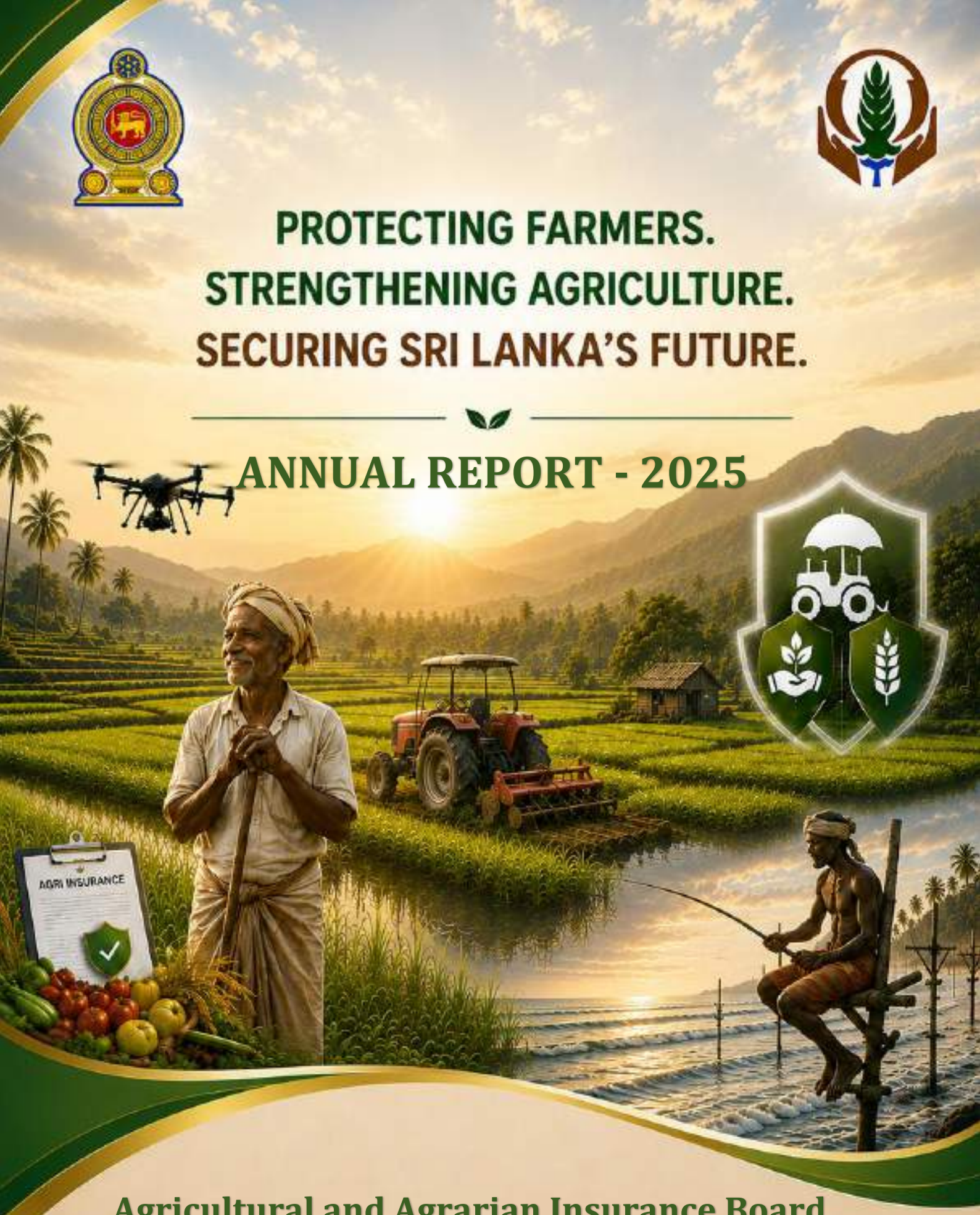

ANNUAL REPORT - 2025

Agricultural and Agrarian Insurance Board

Ministry of Agriculture, Livestock, Lands and Irrigation

Annual Report
2025



Agricultural & Agrarian Insurance Board

No.117, subadrarama Road,
Gangodawila, Nugegoda.



“

The Foremost Guardian of Local Agriculture.

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1

The Agriculture and Agrarian Insurance Board is...



About Us

Protecting Farmers. Strengthening Agriculture. Securing Sri Lanka's Future.

From the first seed sown to the final harvest, the Agricultural and Agrarian Insurance Board stands beside Sri Lanka's farming community with unwavering commitment. As the nation's trusted agricultural insurer, we safeguard the livelihoods of farmers against unforeseen risks while promoting resilience, sustainability, and food security.

For decades, we have remained dedicated to providing timely insurance protection, compensation, and pension benefits that empower farming families to recover, rebuild, and prosper. Through innovation, integrity, and compassionate service, we continue to strengthen the agricultural sector, ensuring that those who nourish our nation are themselves protected.

Every policy we provide, every claim we settle, and every farmer we support reflects our commitment to building a resilient agricultural economy and a stronger Sri Lanka. Together with our stakeholders, we remain devoted to cultivating confidence, protecting livelihoods, and securing a sustainable future for generations to come**.**

Protecting Farmers. Empowering Agriculture. Building the Nation.



Vision, Mission

Vision

To be the ideal agricultural insurance institution in South Asia by being the foremost protector of local agriculture.

Mission

To provide locally and internationally recognized, excellent agricultural insurance and social security services, aimed at managing agricultural risks and building an economically and socially prosperous farming and fishing community.

Goals

Strengthening Agricultural Risk and Social Security Management



Strengthening Institutional Quality, Legal Compliance, and Administration



Enhancing operational efficiency and strengthening district-level service delivery



Institutional Capacity Building Through Strategic Planning, Human Resources, and Infrastructure Development



Ensuring Sustainable Corporate Financial Stability and Economic Growth



Driving Digital Transformation Through Information Technology and GIS



Objectives

- **Risk management in respect of agricultural crops**
- **Risk management of other movable and immovable properties belonging to farmers**
- **Risk management in respect of livestock belonging to farmers**
- **Securing farming and fisher communities through social security and life insurance schemes**
- **Obtaining local and international quality assurance certificates applicable to the institution**
- **Promotion of development, operations & marketing**
- **District administration, management and coordination with external institutions**
- **Institutional human & physical resources planning & development**



Procurement & supplies management

Extending legal assistance for the enforcement of the Acts and Conducting Litigation Management

Planning, monitoring & evaluation for achieving institutional objectives

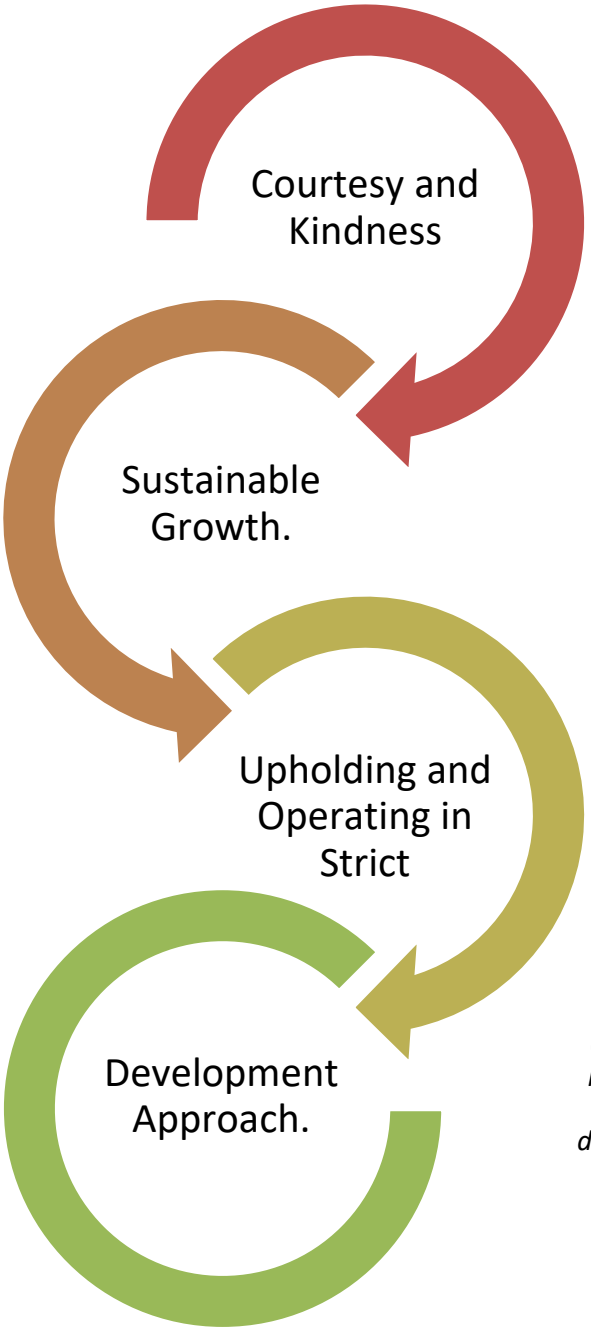
Building a formal internal control method & minimizing shortcomings in administrative process

Ensuring sustainable financial strength through a profitable growth

Employing information technology systems & GIS systems for regularizing institutional processes



Values



Attending to the Needs of the Farming Community, the Board's Most Valuable Asset, with Utmost Kindness and Courtesy

Optimizing Operations to Maximize Beneficiary Values, Ensuring the Long-Term Success and Sustainability of the Board

Maintaining the Highest Standards of Professional Ethics in the Execution of the Board's Business Operations

Contributing to the economic and social needs of the farming community, while committing to the human resource development and personal growth of the Board's personnel

2

Leadership Insights and Reviews



Mr. Pemasiri Jaysingarachchi
Chairman
Agricultural and Agrarian Insurance Board



Finance Generation and Indemnity Payments of the Agricultural Insurance Board for the Year 2025

I am pleased to announce that the year 2025 was a highly successful period during which the Agricultural and Agrarian Insurance Board significantly enhanced its physical and financial capacity enabling the Board to operate on a self-financing basis while fully covering employee salaries, allowances, and administrative expenditure.

In presenting the Annual Report and Audited Financial Statements of the Agricultural and Agrarian Insurance Board for the financial year ended 31st December 2025, I wish to provide a brief overview of the Board's performance and plans during the year under review.

Through its diverse agricultural insurance portfolios, the Board secured a net profit of Rs. Mn. 685.8 and an operating profit of Rs. Mn. 1,205.9 during 2025 . Concurrently, to support farming community against extensive crop destruction caused by natural disasters and human-elephant conflicts, the Board successfully disbursed a total sum of Rs. Mn 1,700.3 as compulsory crop insurance indemnities to affected farmers across the island.

Program of work Implemented in the Year 2025

Driven by the national aspiration to usher in an era of socio-economic renaissance—in alignment with the current National People's Power government's progressive vision of "A Thriving Nation, A Beautiful Life"—the Board focused heavily on executing its mandated responsibilities in 2025 through a well-structured action plan.

Under this framework, our primary goal was the holistic empowerment of the agrarian and fishing communities and we extended specialized agricultural insurance schemes to elevate the livelihoods of local farmers, while dedicating profound attention to managing the vulnerabilities faced by the fishing community. By identifying these evolving socio-economic dynamics, we prioritized the introduction of innovative insurance schemes and modernized existing policies to match contemporary demands, thereby cultivating a resilient environment for sustainable growth in both sectors.

Accordingly, customized crop insurance schemes were introduced for commodities such as coconut, mushroom, rubber, cinnamon, and banana to minimize cultivation risks. Furthermore, maximum-benefit, minimum-premium life insurance structures were rolled out for workers engaged in the high-risk Kithul, coconut, and Palmyrah sectors. Addressing the

severe occupational hazards encountered by fishers at sea—such as accidents and sudden medical crises—the Board collaborated with officials from the Department of Fisheries and Aquatic Resources and the Ministry of Fisheries, Aquatic and Ocean Resources. This proactive dialogue culminated in the landmark launch of an emergency accident insurance policy named "Sayura". This scheme gained rapid popularity within the fishing community, allowing the Board to secure remarkable progress in 2025 while operating head-to-head alongside competitive commercial insurers.

Furthermore, to encourage the farming community to diversify into livestock husbandry, the Board revitalized its insurance operations for cattle and goats, effectively de-risking the Sri Lankan livestock sector. In addition, to revive the swine industry which suffered a catastrophic collapse due to a recent epidemic, the Presidential Task Force appointed under Cabinet directives entrusted the formulation of a dedicated "Swine Insurance Scheme" to our Board. Throughout 2025, we conducted essential field appraisals and collaborated with multi-disciplinary expert panels to study biological factors and compile critical data needed to structure this specialized scheme.

To secure a dignified and sustainable retirement for the agrarian and fishing workforces, the Board aggressively promoted its newly introduced Farmer Pension Scheme and by executing mobile awareness and enrollment programs at district and regional levels, we successfully expanded our outreach, attracting a record number of subscribers during 2025.

Responding to a formal request from the fishing community for enhanced social security facilities equivalent to those available to farmers, the Hon. Deputy Minister of Fisheries and Aquatic Resources proposed the formulation of a matching pension model. Consequently, in collaboration with the Department of Fisheries and Aquatic Resources and the Ministry of Fisheries and Ocean Resources, the Board successfully laid the groundwork and initiated a brand-new Fishermen Pension Scheme within the year.

Human Resource Management

The approved cadre of the Board stands at 421. However, as of 31st December 2025, the actual working cadre stood at 307, resulting in 114 vacancies. Similar to the constraints faced in 2024, the Board had no opportunity to recruit new personnel during 2025.

The expansion of the Board's operational scope in 2025 relative to 2024 inevitably posed sophisticated human resource management challenges as we strove to maintain service delivery through a lean workforce.

To optimize productivity without imposing undue occupational burnout, we placed a premium on systematic workplace management, employee incentive structures, and motivation. A series of targeted workshops were orchestrated throughout 2025 to mitigate stress, maximize workplace performance, and

foster positive attitudinal development among our staff.

Achieving our projected physical and financial milestones for 2025 demanded unwavering focus on target completion at the district level.

To ensure this, quarterly progress reviews were consistently executed across all district offices. Over the course of the year, the Board actively cultivated a driven, satisfied workforce by diagnosing marketing bottlenecks, deploying diverse promotional campaigns to boost revenues, and systematically upgrading office infrastructure.

Continuous professional and personality development remained a cornerstone of our internal strategy. Comprehensive training sessions spanning all organizational cadres were conducted to upgrade technical domain knowledge and optimize institutional efficiency, thereby streamlining our overall human resource management practices.

Additionally, the Board continued to champion academic advancement by offering flexible loan facilities under our established employee scholarship scheme, motivating staff to pursue higher education.

Digitalization of Board Operations

Significant strides were made in 2025 toward the full digitalization of the Board's administrative and operational networks through an Enterprise Resource Planning (ERP) system. To ensure a seamless institutional transition, island-wide training programs were successfully rolled out to adapt our workforce to these incoming digital paradigms.

Under this digital transformation framework, the successful automation of our Third-Party Motor Vehicle Insurance scheme stands out as a phenomenal milestone.

Development work for our core ERP system advanced significantly in 2025, successfully spanning 17 integrated modules across the Board’s functional domains. We are fully on track to complete the remaining digital transitions by 2026, steering the organization toward a completely paperless corporate ecosystem.

Future Objectives

Our future strategies are designed with the steadfast vision of providing transparent, efficient, and corruption-free public service. Anchored by our core vision and mission, we remain deeply committed to executing successful agricultural risk-mitigation frameworks to foster a secure, prosperous, and resilient farming populace.

Acknowledgements

I wish to convey my profound gratitude to His Excellency the President Anura Kumara Dissanayake, the Hon. Minister of Agriculture, Livestock, Land and Irrigation K.D. Lallkantha, and the Hon. Deputy Minister of Agriculture and Livestock Namal Karunaratne, for their invaluable guidance and unwavering support in steering the Agricultural Insurance Board's endeavors toward success.

I also extend my sincere appreciation to the Secretary to the Ministry of Agriculture, Livestock, Land and Irrigation, alongside all ministry officials, for their immense cooperation in facilitating our corporate milestones throughout 2025.

I express my gratitude to the Ministry of Finance, Economic Stabilization and National Policies for the continuous trust and support extended to us as a state-owned enterprise

Similarly, I gratefully acknowledge the deep support extended by the Hon. Minister of Fisheries, Aquatic and Ocean Resources Ramalingam Chandrasekar, the Hon. Deputy Minister Ratna Gamage, the Ministry Secretary, the Director General of the Department, and all officials during this period.

Special mention must be made of the Board of Directors for their steadfast stewardship, and I convey my deep appreciation to the executive management team and the entire staff of the Agricultural and Agrarian Insurance Board for their tireless commitment.

I also take this opportunity to commend the constructive contributions and oversight made by the Superintendent of Audit and the dedicated officials of the National Audit Office.

Finally, I express my appreciation to the Director General of the Department of Agriculture, the Commissioner General of Agrarian Development, and their respective field staff members for their vital assistance in grounding and implementing our services at the grass-roots level.

Mr. I.U.K. Kaluarachchi
Director General
Agricultural and Agrarian Insurance Board



The year 2025 marked a period of significant progression for the Agricultural and Agrarian Insurance Board, characterized by achievements in innovation, institutional development, and expansion of services. During the year, the Board placed a strategic emphasis on crafting tailored insurance solutions to address the diverse needs of the agricultural sector by introducing pioneering insurance coverage to the agrarian insurance market.

A definitive milestone in expanding the Board's scope of service was the introduction of specialized insurance schemes designed to safeguard the lives of those operating under high-risk conditions to elevate agricultural productivity. Notably, these include dedicated risk-coverage frameworks introduced for toddy tappers in the coconut industry, as well as for farmers engaged in treacle production within the kithul and palmyra industries.

In a strategic move to elevate the efficiency and quality of consumer services, the comprehensive plans to digitalize the Board’s administrative, operational, financial, and core functional processes have successfully reached their final stages of completion. Consequent to this digital transformation, the Board has acquired the capability to issue all insurance policies digitally—a significant milestone that vastly optimizes service delivery timelines.

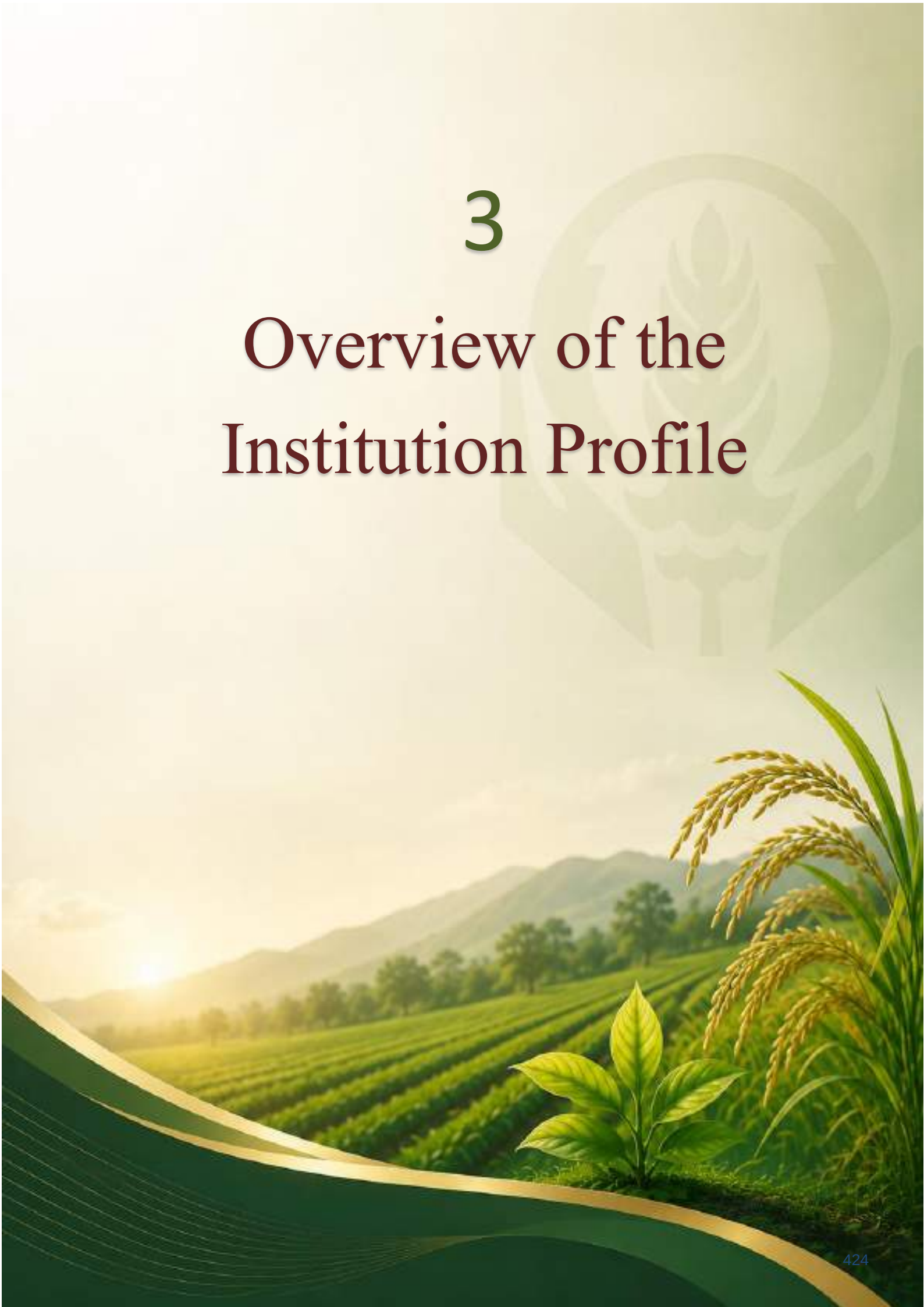
Recognizing that human resource cultivation is paramount to the long-term success of the enterprise, a dedicated loan scheme was instituted during this financial year to foster the professional and academic advancement of staff members by supporting personnel pursuing postgraduate degrees, undergraduate programs, and accredited insurance courses. By fortifying institutional human capital, this initiative is decisively designed to lay the foundation for a more proficient, quality-driven service in the future.

Furthermore, it is with great pleasure that I note the Board's liquid assets surpassed the milestone of 12,000 million rupees during this year, reflecting our robust financial strength and enduring stability.

I extend my heartfelt gratitude to all members of the Board of Directors, the management, staff, field officers, and all collaborating stakeholders whose unwavering commitment made these achievements possible. Looking ahead, I confidently reaffirm that the Agricultural and Agrarian Insurance Board remains steadfast in its dedication to strengthening the economic security of our farming community while continuously delivering an efficient, modern, and trustworthy service.

3

Overview of the Institution Profile



Board of Directors



Mr. Pemasiri Jaysingarachchi
Chairman
Agricultural & Agrarian Insurance
Board B.Sc (Agri.) University of Ruhuna
Dip (Agri)Thailand, Dip (Aqua)SL, Training (Aqua) Indonesia



Mr. M.A.S.H. Perera
Additional Director General
Department of Treasury Operations, Ministry of Finance
BSc Mgt (Public) special (USJP),MSc in App. Finance (USJP),ACMA, CPFA(CASL), CPIFA(UK)



Mr. T. Hemantha Amarasinghe
Director (Agri Technology)
Ministry of Agriculture, Livestock, Lands & Irrigation
B.Sc (Agri) (Ruhuna)
M.Sc Agriculture (Peradeniya)



Mrs. Irangani Weerasinghe
Senior Assistant Secretary (Admin)
Livestock Division
Ministry Agriculture, Livestock, Lands & Irrigation
BA - University of Kelaniya
MA (Sociology) University of Kelaniya



Mr. B.A.P.S. Balasuriya
Senior Manager, National Savings Bank Head office
BSc (Physics) University of Sri Jayawardenapura,
(ACMA), (CGMA) from (UK),
(ACIM) from (UK)



Mrs. G.G.V. Shyamali
Additional Director General (Development)
Department of Agriculture
BSc (Agri. Special) (Ruhuna)
M.Sc Horticulture (Pomology) Punjab Agricultural University Ludhiana, India



Mr. R.A.D.S. Ranatunga
Commissioner General
Department of Agrarian Services
B.Sc (Agri) Hons (Ruhuna), MPA (SriJ), MDP (Queensland)
Special Grade Officer of the Sri Lanka Administrative Service



Mr. Darshana Wijesiriwardana
Additional Secretary (Fisheries Resources Management)
Ministry of Fisheries, Aquatic & Ocean Resources
BSc in Bio Science, MA in HR,
Special Grade Officer of the Sri Lanka Administrative Service



Mr. Rohana Rajapaksha

Commissioner General of Agrarian Services
Department of Agrarian Development
SLAS (Special grade)

(Retired on 28.10.2025)



Mr. Ruwan Tissera
Additional Secretary
Ministry of Agriculture, Livestock, Land & Irrigation
SLAS (Special grade)



Mr. Dhammika Rajapaksha

Farmer Organization representative

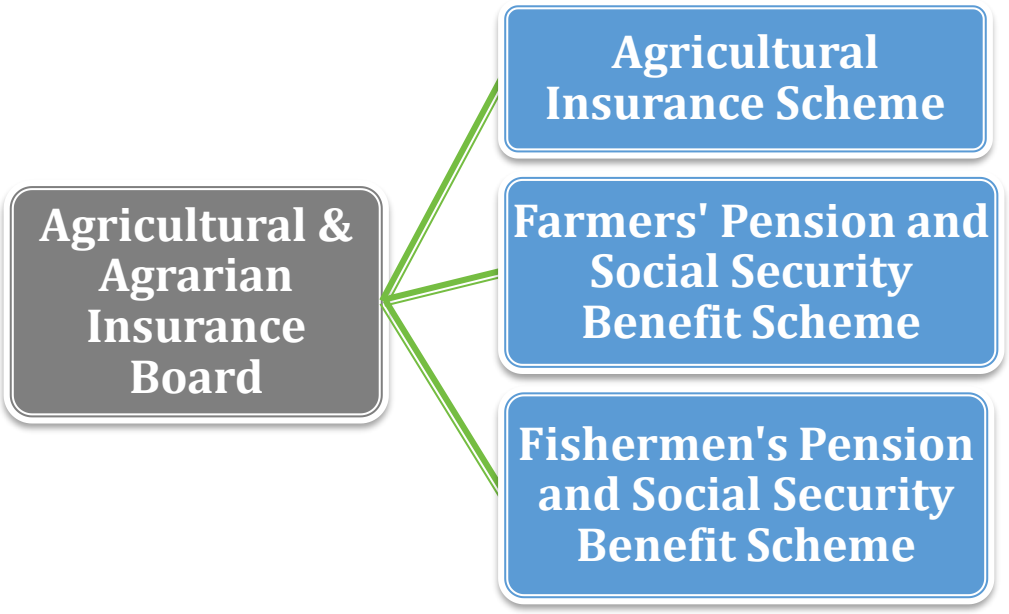
Institutional Profile

The Agricultural and Agricultural Insurance Board Act No. 27 of 1973, Act No. 27 of 1973, established the Agricultural Insurance and Social Security Board to fulfill the responsibility assigned to the Government to protect local agriculture and the agriculturist in the face of emergency situations and to build an economically and socially satisfied retired agricultural community. was established as the only state insurance agency for. It was re-established as the Agricultural and Agrarian Insurance Board, Agricultural and Agrarian Insurance Board by the Agricultural and Agrarian Insurance Act No. 20 of 1999.

