1.28	1.25	(9)	3

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.

Operating Segment Information - Assets and Liabilities

As at,	Unaudited		Audited	
	30th June 2025		31st December 2024	
	Life Insurance Rs. '000	General Insurance Rs. '000	Life Insurance Rs. '000	General Insurance Rs. '000
Assets				
Property, Plant and Equipment	519,204	254,532	541,118	228,520
Right of Use Assets	413,019	70,453	427,016	55,535
Intangible Assets	256,200	9,299	155,588	8,431
Deferred Tax Assets	-	14,752	-	14,783
Financial Investments	54,282,471	6,777,575	48,486,327	5,818,471
Investment in Subsidiary	1,150,000	-	1,150,000	-
Loans to Life Policyholders	482,747	-	459,395	-
Reinsurance Receivables	487,394	1,189,076	238,175	1,030,329
Premium Receivables	603,159	2,050,122	198,723	2,081,953
Other Assets	1,032,130	457,375	906,713	396,910
Insurance Contract - Deferred Expenses	-	49,451	-	33,468
Cash and Cash Equivalents	731,806	522,413	841,377	561,042
Total Assets	59,958,130	11,395,048	53,404,432	10,229,442
Liabilities				
Insurance Contract Liabilities - Life Insurance	44,415,477	-	38,647,547	-
Insurance Contract Liabilities - General Insurance	-	4,862,841	-	4,507,058
Employee Defined Benefit Liabilities	325,070	207,403	279,864	197,451
Current Tax Liabilities	418,239	97,806	479,148	80,728
Reinsurance Creditors	699,346	1,578,723	214,999	785,351
Lease Creditors	496,977	77,306	503,233	57,672
Other Liabilities	2,327,654	1,590,149	2,276,075	1,518,587
Bank Overdrafts	218,739	21,477	193,980	225,006
Total Liabilities	48,901,502	8,435,705	42,594,846	7,371,853

Operating Segment Information - Profitability

For the Six Months Ended,	Unaudited		Unaudited	
	30th June 2025		30th June 2024	
	Life Insurance Rs. '000	General Insurance Rs. '000	Life Insurance Rs. '000	General Insurance Rs. '000
Gross Written Premium	8,631,073	5,665,187	6,404,608	4,591,887
Premium Ceded to Reinsurers	(484,494)	(2,582,240)	(365,249)	(1,894,239)
Net Written Premium	8,146,579	3,082,947	6,039,359	2,697,648
Net Change in Reserves for Unearned Premium	-	(355,572)	-	132,369
Net Earned Premium	8,146,579	2,727,375	6,039,359	2,830,017
Other Revenue				
Interest and Dividend Income	3,616,684	357,928	3,350,410	396,979
Net Realised Gains	67,664	16,337	2,823	35,060
Net Fair Value Gains/(Losses)	33,281	7,425	34,179	(9,825)
Fee and Commission Income	75,608	223,834	68,162	163,107
Other Income	8,134	6,981	15,946	8,647
Total Other Revenue	3,801,371	612,505	3,471,520	593,968
Net Income	11,947,950	3,339,880	9,510,879	3,423,985
Net Benefits, Claims and Expenses				
Net Insurance Benefits and Claims	(1,903,341)	(1,943,716)	(1,432,719)	(1,923,575)
Change in Contract Liabilities - Life Fund	(5,782,527)	-	(4,532,976)	-
Other Operating and Administration Expenses	(2,111,344)	(1,214,398)	(1,854,582)	(1,102,054)
Underwriting and Net Acquisition Cost	(1,442,135)	(53,610)	(1,071,950)	(177,013)
Finance and Other Insurance Related Costs	(101,630)	(4,715)	(105,695)	(23,707)
Total Benefits, Claims and other Expenses	(11,340,977)	(3,216,439)	(8,997,922)	(3,226,349)
Profit Before Taxation	606,973	123,441	512,957	197,636
Income Tax Expense	(178,687)	(32,367)	(148,322)	(88,081)
Profit for the Period	428,286	91,074	364,635	109,555

Notes to the Condensed Consolidated Interim Financial Statements

1 CORPORATE INFORMATION

1.1 Reporting Entity

HNB Assurance PLC (“the Company”) is a public limited liability Company incorporated on 23rd August 2001 and domiciled in Sri Lanka. The registered office of the Company is situated at No. 479, T B Jayah Mawatha, Colombo 10 and the principal place of business is situated at No. 30, Iceland Business Centre, Sri Uttararanda Mawatha, Colombo 03. The Ordinary Shares of the Company are listed on the Colombo Stock Exchange (CSE).

The Group’s controlling entity and ultimate parent undertaking is Hatton National Bank PLC which is a licensed Commercial Bank incorporated in Sri Lanka.