As a risk management method, by introducing agricultural insurance systems under the sectors of crop, livestock, and general insurance to the agricultural sector in Sri Lanka, contributing to agricultural risk management, assisting in reducing the economic collapse of the farmers in the event of a sudden disaster, and helping the financial institutions that provide agricultural loans. It also helps in developing financial stability.

Furthermore, by introducing social security schemes, it will contribute to secure the retirement life of the farmers involved in the agricultural sector in Sri Lanka and provide financial relief to the farmers in case of hospitalization through medical assistance schemes.

The Agricultural and Agrarian Insurance Board provides continuous service to the local agriculturist under the Agricultural Risk Management and Social Security.



Alignment With Sustainable Development Goals (Sdgs)

As a state-owned institution dedicated to protecting the livelihoods and economic well-being of farmers and the agrarian community, the Agricultural and Agrarian Insurance Board (AAIB) recognizes its important responsibility to contribute to Sri Lanka's sustainable development agenda. Through its agricultural insurance, social security, pension, and other farmer-focused programmes, the Board supports the resilience and sustainable development of the agricultural sector.

The Board's strategic priorities and operational activities are aligned with several **United Nations Sustainable Development Goals (SDGs)**, particularly those relating to poverty reduction, food security, decent livelihoods, Industry, Innovation and Infrastructure, sustainable communities and climate resilience. Through these initiatives, AAIB continues to contribute to the national development priorities while strengthening social protection and promoting the long-term sustainability of the farming community.



Agricultural and social insurance programmes provide essential financial safety nets for farmers and their families, protecting them from economic vulnerability arising from crop losses, natural disasters, accidents, and other unforeseen circumstances.



Strengthening the resilience and economic security of the farming community and supporting the continuity of agricultural production. Through agricultural insurance schemes and compensation programmes, the Board provides financial protection to farmers against crop losses caused by natural disasters, adverse weather conditions, and other agricultural risks.



Providing social protection and insurance support to farmers and members of the agrarian community. Through its insurance and social security schemes, the Board helps reduce the financial burden arising from accidents, disabilities, and other unforeseen circumstances that may affect the health and well-being of farmers and their families.

Through the implementation and enhancement of **Enterprise Resource Planning (ERP) systems, web-based and mobile applications, and providing E-polices to the customers** , the Board is strengthening its digital infrastructure and modernising its operational processes.



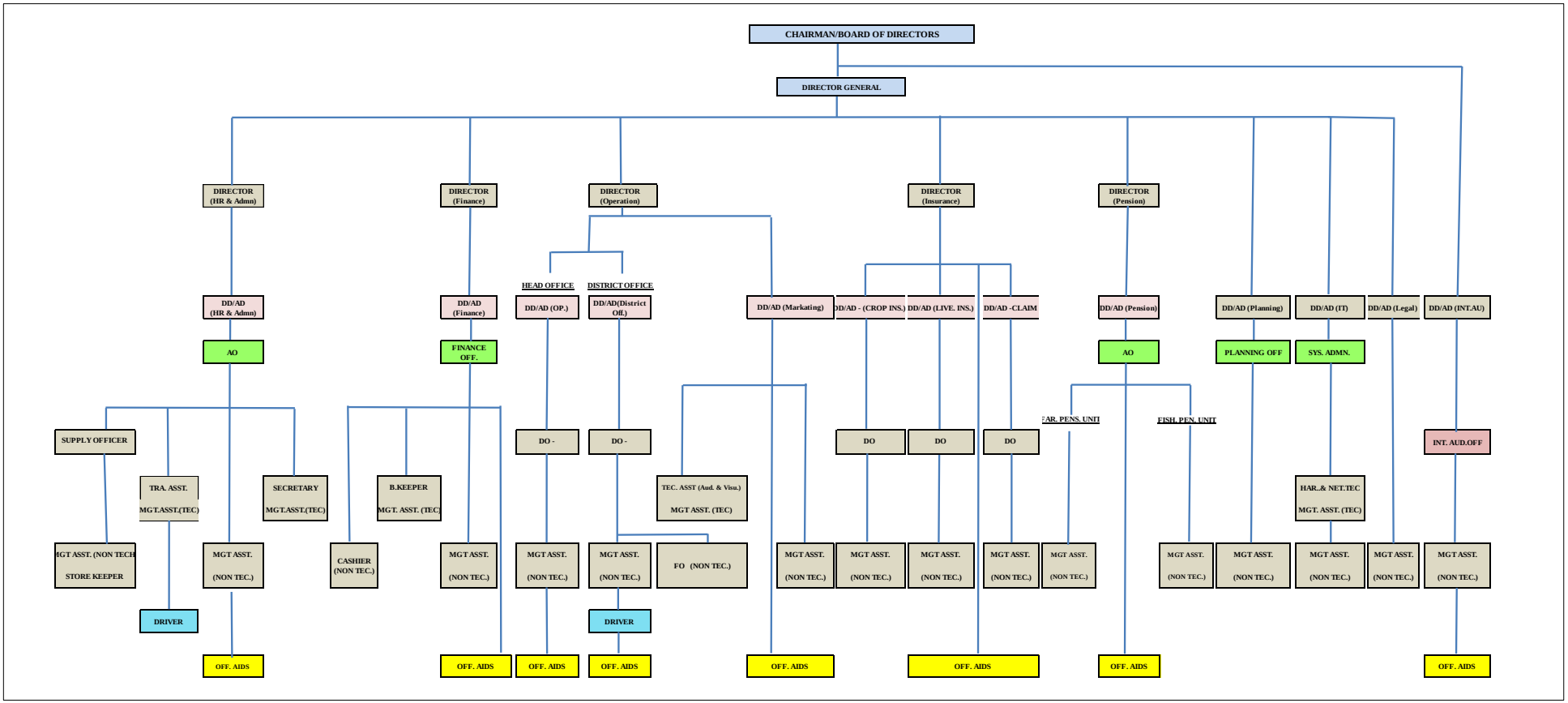


Through the implementation of agricultural insurance and social protection programmes, the Board supports farmers and rural communities in managing the financial impacts arising from crop losses caused by all types of risks, including floods, droughts, cyclones, wild elephant attacks, diseases and pests, fires, and other related causes.

By strengthening the financial resilience of farmers against climate-related risks through agricultural insurance and compensation programmes. These initiatives provide financial protection to farmers affected by adverse weather conditions and natural disasters, enabling them to recover from losses and continue their agricultural activities.



Organizational structure



Senior Leadership



Mr.P.Jasingarachchi
Chairman



Mr.I.U.K. Kaluarachchi
Director General



Mrs.C.M.M.Manthilaka
Director - Insurance



Mr.S.M.U.G.S.K.Subasinghe
Director (Act)
Finance



Mr.K.A.D.C.G.Kodippili
Director (Act)
Operation



Miss.B.R.Kaushalya
Director (Act)
Pension

Zonal Leadership



Mr. Kiritharan
Deputy Director - Jaffna / Kilinochchi
Zonal Director - Northern & Eastern Province



Mr.U.R.A.K.C.Kemarathna
Deputy Director - Kurunegala
Zonal Director - North Western & Western Provine



Mrs.K.M.C.D.Kollalpitiya
Deputy Director- Badulla
Zonal Director - Uva & Southern Province



Mr.W.T.A. Priyadarshana
Assistant Director - Dehiattakandiya
Zonal Director - North Central Province



Mr.W.A.R. Kularathna
Assistant Director - Kandy
Zonal Director - Central & Sabaragamuwa Province

The Head Office Executive Role



Mr.H.S.D. Vithanage
Assistant Director
Pension



Mrs.N.H.D. Priyadarshani
Assistant Director
Internal Audit



Mr.K.Dickson
Assistant Director
Insurance



Mrs. Ayesha Samarakoon
Assistant Director
Planning



Mr.M.C.P.Kumara
Assistant Director
Admin & Human Resource



Mrs.K.H.P.Samankumari
Assistant Director
Admin & Human Resource



Mrs.A.T.D. Fernando
Assistant Director
Livestock



Mr.C.C.K.Samarawickrama
Assistant Director
Finance



Mrs.P.R. Chathurangani
Assistant Director
Finance



Mr.N.T. Isuru Kavindya
Assistant Director
Information Technology

District-Level Operations and Executive Leadership)

Mr.A.L.D.P.S.Ambepitiya	Deputy Director	Puttalam
Mr.P.Kugan	Assistant Director	Mulathivu
Mr.D.M.N.Diyawadana	Assistant Director	Kegalle
Mr.A.Kavantheesan	Assistant Director	Batticaloa
Mr.E.M.N.B.Ekanayaka	Assistant Director	Anuradhapura
Mr.D.B.H.Ambanwala	Assistant Director	Matale
Mrs.D.K.Disanayaka	Assistant Director	Gampaha
Mr.D.G.R.K.Kulawardhana	Assistant Director	Galle
Mr.A.M.L.G.Adhikari	Assistant Director	Mahawa
Mr.W.B.Piyasiri	Assistant Director	Monaragala
Mr.D.H.J.P.V.Rasanga	Assistant Director	Nuwaraeliya
Mr.D.Rangana	Assistant Director	Polonnaruwa Manampitiya (Act.)
Mr.N.Gamhewage	Assistant Director	Hambanthota
Mrs.K.C.Amaraweera	Assistant Director	Embilipitiya
Mr.S.Thilipkumar	Assistant Director	Mannar
Mr.S.Satheeskumar	Assistant Director	Ampara
Mrs.G.K.N.T.Galoluwa	Assistant Director	Rathnapura
Mrs.A.J.N.Athuraliya	Assistant Director	Colombo
Mr.P.Kathiragamanadan	Assistant Director (Act)	Vavuniya
Mr.P.Poornachandran	Assistant Director (Act)	Trincomalee
Mr.K.K.S.Raveendra	Assistant Director (Act)	Kalutara
Mr.R.T.Lokuhetti	Assistant Director (Act)	Matara
Mr.H.B.A.Thennakoon	Assistant Director (Act)	Thambuttegama

Roles And Responsibilities of Senior Management And Division

Board of Directors

- Ensure the establishment of a robust governance framework enshrining principles of accountability, transparency, fairness, and equity in its relationship with stakeholders.
- Participate actively in Board proceedings. Directors are strongly encouraged to read the board papers submitted prior to the Board meetings.
- Ensure adequate delegation of authority to management, especially in making operational decisions, to facilitate effective implementation of strategic directives
- Ensure that the appointments of the CEO and the immediate next senior management level to the CEO are made based on the entity's requirements, selecting candidates internally or externally on merit and performance, rather than seniority alone.
- In case of internal candidates, no person with less than 3 years of future service capacity (until retirement, end of service, or end of contract) should be appointed as CEO.
- The Board should not authorize, empower, or delegate the Chairman with any executive powers that involve execution of operational roles, unless sanctioned by any Act or the AoA.
- Ensure the establishment of a robust governance framework enshrining principles of accountability, transparency, fairness, and equity in its relationship with stakeholders.
- Participate actively in Board proceedings. Directors are strongly encouraged to read board papers submitted prior to the Board meetings.
- Ensure adequate delegation of authority to management, especially in making operational decisions, to facilitate effective implementation of strategic directives.
- Ensure that the appointments of the CEO and the immediate next senior management level to the CEO are made based on the entity's requirements, selecting candidates internally or externally on merit and performance, rather than seniority alone.
- Ensure that the appointments of the CEO and the immediate next senior management level to the CEO are made based on the entity's requirements, selecting candidates internally or externally on merit and performance, rather than seniority alone
- Enter into a performance contract with the CEO that reflects the strategic plan. Evaluate the CEO's performance annually, and decide incentives, including bonuses, based on this evaluation.
- Ensure that the entity is in possession of a sound and reliable Management Information System (MIS) that facilitates decision-making and accountability.
- Ensure the integrity of accounting and financial reporting systems, control systems such as risk management and operational control, and uphold compliance with laws, regulations, and relevant standards.
- Establishing a post-review mechanism within the institution to achieve objectives and consider the needs of key stakeholders.
- Formulating Key Performance Indicators (KPIs) or a Key Performance Dashboard agreed upon with the management, addressing key stakeholder needs and focusing on financial, operational, growth, and innovation metrics (these Key Performance Indicators should reflect the overall performance of the institution .

Chairman

Chair the Board meetings and ensure that proper proceedings are followed.

- Ensure that Board meetings are held regularly, at least once a month, in accordance with the procedures set out in the relevant Act or the AoA. Meetings could be held physically or, if not, virtually using technology
- Set the agenda for Board meetings, focusing on matters of strategic importance rather than day-to-day operations.
- Ensure that all Directors are made aware of their duties and responsibilities, including members of all Board sub-committees.
- Ensure that the Board is provided with adequate information to facilitate effective decision-making.
- Encourage all members of the Board to actively contribute by giving equal opportunity to express their views. If required, external expertise may be sourced to ensure effective decision-making.
- Allow and ascertain that the individual directors' views on any business matters are properly recorded in the minutes, ensuring the secure maintenance of such minutes.

Director General

The Board is responsible for the implementation of the Board's administrative activities, human resources activities, disciplinary activities, financial management, implementation of the Board's overall schemes, and for achieving the overall organizational objectives by directing, motivating and supervising all staff for this purpose.

Director (Administration and Human Resources)

Planning, organizing and directing human resources to achieve the objectives and goals of the Board, keeping in mind the vision and mission of the Board. Organizing local and foreign degree training courses related to human resource development activities, recruitment, appointment and promotion, implementing those procedures and salary and staffing matters, transfer process and employee grievances, implementing trade union activities, problem solving and decision-making activities, implementing general administrative activities and office procedures of the Board and reporting to the management and supervisory officers in this regard and acting as a head of the department.

Director (Finance)

- Responsible for implementing financial activities such as preparing the Board's annual budget, annual reports, corporate plan, managing funds related to periodic payments generated from insurance schemes, compensation payments and retirement benefit payments.

- As well as the responsibility of submitting timely reports regarding income and expenditure, annual final accounts, assets and liabilities, liquid assets, etc. Furthermore, presenting management information to the Board of Directors, ensuring the economical use of the institution's funds and maintaining an efficient financial management situation, and acting as a head of department and responsible to the supervisory officers and management in this regard.

Director (Operations)

Implementing, promoting, managing and supervising crop insurance, livestock insurance, life and general insurance schemes and health insurance schemes related to the implementation of the tasks related to the Agricultural and Farmers' Insurance Act at the field level, collecting data and statistics, identifying optimal sales potentials for the said schemes and implementing them in a manner that results in high performance, maintaining the operational process in a planned manner and managing and supervising the managers and field staff involved in it and acting as the head of the section in this regard.

Director (Insurance)

Planning, establishing and managing life insurance, general insurance, crop insurance, livestock insurance and health insurance schemes for farmers, managing life insurance and insurance activities, managing risks and compensation, implementing and managing the compensation process, coordinating with local and foreign government and non-government organizations and institutions in the insurance sector, utilizing and exchanging new technology, and continuously maintaining an optimal and efficient insurance service, and being responsible to the supervisory officer and management in this regard and acting as the head of the section.

Director (Pensions)

To implement, plan, direct, submit policy proposals, maintain and manage the relevant schemes for high performance and to be responsible to the Supervisory Officer and Management in this regard and to act as the Head of the Division

Scope of the Audit Committee (AC)

The scope of the Audit Committee may cover the following areas:

Financial Reporting

Review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas, and recent professional and regulatory pronouncements, and their impact on the Financial Statements.

Review with management and external auditors the results of the audit, including any difficulties encountered, and reports setting forth significant financial reporting issues, judgments made, and key audit matters.

Review the annual Financial Statements to ensure completeness and consistency with information known to committee members, and compliance with appropriate accounting standards and policies.
Review other sections of the Annual Report and related regulatory filings before release, considering the accuracy and completeness of the information.

Ensure that all matters required to be communicated to the AC have been properly communicated by management and the external auditors.

Review interim financial reports with management, and if required with external auditors, before filing with regulators to ensure completeness and consistency with information known to committee members

Internal Audit

Approve the annual audit plan and any major changes to the plan

Ensure there are no unjustified restrictions or limitations in the scope of the internal audit.

Review the internal audit activity's performance relative to its plan.

Review the effectiveness of the internal audit function.

Consider the effectiveness of the entity's internal control system, including security and the control of information technology.

Monitor the effectiveness, impartiality of the internal auditors, receiving regular reports from the internal audit function and addressing relevant issues concerning the subsidiaries of the SOE, if any on a regular basis

Ensure that the scope of the internal auditor through the review of internal matters.

Review the procurement procedure and progress of implementation of the procurement plan.

Summary of Board of Directors Meetings - 2025

	Name	Position	Date of Appointment	Number of Meetings Held	Number of Meetings Attended
1	Mr. Jasingarachchi	Chairman, Agricultural & Agrarian Insurance Board	2024.09.10	11	11
2	Mr.M.A.S.H. Perera	Additional Director General , Department of Treasury Operations	2024.12.24		10
3	Mrs.G.G.V. Shayamali	Additional Director General (Development) Department of Agriculture	2025.02.20		10
4	Mrs.Irangani Weerasinghe	Senior Assistant Secretary (Admin) Livestock Division Ministry Agriculture, Livestock, Lands & Irrigation	2025.02.20		11
5	Mr.R.A.D.S. Ranathunga (Appointed as a Commissioner General of Agrarian Development from 2025.10.09)	Additional Secretary (Fisheries Resources Management) Ministry of Fisheries, Aquatic & Ocean Resources	2024.12.05		8
	Mr. Darshana Wijesiriwardhana	Additional Secretary (Fisheries Resources Management) Ministry of Fisheries, Aquatic & Ocean Resources	2025.11.21		1
6	Mr.H.A.K.R.Thisera	Additional Secretary (Admin) , Ministry of Agriculture, Livestock, Lands & Irrigation	2024.12.05		6
	Mr.T. Hemantha Amarasinghe	Director (Agri Technology) Ministry of Agriculture, Livestock, Lands & Irrigation	2025.11.21		1
7	U.B. Rohana Rajapaksha	Commissioner General Department of Agrarian Services (Retaired Since 2025.10.08)	2024.12.05		5
	Mr.R.A.D.S.Ranathunga	Commissioner General Department of Agrarian Services	2025.12.05		1
8	Mr.B.A.P.S.Balasooriya	Senior Manager, National Savings Bank Head office	2025.03.04		7
9	Mr. Dhammika Rajapaksha	Farmer Organization Representative			

Members of the Audit Committee Meetings for the Year 2025

1st Quarter

Name	Position
Mr. M.A.H.S. Perera	Additional Director General – Department of Treasury operation
Mr. Rohana Rajapaksha	Commissioner General - Department of Agrarian Development
Mr. H.A.K.R. Thisera	Additional Secretary – Administration (Rural Economic Sector), Ministry of Agriculture, Livestock, Land, and Irrigation
Mr. Kamal Priyadarshana	Internal Auditor – Audit Department, Ministry of Agriculture, Livestock, Land, and Irrigation
Mr. R.A.J.D. Perera	Audit Superintend –Audit General Department

2nd Quarter

Name	Position
Mr. M.A.H.S. Perera	Additional Director General – Department of Treasury operation
Mr. Rohana Rajapaksha	Commissioner General - Department of Agrarian Development
Mr. H.A.K.R. Thisera	Additional Secretary – Administration (Rural Economic Sector), Ministry of Agriculture, Livestock, Land, and Irrigation
Mr. Kamal Priyadarshana	Internal Auditor – Audit Department, Ministry of Agriculture, Livestock, Land, and Irrigation
Mr. R.A.J.D. Perera	Audit Superintend –Audit General Department

3rd Quarter

Name	Position
Mr. M.A.H.S. Perera	Additional Director General – Department of Treasury operation
Mr. Rohana Rajapaksha	Commissioner General - Department of Agrarian Development
Mr. H.A.K.R. Thisera	Additional Secretary – Administration (Rural Economic Sector), Ministry of Agriculture, Livestock, Land, and Irrigation
Mr. Kamal Priyadarshana	Internal Auditor – Audit Department, Ministry of Agriculture, Livestock, Land, and Irrigation
Mr. R.A.J.D. Perera	Audit Superintend –Audit General Department

4th Quarter

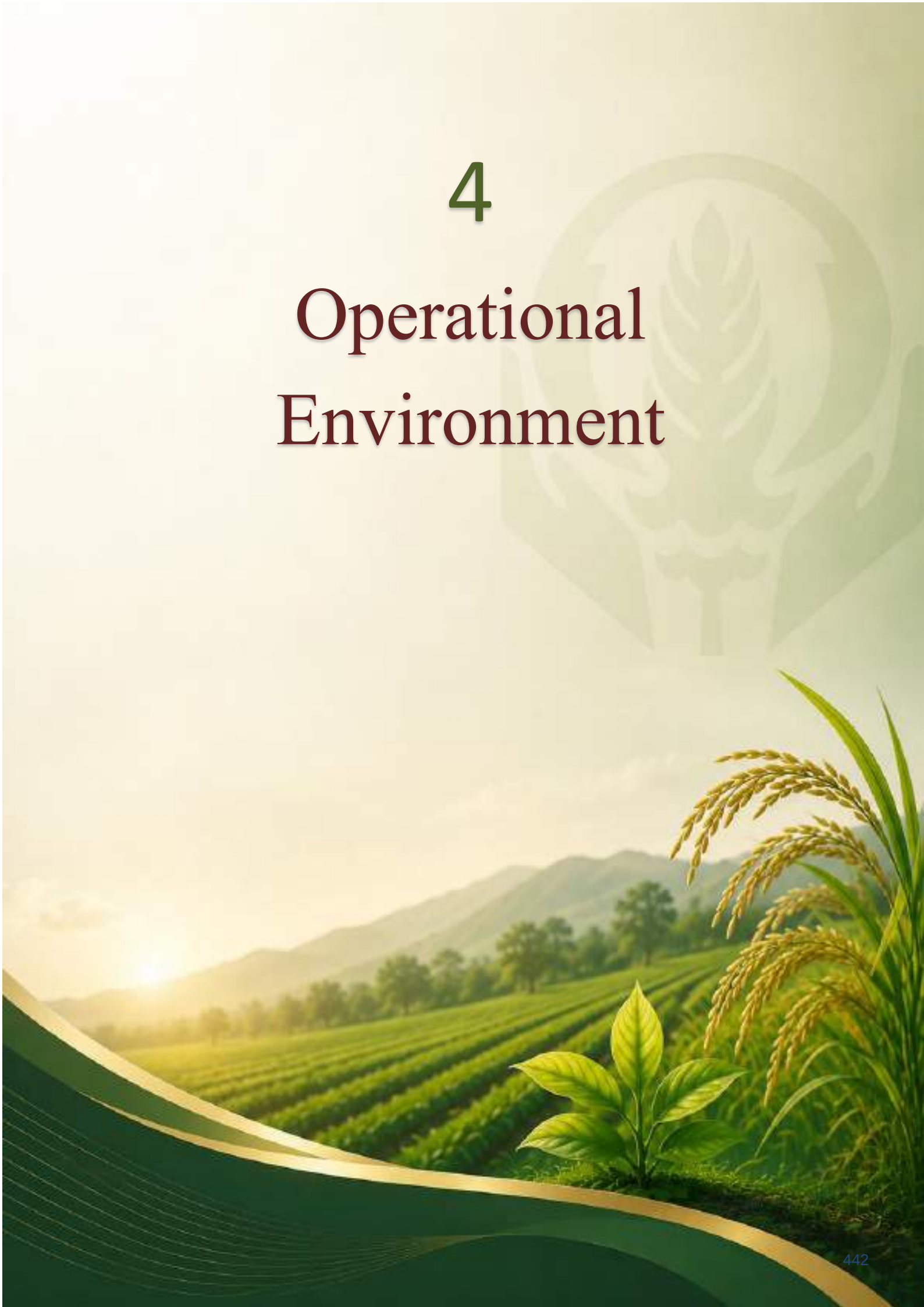
Name	Position
Mr. M.A.H.S. Perera	Additional Director General – Department of Treasury operation
Mr. R.A.D.S. Ranathunga	Commissioner General – Agrarian Services Department of Agrarian Department
Mr. Hemantha Amarasinghe	Director (Agriculture Technology)), Ministry of Agriculture, Livestock, Land, and Irrigation
Mr. Kamal Priyadarshana	Internal Auditor – Audit Department, Ministry of Agriculture, Livestock, Land, and Irrigation
Mr. R.A.J.D. Perera	Audit Superintend –Audit General Department

Summary of Risk Management Committee Meetings for the Year 2025

Date of the Risk Management Committee Meeting	Name of the Attending Officer	Designation
2025.06.26	Mr. Rohana Rajapaksha	Commissioner General - Department of Agrarian Development
	Mr. M.A.H.S. Perera	Additional Director General – Department of Treasury operation
	Mr. H.A.K.R. Thisera	Additional Secretary – Administration (Rural Economic Sector), Ministry of Agriculture, Livestock, Land, and Irrigation
2025.08.27	Mr. Rohana Rajapaksha	Commissioner General - Department of Agrarian Development
	Mr. M.A.H.S. Perera	Additional Director General – Department of Treasury operation
2025.10.17	Mr. M.A.H.S. Perera	Additional Director General – Department of Treasury operation
2025.12.11	Mr. M.A.H.S. Perera	Additional Director General – Department of Treasury operation
	Mr. R.A.D.S. Ranatunga	Commissioner General of Agrarian Development – Department of Agrarian Development
	Mr. Hemantha Amarasinghe	Director (Agri-Technology) – Ministry of Agriculture, Livestock, Land and Irrigation

4

Operational Environment





Paddy cultivation remains the backbone of Sri Lanka's agriculture.