1.2 Approval of Financial Statements

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Board of Directors on 31st July 2025. Figures in these Condensed Consolidated Interim Financial Statements for the period ended 30th June 2025 are provisional and unaudited.

2 BASIS OF PREPARATION

These Condensed Consolidated Interim Financial Statements of the Group and Company have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34- Interim Financial Reporting and comply with the requirements of the Companies Act, No. 7 of 2007 and the Regulation of Insurance Industry Act, No. 43 of 2000 and subsequent amendments thereto.

These Condensed Consolidated Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2024. The same accounting policies have been followed in preparation of these interim financial statements as stated in the Audited Financial Statements for the year ended 31st December 2024.

Comparative information has been re-valued/re-classified where necessary, to conform to the current period recognition, measurement and presentations.

2.1 Temporary Exemption for Application of SLFRS 09

SLFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 01st January 2018. However, for an insurer that meets the criteria in paragraph 20B of SLFRS 4 (Amended) which 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 01st January 2026.

Having considered the above, since HNB Assurance PLC and HNB General Insurance Limited are predominantly carrying out Insurance activities, both Companies continue to apply LKAS 39 Financial Instruments: Recognition and Measurement rather than SLFRS 9 for the annual periods beginning before 01st January 2026.

Group has not early adopted the new SLFRSs and interpretations issued but not yet effective.

3 FINANCIAL INVESTMENTS

As at,	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30th June 2025	31st Dec 2024	30th June 2025	31st Dec 2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Held to Maturity Financial Assets	14,419,725	13,429,892	14,419,725	13,429,892
Loans and Receivables	29,346,029	22,404,413	24,450,346	19,418,909
Available for Sale Financial Assets	16,665,713	18,022,934	14,829,940	15,234,056
Financial Assets at Fair Value Through Profit or Loss	628,579	447,559	582,460	403,470
Total Financial Investment	61,060,046	54,304,798	54,282,471	48,486,327

Notes to the Condensed Consolidated Interim Financial Statements

4 THE ACCOUNTING POLICY FOR CONSOLIDATION OF SUBSIDIARY

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies and unrealised losses are eliminated. Amounts reported by subsidiary companies are adjusted to conform with the Group's accounting policies where necessary.

5 LIFE POLICYHOLDERS' AVAILABLE FOR SALE RESERVE FUND

Life Policyholders' Available For Sale Reserve Fund includes the fair value changes recorded in Other Comprehensive Income in respect of Life Insurance related assets.

Unrealised gains and losses of Available For Sale Financial Assets of Life Insurance are included under Life Policyholders' Available For Sale Reserve Fund in Equity.

6 RESTRICTED REGULATORY RESERVE

As at,	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		30th June 2025 Rs. '000	31st Dec 2024 Rs. '000	30th June 2025 Rs. '000	31st Dec 2024 Rs. '000
Balance at the end of the Period	6.2	381,156	381,156	381,156	381,156

6.1 Nature and Purpose of Reserve

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued Direction No. 16 on 20th March 2018 on "Identification and Treatment of One-off Surplus" and has instructed all Life Insurance Companies to comply with the Direction. Based on the Direction, Life Insurance Companies are allowed to transfer One-off surplus attributable to Policyholders' Non-Participating Fund to Shareholders' Fund. The transfer has been presented as a separate reserve in the Statement of Financial Position as "Restricted Regulatory Reserve" under Equity in accordance with the Direction above. The distribution of One-off Surplus to Shareholders as dividend shall remain restricted until the requirements disclosed in Note (6.3) are met. As required by the said Direction, the Company received the approval for this transfer on 11th May 2018.

6.2 As required by the IRCSL, every registered insurer was required to apply Solvency Margin (Risk Based Capital) Rules with effect from 01st January 2016. According to the Risk Based Capital rules, all Insurers are required to value Life Insurance Policy Liabilities as per the Gross Premium Valuation (GPV) method and valuation rules and methodologies stipulated by the IRCSL. The change in the valuation method from NPV to GPV resulted in a release in Life Policyholder Liabilities of the Company as of 01st January 2016.

The IRCSL had directed insurance Companies to maintain this One-off Surplus arising from change in the policy liability valuation within the Long-Term Insurance Fund/Insurance Contract Liabilities separately in the name of "Surplus created due to change in valuation method from NPV to GPV" and not to transfer/distribute any part of the surplus until specific instructions are issued in this regard.