The Agricultural and Agrarian Insurance Board (AAIB) continued in 2025 as Sri Lanka's sole government agency providing agricultural insurance, offering comprehensive protection to farmers, fishermen, and agriculturists. The Board's operations spanned staple crops, commercial crops, plantations, livestock, and associated agricultural assets. AAIB's unique position as the principal crop insurer and major livestock insurer underscores its vital role in protecting rural livelihoods, mitigating agricultural risks, and supporting national food security, while third-party and general insurance remain a minor component.

Sector Trends and Developments

In 2025, AAIB implemented both government-supported and premium-based schemes. Under the National Crop Insurance Scheme, all farmers cultivating paddy, maize, chilli, big onion, potato, and soya were automatically insured with a sum insured of LKR 40,000 per acre, covering up to five acres of paddy and 2.5 acres of other crops. Major perils including floods, droughts, and elephant attacks were fully funded by the government, while additional risks such as pests, diseases, and other animal damage were insured through contributory premiums.

Premium-based schemes covered 99,213 acres across field, commercial, and plantation crops, generating LKR 641,594,466.71 in premium income. Crop insurance claims totaled LKR 1,816.50 million, covering 104,752.26 acres. Livestock insurance protected 6,183 animals, with claims of LKR 8.9 million. Personal accident schemes, including coverage for farmers, the Sayura scheme for fishermen and industry-specific coverage for Kithul, Palmyra, Coconut, and Cinnamon workers, served 10,033 contributors, resulting in claims of LKR 0.2 million. Vehicle and asset insurance covered 574,497 vehicles, seven stores, and two protected houses, with claims totaling LKR 2.5 million.

Several new schemes were introduced in 2025, including the Pig Insurance Scheme and Bread Paddy Insurance Scheme, while existing crop insurance schemes for cinnamon, rubber, tea, coconut, beetle, and other crops were amended to enhance coverage. The Farmers' Pension Scheme enrolled 8,837 new farmers, generating premium income of LKR 90,088,292.85. Nationwide promotional competitions incentivized agents, team leaders, and field officers with cash prizes and umbrellas for top-performing agents, effectively increasing awareness and enrollment.

Technological modernization was a key focus. The ERP system, funded by GIZ, integrated administrative, HR, crop and livestock insurance, pension, and third-party modules. AAIB also initiated insurance cards for personal accident schemes, launched an SMS reminder system, and operated a call center to notify beneficiaries about premiums and policy expirations. These digital interventions enhanced efficiency, monitoring, and field-level service delivery.

Disaster risk management remained central. In 2025, indemnity payments were processed for Fangal Cyclone crop losses and Ditwah Cyclone livestock damages, alongside seasonal hazards including floods, droughts, elephant incursions, pest infestations, crop diseases, and other animal damages. These interventions ensured that farmers and livestock owners remained financially protected.

Total claims paid in 2025

- Crop insurance: Rs. 1,816.50 million covering 104,752.26 acres
- Livestock insurance: Rs. 8.9 million covering 221 animals
- Vehicle insurance: Rs. 2.5 million for 8 incidents
- General insurance: Rs. 0.2 million

These payments reflect the institution's role in protecting farmer livelihoods under high-risk conditions.

At the end of 2025, AAIB continued to hold a dominant market position in Sri Lanka's agricultural insurance sector, being the major provider of crop insurance and a significant provider of livestock insurance, while third-party and general insurance remain minimal. The Board's market share for crop insurance exceeds 90%, highlighting its role as the principal insurer of farmers nationwide and consolidating its leadership within the sector

Key Stakeholders and Engagement

In 2025, AAIB maintained extensive coordination with national and regional government agencies, financial institutions, development partners, and community organizations to ensure the effective implementation of insurance and pension schemes, disaster risk management, and operational modernization.

At the national level, the Board worked closely with the Ministry of Agriculture, Livestock, Land and Irrigation, providing policy guidance, submitting proposals, and aligning its programs with national agricultural insurance objectives.

In 2025, the Board received LKR 626 million for the National Crop Insurance Scheme and LKR 5,323.87 million for the Farmers' Pension Scheme, which were used exclusively to ensure timely indemnity payments and pension disbursements.

AAIB also engaged with the Department of Agriculture, Agrarian Development Department, Mahaweli Authority, Department of Animal Production and Health (DAPH), Divisional Secretariats, and financial institutions, facilitating farmer enrollment, crop and livestock damage assessments, and claims settlement efficiently.

At the regional and district levels, AAIB worked with key institutions and their field officers as follows:

- Agrarian Service Centers (ASCs) — regional offices of the Department of Agrarian Development; ARPA officers and Development Officers (DOs) implemented farmer enrollment, scheme promotion, and field-level operational support.
- District offices of the Department of Agriculture — Assistant Instructors (AIs) facilitated technical support, awareness, and crop damage assessments.
- Regional livestock offices and LDI offices (Livestock Development Instructors) — managed livestock insurance implementation, animal damage assessments, and claims processing

AAIB also collaborated with farmers' organizations, Sithamu women's societies, and all relevant crop-specific societies, including tea pluckers, rubber, coconut, and other plantation and commercial crop societies, to promote insurance schemes and encourage enrollment. Expert agricultural boards, such as the Coconut Development Board, Rubber Development Board, and other relevant government agencies, supported awareness campaigns and field outreach. Post offices played a key role in facilitating timely payments for the Farmers' Pension Scheme.

The Fishermen's Pension Scheme was launched with full coordination with the Ministry of Fisheries and NAQIDA (National Aquatic Resources Research and Development Agency), providing social protection coverage for freshwater and brackish water fishermen.

AAIB strengthened partnerships with international development agencies to enhance operational and digital capacity. The ERP system, funded by GIZ and developed in collaboration with MIT, included modules for administration, HR, crop and livestock insurance, pension, and third-party operations. Field implementation will continue following the system's first quarter 2026 completion. The Board also engaged with the World Bank's IRDCRP project through the Ministry of Agriculture to support agricultural risk management, climate resilience, and social protection initiatives.

To enhance public engagement and scheme uptake, AAIB conducted islandwide awareness programs and training sessions for farmers, fishermen, government officers, and community organizations. Promotional competitions, cash prizes, and motivational rewards, such as umbrellas for high-performing agents, were used to increase enrollment and understanding of the Sayura Personal Accident Insurance Scheme and the Farmers' Pension Scheme.

AAIB also worked collaboratively with the Disaster Management Centre under the Ministry of Defence for hazard coordination, data sharing, and field-level operations, and with the Ministry of Environment specifically for the preparation of the national drought plan, ensuring insurance operations aligned with sustainable agricultural practices and national drought management strategies.

Through these multi-level collaborations, AAIB strengthened institutional linkages, enhanced operational efficiency, and ensured that insurance and social protection programs effectively reached the intended beneficiaries at national, regional, and community levels.

Economic and Political Environmental Impact

The Agricultural and Agrarian Insurance Board (AAIB) operates within a dynamic economic and political environment that directly influences the accessibility and uptake of insurance and pension schemes across Sri Lanka. In 2025, macroeconomic conditions, including inflation, interest rates, and fluctuations in the exchange rate, affected operational costs and resource planning. The agricultural sector's contribution to national GDP underscores the importance of risk management interventions to stabilize farm incomes and maintain productivity.

Access to insurance depends on the financial capacity of farmers. Many smallholder farmers require sufficient disposable income or savings to pay premiums, which can be affected by seasonal income variability, market prices for crops, and input costs. This economic reality shapes AAIB's approach to scheme design, premium structuring, and outreach strategies to ensure that farmers can participate in insurance programs without excessive financial burden.

Government fiscal policies and budgetary support were key determinants of AAIB's operational capacity. In 2025, allocations of LKR 626 million for the National Crop Insurance Scheme and LKR 5,323.87 million for the Farmers' Pension Scheme enabled the Board to ensure timely indemnity payments and pension disbursements, reinforcing its role as a policy instrument for social protection and agricultural risk management. The broader fiscal environment, including subsidies, taxation, and expenditure priorities, also influenced planning, resource allocation, and operational flexibility.

Political and regulatory developments shaped AAIB's strategic and operational decisions. Policies on agricultural development, disaster risk management, and climate adaptation guided the Board's priorities, while legislative frameworks ensured compliance, accountability, and alignment with national objectives. These political factors created both opportunities and constraints, requiring the Board to adjust its strategies in response to changing conditions.

Global and regional economic trends, trade policies, and international development partnerships further influenced the operating environment. Collaborations with donors and technical agencies supported digital transformation, process standardization, and operational efficiency, enhancing AAIB's capacity to respond to both routine and emergency situations in the agricultural sector.

By monitoring these economic, fiscal, and political factors, and by considering farmers' ability to pay premiums, AAIB ensured that its insurance and pension programs remained resilient and continued to provide effective social protection to farmers, livestock owners, and fishermen nationwide, despite evolving macroeconomic and regulatory challenges.

5

Performance Review and Progress Analysis



Financial Performance, Insurance Coverage and Social Protection Contribution

Financial and Operational Progress in 2025

During 2025, the Agricultural and Agrarian Insurance Board further strengthened its financial stability, operational efficiency, and service delivery to the farming community, while achieving notable progress in the agricultural insurance sector.

The Board recorded strong financial and operational performance during the year. Through its agricultural insurance schemes, the Board generated an operating profit of Rs. 1,205.8 million and a net profit of Rs. 685.8 million, demonstrating sustained financial growth and improved operational performance.

Expanding Insurance Coverage for Farmers

As part of its commitment to protecting farmers from the adverse impacts of climate change and other agricultural risks, the Board continued to implement insurance coverage for six mandatory crops, namely paddy, maize, big onion, potato, soybean and chilli. Under this programme, farmers were provided with insurance coverage without having to bear the insurance premium, up to a maximum coverage of Rs. 40,000 per acre. The Government provided a full financial contribution of Rs. 1,500 million to support this initiative. Under this programme, a total of Rs. 1,648 million was paid as compensation for crop losses covering 94,169 acres of cultivated land belonging to 81,055 farmers.

In addition, the Board successfully implemented an additional insurance scheme providing compensation of up to Rs. 100,000 per acre, covering a broader range of risks and thereby providing enhanced financial protection to farmers against potential crop losses.

Furthermore, under the National Crop Insurance Programme, during 2025, a total of 101,983.69 acres of cultivated land belonging to 85,319 active farmers were brought under national insurance coverage, covering both cultivation seasons of the year.

Social Protection for the Farming and Fishing Communities

Providing social protection to the farming and fishing communities remains one of the Board's key social responsibilities. As part of this commitment, the Board continued to provide pension benefits to farmers and fishermen during 2025.

During the year, a total of Rs. 4,989 million was successfully paid as Farmers' Pension benefits to 178,998 farmers. In addition, Rs. 96 million was paid as Fishermen's Pension benefits to 6,359 fishermen.

These payments made a significant contribution towards strengthening the economic security and financial stability of farmers and fishermen during their retirement years. Through these initiatives, the Board continued to fulfil its broader social mandate of protecting not only the livelihoods of the farming community but also contributing to their long-term social and economic security.

KEY PERFORMANCE INDICATORS

Performance Review and Strategic Alignment

This section provides a comprehensive review of the Agricultural and Agrarian Insurance Board's (AAIB) performance for the financial year ended 31 December 2025. It outlines the Board's strategic objectives, key operational priorities, and performance targets, with particular emphasis on their alignment with national agricultural development priorities and the Government's policies for strengthening the social security and economic resilience of the farming community.

FINANCIAL KPIS	
Rs.3,450 Mn Total Revenue	**Rs.853 Mn.** Profit Before Tax (AIB)
Rs.12,260 Mn. Investment Income	**Rs. (1,906)** Profit Before Tax (Group)
Rs.13,049 Total Assets	**Rs.731 Mn.** Profit After Tax (AIB)
Rs.1,720 Mn Indemnity Payments	**Rs. (2,028) Mn.** Profit After Tax (Group)
Rs. 5,083 Mn Farmer's Pension Payments	**Rs. 91 Mn** Fishermen's Pension Payments

OPERATIONAL KPIS - SERVICE DELIVERY METRICS	
30 Branch Office	**1,922** Total Service Outlets
25 Districts Covered	**3,606** Agency Network
24x7 Call centre	

DEVELOPMENTAL KPIS – HUMAN CAPITAL AND SOCIAL IMPACT	
307 Total Workforce	**25** Training Programmes
53% Female Representation	**Rs. 2.6 Mn** Education Loan Granted
94% Staff Retention Rate	

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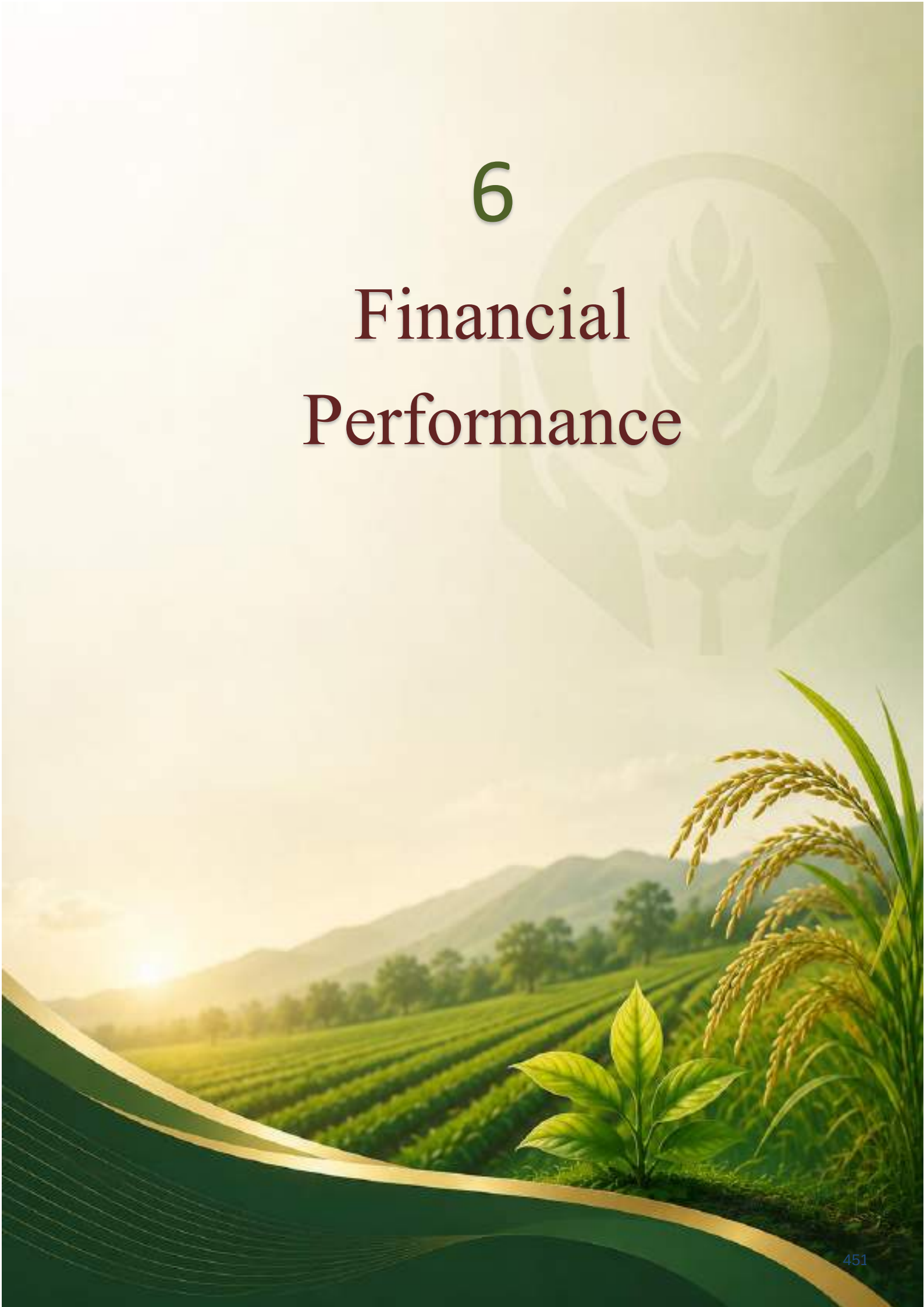
Financial Performance



Decade Financial Review and Growth

Annual Net Profit – Agricultural & Agrarian Insurance Board (Group)

(Rs. Million)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Revenue	3,449.93	4,013.93	3,848.42	3,676.44	3,655.16	3,724.63	3,566.55	4,569.71	5,916.38	972.87
Operational Expenses	(9,996.70)	(11,571.62)	(11,775.59)	(9,493.46)	(9,961.99)	(11,049.21)	(9,895.46)	(10,016.05)	(12,313.74)	(6,655.42)
Operating Surplus	(6,546.76)	(7,557.69)	(7,927.18)	(5,817.01)	(6,306.83)	(7,324.58)	(6,328.90)	(5,446.34)	(6,397.36)	(5,682.55)
Government Grants	5,326.63	5,011.63	4,601.23	4,158.00	4,000.00	4,649.63	3,203.00	2,835.00	2,760.00	2,690.00
Other Income	35.79	22.21	18.22	9.82	11.14	11.45	12.52	7.56	51.59	6.89
Total Expenses	(722.20)	(658.34)	(576.82)	(486.77)	(336.20)	(327.95)	(328.96)	(307.82)	(293.47)	(269.11)
Profit Before Tax	(1,906.55)	(3,182.19)	(3,884.55)	(2,135.97)	(2,631.89)	(2,991.45)	(3,442.35)	(2,911.60)	(3,879.24)	(3,254.77)
Income Tax Payments	(121.34)	(124.23)	(150.08)	(111.21)	-	-	-	-	-	-
Profit After Tax	(2,027.89)	(3,306.41)	(4,034.63)	(2,247.18)	(2,719.49)	(3,061.51)	(3,486.25)	(2,968.84)	(3,883.29)	(3,273.66)
Annual Net Profit / Loss (After Provisions)	**(2,113.57)**	**(3,386.88)**	**(3,989.87)**	**(2,343.21)**	**(2,700.79)**	**(3,083.72)**	**(3,505.30)**	**(2,969.07)**	**(3,895.42)**	**(3,260.99)**

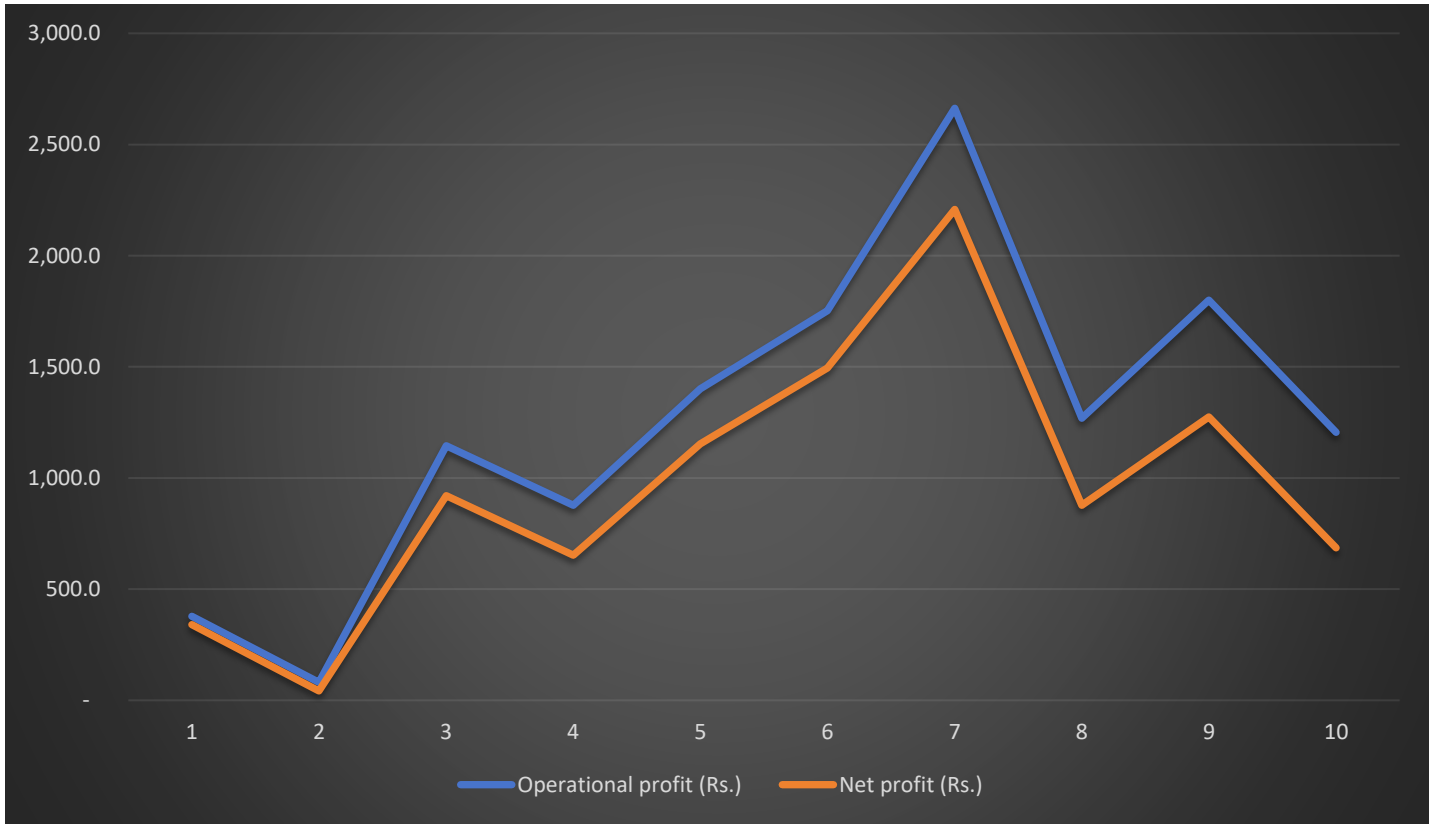
Net Annual Profit (Agricultural Insurance Scheme)

(Rs. Million)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Revenue	637.94	623.28	502.03	390.56	390.85	344.40	298.55	282.79	156.47	737.04
Operational Expenses	(1,839.81)	(1,892.18)	(2,220.02)	(769.18)	(1,704.90)	(2,129.08)	(2,487.01)	(3,253.78)	(5,654.23)	(404.49)
Operating Surplus	1,205.85	1,799.76	1,268.23	2,663.14	1,752.00	1,401.34	878.06	1,144.73	80.94	377.72
Other Income	28.57	17.21	14.35	6.75	8.16	8.29	9.14	4.00	130.12	122.51
Administrative Expenses	(381.58)	(353.56)	(299.86)	(229.10)	(184.22)	(179.61)	(184.27)	(169.04)	(160.85)	(144.02)
Financial Expenses	(0.21)	(0.35)	(0.21)	(0.10)	(0.07)	(0.16)	(0.75)	(0.69)	(0.28)	(0.39)
Profit Before Tax	852.63	1,463.06	982.50	2,440.68	1,575.88	1,229.86	702.19	979.00	49.93	355.83
Income Tax Payments	(121.34)	(124.23)	(150.08)	(111.21)	-	-	-	-	-	-
Profit After Tax	731.29	1,338.84	832.42	2,329.47	1,488.27	1,159.80	658.28	921.76	45.88	336.94
Annual Net Profit / Loss	**685.82**	**1,274.32**	**877.28**	**2,207.80**	**1,494.36**	**1,153.68**	**652.34**	**921.08**	**42.36**	**339.90**