Surplus created due to Change in Valuation Method

Description		Participating Fund Rs. '000	Non Participating Fund Rs. '000	Total Rs. '000
Value of Insurance contract liability based on NPV as at 31st December 2015	A	2,988,500	3,856,964	6,845,464
Value of Insurance contract liability based on GPV as at 31st December 2015	B	3,015,001	3,475,808	6,490,809
Zerorisation of Negative Surplus as per Direction No. 16	C	26,501	-	26,501
Surplus created due to Change in Valuation Method- One-off Surplus as at 01st January 2016	A-B+C	-	381,156	381,156

Notes to the Condensed Consolidated Interim Financial Statements

The One-off surplus in the Shareholder's Fund will remain invested in Term Deposits as disclosed in Note No. 6.3.2 as per the Direction of IRCSL.

The financial ratios presented in these Condensed Consolidated Interim Financial Statements have been determined in accordance with Sri Lanka Accounting Standards. Additionally, the Company has voluntarily presented financial ratios without One-off Surplus impact. As per the Direction One-off Surplus in respect of Participating business is to be held within the Participating Fund as part of the unallocated valuation surplus and may only be transferred to the Shareholder Fund by means of bonuses to Policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No. 43 of 2000".

6.3 Distribution of One-off Surplus

6.3.1 Distribution of one-off surplus to shareholders, held as part of the Restricted Regulatory Reserve under equity in the statement of financial position is subject to meeting governance requirements stipulated by the IRCSL and can only be released upon receiving approval from the IRCSL.

6.3.2 Composition of Investments Supporting the Restricted Regulatory Reserve as at 30th June 2025

Based on the Direction issued by IRCSL following Instruments have been marked to support the Restricted Regulatory Reserve of the Company.

Asset Category	Fair Value / Carrying Value 30th June 2025 (Rs. '000)
As at,	
Term Deposits	381,724

7 INSURANCE CONTRACT LIABILITIES - LIFE INSURANCE

As at,	Note	Group		Company	
		Unaudited 30th June 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 30th June 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
Life Insurance Fund	7.1	44,119,825	38,337,298	44,119,825	38,337,298
Claims Outstanding		295,652	310,249	295,652	310,249
Total Insurance Contract Liabilities		44,415,477	38,647,547	44,415,477	38,647,547

7.1 Insurance Contract Liabilities - Life Insurance Fund

As at,	Group		Company	
	Unaudited 30th June 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 30th June 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
The Movement in the Life Insurance Fund is as follows:				
Balance as at the beginning of the Period	38,337,298	30,676,040	38,337,298	30,676,040
Change in Contract Liabilities Life Fund				
Increase in Life Insurance Fund Before Surplus Distribution to Shareholders	5,782,527	9,029,932	5,782,527	9,029,932
Surplus Distributed to Shareholders	-	(1,350,000)	-	(1,350,000)
Increase in Life Insurance Fund	5,782,527	7,679,932	5,782,527	7,679,932
Effect of Taxation on surplus/Bonus transferred to Policyholders	-	(18,674)	-	(18,674)
Balance as at the end of the Period	44,119,825	38,337,298	44,119,825	38,337,298

7.2 Liability Adequacy Test

A Liability Adequacy Test (LAT) for Life Insurance contract Liability was carried out by Mr. Abhishek Chadha, FIA, on behalf of Willis Towers Watson India Private Limited, as at 31st December 2024 as required by SLFRS 4 - Insurance Contracts. When performing the LAT, the Company discounts all contractual cash flows and compares this amount with the carrying value of the liability. The valuation is based on internationally accepted actuarial methods. According to the Appointed Actuary's report, assets are sufficiently adequate as compared to the discounted cash flow reserves and in contrast to the reserves as at 31st December 2024.

Notes to the Condensed Consolidated Interim Financial Statements

8 INSURANCE CONTRACT LIABILITIES - GENERAL INSURANCE

As at,	Group		Company	
	Unaudited 30th June 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 30th June 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
Reserves for Net Unearned Premium	3,076,421	2,734,648	-	-
Reserves for Title Insurance	88,887	75,088	-	-
Reserves for Gross Outstanding Claims	1,697,533	1,697,322	-	-
Total Insurance Contract Liabilities	4,862,841	4,507,058	-	-

8.1 Company's Chief Actuarial Officer has carried out the IBNR/IBNER valuation as at 30th June 2025 and ensured that adequate provisions have been made in these Condensed Consolidated Interim Financial Statements.

8.2 Liability Adequacy Test

A Liability Adequacy Test (LAT) for the General Insurance Contract Liability was performed by the Appointed Actuary, Ms. Sipika Tandon Mathur, FIA, for and on behalf of Willis Towers Watson India Private Limited as at 31st December 2024 as required by SLFRS 4 - Insurance Contracts. According to the Appointed Actuary's report, HNB General Insurance Ltd adequately satisfies the LAT requirement as at 31st December 2024.