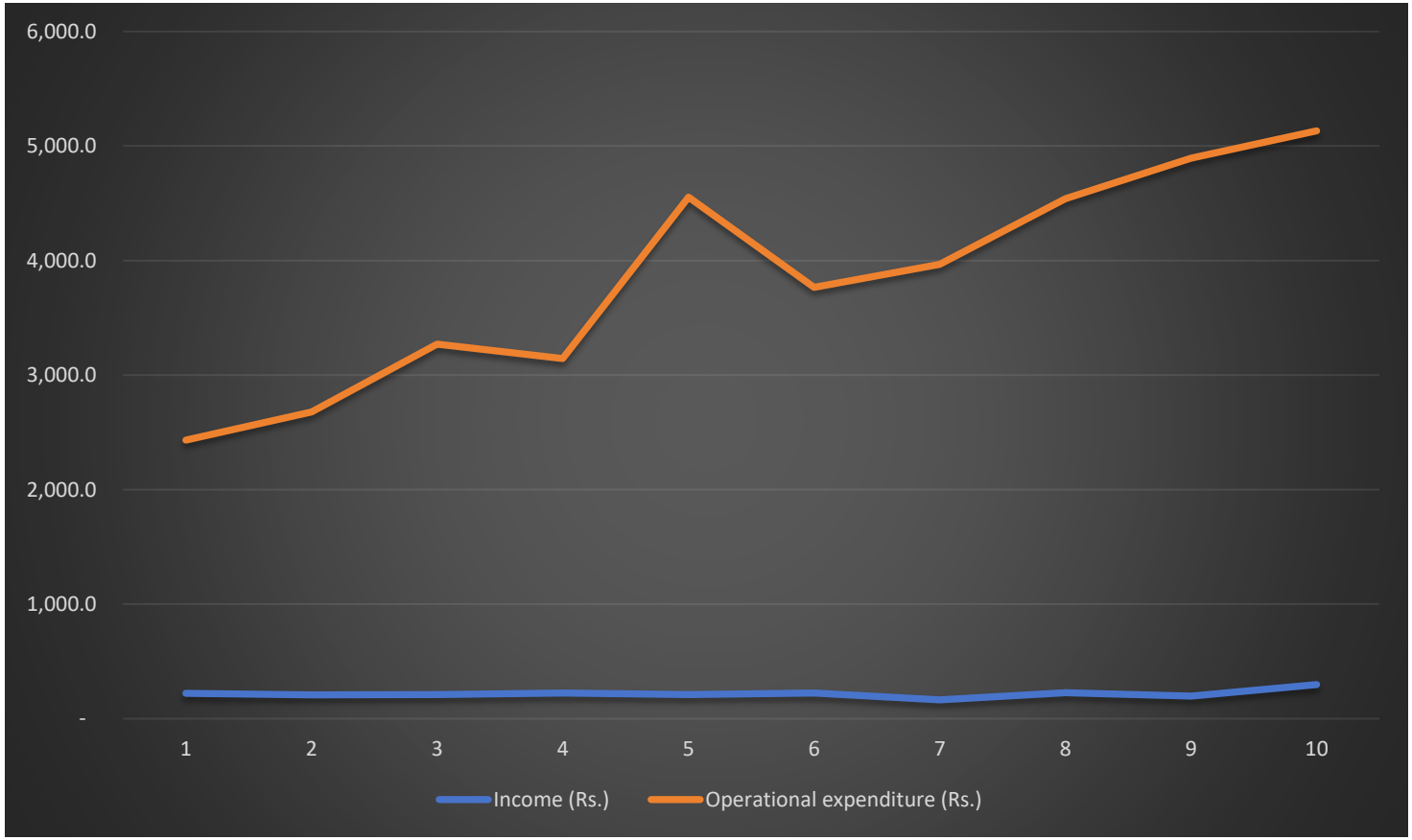
Profitability

➢ Agricultural Insurance Scheme



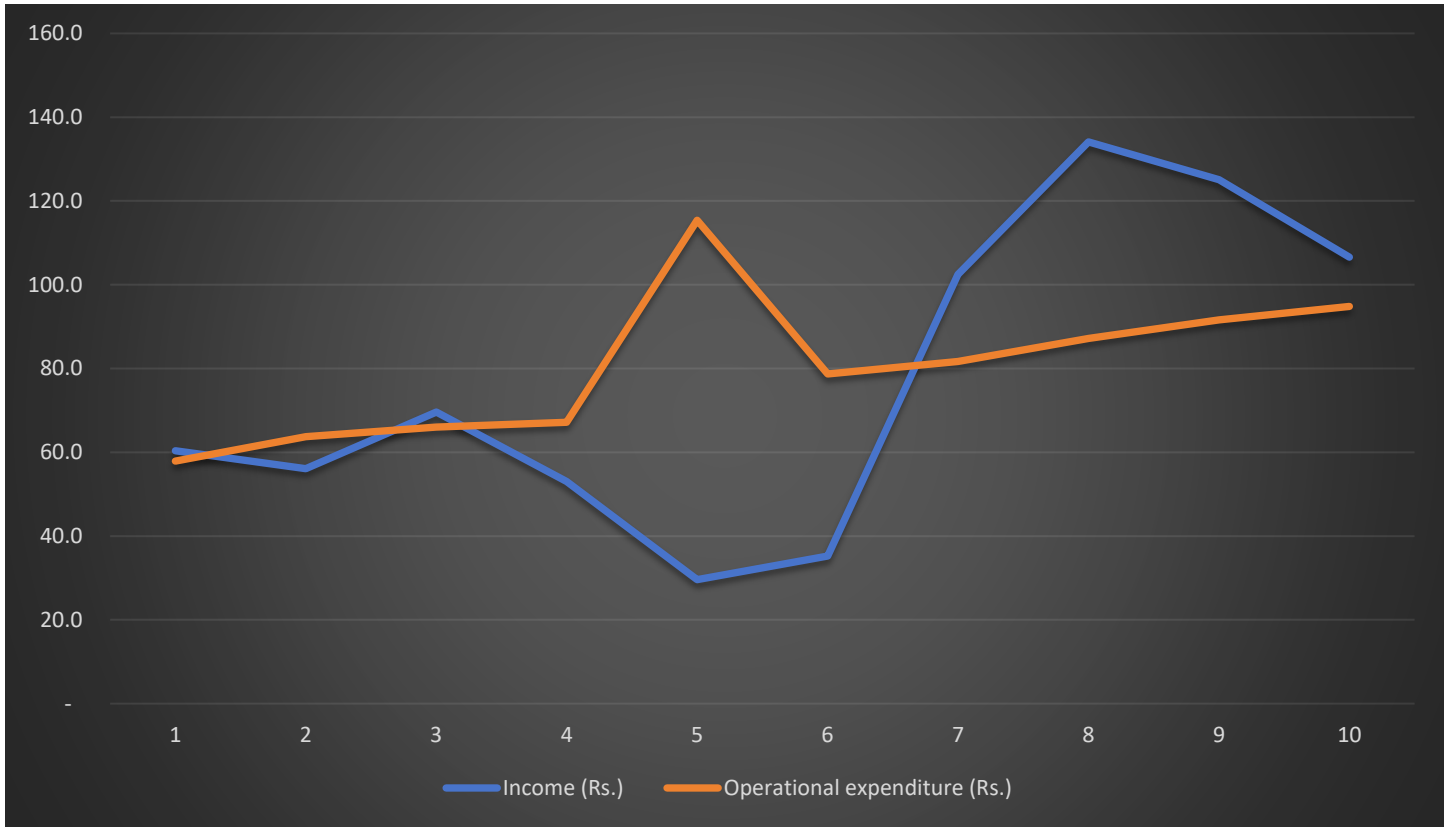
	1 2016	2 2017	3 2018	4 2019	5 2020	6 2021	7 2022	8 2023	9 2024	10 2025
Operational profit (Rs.)	377.7	80.9	1,144.7	878	1,401.3	1,752.0	2,663.0	1,268.2	1,799.7	1,205.9
Net profit (Rs.)	339.9	42.3	921.0	652.3	1,153.7	1,494.4	2,208.0	877.0	1,274.3	685.8

➢ Farmers' Pension Scheme



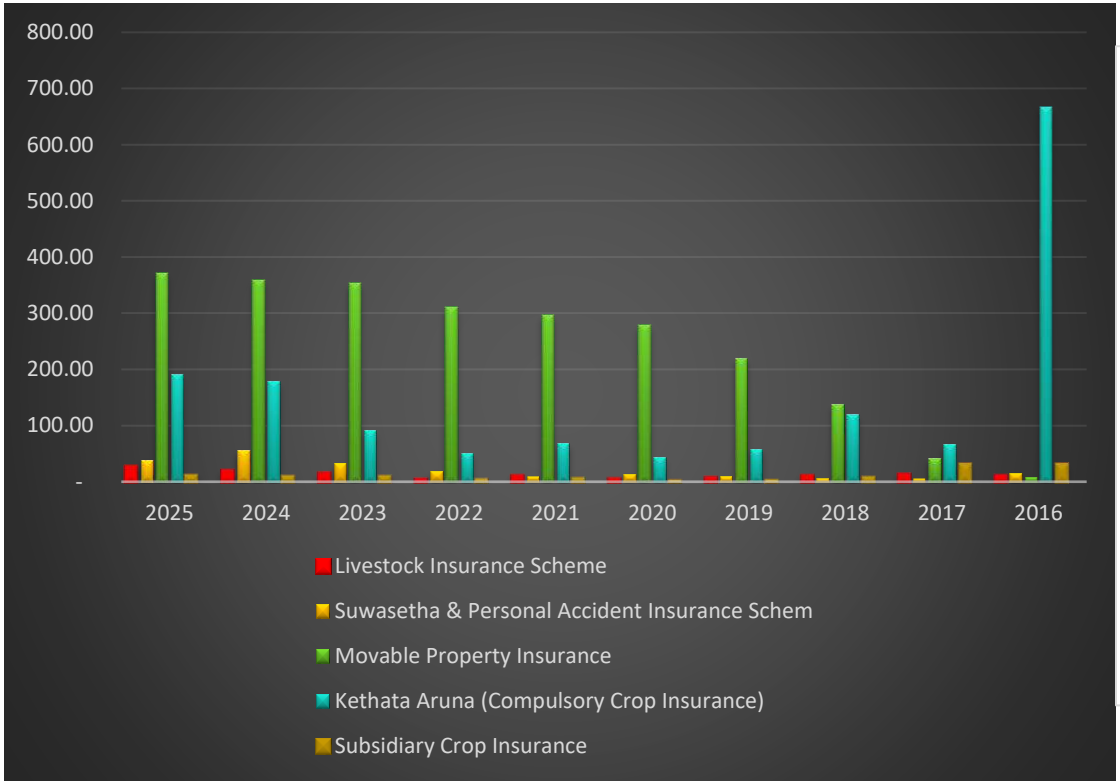
	1 2016	2 2017	3 2018	4 2019	5 2020	6 2021	7 2022	8 2023	9 2024	10 2025
Income (Rs.)	221.6	208.4	211.9	223.4	209.8	224	164.4	225.9	196.8	297.7
Operational expenditure (Rs.)	2,432.2	2,679.4	3,271.2	3,144.6	4,555	3,766	3,967.9	4,539.6	4,895.4	5,132.8

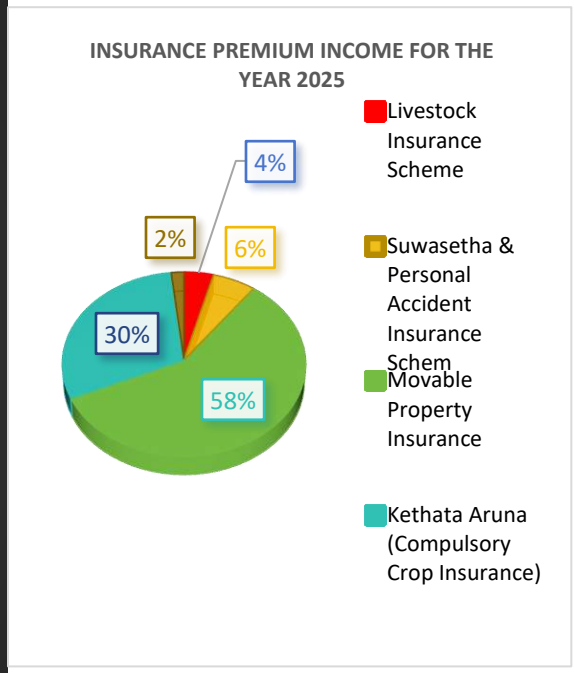
➢ Fishermen's Pension Scheme



	1 2016	2 2017	3 2018	4 2019	5 2020	6 2021	7 2022	8 2023	9 2024	10 2025
Income (Rs.)	60.4	56.1	69.6	53.03	29.6	35.2	102.5	134.1	125.1	106.6
Operational expenditure (Rs.)	57.9	63.7	66	67.2	115.4	78.7	81.7	87.2	91.6	94.8

Ten-Year Trend in Insurance Premium Income





(Rs. Million)

Insurance Scheme	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Livestock Insurance Scheme	26.23	19.63	15.59	5.25	11.07	5.78	7.87	10.59	13.39	10.57
Suwasetha & Personal Accident Insurance Schem	38.34	56.00	32.30	18.55	9.04	13.78	9.42	6.34	5.31	15.61
Movable Property Insurance	371.07	358.85	353.44	311.04	296.50	278.94	220.15	137.85	41.91	7.81
Kethata Aruna (Compulsory Crop Insurance)	191.06	178.80	90.95	50.99	67.84	43.62	58.07	119.97	65.64	667.54
Subsidiary Crop Insurance	11.24	9.99	9.75	4.72	6.41	2.28	3.05	8.04	30.01	30.09
Warehouse Insurance									0.20	
Total	**637.94**	**623.28**	**502.03**	**390.56**	**390.85**	**344.40**	**298.55**	**282.79**	**156.47**	**731.63**

7

Service Delivery Performance and Progress



Agricultural Insurance Scheme

Established under the Agricultural Insurance Act No. 27 of 1973, this Board has introduced and implemented a vast number of insurance schemes for the agricultural and fisheries communities over a span of more than 50 years. The insurance process, which commenced with paddy cultivation in 1973, continues its insurance operations by expanding its schemes by the year 2025. The Board has rendered a monumental service in stabilizing the economic status of the agricultural and fisheries populace, particularly by providing coverage for damages resulting from uncontrollable factors (impacts of nature).

The Insurance Division of the Agricultural and Agrarian Insurance Board introduces various insurance schemes to the market in accordance with the timely needs of agriculturists and market demand. The primary function executed by the Insurance Division is risk management through the formulation, market-based updating, implementation, and management of the indemnification process for crop insurance, livestock insurance, health and accident insurance, and general insurance schemes.

The insurance schemes introduced and implemented by the Insurance Division under this mandate to date are as follows,

Crop Cultivation Insurance



Compulsory crop cultivation insurance

Government-subsidized insurance coverage is provided for six major agricultural crops widely cultivated in the field (Paddy, Maize, Potato, Big Onion, Chilli, and Soya beans).



Tuber and Vegetable Crop Insurance

Insurance is provided for tuber crops as well as up-country and low-country vegetable crops (Sweet Potato, Cassava, Taro, Beetroot, Cabbage, Carrot, Leeks, Red Onion, Brinjal, Beans, Capsicum, Tomato, Bitter Gourd, and Pumpkin).



Field Crop Cultivation Insurance

Field crop cultivation insurance is provided for selected coarse grains, legumes, and oilseed crops (Cowpea, Green Gram, Black Gram, Finger Millet, Peanut, Sesame, and Horse Gram).



Other Crops Insurance

For the insurance of commercial fruit cultivations such as Pineapple, Banana, and Papaya.



Commercial Crop Insurance

For major spice crops cultivated in Sri Lanka for commercial and export purposes (Ginger, Turmeric, Cinnamon, and Black Pepper).



Betel Cultivation Insurance

Since betel cultivation is highly susceptible to diseases, this scheme is designed for the risk management of commercial betel cultivations aimed at local and foreign export markets.



Coconut Cultivation Insurance

For the insurance of large-scale, commercial coconut cultivations destroyed by natural causes as well as, particularly, wild elephant damage.



Rubber Cultivation Insurance

For the protection of large-scale, commercial rubber cultivations against diseases and natural disasters affecting rubber cultivation, which is a major plantation crop in Sri Lanka.



Coffee cultivation Insurance

For the insurance of large-scale, commercial coffee cultivations grown in both up-country and low-country regions. (Being formulated)



Sugarcane Cultivation Insurance.

For the insurance of large-scale, commercial sugarcane cultivations



Seed Paddy Cultivation Farms

For the insurance of commercial seed paddy cultivation farms recommended by the Department of Agriculture, aiming to ensure high-quality production and support national rice production.



Mushroom Cultivation Insurance

For the insurance of commercial mushroom cultivations, addressing the growing trend and high participation of entrepreneurs entering the mushroom farming sector.

General Insurance



Agricultural Implements Insurance

For the insurance of agricultural equipment belonging to farmers engaged in agriculture utilizing modern machinery.



Tractor Insurance

For the insurance of two-wheel tractors and four-wheel tractors (including trailers) utilized for agricultural purposes.



Warehouse Insurance

Warehouse insurance is operational for farmers' private paddy stocks and paddy warehouses to manage risks and damages caused to the harvested yield by natural disasters, wild elephants, and theft.



Greenhouses Insurance

For Greenhouses - Covers the structural asset, including the protected house and greenhouse equipment.



Insurance For Greenhouses Cultivations

For Greenhouses Cultivations:
Covers the crops cultivated inside the greenhouse environment.

Suwasetha & Accident Insurance



Suwasetha Health Insurance

To minimize the financial difficulties faced by farmers and their family members due to accidents or hospitalization.



Accident Insurance for Farmers

To provide coverage for death, permanent disability, or temporary disability of agriculturists resulting from an accident.

New



Palmyra, Coconut, and Kithul Accident Insurance

For individuals under 65 years of age in good health, who are engaged in high-risk occupations related to palmyra, coconut, and kithul extraction or climbing.

New



Cinnamon Accident Insurance

For individuals under 65 years of age in good health, who are engaged in the high-risk industry of cinnamon peeling.

New



Sayura Accident Insurance

For individuals under 65 years of age in good health, who are engaged in the high-risk fisheries industry.

New



Accident Insurance for Divers

This insurance is operational to minimize the risks resulting from accidental mishaps for divers, who are engaged in a high-risk occupation while generating vital foreign exchange for Sri Lanka.

Livestock Insurance



Cattle, Goat, Sheep Insurance

For large-scale and small-scale livestock farmers engaged in cattle, goat, and sheep farming.



Swine Insurance

Following the collapse of the swine industry due to the African Swine Fever outbreak at the end of 2025, a scheme is currently being developed based on a scientific study to restore and re-establish the swine industry.

Among these insurance schemes, the “Sayura” Annual Personal Accident Insurance Scheme provided to the fisheries community, as well as annual personal accident insurance coverages for high-risk workers engaged in the palmyra, coconut, and kithul industries, and workers engaged in the cinnamon industry, were introduced in the year 2025.

Field-Level Implementation of Insurance Schemes

The Board's field officers conduct district-level awareness programs across the field regarding all insurance schemes. Depending on the nature of the insurance scheme, popularization among both urban and rural populations is executed through the Department of Agriculture, Department of Agrarian Development, Department of Animal Production and Health, Ministry of Fisheries, National Aquaculture Development Authority and all other state institutions operating at the field level.

Annual Compensation Payments

Compensation payments for the 2024 Yala season and the 2024/25 Maha season were finalized. Furthermore, 80% of the compensation payments for the 2025 Yala season were also completed within the year 2025. The summary of compensation payments is as follows.

Season	No. of farmers	Acreage	Compensation Rs.
Yala 2024	6,558	6,803	121,354,841
Maha 2024/25	73,865	86,844	1,514,227,538
Yala 2025	635	522	12,544,184
24 Maha and Payments for appeals	4,261	7,814	107,096,587
Total	**85,319**	**101,983**	**1,755,223,150**

Type of animal	Income Rs. (Million)	Compensation Rs.
Cattle insurance	14,844,746	4,585,181
Goat insurance	12,384,777	4,388,723
Pets	3,700	-
Total	**27,233,223**	**8,973,904**

Following a proposal made by the Presidential Task Force, the necessity for a pig insurance scheme emerged, and a study on this matter was initiated. Plans are underway to launch this as a pilot program in the year 2026. The Board of Directors has been briefed on this matter.

Similarly, as various proposals were received for the insurance of heifers and calves, a study was conducted regarding the matter. Plans are currently underway to launch this scheme in the year 2026.

Furthermore, action was taken to prepare the necessary groundwork for the districts to expedite incentive payments under livestock insurance, thereby promoting insurance marketing activities.

Accordingly, a comprehensive summary of the compensation payments made under the insurance schemes, which constituted a major function of the Insurance Division within the year 2025, is as follows.

Overall payment of compensation

Type of insurance	No. of farmers	Amount of compensation Rs.
Crop insurance	85,319	1,755,223,150
Livestock insurance	221	8,973,904
Total	**85,540**	**1,764,197,054**

Similarly, by the end of the year, appeals related to the 2024 Yala, 2024/25 Maha, and 2025 Yala seasons were taken into consideration. Additionally, preliminary duties concerning the crop damage compensation payments for the 2025/26 Maha season have commenced.

Farmers' Pension and Social Security Benefit Scheme

Recognizing the vital role of the farming community who power the country's economy through agricultural activities, and with the objective of securing their twilight years, the Farmers' Pension and Social Security Benefit Scheme was implemented in 1987. Fulfilling its primary objectives, a total sum of LKR 4,989,488,879 was paid out as pensions to 178,998 farmer pensioners by the end of the year 2025 to ensure their livelihood security.

Furthermore, enrollment for the new Farmers' Pension Scheme—designed to adapt to changing times and allow contributions based on the member's purchasing power—commenced in October 2022. By the end of the year 2025, a total of 14,252 individuals had actively contributed to this new scheme.

Death Benefit Payments

The total benefit amount paid to the beneficiaries and families of 195 Farmers' Pension Scheme contributors, who passed away due to sudden accidents and unexpected illnesses prior to receiving their pensions, is LKR 4,207,054.00

Disablement Benefit Payments

During the year 2025, a total allowance of Rs. 1,075,664.00 was disbursed to 96 contributors under the Farmers' Pension Scheme who became permanently disabled, payable for life starting from the date of disability onset.

Disablement Benefit Payments

	Month	Number of contributors	Amount (Rs.)
1	January	97	87,200
2	February	96	81,058
3	March	97	158,044
4	April	97	82,891
5	May	97	82,891
6	June	98	88,853
7	July	98	83,433
8	August	98	83,433
9	September	98	83,433
10	October	96	81,476
11	November	96	81,476
12	December	96	81,476
	Total		**1,075,664**

Pension Payment			
Serial No.	District Office	Number of Contributing Farmers Retiring	Amount Paid (Rs.)
1	Ampara	4,550	115,799,836
2	Anuradhapura	9,507	236,607,736
3	Badulla	8,073	223,591,803
4	Batticaloa	1,427	33,986,398
5	Colombo	6,131	192,718,226
6	Galle	15,139	476,224,412
7	Gampaha	12,078	355,709,536
8	Hambantota	10,375	268,806,743
9	Jaffna	2,793	74,661,725
10	Kalutara	9,527	298,259,152
11	Kandy	17,652	499,586,210
12	Kegalle	10,824	292,482,089
13	Kurunegala	22,132	584,317,396
14	Mannar	114	2,448,750
15	Matale	5,806	150,551,318
16	Matara	10,747	311,753,540
17	Monaragala	6,765	170,866,419
18	Mullaitivu	145	4,269,345
19	Nuwara Eliya	3,493	96,174,235
20	Polonnaruwa	6,253	169,522,157
21	Puttalam	5,833	158,495,824
22	Ratnapura	7,908	228,350,553
23	Trincomalee	1,021	27,085,283
24	Vavuniya	705	17,220,193
	Total	**178,998**	**4,989,488,879**

- Pension payments for the Kilinochchi District are processed through the Vavuniya District.

Death Gratuity payment			
Serial No.	**District Office**	**Number of Contributors Paid Death Gratuity**	**Amount of Benefits Paid (Rs.)**
1	Ampara	3	63,272
2	Anuradhapura	9	216,689
3	Badulla	9	197,949
4	Batticaloa	9	204,029
5	Colombo	3	59,732
6	Galle	9	182,831
7	Gampaha	13	274,982
8	Hambantota	15	300,432
9	Jaffna	5	104,504
10	Kalutara	2	28,650
11	Kandy	9	215,459
12	Kegalle	8	147,595
13	Kurunegala	9	176,365
14	Kilinochchi	3	37,488
15	Matale	14	329,847
16	Matara	10	247,579
17	Monaragala	7	167,746
18	Mahawa	8	204,900
19	Manampitiya	4	72,188
20	Dehiattakandiya	6	97,840
21	Thambuththegama	8	198,225
22	Embilipitiya	7	156,987
23	Nuwara Eliya	8	182,795
24	Polonnaruwa	5	105,784
25	Puttalam	5	112,641
26	Ratnapura	5	67,582
27	Trincomalee	1	17,132
28	Vavuniya	1	35,831
	Total	**195**	**4,207,054**

Fishermen's Pension and Social Security Benefit Scheme

Under the Fishermen's Pension and Social Security Benefit Scheme, implemented as a joint program with the Ministry of Fisheries and Aquatic Resources Development, a total of 69,049 fishermen had enrolled by the end of the year. In 2025, a total of 6,359 fishermen received monthly pensions, with LKR 96,002,144 paid out as pension payments. Under the same program during that year, LKR 188,000 was paid as death gratuity benefits for 15 deceased contributors.

In November 2025, coinciding with World Fisheries Day, recruitment began for the newly updated Fishermen's Pension Scheme, designed to adapt to modern times. Enrollment and promotional activities are currently being conducted systematically island-wide in collaboration with the Department of Fisheries and Aquatic Resources and the National Aquaculture Development Authority of Sri Lanka (NAQDA)

Death and Disablement Gratuity Payments

District Fisheries Extension Division	Number of Contributors	Amount (Rs.)
Kalutara	1	8,000
Tangalle	1	8,000
Trincomalee	2	23,000
Mannar	3	55,000
Kalmunai	3	33,000
Kilinochchi	1	15,000
Jaffna	4	46,000
Total	**15**	**188,000**

Pension payments		
District Fisheries Extension Division	**Number of Contributors**	**Amount (Rs.)**
Kalutara	137	2,156,647
Galle	141	2,085,273
Mahawewa	509	7,780,050
Matara	371	5,679,934
Colombo	73	1,110,703
Tangalle	329	5,039,079
Puttalam	75	1,092,745
Negombo	708	10,461,759
Batticaloa	659	10,606,738
Trincomalee	158	2,463,739
Mannar	664	10,412,112
Kalmunai	427	6,257,704
Mullaitivu	93	1,226,395
Kilinochchi	511	7,714,059
Jaffna	1419	20,623,030
Freshwater fishing reservoirs		
Nuwara Eliya	7	95,004
Polonnaruwa	4	64,392
Ratnapura	4	52,620
Monaragala	1	15,804
Kurunegala	4	54,725
Anuradhapura	3	43,248
Matale	6	85,308
Kandy	9	134,004
Badulla	7	98,604
Vavuniya	2	29,208
Batticaloa (Freshwater)	38	619,260
Total	**6,359**	**96,002,144**

8

Future Outlook and Strategic Plans



Plans for the Upcoming Years (2026-2028)

🎯 Key Priorities and Targets for Next Financial Years

For 2026, AAIB has set clear corporate performance targets aimed at strengthening financial stability and expanding social protection coverage. The Board aims to:

- 💰 Increase net assets to Rs. 1,500 million,
- 🌾 Earn premium income of Rs. 1,280 million from crop insurance,
- 🐄 Earn premium income of Rs. 25 million from livestock insurance
- 🏢 Generate Rs. 545 million from other insurance operations
- 👥 Enroll 15,000 new contributors to the pension scheme
- 💻 Achieve complete digitization of all corporate activities

🔍 Core Focus: Sustainability 🌱 | Efficiency ⚡ | Service Expansion 🌐 | Enhanced Claims & Compensation 💳

1. New Initiatives or Policy Changes

AAIB will introduce district-based crop insurance schemes according to agricultural potential and update existing schemes to ensure financial viability. Premium rates will be determined based on risk zones, supported by updated risk mapping and revised assessment standards



2. Modern Technology & Damage Assessment

Methodologies for crop damage estimation will be strengthened using satellite imagery, drones, and weather data, together with standardized damage assessment procedures and manuals. Pre-monitoring systems, updated risk zone maps, and rapid deployment of crop damage monitoring teams will ensure timely compensation during Maha and Yala seasons and effective resolution of claims

3. Partnerships & Promotion

The Board will expand private partnerships, strengthen coordination with animal production and dairy farmer associations, introduce insurance schemes for agriculture-related industries, implement loyalty and incentive programs, and enhance branding and promotional strategies through electronic and social media platforms. Pension payment activities will be streamlined through banking channels.

4. National Policy Framework

Proposals will be submitted for the formulation of a National Risk Fund Policy and the implementation of a contributory State Crop Insurance Scheme, aligned with national disaster management and agricultural policy frameworks.

Budget Allocation Outlook

For 2026, financial resources will be mobilized through both the National Budget and AAIB's own funds.

🏛️ **National Budget Allocations:**

- Rs. 5,800 million for the Farmers' Pension Scheme
- Rs. 1,800 million for Compulsory Crop Insurance
- Rs. 1,200 million for crop damage compensation due to salinity in Marata District

🏢 **AAIB's Own Budget Allocations:**

- Digitalization and ERP implementation
- Human resource development and continuous training, including professional advancement
- Physical infrastructure development, including establishment of sub-offices in major cities
- Technical initiatives, GIS establishment, and system improvements
- Marketing, promotion, coordination, and institutional strengthening activities



Digital or Reform Plans

The Board will complete ERP field implementation and fully digitize insurance and operational processes. A GIS Unit and firewall security system will be established to strengthen data management and protection.

Digital transformation will also include modernization of insurance and pension administration, preparation of operational and livestock insurance manuals, and obtaining standard certifications for institutional IT systems.

Continuous professional development of officers, including advancement toward chartered insurance qualifications, will further enhance governance, transparency, technical expertise, and service delivery standards.

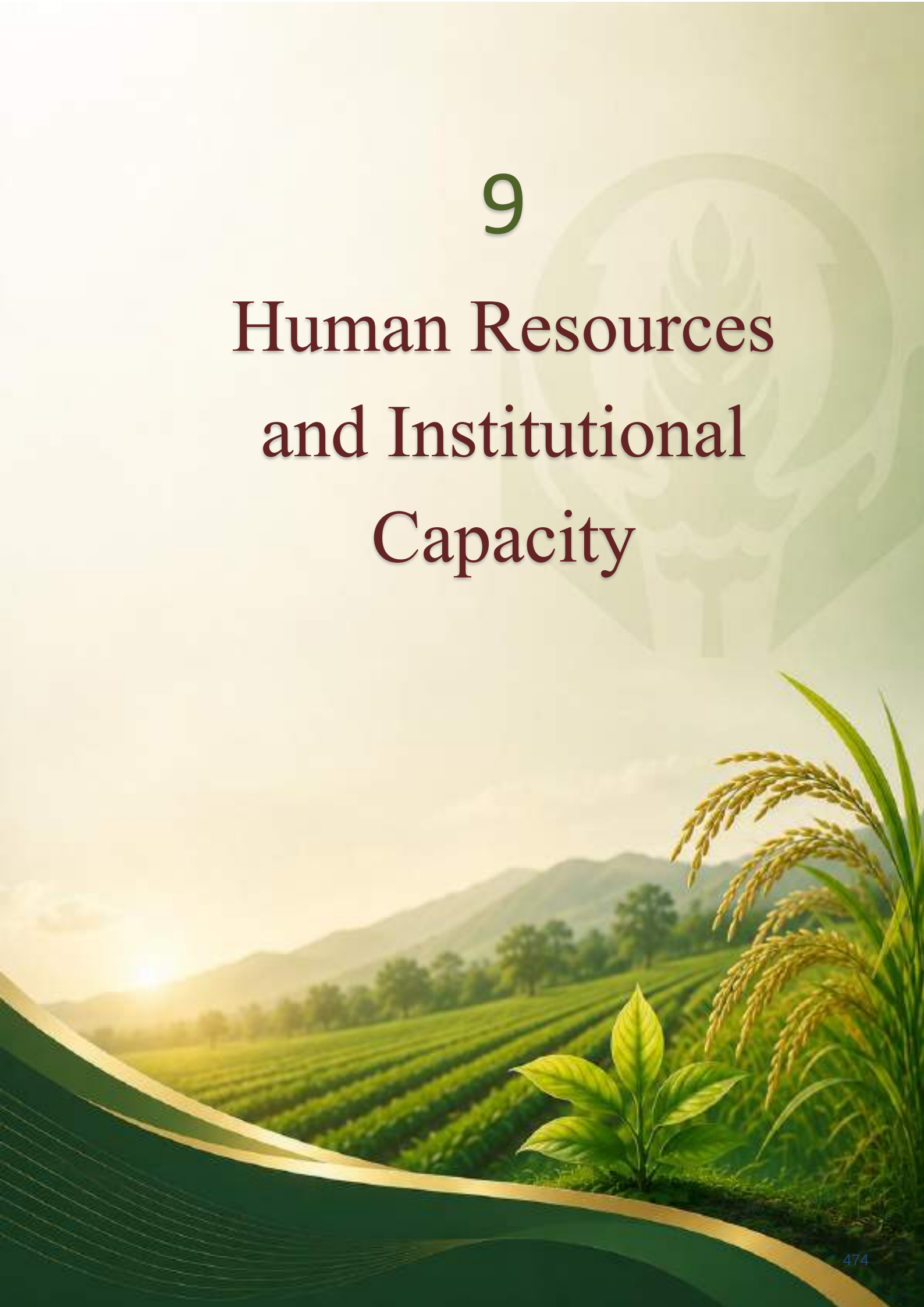
Key Government Policy Achievements



AAIB's strategic direction su.pports national priorities on agricultural risk management, disaster resilience, social security expansion, and climate risk mitigation. Through coordination with relevant government institutions and regional bodies, the Board will contribute to improved disaster response mechanisms, effective policy implementation, and strengthened agricultural insurance governance at national level.

9

Human Resources and Institutional Capacity



Workforce Composition

The staff composition of the Agricultural and Agrarian Insurance Board as of 31.12.2025 was as follows:

Staff Category	Designation	Approved Cadre	Existing Cadre	Vacancies
Senior Management				
HM	Director General	1	1	-
	Director	5	-	5
Middle Management				
MM	Deputy Director / Assistant Director	45	37	8
Junior Management				
JM	Administrative Officer	2	1	1
	System Administrator	1	1	-
	Finance Officer	1	-	1
	Planning Officer	1	-	1
Associate Officer				
ASS.O	Development Officer	55	34	21
	Supply Officer	1	-	1
	Internal Audit Officer	1	-	1
Management Assistant (Technical)				
MA - Tech	Transport Assistant	1	1	-
	Secretary	1	1	-
	Bookkeeper	4	1	3
	Hardware & Networking Technician	1	1	-
	Audio/Visual Technician	1	-	1
Management Assistant (Non-Technical)				
MA – Non Tech	Management Assistant	220	183	37
Primary (Skilled)				
PL - Skilled	Driver	38	19	19
Primary (Non-Skilled)				
PL - Non Skilled	Office Assistant	42	27	15
		421	**307**	**114**

In order to maintain the continuous operation of the Board until permanent officers are recruited, officers have been engaged on a contract basis for the Head Office and District Offices for several essential posts out of the existing vacancies, as specified below:

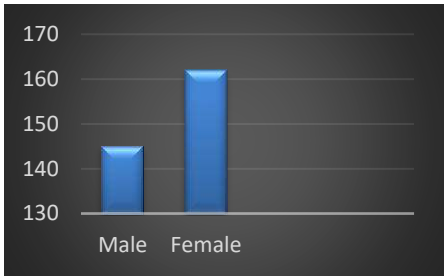
Contractual Basis

HM	Director	1
ASS.O	Development Officer	6
MA - NonTech	Management Assistant (Field)	13
PL - Skilled	Driver	11
PL - Non Skilled	Office Assistant (Sanitary Labourer)	7
	Total	**38**

Workforce Analysis as at 31st December 2025

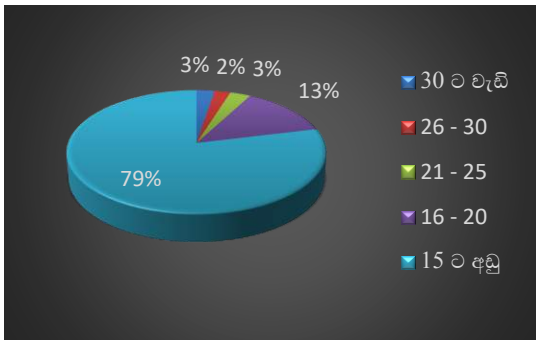
➢ Gender Analysis of Staff

Male - 145
Female - 162
Total - 307



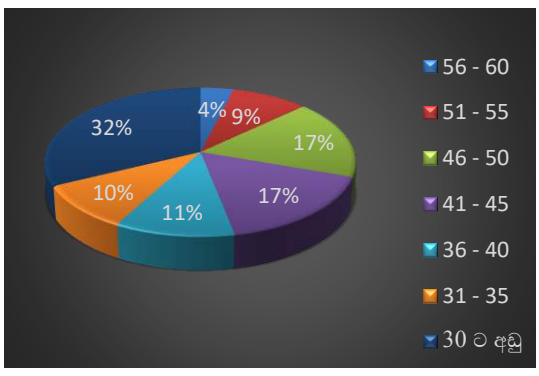
➢ Tenure-wise Staff Analysis

Years of Service	Number of Employees	Percentage
Over 30	8	3%
26 - 30	7	2%
21 - 25	9	3%
16 - 20	41	13%
Below 15	242	79%
Total	**307**	**100%**



➢ Age Analysis

Age Group	Number of Employees	Percentage
56 - 60	12	4%
51 - 55	28	9%
46 - 50	53	17%
41 - 45	51	17%
36 - 40	34	11%
31 - 35	30	10%
Below 30	99	32%
Total	**307**	**100%**



Staff Exits and Turnover during the Year 2025

During the year 2025, a total of 20 officers left the service of the Board due to the following reasons:

	Designation	Count	Reason for Separation
1	Director	01	Retirement
2	Deputy / Assistant Director	01 01	Retirement Resignation
3	Administrative Officer	01	Retirement
4	Development Officer	02 03	Retirement Resignation
5	Management Assistant	04 02 02	Retirement Resignation Vacation of Post (VOP)
6	Office Assistant	03	Retirement

- **Recruitments and Promotions in the Year 2025**

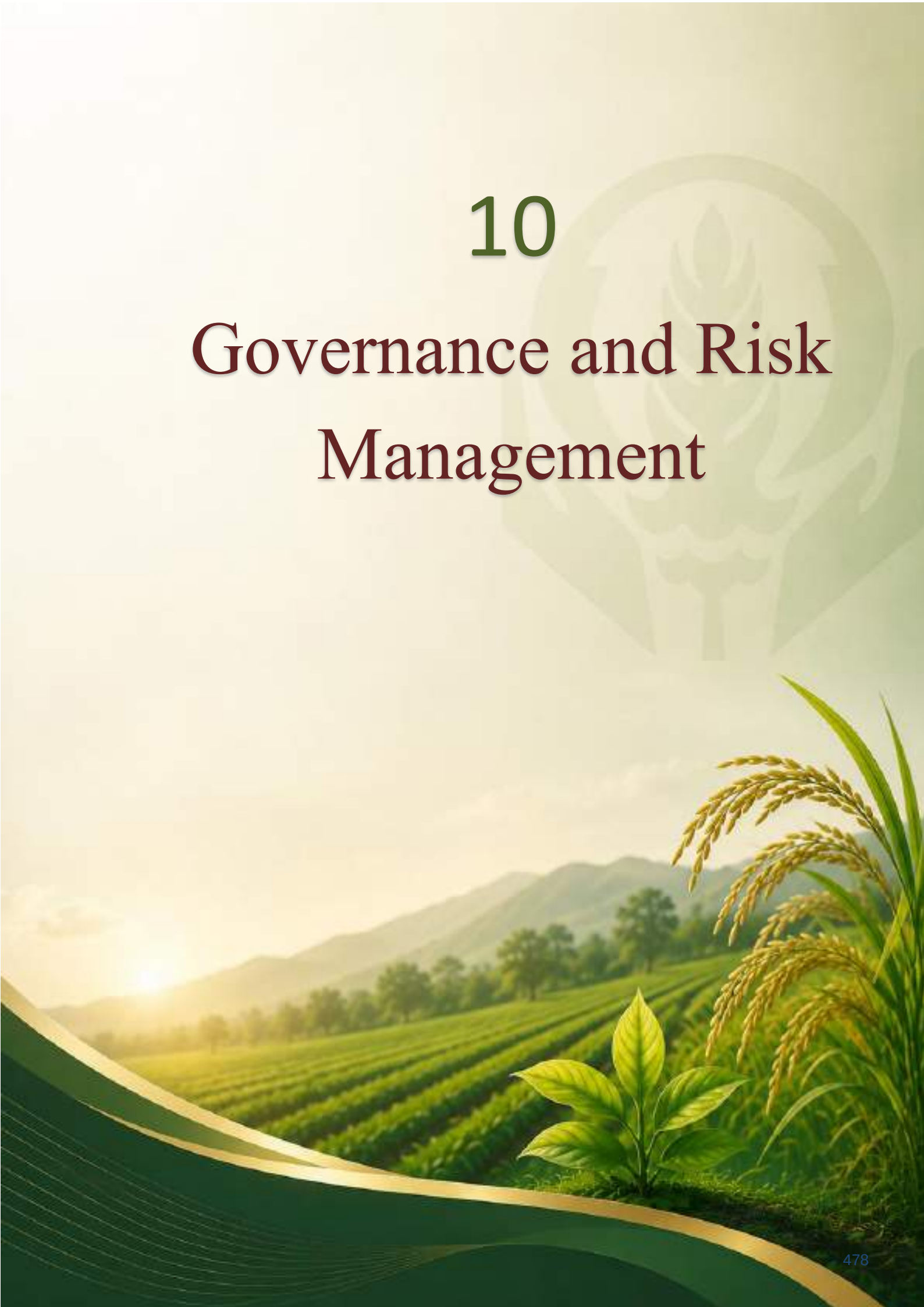
No recruitments were made during this year

- **Employee Well-being**

The Medical Insurance Scheme and the provision of motorcycle loans to eligible officers were continuously implemented during this year as in the previous year

10

Governance and Risk Management



Corporate Governance Report

As a State-Owned Enterprise, the Agricultural and Agrarian Insurance Board remains firmly committed to maintaining high standards of corporate governance, transparency, accountability and ethical conduct. The Board continues to ensure that its policies, strategies and decisions are guided by the principles of good governance and are aligned with its statutory mandate and the interests of the farming community.

Introduction

The Agricultural and Agrarian Insurance Board (AAIB) recognizes that sound corporate governance is fundamental to achieving its statutory objectives, maintaining public confidence, protecting the interests of farmers and other beneficiaries, and ensuring the effective and responsible management of public resources.

The Board is committed to maintaining high standards of accountability, transparency, integrity, responsibility and ethical conduct in the discharge of its functions. The governance framework of AAIB is guided by the Agricultural and Agrarian Insurance Act, No. 20 of 1999, Farmer's Pension and Social Security Benefit Scheme Act, No. 12 of 1987 and Fishermen's Pension and Social Security Benefit Scheme Act, No.23 of 1990, applicable Government financial and administrative regulations, public-sector governance requirements, and other laws, regulations and directions applicable to the Board.

In addition, AAIB adheres to the Corporate Governance Guidelines and Operational Manual for State-Owned Enterprises issued by the Ministry of Finance, ensuring alignment with national governance expectations applicable to SOEs.

During the year under review, the Board of the Agricultural and Agrarian Insurance Board, together with its Board-appointed Sub-Committees, continued to exercise effective oversight over the affairs and operations of the Board. Regular monthly Board meetings were held to review institutional performance, monitor operational and financial risks, assess progress against approved plans and strategies, and provide necessary guidance to Management.

The Board-appointed Sub-Committees also contributed to strengthening the governance and decision-making processes of the Board through the detailed review of matters within their respective mandates. The active participation of Board Members, including their independent perspectives, professional expertise, constructive observations and strategic guidance, contributed to enhancing the quality of deliberations and supporting sound and accountable decision-making throughout the year.

AAIB is a statutory institution established to provide agricultural insurance and related social-security protection, including schemes supporting farmers and fishermen. Its governance therefore places particular emphasis on financial sustainability, effective risk management, transparent claims administration, responsible investment of funds and the protection of beneficiaries.

The Board firmly recognizes that strong and effective corporate governance is essential to ensuring the long-term sustainability, financial stability, operational effectiveness and institutional reputation of the Agricultural and Agrarian Insurance Board. The Board remains committed to maintaining sound governance practices, transparency, accountability and responsible decision-making in fulfilling its mandate and serving the farming community.

Investment Committee Report

Objectives of the Investment Committee

The Investment Committee (IC) of the Agricultural and Agrarian Insurance Board is responsible for ensuring that the Board's investment activities are conducted in a manner that is secure, profitable, liquid, and fully compliant with the provisions of the Agricultural and Agrarian Insurance Act No. 20 of 1999 and other applicable public sector financial regulations

The Committee's core mandate is to manage the Board's investment portfolios to support its dual objectives: meeting short-term, seasonal crop and livestock claim obligations and preserving the long-term financial viability and solvency of its social security and retirement funds

The Committee also ensures that the investment decision-making process remains highly structured, transparent, and aligned with public financial management best practices.

Rigorous Evaluation & Decision-Making

The IC comprises experienced professionals from diverse operational and financial disciplines who collectively evaluate macroeconomic indicators, yield curve movements, and risk profiles before reaching a consensus on investment allocations. This disciplined process supports prudent capital management and directly strengthens the Board's financial position.

Despite a dynamic market environment, the timely and responsive decision-making of the Committee enabled the Board to generate a substantial total interest income of Rs. 1,090.13 million at the Group level, with the core Agriculture Insurance Scheme generating Rs. 686.22 million in interest revenue during the financial year ended 31 December 2025

Asset-Liability Management (ALM) & Portfolio Diversification

The Committee actively monitors and manages potential asset and liability mismatches, which is critical given the long-term nature of the Farmers' Pension Scheme (Act No. 12 of 1987) and the Fishermen's Pension Scheme (Act No. 23 of 1990) where liabilities mature as contributors reach retirement age. The IC dynamically adjusts its investment strategies to optimize returns in response to interest rate fluctuations.

Diversification across safe and highly liquid asset classes remains a cornerstone of the Committee's risk mitigation strategy. To minimize unsystematic risk, the Board's financial investments of Rs. 5,935.43 million (Group) are primarily allocated in "risk-free" Government Treasury Bills and Repos (Rs. 1,991.66 million) and stable fixed deposits with premier state-owned institutions, including People's Bank (Rs. 1,313.70 million), Bank of Ceylon (Rs. 2,477.76 million), and the Regional Development Bank (Rs. 152.31 million).

Preserving Financial and Reserve Strength

Investments are continuously tracked to ensure that they align with the strategic purposes of the Board's specialized funds. A key priority of the Committee remains the preservation and growth of crucial reserves, including:

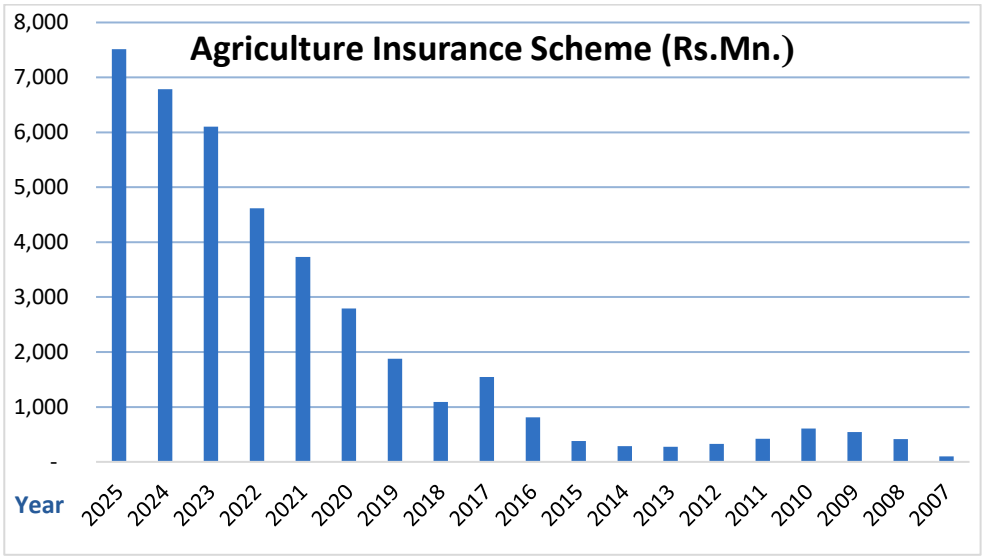
- The AAIB Reserve Fund (maintained to meet unforeseen claims arising from unexpected disasters), which stood at Rs. 648.82 million as of 31 December 2025
- The Farmer's Death Gratuity Fund, which stood at Rs. 1,616.23 million (Group),
- The Compulsory Crop Insurance Fund (Kethata Aruna), supporting the mandatory crop damage compensation scheme.

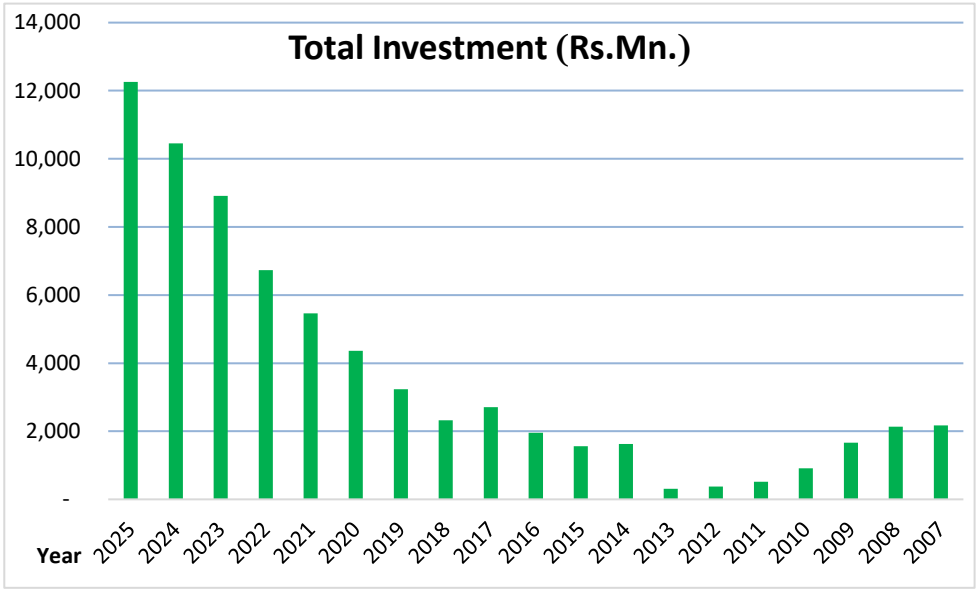
By maintaining healthy solvency and safeguarding the overall strength of the Board's balance sheet, the Committee remains committed to ensuring a lifetime of financial security for Sri Lanka's farming and fishing communities.

Evolution of the Investment Portfolio (2007–2025)

			Amount (Rs.Mn)	
Year	**Agriculture Insurance Scheme**	**Farmers Pension Scheme**	**Fisheries Pension Scheme**	**Total**
2025	7,511	3,998	750	**12,260**
2024	6,787	2,923	742	**10,452**
2023	6,102	2,016	793	**8,911**
2022	4,615	1,455	663	**6,732**
2021	3,734	1,339	387	**5,460**
2020	2,796	1,237	333	**4,366**
2019	1,879	1,223	134	**3,236**
2018	1,092	1,132	96	**2,319**
2017	1,546	1,126	35	**2,707**
2016	813	1,135	11	**1,960**
2015	382	1,153	23	**1,558**
2014	286	1,320	17	**1,623**
2013	274	14	24	**313**
2012	326	13	35	**374**
2011	419	31	63	**513**
2010	609	4	299	**911**
2009	546	582	538	**1,666**
2008	413	1,256	467	**2,135**
2007	100	1,656	411	**2,168**

Investment Portfolio Performance – Graphical Presentation (2007–2025)





Audit Committee Report

The Audit and Management Committee of the Agricultural and Agrarian Insurance Board is established in accordance with the guidelines issued by the Department of Public Enterprises, with the primary objective of formally monitoring and providing guidance on the Board's financial control, the efficiency of internal control systems, and the risk management process.