9 GROSS WRITTEN PREMIUM

Group		Group		Company	
Audited For the Year Ended 31st Dec 2024 Rs. '000	For the Six Months Ended,	Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000	Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000
Life Insurance					
13,187,037	Individual Policies	8,239,400	6,193,120	8,239,400	6,193,120
522,618	Corporate Policies	391,673	211,488	391,673	211,488
(55,720)	Adjustment for Inter Company Premiums	(18,550)	(23,476)	-	-
<u>13,653,935</u>	Gross Written Premium - Life Insurance	<u>8,612,523</u>	<u>6,381,132</u>	<u>8,631,073</u>	<u>6,404,608</u>
General Insurance					
1,885,932	Fire	1,562,095	1,047,405	-	-
4,775,374	Motor	2,572,654	2,296,582	-	-
327,135	Marine	121,112	149,978	-	-
2,133,105	Miscellaneous	1,409,326	1,097,922	-	-
(37,487)	Adjustment for Inter Company Premiums	(8,394)	(13,332)	-	-
<u>9,084,059</u>	Gross Written Premium - General Insurance	<u>5,656,793</u>	<u>4,578,555</u>	<u>-</u>	<u>-</u>
<u>22,737,994</u>	Total Gross Written Premium	<u>14,269,316</u>	<u>10,959,687</u>	<u>8,631,073</u>	<u>6,404,608</u>

Notes to the Condensed Consolidated Interim Financial Statements

<i>For the Three Months Ended,</i>	Group		Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	30th June 2025 Rs. '000	30th June 2024 Rs. '000	30th June 2025 Rs. '000	30th June 2024 Rs. '000
Life Insurance				
Individual Policies	3,930,354	2,982,804	3,930,354	2,982,804
Corporate Policies	147,612	85,298	147,612	85,298
Adjustment for Inter Company Premiums	(9,276)	(12,258)	-	-
Gross Written Premium - Life Insurance	4,068,690	3,055,844	4,077,966	3,068,102

General Insurance

Fire	369,912	237,594	-	-
Motor	1,322,188	1,024,509	-	-
Marine	59,220	61,927	-	-
Miscellaneous	354,696	381,447	-	-
Adjustment for Inter Company Premiums	(973)	(7,452)	-	-
Gross Written Premium - General Insurance	2,105,043	1,698,025	-	-
Total Gross Written Premium	6,173,733	4,753,869	4,077,966	3,068,102

10 INTEREST AND DIVIDEND INCOME

<i>For the Six Months Ended,</i>	Group		Company		
	Audited	Unaudited	Unaudited	Unaudited	
	For the Year Ended 31st Dec 2024 Rs. '000	30th June 2025 Rs. '000	30th June 2024 Rs. '000	30th June 2025 Rs. '000	
7,538,650	Interest Income	3,945,374	3,731,848	3,587,446	3,334,901
23,228	Dividend Income	29,238	15,541	29,238	15,509
7,561,878	Total	3,974,612	3,747,389	3,616,684	3,350,410

<i>For the Three Months Ended,</i>	Group		Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	30th June 2025 Rs. '000	30th June 2024 Rs. '000	30th June 2025 Rs. '000	30th June 2024 Rs. '000
Interest Income	1,997,657	1,836,896	1,820,474	1,656,379
Dividend Income	17,989	12,040	17,989	12,040
Total	2,015,646	1,848,936	1,838,463	1,668,419

11 INCOME TAX EXPENSE

<i>For the Six Months Ended,</i>	Group		Company		
	Audited	Unaudited	Unaudited	Unaudited	
	For the Year Ended 31st Dec 2024 Rs. '000	30th June 2025 Rs. '000	30th June 2024 Rs. '000	30th June 2025 Rs. '000	
(830,996)	Income Tax Charge	(215,600)	(242,508)	(178,687)	(148,322)
(3,639)	Under Provision of Income Taxes in respect of prior Period	-	-	-	-
18,575	Deferred Income Tax - Recognised through Profit or Loss	4,546	6,105	-	-
(816,060)	Total Tax charge in Profit or Loss	(211,054)	(236,403)	(178,687)	(148,322)

Deferred Tax on net change in debt instruments

(356)	categorised under Available for Sale	(4,577)	2,743	-	-
(1,419)	Deferred Tax on Actuarial Losses on Defined Benefit Plans	-	-	-	-
(3,545)	Deferred Tax on Revaluation Gains of Land and Buildings	-	-	-	-
(5,320)	Total Tax charge in Other Comprehensive Income	(4,577)	2,743	-	-

Notes to the Condensed Consolidated Interim Financial Statements

<i>For the Three Months Ended,</i>	Group		Company	
	Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000	Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000
Income Tax Charge	(90,264)	(102,524)	(79,025)	(73,950)
Deferred Tax - Recognised through Profit or Loss	2,488	3,134	-	-
Total Tax charge in Profit or Loss	(87,776)	(99,390)	(79,025)	(73,950)
Deferred tax on net change in debt instruments categorised under Available for Sale	(7,704)	4,316	-	-
Total Tax charge in Other Comprehensive Income	(7,704)	4,316	-	-

Income Tax

As per the Inland Revenue (Amendment) Act No 45 of 2022 income tax rates applicable to Company and Subsidiary is 30%.