Composition of the Audit and Management Committee

The members of the Audit and Management Committee are appointed in accordance with the guidelines of the Department of Public Enterprises, and its composition is as follows:

- **Committee Chair:** Board Member representing the Ministry of Finance.
- **Committee Members:** Commissioner General of the Department of Agrarian Development / Board Member representing the Ministry of Agriculture.

Participation at Observer Level

To ensure the independence and transparency of the Audit and Management Committee meetings, the following officials actively participated at the observer level in the committee meetings held in the year 2025:

- **Superintendent of Audit from the Government Audit Division,** representing the National Audit Office.

Chief Internal Auditor, representing the Line Ministry (Ministry of Agriculture).

Accordingly, for the 2025 financial year, Audit and Management Committee meetings were convened on February 27, 2025, April 28, 2025, August 13, 2025, and December 16, 2025

Role and Observations of the Committee

During the 2025 financial year, the Audit and Management Committee focused its operations with special attention on the following key areas:

- **Internal Audit Review**

  Examining the reports, observations, and recommendations submitted by the Internal Audit Division, and instructing sectional heads to initiate required management responses and remedial actions.

- **External Audit Observations (Auditor General's Reports)**

  Addressing the observations detailed in the audit queries issued by the Auditor General's Department, instructing the relevant divisions to resolve them, and conducting subsequent follow-ups.

- **Internal Control and Risk Management**

  Identifying risks inherent in the financial and administrative processes of the institution, and providing the Board's management with instructions necessary to further strengthen internal control systems.

- **Legal and Regulatory Compliance**

  Ensuring that institutional operations are conducted in compliance with Public Enterprises Department circulars, Financial Regulations (FR), and relevant Acts.

Summary of Key Matters Discussed During the Audit and Management Committee Meetings Held Within the Year 2025

(a) Information Technology and Digitalization

- ERP System: Instructions have been given to complete the system prior to March 31, 2026, and to verify the legal validity of scanned documents through SLCERT.

- AIMS and HRIS Systems: Instructions were given to integrate the Agrarian Insurance Management System (AIMS) with the internally developing ERP and the Department of Agrarian Development's 'Geo-Goviya' system, and to update employee information in the Human Resource Information System (HRIS) before April 30, 2026.

(b) Pensions and Social Security

- Former Farmers' Pension Scheme: Instructions have been given to route pension payments under this scheme directly to bank accounts instead of post offices, and to establish a biometric verification mechanism to identify deceased contributors.
- Fishermen's Pension Scheme: Out of 64,117 contributors, benefit payments for 26,093 out of the 32,149 who reached retirement age have been delayed by 2 to 119 months; hence, it was decided to conduct a sample survey to identify active contributors.

(c) Instructions have been provided regarding human resource administration and asset management (including financial assets).

The observations, instructions, and guidance provided by the Audit and Management Committee during the year 2025 have extended full support toward maintaining a high level of financial control, transparency, and accountability within the Agricultural and Agrarian Insurance Board.

Risk Committee Report

The committee mainly consists of the Board of Directors, senior management, and subject matter experts to identify, evaluate, and control various internal and external risks that the Board may have to face.

The Risk Management Committee met on several occasions in the year 2025, and the following officers participated as required.

Name	Designation
Mr. Rohana Rajapaksha	Commissioner General, Department of Agrarian Development
Mr. A.S.H. Perera	Additional Director General, Department of Treasury Operations
Mr. H.A.K.R. Thissera	Additional Secretary (Admin), Rural Economic Division, Ministry of Agriculture
Mr. R.A.D.S. Ranatunga	Commissioner General of Agrarian Development, Department of Agrarian Services
Mr. Hemantha Amarasinghe	Director (Agri-Technology), Ministry of Agriculture, Livestock, Land and Irrigation

Main Responsibilities and Roles



Report on Internal Control Assessment



In accordance with Sections 38(1)(c) and 38(2) of the National Audit Act No. 19 of 2018, the Board has evaluated its internal control system, confirming that an effective internal control system is maintained to ensure financial accuracy, legal compliance, and the safeguarding of assets.

Key Evaluations

- **Planning and Procurement:** The Annual Action Plan and Procurement Plan have been properly prepared and duly approved.

- **Internal Audit and Risk Management:** An Internal Audit Unit functioning under the Assistant Director (Internal Audit) has been established. Audit activities are executed in accordance with an Annual Internal Audit Plan based on a risk register**.**

- **Internal Check:** The segregation of duties has been formally executed in writing, ensuring that the official duties of every officer are subject to the supervision of a superior officer.

- **Supervision:** The official duties of officers are supervised within the chain of command, and staff training is conducted periodically. Performance reviews of officers are carried out on a quarterly basis**.**

- **Financial and Asset Control:** All assets have been coded, and updated fixed asset registers are maintained. The annual board of survey has been conducted, and the final reports have been forwarded to the Government Audit Division, while disposal activities are being carried out in accordance with Government Financial Regulations.

- **Control and Follow-up:** Statutory reports have been submitted by the due dates. Quarterly Audit and Management Committee meetings have been held to rectify the deficiencies pointed out by the Auditor General's reports, internal audit reports, and the Committee on Public Enterprises (COPE).

Systemic Changes Introduced

- **ERP System:** Upgrading and implementing the Enterprise Resource Planning (ERP) software system with the objective of digitalizing the Board's operations and promoting environmental friendliness (minimizing paper use).

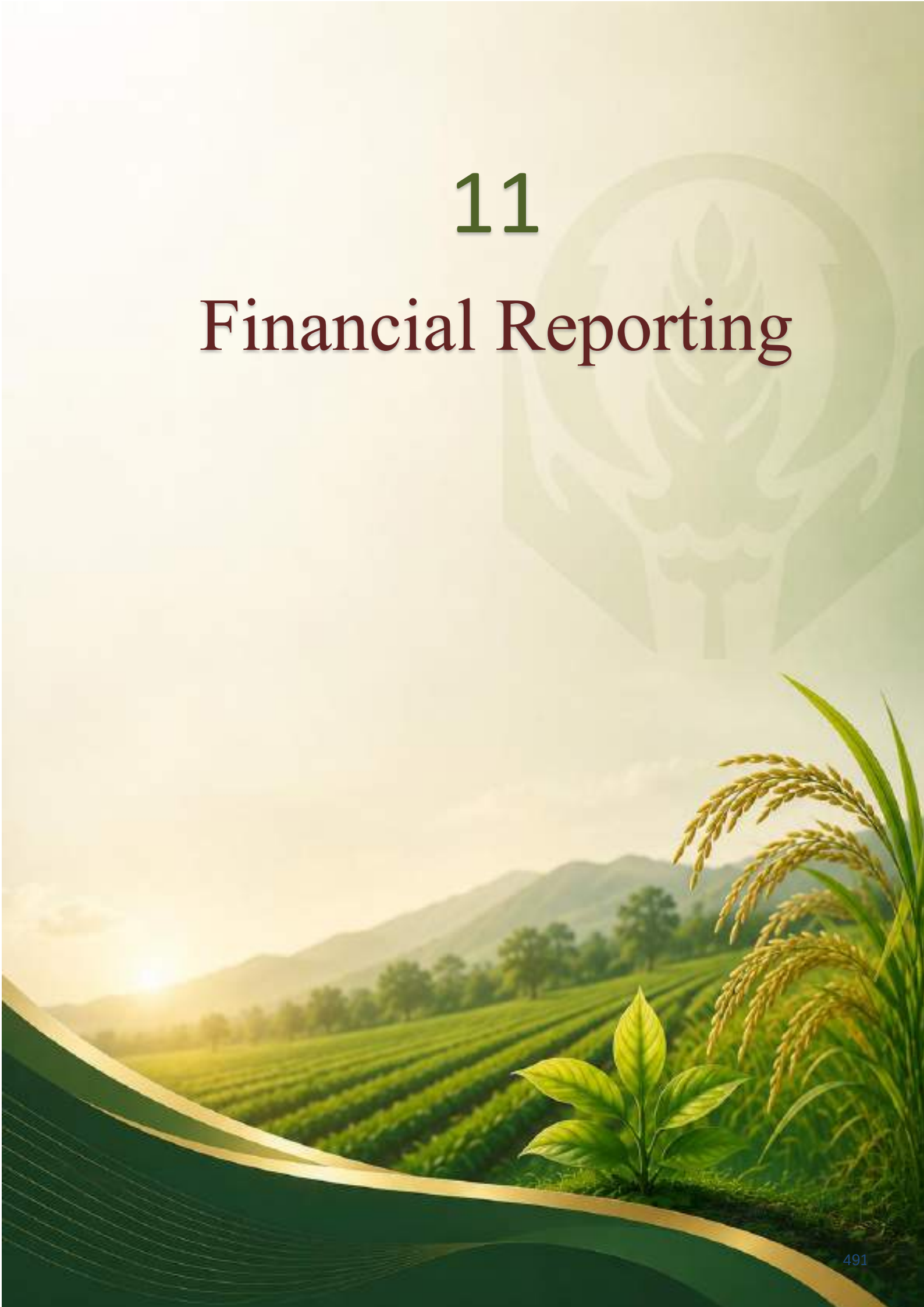
- **Manual Updates:** Updating the Product Manual containing details on insurance schemes and the Indemnity Assessment Manual.

- **Formalization of Duty Assignments:** Re-updating the duty lists of officers in district offices to optimize performance efficiency.

The Board's internal control system has been successfully designed and implemented, and it is subject to continuous review. In accordance with Management Audit Circular No. 02/2022, the review required for the 2025 financial year under Section 38(1)(c) of the Audit Act No. 19 of 2018 has been conducted and forwarded to the Auditor General and the Department of Management Audit.

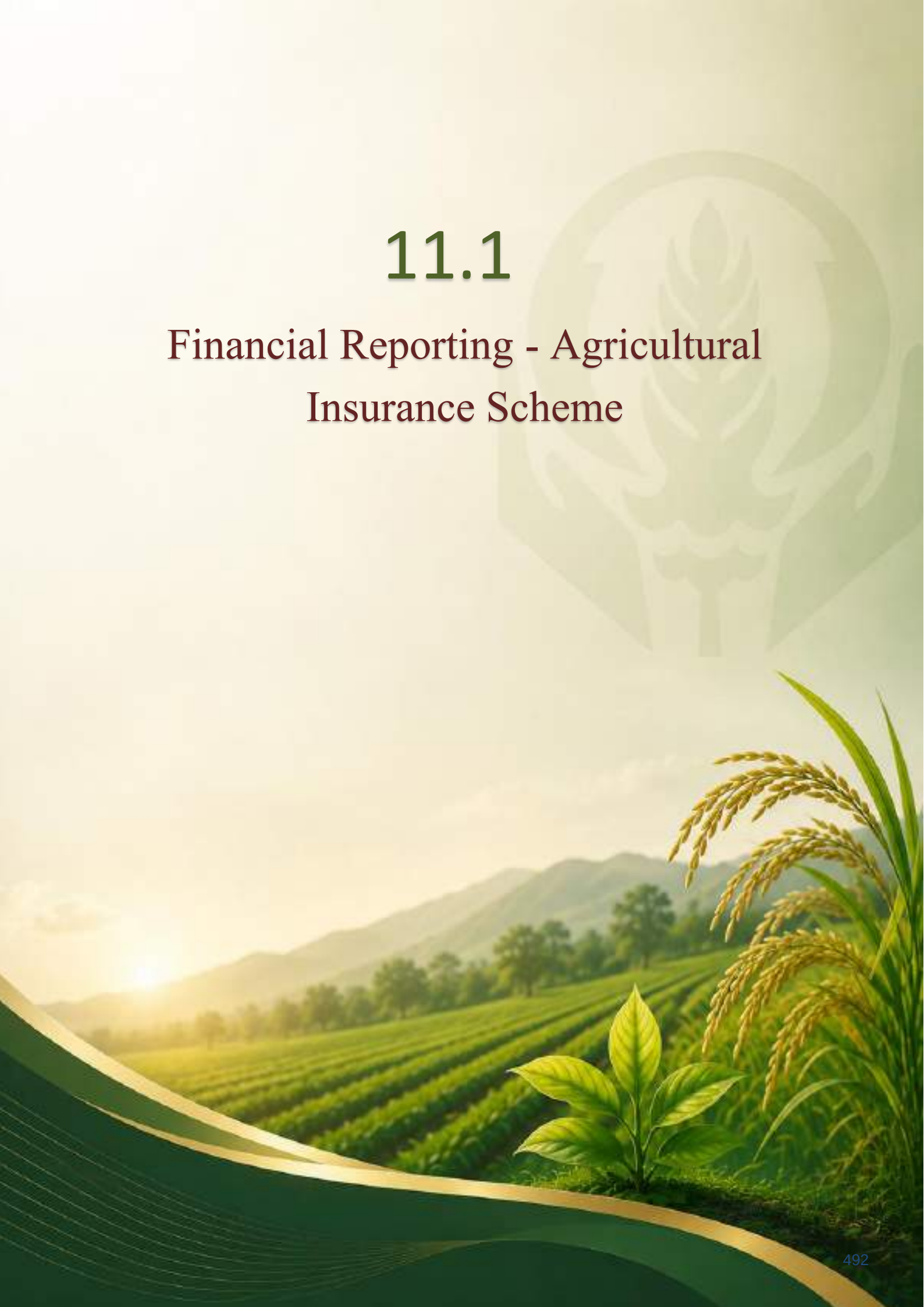
11

Financial Reporting



11.1

Financial Reporting - Agricultural Insurance Scheme



My No: ARI/C/AAIB/01/25/34/FA 31 May 2026

Chairman
Agricultural and Agrarian Insurance Board

Auditor General's report in terms of Section 12 of the National Audit Act No.19 of 2018 on the consolidated financial statements and other legal and regulatory requirements for the year ended 31 March 2025 of the Agricultural and Agrarian Insurance Board and its subsidiaries.

1. Financial Statements

1.1 Qualified Opinion

The audit of the consolidated financial statements of Agricultural and Agrarian Insurance Board ("Board") and its subsidiary Pension and Social Security Benefits Schemes ("Group") for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements including material accounting policy information, was carried out under my direction in pursuance of provisions in the Agricultural and Agrarian Insurance Act, No 20 of 1999 and Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018 and Finance Act No.38 of 1971. In terms of Article 154(6) of the constitution, my report will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in the section on the basis for qualified opinion of my report, the financial statements of the Board and the Group give a true and fair view of the financial position as at 31 December 2025, and their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for the Qualified Opinion

I express the qualified opinion on the financial statements of the Board and its subsidiary Pension and Social Security Benefit Schemes for the year ended December 31, 2025, based on the observations stated below.

1.2.1 Comments on the Financial Statements of the Agricultural and Agrarian Insurance Board

(a) In terms of paragraph 36 of Sri Lanka Accounting Standard 16, when items of property, plant, and equipment are revalued, the entire class of property, plant, and equipment to which that asset belongs must be revalued; however, only a part of the assets consisting of vehicles, land, and buildings had been revalued.

(b) Although the Thambuththegama and Maho Mahaweli lands held under long-term lease bases should be accounted for as Right-of-Use Assets in terms of Sri Lanka Financial Reporting Standard 16, those lands had been recognized as assets of the Board by valuing them.

(c) Repair expenses amounting to Rs. 41,725,299 incurred on district offices in Thambuththegama, Polonnaruwa, Kurunegala, and Anuradhapura, which are located on lands not belonging to the Board, had been capitalized as building asset values in the year 2025 because no agreement regarding the expenses incurred for the development of Right-of-Use Assets was specified in the agreements in terms of Sri Lanka Financial Reporting Standard 16.

(d) While the total interest income related to the Treasury bill that matured on November 21, 2025, was Rs. 130,520,714, and out of this, only Rs. 121,194,327 belonged to the income of the year 2025, the entire interest amount had been credited to the coupon income account. Accordingly, the interest income of this year and the Treasury bill investment value had been overstated by Rs. 9,326,387, which is the interest amount accounted for in relation to the previous year.

(e) Although the sum of the bank account balances of the 30 regional offices shown in the financial statements was Rs. 460,000, the actual sum of the bank account balances was Rs. 600,760; hence, a variance of Rs. 140,760 was observed in the reported bank balance.

(f) Even though the lands of the 2 official quarters located on 20 perches in Embilipitiya and 40 perches in Anuradhapura belonged to the Board, those lands had not been valued and brought into the financial statements.

(g) Repair expenses of Rs. 6,758,813 incurred in previous years in relation to 9 buildings taken on an annual rental basis by the Agricultural and Agrarian Insurance Board had been capitalized. As a result, assets had been overstated by that amount.

(h) In preparing the Statement of Cash Flows, contrary to Sri Lanka Accounting Standard 07, the depreciation of government grants was adjusted as Rs. 25,114,449 instead of Rs. 23,027,553. Consequently, the operating cash flow was understated by Rs. 3,172,925. Furthermore, instead of adjusting the receipts of employee medical insurance fund investment income of Rs. 5,880,500 under investing activities and contribution receipts of Rs. 5,293,350 within the operating cash flow, the account balance variance of Rs. 8,525,713 was reported under the investing cash flow. Due to this, the investing cash flow was overstated by Rs. 2,645,213.

1.2.2 Comments on the Consolidated Financial Statements

1.2.2.1 The qualified opinion on the financial statements of the following Farmers' Pension and Social Security Benefit Scheme for the year ended December 31, 2025, was expressed based on the observations stated below.

(a) The investment interest income of Rs. 17,577,610 earned on farmers' pension contribution deposits during the year 2025 had been adjusted to the accumulated fund instead of being recognized as income in the current year. Therefore, the profit was understated by that amount.

(b) As a result of the pension contribution income of Rs. 125,341,700 and insurance premium receipts of Rs. 6,795,722 collected from pension-entitled contributors for the year 2025 being adjusted to the accumulated fund without being recognized as income for the current year, the profit for the current year was understated by Rs. 132,137,422.

(c) According to Note 2.7.1 of the financial statements, though it was explained that the scheme has a going concern, the total liabilities of the scheme exceeded its total assets, resulting in a negative net asset value of Rs. 91,930,824,552 and net current liabilities of Rs. 2,078,842,204. Thus, it was observed that the scheme does not possess the capacity to independently cover even its working capital requirements. During the year, Rs. 5,083,177,439 had been paid as pensions, out of which Rs. 5,043,000,000 was provided by the Treasury. As of December 31, 2025, total investments amounted to Rs. 3,998,427,672, and the investment income for the year 2025 was Rs. 315,257,792. Accordingly, without the contribution of the Treasury, the scheme .is in a state where it cannot be maintained. However, because no program for the independent continuation of the scheme in the future has been prepared, and no agreement has been reached regarding the continuous provision of the Treasury's contribution, the going concern of the scheme is highly contentious.

1.2.2.2 The following matter was emphasized on the financial statements of the Fishermen's Pension and Social Security Benefit Scheme for the year ended December 31, 2025.

According to Note 2.7.1 of the financial statements, it was explained that the scheme has a going concern. However, as of December 31, 2025, the total net asset value of the scheme reflected a negative value of Rs. 5,439,404,553, and while the future pension liability as of that date was Rs. 6,068,890,556, the investment value was only Rs. 750,403,931. Accordingly, the total liabilities cannot be settled by realizing the total assets of the scheme, and because the scheme does not possess a future plan for this purpose, the going concern of the scheme is contentious. My opinion is not modified in respect of this matter.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information contained in the annual Report 2025 of the Board

Other information means the information included in the 2025 Annual Report of the Group, which was obtained prior to the date of this audit report, but does not include the financial statements and my audit report thereon. Management is responsible for this other information.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion or opinion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I concluded that there are material misstatements on the basis of other information that I obtained and tasks carried out by me before the date of this audit report, I am required to report such matters. I have nothing to report in this regard.

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

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

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

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

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

1.5 Auditor's responsibility of auditing the financial statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Board or the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the scheme's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- In order to express an opinion on the consolidated financial statements, a team audit should be organized and conducted to obtain adequate and appropriate audit evidence regarding financial information of institutional and business activities within the Group. I am responsible for the conduct, supervision and performance of the group audit. I must be fully responsible for my audit opinion.

I have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. <u>Report on other legal and regulatory requirements</u>

2.1 Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018.

2.1.1 In terms of the requirements of section 12 (a) of the National Audit Act No. 19 of 2018, except for the effects of the matters described in the section on the 'Basis for the Qualified Opinion' of my report, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the Board had maintained proper financial statements.

2.1.2 In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements of the scheme presented are consistent with the preceding year.

2.1.3 In terms of the requirement indicated in Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018, except for the observations indicated in paragraphs 1.2.1 (e), (f), (g) and (h) and 1.2.2 in the basis for Qualified Opinion of my report, the recommendations made by me in the previous year have been included in the submitted financial statements.

2.2 On the basis of the procedures followed and evidence obtained and being restricted within the material matters, nothing that warrants the making of the following statements did not come to my attention.

2.2.1 In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether any member of the governing body of the Board has any interest, direct or otherwise, outside normal business status in any contract entered into by the scheme.

2.2.2 In terms of the requirement of section 12 (f) of the National Audit Act No. 19 of 2018, whether the Board has not complied with any applicable written law, or other general or special directions issued by the governing body of the Board;

Reference to laws/rules and regulations	Non-compliance
(a) Section 1.2.5 of the Guidelines of the Department of State Accounts, Circular No. 02/2022 dated July 8, 2022	Although funds up to Rs. 1.0 million received by a statutory institution as gifts or grants for a specific purpose must be remitted to the respective line ministry, a sum of RS. 1.0 million received from Mobitel in the year 2024 had not been so remitted and was instead retained in a bank account.
(b) Section 3.2(v) of the Public Enterprises Circular No. 01/2021 dated November 16, 2021, on the Operational Manual for Public Enterprises.	An incentive fund had been established based on Board of Directors' approval by allocating 5 percent of the third-party insurance income. The allocation made to this fund for the year 2025 amounted to Rs. 18,553,661, and the balance as of December 31, 2025, stood at RS. 46,639,435. Total incentive payments of Rs. 37,808,740 had been made from 2022 to 2025; however, Treasury approval had not been obtained for the establishment of this fund or for the incentive payment mechanism.
(c) Public Enterprises Department Circulars No. PED 02/2025 dated December 02, 2025, and No. PED 03/2024 dated December 23, 2024, along with the Public Financial Management Act, No. 44 of 2024.	At least 30 percent of the profit after tax for the years 2023 and 2024 should be paid to the Consolidated Fund as dividends or income tax, and the payment of bonuses was approved exclusively for institutions that had made such payments. Even though the Board's profits after tax for the years 2023 and 2024 were Rs. 697,665,211 and Rs. 1,338,838,415 respectively, the Board had not made the relevant income tax payments. Despite this, a provision of RS. 21,855,834 for bonuses had been made in the 2025 financial records.

2.2.3 In terms of the requirement of Section 12(g) of the National Audit Act No. 19 of 2018, whether the Board has not performed according to its powers, functions and duties, except for the following observations.

2.2.4 In terms of the requirement of Section 12(h) of the National Audit Act No. 19 of 2018, except for the following observations, whether the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

An amount of Rs. 72,002,970 had been paid by the year 2023 for an Enterprise Resource Planning System (ERP System) to serve as the Board's Management Information System. Although the contract period was subsequently extended until December 31, 2025, the implementation activities had not been finalized even by March 20, 2026.

3. Other Matters

(a) A reserve fund for claims arising from unforeseen contingencies had been established since the year 2002, and its balance as of December 31, 2025, was Rs. 648,817,048. Due to the failure to define "unforeseen contingencies" and formulate governing rules for the utilization of the fund, this reserve had remained unutilized for a period of 23 years spanning from 2002 to 2025.

(b) Pursuant to Section 05 of the Public Enterprises Circular No. 01/2024 dated February 28, 2024, funds of state-owned enterprises must not be transferred to welfare societies or for any other welfare activities. However, based on the approval of the Board of Directors, the Group's contribution for the year 2025 to the Employee Medical Insurance Fund—which was established to provide insurance coverage to employees—amounted to Rs. 5,293,350, and the balance of the fund as of December 31, 2025, was Rs. 44,799,953. Treasury approval had not been obtained for the establishment of this fund.

(c) Under the Corporate Customer Agreements entered into between Sri Lanka Telecom (SLT) and the Agricultural and Agrarian Insurance Board, SLT confirmed that 10 mobile phones valued at Rs. 1,022,691 had been provided to the Board as grants but, these devices were neither recorded in the inventory registers of the Board nor physically available within the institution. Furthermore, out of 60 telephone units acquired for the '1918' Call Center service, only 3 units were presented for audit verification, while 57 units were not physically available with the Board. Additionally, 04 new phones had been purchased in the year 2025 for officers engaged in public awareness duties.

(d) Though a total of 153 Samsung Eider FM (GT-E1205) mobile phones, valued at Rs. 514,998, had been received from Mobitel, no evidence was presented to the audit to verify that these phones had been distributed to the staff or to corporate customers, nor had they been entered into the inventory books of the Board.

(e) The Agricultural Information Management System (AIMS), designed as a fully digital system for farmer registration, cultivation data collection, paddy field monitoring, crop damage reporting, and insurance compensation calculation, was developed in the year 2022 with technical assistance from the International Finance Corporation (IFC). However, due to the failure to carry out required maintenance and timely updates, non-compatibility with modern Android operating system versions currently in use, and the absence of long-term technical ownership, the AIMS Mobile Application became entirely dysfunctional and was subsequently removed from the Google Play Store as well. Furthermore, it was observed that updating this dysfunctional mobile application through minor modifications was practically impossible, necessitating a complete redevelopment from scratch. Consequently, the total expenditure of Rs. 95,494,054 incurred for the project has rendered completely non-performing.