Deferred Tax Assets

The Company's deferred tax asset of Rs. 1,454.5 Million which was recognized in 2018, on account of brought forward tax losses, was fully utilized against taxable income by 31st December 2022. Accordingly, the Company has charged an income tax expense of Rs. 178.69 Million for the period ended 30th June 2025. The Subsidiary carried a deferred tax asset of Rs. 14.75 Million as at 30th June 2025.

12 PROFIT FOR THE PERIOD

Group		Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000
Audited For the Year Ended 31st Dec 2024 Rs. '000	<i>For the Six Months Ended,</i>		
Company - HNB Assurance PLC			
1,350,000	Surplus Transferred from Life Policyholders' Fund to Shareholders' Fund	-	-
1,008,470	Profit Before Tax from Life Shareholders' Fund	606,973	512,957
(701,759)	Income Tax Expense	(178,687)	(148,322)
1,656,711	Profit for the Period	428,286	364,635
Subsidiary - HNB General Insurance Ltd			
354,451	Profit Before Tax	123,441	197,636
(114,301)	Income Tax and Deferred Tax Expense	(32,367)	(88,081)
240,150	Profit for the Period	91,074	109,555
1,896,861	Profit for the Period - Group	519,360	474,190

<i>For the Three Months Ended,</i>	Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000
Company - HNB Assurance PLC		
Profit Before Tax from Life Shareholders' Fund	271,644	261,655
Income Tax Expense	(79,025)	(73,950)
Profit for the Period	192,619	187,705
Subsidiary - HNB General Insurance Ltd		
Profit Before Tax	34,497	76,921
Income Tax and Deferred Tax Expense	(8,751)	(25,440)
Profit for the Period	25,746	51,481
Profit for the Period - Group	218,365	239,186

Notes to the Condensed Consolidated Interim Financial Statements

13 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic Earnings Per Share is calculated by dividing the profit after tax for the period attributable to ordinary shareholders 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. There were no potential dilutive ordinary shares outstanding at any time during the period. Therefore, Diluted Earnings Per Share is same as Basic Earnings Per Share.

Group	Audited For the Year Ended 31st Dec 2024 Rs. '000	For the Six Months Ended,	Group		Company	
			Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000	Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000
			1,896,861	Profit for the Period (Rs. '000)	519,360	474,190
150,000	Weighted average number of ordinary shares ('000)	150,000	150,000	150,000	150,000	
12.65	Basic and Diluted Earnings Per Share (Rs.)	3.46	3.16	2.86	2.43	

Group	For the Three Months Ended,	Group		Company	
		Unaudited 30th June 2025	Unaudited 30th June 2024	Unaudited 30th June 2025	Unaudited 30th June 2024
		218,365	Profit for the Period (Rs. '000)	239,186	192,619
150,000	Weighted average number of ordinary shares ('000)	150,000	150,000	150,000	
1.46	Basic and Diluted Earnings Per Share (Rs.)	1.59	1.28	1.25	

14 RELATED PARTY DISCLOSURES

14.1 Transactions and Outstanding Balances with the Parent and Ultimate Controlling Party - Hatton National Bank PLC

Transactions	Group		Company	
	Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000	Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000
<i>For the Six Months Ended,</i>				
Insurance Premium	218,630	149,883	-	-
Claims Incurred	44,787	57,403	27,821	44,181
Investment Income	114,509	278,648	93,073	255,190
Referral fees	428,063	318,017	350,607	242,265
Rent and Other Operational Expenses	12,911	11,966	8,515	8,221
Dividend Paid	350,918	350,918	350,918	350,918

Outstanding Balances	Group		Company	
	Unaudited 30th June 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 30th June 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
<i>As at,</i>				
Investments Balance (Includes Deposits and Debentures)	1,619,739	1,899,734	1,034,299	1,571,387
Cash at Bank Balances	874,551	939,252	468,345	620,890
Premium Receivable	1,225	210	-	-
Referral fees Payable	95,340	133,934	69,098	111,091
Rent and Other Operational Expenses Payable	2,816	1,567	1,396	801