(f) For the payment of compensation during the 2024/25 Maha season, the Board received a sum of Rs.867,882,909 from the National Insurance Trust Fund in 9 installments, covering 83,383 acres belonging to 71,746 farmers. Out of this, an amount of Rs. 800,843,332 had been utilized for the payment of indemnity claims. However, as of the date of this report, no action had been taken regarding the surplus balance of Rs. 67,039,577, nor had it been remitted back to the Treasury.

L.S.I. Jayaratne
Auditor General

AGRICULTURAL & AGRARIAN INSURANCE BOARD
CONSOLIDATED FINANCIAL STATEMENT
STATEMENT OF FINANCIAL POSITION

	Notes	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP) 31.12.2025 Rs.	31.12.2024 Rs.	AGRICULTURE INSURANCE SCHEME 31.12.2025 Rs.	31.12.2024 Rs.
ASSETS					
Non- Current Assets					
Property, Plant & Equipment	1	415,834,837	295,956,724	405,451,396	283,845,231
Intangible Asset-WIP ERP System		72,002,970	72,002,970	72,002,970	72,002,970
		487,837,807	367,959,694	477,454,366	355,848,201
Financial Instruments					
Treasury Bond		6,324,789,819	5,657,249,551	3,579,643,674	3,319,257,408
		6,324,789,819	5,657,249,551	3,579,643,674	3,319,257,408
Current Assets					
Stocks	2.1	38,662,016	35,195,530	29,916,072	26,899,915
Receivables	2.2	191,436,682	149,863,972	1,035,983,536	993,153,254
Receivable Premium	2.3	1,185,390	1,826,970	553,893	810,790
Deposits & Pre Payments	2.4	15,889,836	23,882,944	15,889,836	23,882,944
Advances	2.5	10,687,617	29,781,785	10,687,617	29,781,785
Financial Instruments at amortized cost	2.6	5,935,430,315	4,795,234,411	3,931,744,859	3,467,937,002
Cash and Cash Equivalents	2.7	43,252,240	56,711,051	22,909,818	37,965,764
Total current Assets		6,236,544,097	5,092,496,662	5,047,685,631	4,580,431,453
TOTAL ASSETS		**13,049,171,723**	**11,117,705,908**	**9,104,783,671**	**8,255,537,063**
EQUITY & LIABILITIES					
Capital & Reserve					
Initial Capital Contributed by the Treasury		50,000,000	50,000,000	50,000,000	50,000,000
A.A.I.B. Accumulated Fund	3	(93,328,021,802)	(93,318,413,051)	5,133,742,803	4,479,043,840
Government Grant - Capital	4	91,882,835	10,654,285	91,882,835	10,654,285
A.A.I.B Reserve Fund	5	648,817,048	588,524,391	648,817,048	588,524,391
Farmer's Death Gratuity Fund	6	1,616,228,942	1,527,083,863	1,577,918,847	1,490,350,049
Staff Medical Insurance Fund		44,799,954	36,274,241	44,799,954	36,274,241
Kethata Aruna Compulsory Insurance Fund		706,503,600	706,503,600	706,503,600	706,503,600
Revaluation Reserve		255,524,821	214,006,925	246,477,321	206,206,925
Product Promotion and Incentive Fund		46,639,435	38,361,464	46,639,435	38,361,464
Government Grant for Farmers Pension		1,081,488,000	1,081,488,000	-	-
Capital Grant-GIZ		88,404,556	88,404,556	88,404,556	88,404,556
		(88,697,732,611)	(88,977,111,726)	8,635,186,399	7,694,323,350
Non - Current Liabilities					
Provision for Gratuity		161,784,887	90,459,417	64,437,437	39,032,761
Pension Liability		98,149,339,648	97,122,025,950	-	-
		98,311,124,535	97,212,485,368	64,437,437	39,032,761
Current Liabilities					
Provision for Printing		1,656,082	1,845,812	700,000	700,000
Pre Premium Receipts	7.1	73,127,038	116,164,521	73,127,038	116,164,521
Other Payables	7.2	3,179,059,858	2,528,330,730	154,938,437	175,229,578
Accrued Expenses	7.3	35,383,185	38,374,728	29,840,723	32,470,377
Provision for Indemnity	7.4	146,553,637	197,616,476	146,553,637	197,616,476
Total Current Liabilities		3,435,779,800	2,882,332,266	405,159,835	522,180,952
TOTAL EQUITY & LIABILITIES		**13,049,171,723**	**11,117,705,908**	**9,104,783,671**	**8,255,537,063**

These financial statements are in compliance with the requirements of the Sri Lanka Accounting Standards.

S. M. U. G. S. K. Subasinghe
Director Finance (Acting)
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

Director General

I.U. Kalum Kaluarachchi
Director General
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

The Board of Directors are responsible for the preparation and presentation of these financial statements.
Signed for on behalf of the Board by:

Member of Director Board
Agricultural & Agrarian Insurance Board

Member of Director Board
Agricultural & Agrarian Insurance Board

Pemasiri Jaysingarachchi
Chairman
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda
Sri Lanka

M. A. S. H. PERERA
Additional Director General
Department of Treasury Operations
General Treasury
Colombo - 01.

AGRICULTURAL & AGRARIAN INSURANCE BOARD
CONSOLIDATED FINANCIAL STATEMENT
STATEMENT OF COMPREHENSIVE INCOME

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2025	31.12.2024	31.12.2025	31.12.2024
REVENUE	**Notes**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Premium and Contribution	8.1	638,309,613	623,351,504	637,938,187	623,284,487
Insurance Premium-Treasury Contribution		626,000,000	1,000,000,000	626,000,000	1,000,000,000
Grants for Indemnities - NITF Crop Levy		1,095,498,379	1,282,703,785	1,095,498,379	1,282,703,785
Interest	8.2	1,090,126,559	1,107,874,664	686,224,469	785,952,802
TOTAL REVENUE		**3,449,934,552**	**4,013,929,953**	**3,045,661,035**	**3,691,941,074**
OPERATING EXPENSES					
Indemnity	9.1	(1,719,672,545)	(1,780,680,767)	(1,719,672,545)	(1,780,680,767)
Operating Expenses	9.2	(141,770,775)	(129,694,540)	(120,135,341)	(111,497,555)
Pension Payments		(5,174,620,005)	(4,933,473,726)	-	-
Refund of Net Contribution & Interest		(18,832,101)	(17,769,003)	-	-
Group Insurance Premium		(17,150,820)	(17,721,420)	-	-
Disablement Gratuity Payment		(813,662)	(1,046,127)	-	-
Increase of Pension Liability		(2,923,835,138)	(4,691,231,548)	-	-
		(9,996,695,046)	**(11,571,617,132)**	**(1,839,807,885)**	**(1,892,178,323)**
OPERATING SURPLUS/(DIFICIT)		**(6,546,760,494)**	**(7,557,687,179)**	**1,205,853,150**	**1,799,762,752**
Govt. Grant for Pension Payment		5,043,000,000	4,762,000,000	-	-
Govt. Grant for Admin Expenses		283,627,000	249,630,000	2,757,000	-
Other Income	10	35,789,679	22,214,226	25,810,240	17,207,153
		5,362,416,679	**5,033,844,226**	**28,567,240**	**17,207,153**
		(1,184,343,815)	**(2,523,842,953)**	**1,234,420,390**	**1,816,969,905**
EXPENSES					
Administrative Expenses	11	(679,127,568)	(611,377,838)	(381,581,026)	(353,558,609)
Finance & Other Expenses	12	(43,074,207)	(46,964,427)	(211,638)	(346,723)
TOTAL EXPENSES		**(722,201,775)**	**(658,342,265)**	**(381,792,664)**	**(353,905,331)**
NET SURPLUS/ (DEFICIT)		**(1,906,545,590)**	**(3,182,185,218)**	**852,627,726**	**1,463,064,574**
Income tax expense	13	(121,339,946)	(124,226,159)	(121,339,946)	(124,226,159)
PROFIT AFTER TAX		**(2,027,885,537)**	**(3,306,411,377)**	**731,287,780**	**1,338,838,415**
Provision For A.A.I.B Reserve Fund		(60,292,658)	(89,988,138)	(60,292,658)	(89,988,138)
NET SURPLUS/ (DEFICIT) AFTER PROVISION		**(2,088,178,194)**	**(3,396,399,515)**	**670,995,122**	**1,248,850,277**
OTHER COMPREHENSIVE INCOME					
Gratuity Gain/(Loss)		(66,906,262)	(31,961,267)	(25,447,098)	(15,059,774)
		(66,906,262)	(31,961,267)	(25,447,098)	(15,059,774)
Revaluation surplus of property, plant and equipment		41,517,896	41,476,578	40,270,396	40,526,578
NET SURPLUS/ (DEFICIT) AFTER OTHER COMPREHENSIVE INCOME		**(2,113,566,560)**	**(3,386,884,204)**	**685,818,420**	**1,274,317,081**

AGRICULTURE & AGRARIAN INSURANCE BOARD

STATEMENT OF CHANGES IN EQUITY

GROUP

Description	Initial Capital Contributed by the Treasury Rs.	Accumulated Surplus/ (Deficit) Rs.	Govt. Grant for Capital Rs.	AAIB Reserve Fund Rs.	Farmer's Death Gratuity Fund Rs.	Staff Medical Insurance Fund Rs.	Kethata Aruna Compulsory Insurance Fund	Revaluation Reserve Rs.	Product Promotion and Incentive Fund Rs.	Government Grant on Treasury Bond Rs.	Capital Grant-GIZ Rs.	Total Rs.
Balance as at 01st January 2024	**50,000,000**	**(90,041,219,155)**	**17,330,189**	**498,536,253**	**1,427,193,842**	**27,313,478**	**706,503,600**	**172,530,347**	**30,686,023**	**1,081,488,000**	**65,792,100**	**(85,963,845,323)**
Prior Year Adjustment		7,600,000										7,600,000
Addition during the year:	-	143,566,886	9,150,000	89,988,138	17,721,420	5,221,150	-	-	18,056,415	-	22,612,456	306,316,465
Interest Income	-				84,137,602	5,876,906	-	-	-	-	-	90,014,507
Amortization Gov. Grant	-	-	(15,825,905)	-	-	-	-	-	-	-	-	(15,825,905)
Benefit paid	-				(1,969,000)	(2,137,293)	-	-	(10,380,974)	-	-	(14,487,267)
Net Surplus /(Deficit)	-	(3,428,360,782)	-	-	-			41,476,578	-	-	-	(3,386,884,204)
Balance as at 31st December 2024	**50,000,000**	**(93,318,413,051)**	**10,654,285**	**588,524,391**	**1,527,083,864**	**36,274,240**	**706,503,600**	**214,006,925**	**38,361,464**	**1,081,488,000**	**88,404,556**	**(88,977,111,727)**
Addition during the year:	-	239,803,325	106,343,000	60,292,658	17,150,820	5,293,350	-	-	18,553,661	-	-	447,436,814
Prior Year Adjustment		1,905,672,380	-	-	-	-	-	-	-	-	-	1,905,672,380
Interest Income	-	-	-	-	73,123,259	5,880,500	-	-	-	-	-	79,003,758
Amortization Gov. Grant Farmers Pension	-	-	(25,114,449)	-	-	-	-	-	-	-	-	(25,114,449)
Benefit paid	-	-	-	-	(1,129,000)	(2,648,137)	-		(10,275,690)	-	-	(14,052,827)
Net Surplus /(Deficit)	-	(2,155,084,456)	-	-	-	-	-	41,517,896		-	-	(2,113,566,560)
Balance as at 31st December 2025	**50,000,000**	**(93,328,021,802)**	**91,882,835**	**648,817,048**	**1,616,228,942**	**44,799,953**	**706,503,600**	**255,524,821**	**46,639,435**	**1,081,488,000**	**88,404,556**	**(88,697,732,611)**

STATEMENT OF CHANGES IN EQUITY

AGRICULTURE INSURANCE SCHEME

Description	Initial Capital Contributed by the Treasury Rs.	Accumulated Surplus/ (Deficit) Rs.	Govt. Grant for Capital Rs.	AAIB Reserve Fund Rs.	Farmer's Death Gratuity Fund Rs.	Staff Medical Insurance Fund Rs.	Kethata Aruna Compulsory Insurance Fund	Revaluation Reserve Rs.	Product Promotion and Incentive Fund Rs.	Government Grant on Treasury Bond Rs.	Capital Grant-GIZ Rs.	Total Rs.
Balance as at 01st January 2024	**50,000,000**	**3,237,653,337**	**17,330,189**	**498,536,253**	**1,391,994,627**	**27,313,478**	**706,503,600**	**165,680,347**	**30,686,023**	**-**	**65,792,100**	**6,191,489,954**
Addition during the year:	-		9,150,000	89,988,138	15,977,820	5,221,150	-	40,526,578	18,056,415	-	22,612,456	201,532,557
Interest Income	-				84,137,602	5,876,906	-	-	-	-	-	90,014,507
Amortization Gov. Grant	-	-	(15,825,905)	-	-	-	-	-	-	-	-	(15,825,905)
Prior Year Adjustment	-	7,600,000	-	-	-	-	-	-	-	-	-	7,600,000
Benefit paid	-	-	-	-	(1,760,000)	(2,137,293)	-	-	(10,380,974)	-	-	(14,278,267)
Net Surplus /(Deficit)	-	1,233,790,503	-	-	-			-	-	-	-	1,233,790,503
Balance as at 31st December 2024	**50,000,000**	**4,479,043,840**	**10,654,285**	**588,524,391**	**1,490,350,049**	**36,274,240**	**706,503,600**	**206,206,925**	**38,361,464**	**-**	**88,404,556**	**7,694,323,350**
Addition during the year:	-	-	106,343,000	60,292,658	15,402,540	5,293,350	-	40,270,396	18,553,661	-	-	246,155,605
Prior Year Adjustment	-	9,150,939	-	-	-	-	-	-	-	-	-	9,150,939
Interest Income	-	-	-	-	73,123,259	5,880,500	-	-	-	-	-	79,003,758
Amortization Gov. Grant Farmers Pension	-	-	(25,114,449)	-	-	-	-	-	-	-	-	(25,114,449)
Benefit paid	-	-	-	-	(957,000)	(2,648,137)	-	-	(10,275,690)	-	-	(13,880,827)
Net Surplus /(Deficit)	-	645,548,024	-	-	-	-	-	-	-	-	-	645,548,024
Balance as at 31st December 2025	**50,000,000**	**5,133,742,803**	**91,882,835**	**648,817,048**	**1,577,918,847**	**44,799,953**	**706,503,600**	**246,477,321**	**46,639,435**	**-**	**88,404,556**	**8,635,186,399**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

CASH FLOW STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	Rs.	Rs.	Rs.	Rs.
Cash Flows from Operating Activities				
Net Surplus / (Deficit) before tax	(1,906,545,590)	(3,182,185,218)	852,627,726	1,463,064,574
Adjustment for				
Depreciation	59,526,861	43,690,621	56,524,610	41,644,775
Amortization of Government Grant	(25,114,449)	(15,825,905)	(25,114,449)	(15,825,905)
Increase of Pension Liability	2,923,835,138	4,691,231,548	-	-
Accrued /Provision for Indemnity	97,098,343	151,252,512	97,098,343	151,252,512
Administration Expenditure paid by AIB	-	-	(255,944,923)	(241,024,034)
Government Grant for Recurent Expenditure	-	-	280,870,000	249,630,000
Staff Incentive & Promotion Fund	18,553,661	18,056,415	18,553,661	18,056,415
Death Gratuity Premium	17,150,820	17,721,420	-	-
Interest Expenses	42,831,809	46,482,878		
	3,133,882,183	**4,952,609,491**	**171,987,241**	**203,733,764**
Profit / loss on disposal of Property, Plant & Equip.	(330,084)	(49,715)	(318,197)	(49,715)
Provision for Retiring Gratuity	18,022,668	10,187,207	10,135,162	5,324,589
Operating Surplus before working capital changes	**1,245,029,177**	**1,780,561,765**	**1,034,431,933**	**1,672,073,211**
(Increase)/ Decrease in Inventories	(3,466,486)	3,342,609	(3,016,157)	6,371,563
(Increase)/ Decrease in Receivables	(41,572,710)	313,546,506	17,899,642	337,624,005
(Increase)/ Decrease Receivable Premium	668,279	(538,790)	256,897	(439,056)
(Increase)/ Decrease in Deposits & Prepayments	7,993,108	6,654,082	7,993,108	6,654,082
(Increase)/ Decrease in Advances	19,094,167	(29,112,437)	19,094,167	(29,112,437)
Increase /(Decrease) Provision For Indemnity	(146,862,381)	(919,404,690)	(146,862,381)	(919,404,690)
Increase /(Decrease) Provision For Printing	(189,730)	(76,888)	-	100,000
Increase /(Decrease) Pre-premium advance	(43,037,484)	478,203	(43,037,484)	478,203
Increase /(Decrease) Other Payables	668,675,880	612,168,072	(27,281,353)	(37,623,517)
Increase /(Decrease) Accrued expenses	(2,991,542)	(1,039,688)	(2,629,653)	(2,915,524)
	458,311,101	**(13,983,020)**	**(177,583,213)**	**(638,267,370)**
Cash Generated from Operations	**1,703,340,278**	**1,766,578,745**	**856,848,719**	**1,033,805,841**
Income Tax Paid	(129,699,872)	(347,270,504)	(129,699,872)	(347,270,504)
Retiring Gratuity - Paid	(13,603,460)	(7,152,010)	(13,603,460)	(7,152,010)
Net Cash Flows from Operating Activities	**1,560,036,946**	**1,412,156,230**	**713,545,387**	**679,383,327**
Cash Flows from Investing Activities				
Medical Fund	8,525,713	8,960,763	8,525,713	8,960,763
Farmer's Death Gratuity Fund	29,162,449	35,685,723	30,291,449	37,654,723
Staff Incentive & Promotion Fund	(10,275,690)	(10,380,974)	(10,275,690)	(10,380,974)
Investments during the year	(1,807,736,172)	(1,541,699,169)	(724,194,123)	(685,409,788)
Purchases of Property, Plant & Equipment	(33,337,135)	(52,761,756)	(33,310,436)	(47,270,065)
Proceeds from sale of Property, Plant & Equipment	361,753	50,620	361,753	50,620
Net Cash Flows from Investing Activities	**(1,813,299,082)**	**(1,560,144,792)**	**(728,601,333)**	**(696,394,720)**
Cash Flows from Financing Activities				
Grant for Capital expenditure	-	22,612,456	-	22,612,456
New Pension Scheme Fund	114,461,625	54,818,394	-	-
Old Pension Scheme Fund	125,341,700	88,748,492	-	-
Net Cash Flows from Financing Activities	**239,803,325**	**166,179,342**	**-**	**22,612,456**
Net Increase / (Decrease) in Cash & Cash Equivalents	**(13,458,811)**	**18,190,780**	**(15,055,946)**	**5,601,062**
Cash & cash equivalents at the beginning of the year	**56,711,052**	**38,520,272**	**37,965,764**	**32,364,702**
Cash & cash equivalents at the end of the year	**43,252,241**	**56,711,052**	**22,909,818**	**37,965,764**

Agricultural and Agrarian Insurance Board

Significant Accounting Policies

For the Year Ended 31st December 2025

1. Corporate Information

1.1 Reporting Entity

Agricultural and Agrarian Insurance Board of Sri Lanka (hereafter referred to as the 'Board') was incorporated by Act No.20 of 1999.The registered office of the Board is situated at No.117, Subadhararama Road, Gangodawila, Nugegoda and the principal place of business is located at this address. Further, all powers and duties conferred or imposed on the Agricultural Insurance Board established by the relevant law, as well as those outlined in the Farmers Pension and Social Security Benefit Scheme Act, No. 12 of 1987, and the Fisherman's Pension and Social Security Benefit Scheme Act, No. 23 of 1990, shall, with effect from the appointed date, be deemed to be powers and duties conferred or imposed on the Board.

1.2 Parent Entity and Ultimate Parent Entity

The Board parent and ultimate parent entity is the Government of Sri Lanka

1.3 Principal Activities and Nature of Operations

The board is primarily engaged in the Agricultural Insurance including agricultural and horticultural crops, medical plants, livestock, fisheries and forestry, agricultural equipment and implements and the storage and preservation of agricultural & horticultural produce and the products of medicinal plants, fisheries and forest produce. Further the board is also engaging in providing medical benefits, operating social security schemes and fertilizer insurance scheme for agriculturists & Third-Party insurance for vehicle who owned by the agriculturists. There were no significant changes in the nature of the principal activities of the board during the financial year under review.

1.4 Responsibility for Financial Statements

The Board of Directors are Responsible for preparation and presentation of these Financial Statements.

1.5 Number of Employees

The staff strength of the Board as at 31st December 2025 was 352

1.6 Approval of financial statements by the Board of Directors

The financial statements of the Board for the year ended 31st December 2025 were approved and authorized for issuance on 26th February 2026

2. Basis of Preparation and Significant Accounting Policies

2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Financial Statements for the year ended 31st December 2025 comprise the following components.

- A Statement of Financial Position providing the information on the financial position of the Board as at 31st December 2025. [Page 01]
- A Statement of Comprehensive Income Providing the information on the financial performance of the Board for the year under review. [Page 02]
- Statement of Changes in Equity depicting all changes in equity. [Page 03]
- Statement of Cash Flows providing the information to the users, on the ability of the Board to generate cash and cash equivalents and utilization of those cash flows [Page 04]
- Notes to the Financial Statements comprising accounting policies and other explanatory information. [Page 05-29]

2.2 Basis of Measurement

The Financial Statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes.

2.3 Presentation of Financial Statements

The Board presents its statement of financial position broadly in order that reflects their relative liquidity. No adjustments have been made for inflationary factors affecting the Financial Statements.

2.4 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the board. All financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee, except when otherwise indicated.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately. Items of a dissimilar nature or function are also presented separately unless they are immaterial.

2.6 Reporting Period

The reporting period is from January to December 2025. Where applicable, the accounting policies are explained in the in the succeeding notes

2.7 Significant Accounting Judgements, Estimates and Assumption

The preparation and presentation of financial statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgments used.

Accounting Judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the notes to the financial statements.

2.7.1 Going Concern

The management has made an assessment of the board's ability to continue as a going concern and is satisfied as that the Board has the resources to continue in business for the foreseeable future. Therefore, the financial statements continue to be prepared on the going concern basis.

2.7.2 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter- period comparability.

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

2.7.3 Amortized cost of a Financial Assets

As per the SLFRS 9 the board is recognized the financial asset at amortized cost if both of the following conditions are met.

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

2.7.4 Fair value of financial instruments

The determination of fair values for financial assets and financial liabilities recorded on the statement of financial position, for which there is no observable market price, is carried out using a variety of valuation techniques, including the application of mathematical models. The inputs to these models are typically derived from observable market data when available. However, in the absence of such data, judgment is required to establish the fair values of these financial instruments.

2.7.5 Provision for Liabilities and Contingencies

The Board receives legal claims against it in the normal course of business. Management has made judgement as to the likelihood of any claim succeeding in making provisions. The time of concluding the legal claim is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions. The Board decided to

provide 15% of total legal claims for litigation provision for Third party legal claims. It is recognized weighted average rate of 15% from three consecutive year's income. Out of 15% rate proportionated 7%, 5%, 3% for current year income, previous year income and year after previous year respectively.

2.8 Impairment of Financial Assets

The board assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

3 Assets and the Basis of their Valuation

3.1 Property, Plant and Equipment

3.1.1 Recognition and Measurement

Basis of recognition property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the board and cost of the asset can be measured reliably.

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation and accumulated impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

Fully depreciated assets with a total historical cost of Rs. 37,246,534.60 has been included in property plant and equipment in consolidated financial statements.

3.1.2 Cost

Measurement an item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. The cost of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Repairs and Maintenance are charged to the statement of profit and loss during the financial period in which they are incurred. 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 board and the renovation, replaces and identifiable part of the asset.

3.1.3 Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date.

Motor Vehicle revaluation is performed by professionally qualified external valuers using the open market value. The revaluation surplus is recognized on the net carrying value of the asset and is transferred to a revaluation reserve after restating the asset at the revalued amount. On revaluation of motor vehicle, any increase in the revaluation amount is credited to the revaluation reserve in equity unless it off sets a previous decrease in value of the same asset that was recognized in the Statement of profit or loss. A decrease in value is recognized in the Statement of profit or loss where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

3.1.4 Depreciation

Depreciation is charged to the statement of comprehensive income on the straight-line method at the following rates per annum in order to write off the cost of such assets over their estimated useful lives. Depreciation charge begins when an asset is available for use.

Building	4%
Motor Vehicle	20%
Furniture & Fitting	10%
Office Equipment	10%

Publicity Equipment	10%
Loss Preventive Equipment	10%
Crop Cutting Equipment	10%
Bicycles	20%
Survey Equipment	10%
Weighing Scale	10%
Welfare Equipment	10%
Telephone	20%
Computer	20%
Motor Bicycles	20%

3.2 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 – Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

The Board intangible asset include the value of acquired computer software. Computer software is amortized over a period of 5 years on the straight-line method.

3.3 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.4 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Board determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Board initially recognizes 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 recognized initially on the trade date at which the Board becomes a party to the contractual provisions of the instrument.

The Board derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Board is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position only when the Board has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The financial assets of the Board include cash and short-term investments and trade and other receivables.

3.4.1 Financial Assets at Fair Value through Profits or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets measured at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recognized as finance income or finance expense in the statement of comprehensive income.

3.4.2 Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

3.4.3 Amortized cost of a Financial Assets

As per the SLFRS 9 the board is recognized the financial asset at amortized cost if both of the following conditions are met.

(c) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(d) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

3.4.4 Available-for-Sale Financial Investment

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The board has not designated any financial asset upon initial recognition as available-for sale investment.