Notes to the Condensed Consolidated Interim Financial Statements

14.2 Transactions and Outstanding Balances with the Subsidiary Company - HNB General Insurance Ltd.

Transactions <i>For the Six Months Ended,</i>	Unaudited	Unaudited
	30th June 2025 Rs. '000	30th June 2024 Rs. '000
Insurance Premium	18,550	23,476
Insurance Expenses	8,394	13,332
Claims Received	81	45
Claims Paid	5,429	3,000
Reimbursement Expenses Relating to Employees	47,681	46,365
Other Reimbursement Expenses	125,951	156,757
Fund Management Fee	9,099	8,457
Profit Commission Expense	5,416	9,400
Outstanding Balances	Unaudited	Audited
As at,	30th June 2025 Rs. '000	31st Dec 2024 Rs. '000
Premium Payable to HNB General Insurance Ltd	376	8,541
Receivable from HNB General Insurance Ltd	44,131	25,874

14.3 Transactions and Outstanding Balances with/between Subsidiary Companies of the Ultimate Controlling Party

Transactions <i>For the Six Months Ended,</i>	Group		Company	
	Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000	Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000
Insurance Premium	99,651	147,885	175	44,962
Claims Incurred	20,942	26,977	4,292	22,803
Investment Income	81,320	53,772	67,055	43,866
Referral fees	13,602	14,297	1,695	2,722
Outstanding Balances	Group		Company	
As at,	Unaudited 30th June 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 30th June 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
Investments Balance (Includes Deposits, Debentures and Repo)	3,307,211	1,008,529	2,476,787	808,711
Cash at Bank Balances	50	49	50	49
Premium Receivable	3,568	8,768	-	-
Referral fees Payable	3,257	4,078	161	6

14.4 Transactions with Key Management Personnel/Directors of the Group or its Parent Hatton National Bank PLC

<i>For the Six Months Ended,</i>	Unaudited 30th June 2025 Rs. '000	Unaudited 30th June 2024 Rs. '000
Director Fee	16,295	16,035
Short-term and Post Employment Benefits	72,748	66,091
Insurance Premium	807	2,361
Claims Paid including Maturities	81	984

The nature of the related party transactions in the current period was similar to those reported in the Audited Financial Statements for the year ended 31st December 2024.

Notes to the Condensed Consolidated Interim Financial Statements

15 EVENTS OCCURRING AFTER THE REPORTING DATE

Appointment of Executive Director

The Chief Executive Officer of HNB Assurance PLC, Mr. Pawla Hewage Lasitha Niroshan Wimalaratne was appointed as an Executive Director of HNB Assurance PLC w.e.f. 3rd July 2025.

The Chief Executive Officer of HNB General Insurance Limited, Mr. Sithumina Jayasundara was appointed as an Executive Director of HNB General Insurance Limited w.e.f. 2nd July 2025.

Other than mention above, there have been no material events that occurred after the reporting date that require adjustments or disclosure in these Condensed Consolidated Interim Financial Statements.

16 CAPITAL COMMITMENTS

The Group has committed an expense of Rs. 247.45 Million as at 30th June 2025 for purchase of computer hardware, software and other equipment (As at 31st December 2024 – Rs. 465.51 Million for the purchase of computer hardware, software and Other equipment).

As at end of the financial period, other than the disclosed above no material capital expenditure approved by the Board of Directors and contracted for which no provision has been made in the Condensed Consolidated Interim Financial Statements.

17 CONTINGENCIES

17.1 Income Tax

The Company has received Income Tax Assessments for Life Insurance Taxation for the years of assessment 2011/12, 2012/13, 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22.

The Tax Appeals Commission has issued determinations in favor of IRD for the years of assessments 2011/12, 2012/13, 2014/15 and 2017/18 totaling to Rs. 1,158 Mn including interest and penalties of Rs. 144 Mn. This includes loss adjustment of Rs. 588 Mn relating to the years of assessments 2011/12 and 2012/13. Company dissatisfied with these determinations of the Tax Appeals Commission and filed appeals against those determinations in the Court of Appeal. The Company is awaiting for the decisions of the Court of Appeal.

Income tax assessments in relation to the year of assessment 2018/19, 2019/20 and 2020/21 totaling to Rs. 1,661 Mn including interest and penalties of Rs. 832 Mn are in the process of hearing with the Tax Appeals Commission.

Income tax assessment for the year of assessment 2015/16 and 2021/22 totaling to Rs. 717 Mn including interest and penalties of Rs. 225 Mn is awaiting for CGIR determination.

Assessments raised on the Company for 2013/14 and 2016/17 totaling to Rs. 422 Mn were determined by Tax Appeals Commission in favour of the Company by allowing the appeals, annulling the assessments, and setting aside the determinations of CGIR. The CGIR has lodged cases with the Court of Appeal for these assessments.

In the view of the Company and its Tax Consultants, these Assessments do not conform to the description of requirements stated under Section 92 of Inland Revenue Act, No. 10 of 2006 and Section 67 of the Inland Revenue Act No. 24 of 2017. Further, the basis for these Income Tax Assessments has been same for all Life Insurance companies in the insurance industry.

Subsidiary Company HNB General Insurance Limited also received income tax assessments for the years of assessment 2018/19 and 2019/20.

Notes to the Condensed Consolidated Interim Financial Statements

Income tax assessment for the year of assessment 2018/2019 and 2019/20 totaling to Rs. 136 Mn including interest and penalty of Rs. 69.5 Mn are in the process of hearing with the Tax Appeals Commission.

17.2 VAT & NBT On Financial Services

The Company received Seven Notices of Assessments on VAT and NBT on Financial Services (FS) for the taxable periods 01.01.2014 to 31.12.2014, 01.01.2015 to 31.12.2015, 01.01.2016 to 31.12.2016, 01.01.2017 to 31.12.2017, 01.01.2018 to 31.12.2018, 01.01.2019 to 31.12.2019 and 01.01.2021 to 31.12.2021.

The assessment issued relating to VAT on Financial Services (VAT on FS) for the taxable periods 01.01.2014 to 31.12.2014 and 01.01.2018 to 31.12.2018 amounting to Rs. 130.45 Mn, including penalties of Rs. 43.48 Mn are in the process of hearing with the Tax Appeals Commission.

The assessments for the taxable period 01.01.2019 to 31.12.2019 and 01.01.2021 to 31.12.2021 totaling to Rs. 206.37 Mn including penalties of Rs. 68.79 Mn is still with CGIR and awaiting the CGIR determination.

The VAT/NBT on FS assessments raised on the Company for 01.01.2015 to 31.12.2015, 01.01.2016 to 31.12.2016 and 01.01.2017 to 31.12.2017 with tax in dispute and penalties totaling to Rs. 141.91 Mn including penalty of Rs. 50.1 Mn were determined by Tax Appeals Commission in favour of the Company by allowing the appeals, annulling the assessments and setting aside the determinations of CGIR.

Further, subsidiary Company HNB General Insurance Limited also received VAT on FS Assessments for taxable periods 01.01.2018 to 31.12.2018, 01.01.2019 to 31.12.2019 and 01.01.2021 to 31.12.2021.

The CGIR has issued its determinations for the appeals lodged by the subsidiary company on assessments issued relating to VAT on FS for the taxable periods 01.01.2019 to 31.12.2019 and 01.01.2021 to 31.12.2021 totaling to Rs. 32.14 Mn, including penalty of Rs. 10.72 Mn. Subsidiary company is in the process of appealing for TAC against the Determinations of CGIR.

The VAT on FS assessment raised on the subsidiary company for 01.01.2018 to 31.12.2018 with tax in dispute and penalties amounting to Rs. 15.61 Mn including penalty of Rs. 5.20 Mn were determined by Tax Appeals Commission in favour of HNB General Insurance Limited by allowing the appeal, annulling the assessment and setting aside the determination of CGIR.

Company and Subsidiary have duly appealed for all assessments as the Group's stance is that, it is in the business of Insurance hence it is not liable for VAT or NBT on FS. Other insurers have also received similar assessments and have appealed against them. As an outflow of resources is not expected, no provision is made in the Financial Statements

17.3 Value Added Tax (VAT) On Reinsurance

The Company received an Assessment on Value Added Tax (VAT) on Reinsurance Claims during 2013 from the IRD for the year of Assessment 2010/2011 amounting to Rs. 21.99 Million for which company has filed responses in IRD and subsequently with TAC. The TAC has granted their final determination during 2018 in favor of IRD. The Company has filed a case in the Court of Appeal and the case is yet to be determined by the Court of Appeal.

17.4 Other taxes

The Company and its Subsidiary have received VAT notice of assessments. The Company has duly appealed against these Assessments in consultation with the Tax Consultants on the basis that no proper reasons were communicated as to why the penalty and default notices were raised against the Company. As such no provision has been made in the Financial Statements for the tax in dispute and penalty which amounts to Rs. 15.12 Mn. Further, the subsidiary company, HNB General

Notes to the Condensed Consolidated Interim Financial Statements

Insurance Limited, has received tax assessments and penalties amounting to Rs. 493.81 Mn on VAT returns filed and the subsidiary has duly appealed against the assessments.

HNB General Insurance Limited received an Assessment on Social Security Contribution Levy (SSCL) from the IRD for the year of Assessment 2023/2024 amounting to Rs. 6.12 Mn including penalty of Rs. 3.28 Mn for which Subsidiary Company has Appealed against IRD.

The Company has received two demanding payments on Withholding Tax (WHT) from the IRD for the year of Assessments 2022/2023 and 2023/2024 amounting to Rs. 9.07 Mn and Subsidiary has received a demanding payment for WHT from IRD for the year of Assessment 2023/2024 amounting to Rs. 0.13 Mn for which Company and Subsidiary has appealed against these assessments in consultation with Company's Tax Consultant to IRD.

Management and the Company's/Subsidiary's Tax Consultant are of the view that the company has followed the due process and acted in accordance with the prevailing laws in its tax compliances and therefore, the probability of the Company's/Subsidiary's having to settle any of above tax assessments detailed under Note 17.1 to 17.4 is very low. As an outflow of resources is not expected, no provision is made in the Financial Statements.

Share Information

Top 20 Shareholders

Name of the Shareholder	30th June 2025		31st March 2025	
	Shareholding	% on Issued Shares	Shareholding	% on Issued Shares
1 Hatton National Bank PLC A/C No 01	89,979,000	59.99	89,979,000	59.99
2 Ceylon Guardian Investment Trust PLC A/C # 02	7,006,394	4.67	7,006,394	4.67
3 Employees Trust Fund Board	3,418,790	2.28	3,418,790	2.28
4 J.B. Cocoshell (Pvt) Ltd	2,134,146	1.42	2,054,172	1.37
5 Mr. M.F. Hashim	1,824,737	1.22	1,824,737	1.22
6 Ceylon Investment PLC A/C # 02	1,712,174	1.14	1,712,174	1.14
7 Thread Capital (Pvt) Ltd	1,644,342	1.10	1,644,342	1.10
8 Mr. V. Sharda	1,625,000	1.08	1,525,000	1.02
9 Mrs. A. Selliah	1,500,000	1.00	1,500,000	1.00
10 Mrs. A. Kailasapillai	1,500,000	1.00	1,500,000	1.00
11 Arunodhaya Investments (Pvt) Ltd	1,350,000	0.90	1,350,000	0.90
12 Arunodhaya (Pvt) Ltd	1,350,000	0.90	1,350,000	0.90
13 Arunodhaya Industries (Pvt) Ltd	1,350,000	0.90	1,350,000	0.90
14 Andysel (Pvt) Ltd	750,000	0.50	750,000	0.50
15 Corporate Holdings (Pvt) Ltd A/C No.01	735,309	0.49	735,309	0.49
16 Dr. S. Selliah	600,000	0.40	600,000	0.40
17 Corporate Holdings (Pvt) Ltd A/C No.02	573,969	0.38	573,969	0.38
18 Rubber Investment Trust Ltd A/C No 01	572,779	0.38	572,779	0.38
19 Commercial Bank Of Ceylon PLC A/C No. 03	513,000	0.34	513,000	0.34
20 Mr. A.A.A. Rifkee & Mr. A.R.M.Malik	500,000	0.33	-	-

Public Shareholding

	30th June 2025	31st December 2024
* Float Adjusted Market Capitalisation (Rs.)	5,293,764,176	4,807,602,160
Percentage of Shares held by the Public	40.013%	40.013%
Number of Public Shareholders	4,082	3,893

The Company complies the minimum public Shareholding requirement under option 3 of section 7.13.1 (a) of the Listing Rules as at 30th June 2025. (As at 31/12/2024 - Complied under option 4)

* Float Adjusted Market Capitalisation = Market Capitalisation X Public Holding Percentage

Share Information (Contd.)

Shareholdings of Directors and Chief Executive Officer

Name	No. of Shares 30th June 2025	No. of Shares 31st Dec 2024
Mr. S.A. Chapman	500	500
Mr. L.H.A.L. Silva	Nil	Nil
Dr. P.S. Gamwarige	Nil	Nil
Mr. L.U.D. Fernando	Nil	Nil
Mr. A. Goonesekere	Nil	Nil
Mr. P.R. Saldin	Nil	Nil
Prof. A.K.W. Jayawardane	Nil	Nil
Mr. P.H.L.N. Wimalaratne (Chief Executive Officer/Executive Director)	Nil	Nil

Number of Shares

No. of shares representing the Stated Capital	150,000,000
Class of Share	Ordinary
Voting Rights	One vote per Ordinary Share

Share Performance

As at,	30th June 2025 Rs.	31st Dec 2024 Rs.
Net Asset Value Per Share - Group	85.77	83.45
Net Asset Value Per Share - Company	73.71	72.06
Net Asset Value Per Share without Restricted Regulatory Reserve - Group	83.23	80.91
Net Asset Value Per Share without Restricted Regulatory Reserve - Company	71.17	69.52
For the Three Months Ended 30th June,	2025 Rs.	2024 Rs.
Highest Price Per Share	90.00	61.90
Lowest Price Per Share	69.30	54.70
Last Traded Price Per Share	88.20	57.20