3.4.5 Impairment of Financial Assets

The board assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

4. Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Board has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.1 Provision for Claims

Liability for outstanding claims is recognized based on the risk factors of crop and insured subject matter. Following table shows the indemnity provision made for the financial year 2025

Insured Subject	**Provision for Indemnity (Rs.)**
Kethata Aruna	83,848,178
Livestock	5,900,000
Suwasetha Insurance	50,000
Personal Accidents	100,000
Subsidiary Crops	4,520,400
Moveable Property	52,135,059
	146,553,637

4.2 Provision for third party Insurance indemnity

Management has made judgement as to the likelihood of any claim succeeding in making provisions. The time of concluding the legal claim is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions. The Board decided to provide 15% of total legal claims for litigation provision for Third party legal claims. It is recognized weighted average rate of 15% from three consecutive year's income. Out of 15% rate proportionated 7%, 5%, 3% for current year income, previous year income and year after previous year respectively.

4.3 Provision for Doubtful Debts

5% provisions have been made from the total staff loan as the Provision for Doubtful Debts.

4.4 Income Tax Payable

The income tax expense for the year ended 31 December 2025 has been recognized in the Statement of Comprehensive Income. For the Year of Assessment 2025/2026, the Board has incurred a total income tax liability of **Rs. 121,339,946.45** As at 31 December 2025, a sum of **Rs. 59,742,668.69** has been paid in respect of the first two quarters, and a provision of **Rs. 51,635,435.80** has been made in the financial statements for the remaining two quarters.

Business Income		
Investment Income		1,090,126,559.12
Diversion of income by overriding the title	-	114,400,000.00
Expenses connected with Investment Income	-	109,012,655.91
Total Assessable Income		**866,713,903.21**
Computation of Tax Liability		
Tax Rate		14%
Total Tax payable for the Year of Assesment 2025/2026		**121,339,946.45**

4.5 Retirement Benefits

A Provision has been made for retiring gratuities from the completion of the first year of service for all permanent employees in conformity with Sri Lanka Accounting Standard 19 (LKAS 19) Retirement Benefits costs. However, according to the Payment of Gratuity Act No.12 of 1983 the liability to an employee arises only on completion of five years of continued service. The liability is not externally funded.

4.6 Capital Commitments and Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Board are disclosed in the respective notes to the financial statements.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Board has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.7 Pension Liability

As stated in paragraph 15 of Sri Lanka Accounting Standard SLFRS 4, Insurance contracts, an insurer shall assess at the end of each reporting period whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities (less related deferred acquisition costs and related intangible assets) is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss.

The pension liability has been increased by considering the changes in the market interest rates and a deficiency has been recognized in other comprehensive income in the statement of profit and loss and other comprehensive income to the financial statements.

Therefore, recognizing the said increase in pension liability for the farmers and fishermen under other comprehensive is in compliance with the requirement of the above standard.

5. Statement of Comprehensive Income

5.1 Revenue

1. The revenue of the board represents the income from insurance premium, interest income from treasury bills and fixed deposit, loans of employees, and other miscellaneous income.
2. All income has been recognized on accrual basis.
3. Insurance Premium have been received from the Government as subsidy on behalf of the farmers.
4. Government Grants received for capital expenditure has been recognized as income on systematic basis.

5.2 Revenue Recognition

1. Insurance premium revenue has been recognized based on the time of insured.
2. The above revenue is on accrual basis & matched with related expenditure.
3. Interest income is accrued on time basis.

5.3 Receivable Premium

Pursuant to the budget proposals and decisions of the Cabinet of Ministers, the Board has conducted its accounting operations commencing from the fiscal year 2018, with funding allocations duly provided by the Treasury. However, subsequent to the fiscal years of 2018 and 2019, the allocation of funds based on the premium amount calculated with respect to cultivated acreage, as accounted for by the Board, ceased to be included within the annual budget allocations.

5.4 Accounting for Government Grants

Grants that compensate the Board for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Board for the cost of an asset are recognized in the statement of comprehensive income on a systematic basis over the useful life of the related asset.

The government provides annual grants for the compulsory insurance scheme to cover indemnity payments. Under this scheme, farmers receive compensation of Rs. 40,000 per acre for damages caused by natural disasters such as floods, droughts, and wild elephant attacks. The insurance coverage extends up to a maximum of 5 acres for paddy cultivation and up to 2.5 acres for other crops, including soybeans, chili, onions, maize, and potatoes.

Furthermore, the government provides an initiative grant for the Farmers' Pension, aimed at ensuring financial security for farmers during their retirement years. This grant offers a fixed monthly income to eligible farmers once they reach the age of 60.

5.5 Expenditure

Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the board and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.

The indirect expenses of the board apportioned on the following rates by the board paper No: 401/4 - 2008.10.15.

Expenditure	Rates
Salaries, EPF, ETF, Gratuity	50%
Medical Expenses	50%
Consultancy Fees	60%
Welfare	50%
Uniform	50%
Entertainment	60%
Printing	60%
Legal Fees	40%
Allowances to B/Members	60%
Rent	55%
Telephone	55%
Postage	40%
Electricity	55%
Travelling, Over Time	50%
Water Bill	55%
Daily Pay	50%
Security	75%
Maintenance Office Equipment	75%
Maintenance of Motor Vehicles	57%
Computer Expenses	75%
Fuel Expenses	68%
Stationery	50%
Main. Building	55%
Publicity & Training	80%

5.6 Surplus

The surplus will be computed after making provisions for all the liabilities, bad and doubtful debts and depreciation for property, plant and equipment.

5.7 Reserve Fund

A contingency reserved fund was created year in the 2002 & the policy is to provide 5% from the operational surplus.

5.8 Pre-Premium

Insurance premium receipts for livestock and compulsory insurance have been treated as pre-premium, if received in advance.

6. Statement of Cash Flows

The cash flow statement of the scheme has been presented using the indirect method, in accordance with the LKAS 7.

7. Events 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 authorized for issue. All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective Notes to the Financial Statements.

8. Related Party Transactions

Famers Pension Scheme and the Fisheries Pension Scheme are considered as related parties of Agricultural Insurance Scheme. The transactions carried out with these related parties are been disclosed based on fair value. Agricultural Insurance Scheme has granted a loan amounting to Rs. 295,230,441.79 to Farmers Pension Scheme.

9. Prior Year Adjustments

9.1 Provision for Suwasetha Insurance & Personal Accidents Indemnity payments

The Board has allocated a provision of Rs.1,500,000 for Suwasetha & Personal accident Insurance indemnity payments from prior years, has been adjusted the over-provision of Rs.499,400 and 799,400 respectively in the 2025 financial statements.

9.2 Provision for Payable Incentive

The Board had previously recognized a provision for the incentive payable in respect of following insurance schemes relating to prior years. The excess provision identified has been duly adjusted in the financial statements for the year ended 31 December 2025.

Description	Adjusted Over Provision
Payable Crop Insurance Incentive	683,8342.20
Payable Livestock Operational Expenditure	98,400
Payable Personal Accident & Suwasetha Incentive	457,559.55
Payable Livestock Incentive	457,837.45
Total	**7,852,139.20**

10. Actuaries Valuation for Liability valuation of Farmer's and Fisherman's Pension Schemes and other services.

The Board has engaged Actuarial Valuer in accordance with the Guidelines on the Selection and Employment of Consultants issued under the Consultancy Procurement Guidelines. Until the completion of the most recent actuarial valuation, liability adjustments have been made based on the actuarial valuation carried out in 2007.The current actuarial valuation done in 2025 covers the following schemes and activities:

1. Old Farmers' Pension Scheme
2. New Farmers' Pension Scheme
3. Fishermen's Pension Scheme
4. Premium calculation for the New Farmers' Pension Plan

The results of the latest actuarial valuation have been incorporated into the financial statements for the year ended 31 December 2025. The consultancy ensured an accurate assessment of liabilities under the aforementioned pension schemes, evaluated the fund balances, calculated death and disability liabilities, and recommended appropriate discount and interest rates. The Net Premiums are calculated actuarially, based on 9% interest.

11. Contingencies

One Hundred Twenty-six cases have been examined and the current status of the cases are disclosed in the following table. Six cases were settled based on the Decision of the Risk Committee negotiate with petitioner in 2025 paid Rs.1,500,000/-. Two cases were settled based on the Decision of the Risk Committee (Compensation via the Alternative Method for Third-Party Victims of Motor Vehicle Accidents) in 2025 paid Rs 1,000,000/-

Final Report 2025 – Cases filed by and against the AAIB

Court	No Of Case	Parties	Cause of Action	Current Situation
Worker's Compensation Court -A'pura	01 WC/NF/1149/2019 (ANU)	M.M. Senavirathne Banda VS AAIB	Action file against the board claiming insurance money for accident that occurred during office hours	The case is being heard
High court Anuradhapura	02 HC/233 & HC/234	Police VS Sandagomi Maheshika	1. Fraud of money which need to be given to farmers 2. forgery	The case is being heard
Magistrate court Anuradhapura	01 B/2171/2002	Police VS Mr. K. A. Heenbandara	Fraud of money which need to be received to the board	Keep down the case since 2005
Colombo High Court	01 3/8/2 මෘ.ඇ / 2006	Police VS AAIB	Mavil Aru cultivation compensation	Case referred to attorney General's Department for further instruction
District Courts (Island wide)	121 cases	3rd party Damage claimers Vs AAIB	Damages claim under 3rd party insurance	The cases are being heard

AGRICULTURAL & AGRARIAN INSURANCE BOARD
NOTES TO THE ACCOUNTS

NOTE 1 - NON CURRENT ASSETS
PROPERTY, PLANT & EQUIPMENT
GROUP

Rs.

ASSETS	Cost/Valuation as at 01.01.2025	Disposal	Cost Addition	Revaluation Assets 31-12-2025	Transfers to revaluation reserve	Cost/Valuation as at 31.12.2025	Accum.Dep as at 01.01.2025	Disposal	Accumulated depreciation transfers to revaluation reserve	Depreciation for the year	Accum.Dep as at 31.12.2025	W.D.V as at 31.12.2025
Land	-	-	106,343,000	-	-	106,343,000	-	-	-	-	-	106,343,000
Furniture & Fittings	27,396,547	(658,741)	1,686,267	-	-	28,424,074	14,100,496	(648,915)	-	2,012,445	15,464,026	12,960,048
Office Equipment	30,527,670	(737,664)	6,865,740	-	-	36,655,746	13,197,451	(731,497)	-	2,692,861	15,158,815	21,496,931
Motor Vehicle	164,082,300	-	8,900,000	(172,982,300)	178,335,000	178,335,000	8,124,750	-	(30,415,607)	34,179,857	11,889,000	166,446,000
Welfare Equipment	2,317,857	(87,075)	107,399	-	-	2,338,181	764,530	(74,578)	-	190,163	880,115	1,458,066
Computer Equipment	130,437,129	(4,309,371)	131,814	-	-	126,259,572	62,315,561	(4,306,192)	-	18,157,411	76,166,779	50,092,792
Computer Software	1,475,000	-	-	-	-	1,475,000	1,475,000	-	-	-	1,475,000	-
Telephone	1,510,808	-	-	-	-	1,510,808	1,510,808	-	-	-	1,510,808	-
Motor Bicycle	56,350	89,950	-	-	-	146,300	56,350	89,950	-	-	146,300	-
Building	10,828,779	-	41,725,299	(8,629,015)	12,766,000	56,691,063	6,279,073	-	(1,395,405)	1,941,794	6,825,462	49,865,600
Air Conditioners	1,051,273	-	-	-	-	1,051,273	993,925	-	-	43,011	1,036,936	14,337
Publicity Equipment	3,105,817	(105,199)	-	-	-	3,000,618	2,508,962	(105,199)	-	92,120	2,495,883	504,735
Bicycle	135,414	(3,950)	-	-	-	131,464	135,414	(3,950)	-	-	131,464	-
Crop Cutting Equipment	60,371	(250)	-	-	-	60,121	60,371	(250)	-	-	60,121	-
Loss Preventive Equip:	41,280	-	-	-	-	41,280	41,280	-	-	-	41,280	-
Survey Equipment	4,099	(1,800)	-	-	-	2,299	4,099	(1,800)	-	-	2,299	-
Weighing Scale	1,036	(700)	-	-	-	336	1,036	(700)	-	-	336	-
Norad Equipment	344,424	-	-	-	-	344,424	344,424	-	-	-	344,424	-
Work In Progress-Buildings	34,494,099	-	(27,840,771)	-	-	6,653,328	-	-	-	-	-	6,653,328
	407,870,252.36	**(5,814,800.08)**	**137,918,747.71**	**(181,611,315.24)**	**191,100,999.99**	**549,463,884.78**	**111,913,528.19**	**(5,783,130.70)**	**(31,811,011.38)**	**59,309,661.26**	**133,629,047.40**	**415,834,837.37**

Note :Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs.63,166,209.37 as at 31st December 2025

PROPERTY, PLANT & EQUIPMENT
AGRICULTURE INSURANCE SCHEME

ASSETS	Cost/Valuation as at 01.01.2025	Disposal	Cost Addition	Revaluation Assets 31-12-2025	Transfers to revaluation reserve	Cost/Valuation as at 31.12.2025	Accum.Dep as at 01.01.2025	Disposal	Accumulated depreciation transfers to revaluation reserve	Depreciation for the year	Accum.Dep as at 31.12.2025	W.D.V as at 31.12.2025
Land	-	-	106,343,000	-	-	106,343,000	-	-	-	-	-	106,343,000
Furniture & Fittings	25,933,574	(632,585)	1,686,267	-	-	26,987,256	12,825,604	(622,759)	-	1,941,854	14,144,699	12,842,558
Office Equipment	28,744,435	(687,624)	6,865,740	-	-	34,922,551	11,514,934	(681,457)	-	2,666,527	13,500,005	21,422,547
Motor Vehicle	159,732,300	-	8,900,000	(168,632,300)	173,535,000	173,535,000	7,907,250	-	(29,835,607)	33,497,357	11,569,000	161,966,000
Welfare Equipment	2,282,706	(82,375)	80,700	-	-	2,281,031	745,578	(69,878)	-	188,133	863,833	1,417,198
Computer Equipment	99,256,606	(3,508,206)	131,814	-	-	95,880,213	38,751,685	(3,505,028)	-	16,197,125	51,443,782	44,436,431
Telephone	1,510,808	-	-	-	-	1,510,808	1,510,808	-	-	-	1,510,808	-
Motor Bicycle	56,350	89,950	-	-	-	146,300	56,350	89,950	-	-	146,300	-
Building	10,828,779	-	41,725,299	(8,629,015)	12,766,000	56,691,063	6,279,073	-	(1,395,405)	1,941,794	6,825,462	49,865,600
Publicity Equipment	2,682,980	(105,199)	-	-	-	2,577,781	2,086,125	(105,199)	-	92,120	2,073,046	504,735
Bicycle	135,414	(3,950)	-	-	-	131,464	135,414	(3,950)	-	-	131,464	-
Crop Cutting Equipment	60,371	(250)	-	-	-	60,121	60,371	(250)	-	-	60,121	-
Loss Preventive Equip:	41,280	-	-	-	-	41,280	41,280	-	-	-	41,280	-
Survey Equipment	4,099	(1,800)	-	-	-	2,299	4,099	(1,800)	-	-	2,299	-
Weighing Scale	1,036	(700)	-	-	-	336	1,036	(700)	-	-	336	-
Norad Equipment	344,424	-	-	-	-	344,424	344,424	-	-	-	344,424	-
Work In Progress-Buildings	34,494,099		(27,840,771)	-	-	6,653,328		-	-		-	6,653,328
	366,109,261	**(4,932,740)**	**137,892,049**	**(177,261,315)**	**186,301,000**	**508,108,255**	**82,264,030**	**(4,901,071)**	**(31,231,011)**	**56,524,910**	**102,656,858**	**405,451,396**

Note
Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 37,246,534.60 as at 31st December 2025

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2025 Rs.	31.12.2024 Rs.	31.12.2025 Rs.	31.12.2024 Rs.
NOTE 2 - CURRENT ASSETS					
Note 2.1 - Stock					
Printing Materials		26,608,022	25,358,463	18,028,161	17,236,720
Stationary		12,053,994	9,837,067	11,887,911	9,663,195
		38,662,016	**35,195,530**	**29,916,072**	**26,899,915**
Note 2.2 - Receivables					
Staff Loans & Advance		61,087,716	42,049,874	61,087,716	42,049,874
Motor cycle loan		379,408	146,791	379,408	146,791
Salary Receivables		171,011	171,011	171,011	171,011
Staff Special Loan - 2004		4,800	4,800	4,800	4,800
Sundry Debtors		762,278	774,462	75,299	87,483
Receivables from C. W. E		256,520	256,520	256,520	256,520
Motor cycle Expenses (Staff) -		2,567	2,567	2,567	2,567
Amount Due From Related Party	***2.2.1***	-	-	976,894,064	943,312,248
Provision for bad debtors		(2,887,848)	(1,999,744)	(2,887,848)	(1,999,744)
Death Gratuity		5,000	5,000	-	-
Receivable from Postal Department		131,655,231	99,330,987	-	-
With Holding Tax-WHT		-	9,121,703	-	9,121,703
		191,436,682	**149,863,972**	**1,035,983,536**	**993,153,254**
Note 2.2.1 Amount Due From Related Parties					
Life insurance premium Receivable		-	-	323,093,177	308,647,637
Current Account (Admin)		-	-	78,469,779	74,051,579
Farmers Pension Scheme (Capital)		-	-	5,884,331	7,944,528
Farmers Pension Advance		-	-	569,446,776	552,668,504
		-	**-**	**976,894,064**	**943,312,248**
Note 2.3 Receivable Premium					
Livestock		-	105,254	-	105,254
Movable Property		553,893	705,535	553,893	705,535
Farmers Contribution for Pension		631,497	1,016,180	-	-
		1,185,390	**1,826,970**	**553,893**	**810,790**
NOTE 2.4 - Deposits & Pre Payment					
Deposit - (Fuel)		250,000	150,000	250,000	150,000
Deposit - (Transport)		5,000	5,000	5,000	5,000
Insurance		908,202	1,220,869	908,202	1,220,869
Rent		6,475,332	8,086,546	6,475,332	8,086,546
Cloud Server		8,251,303	14,420,529	8,251,303	14,420,529
		15,889,836	**23,882,944**	**15,889,836**	**23,882,944**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2025	**31.12.2024**	**31.12.2025**	**31.12.2024**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Note 2.5 - Advances				
Traveling Advance	7,970	7,970	7,970	7,970
Fuel Advance	69,196	69,645	69,196	69,645
Salary Advance	50,261	50,261	50,261	50,261
Miscellaneous Advance	-	9,108,783	-	9,108,783
Capital Advance	10,557,581	20,545,125	10,557,581	20,545,125
District Admin.acct	2,608	-	2,608	-
	10,687,617	**29,781,785**	**10,687,617**	**29,781,785**
Note 2.6 - Financial Instruments Held to Maturity				
Treasury Bills & Repo	1,991,660,570	3,330,753,063	1,185,812,406	2,549,650,271
Fixed Deposit-Peoples Bank	1,313,698,706	1,065,675,398	459,574,993	525,646,203
Fixed Deposit-Bank Of Ceylon	2,477,756,212	271,740,254	2,134,042,631	265,574,832
Fixed Deposit-Regional Development Bank	152,314,828	127,065,696	152,314,828	127,065,696
	5,935,430,315	**4,795,234,411**	**3,931,744,859**	**3,467,937,002**
Note 2.7 - Cash and Cash Equivalents				
Bank Of Ceylon A/C -164811	352,976	428,566	352,976	428,566
Bank Of Ceylon A/C -164667	2,972,813	2,583,191	2,972,813	2,583,191
Bank Of Ceylon A/C -164693	1,028,489	763,270	1,028,489	763,270
Bank Of Ceylon A/C -1622	2,651,478	4,263,949	2,651,478	4,263,949
Bank Of Ceylon A/C -1616	383,291	236,252	383,291	236,252
Bank Of Ceylon A/C -8600879	508,309	789,827	508,309	789,827
Bank Of Ceylon A/C -8600818	118,554	324,617	118,554	324,617
Bank Of Ceylon A/C -164790	861,984	190,525	-	-
Bank Of Ceylon A/C -164795	1,355,328	711,056	-	-
Bank Of Ceylon A/C -91071672	372,845	24,000		
Peoples Bank A/C -335100280112349	76,896	47,945		
Bank Of Ceylon A/C -8403704	1,147,051	29,346	-	-
Bank Of Ceylon A/C -87144457	140,697	32,100	-	-
Bank Of Ceylon A/C -87649201	1,632,232	520,062	-	-
Peoples Bank A/C -112352	675,509	1,215,643	675,509	1,215,643
Peoples Bank A/C -112343	643,602	651,184	643,602	651,184
Peoples Bank A/C -100440112349	428,399	851,721	-	-
Peoples Bank A/C -100260112349	226,106	92,770	226,106	92,770
Peoples Bank A/C -100350112349	25,894	464,110	25,894	464,110
Peoples Bank A/C -100170112349	1,801,837	1,446,646	1,801,837	1,446,646
Peoples Bank A/C -335100190008791	1,955,656	11,863,696	1,955,656	11,863,696
Peoples Bank A/C -335100280008791	2,075,443	3,752,015	2,075,443	3,752,015
Peoples Bank A/C -100530112349	163,158	163,258	163,158	163,258
Peoples Bank A/C -335100190112349	415,577	2,285,396	415,577	2,285,396
Peoples Bank A/C -100180112344	1,588,174	849,025	-	-
Peoples Bank A/C -100150112345	694,942	552,175	-	-
Peoples Bank A/C -100110112347	11,072,811	12,860,045	-	-
Peoples Bank A/C -100130112351	710,584	1,327,251	-	-
Peoples Bank A/C -100370008791	138,827	635,597	-	-
Regional Development Bank A/C- 134010103277	6,451,127	6,206,375	6,451,127	6,206,375
Collection Accounts	581,653	549,438	460,000	435,000
	43,252,240	**56,711,051**	**22,909,818**	**37,965,764**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2025 Rs.	**31.12.2024 Rs.**	**31.12.2025 Rs.**	**31.12.2024 Rs.**
NOTE 3 - A.A.I.B. ACCUMULATED SURPLUS				
Balance as at 01 January	(93,318,413,051)	(90,041,219,155)	4,479,043,840	3,237,653,337
Prior Year Adjustment	1,905,672,380	7,600,000	9,150,939	7,600,000
Adjusted Balance	**(91,412,740,671)**	**(90,033,619,155)**	**4,488,194,780**	**3,245,253,337**
Add:				
New Pension Scheme	114,461,625	54,818,394	-	-
Old Pension Scheme	125,341,700	88,748,492		
Surplus(Deficit) for the year	(2,155,084,456)	(3,428,360,782)	645,548,023	1,233,790,503
Balance as at 31 December	**(93,328,021,802)**	**(93,318,413,051)**	**5,133,742,803**	**4,479,043,840**
NOTE 4 - GOVERNMENT GRANT - CAPITAL				
Govt. Grant For Capital				
Balance as at 01 January	10,654,285	17,330,189	10,654,285	17,330,189
Add:				
Grant for the year-Other	106,343,000	9,150,000	106,343,000	9,150,000
Less:				
Amortizations Gov. Grant	(25,114,449)	(15,825,905)	(25,114,449)	(15,825,905)
Balance as at 31 December	**91,882,835**	**10,654,285**	**91,882,835**	**10,654,285**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2025	**31.12.2024**	**31.12.2025**	**31.12.2024**
	Rs.	**Rs.**	**Rs.**	**Rs.**
NOTE 5 - A.A.I.B. RESERVE FUND				
Balance as at 01 January	588,524,391	498,536,253	588,524,391	498,536,253
Add:				
Provision for the year	60,292,658	89,988,138	60,292,658	89,988,138
Balance as at 31 December	**648,817,048**	**588,524,391**	**648,817,048**	**588,524,391**
NOTE 6 - FARMERS DEATH GRATUITY FUND				
Balance as at 01 January	1,527,083,863	1,427,193,842	1,490,350,049	1,391,994,627
Add :				
Death Gratuity Premium	17,150,820	17,721,420	15,402,540	15,977,820
Interest Income	73,123,259	84,137,602	73,123,259	84,137,602
	90,274,079	101,859,022	88,525,799	100,115,422
Less :				
Death Gratuity Payment	1,129,000	1,957,000	957,000	1,748,000
Disablement Gratuity Payment	-	12,000	-	12,000
	1,129,000	1,969,000	957,000	1,760,000
Balance as at 31 December	**1,616,228,942**	**1,527,083,863**	**1,577,918,847**	**1,490,350,049**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2025	31.12.2024	31.12.2025	31.12.2024
		Rs.	Rs.	Rs.	Rs.
NOTE 7 - CURRENT LIABILITIES					
Note 7.1 - Pre - Premium Receipts					
Livestock Insurance Premiums		3,259,387	2,121,678	3,259,387	2,121,678
Kethata Aruna Insurance Premiums		69,867,650	114,042,843	69,867,650	114,042,843
		73,127,038	**116,164,521**	**73,127,038**	**116,164,521**
Note 7.2 - Other Payables					
Provision for Employee Allowance		21,855,834	14,587,500	21,855,834	14,587,500
Value Added Tax-VAT		6,165,922	4,721,181	6,165,922	4,721,181
Income tax		51,635,435	79,078,905	51,635,434.81	79,078,905.18
Social Security Contribution leavy-SSCL		991,597	909,813	991,597	909,813
Unclaimed Indemnities		-	70,800,200	-	70,800,200
Amount Due to Related Party	**7.2.1**	-	-	-	-
Net Contribution & Interest		325,522	229,298	-	-
Death & Disable Gratuity		153,000	169,000	-	-
Pension Payment		3,005,577,106	2,351,056,557	-	-
General Treasury		70,800,200	-	70,800,200	-
Pension Commission		16,288,552	1,255,674	-	-
Agency Commission		1,581,191	1,580,823	796,250	1,332,500
Staff Security Deposit		142,300	142,300	-	-
Retention from Piece Rate employees		2,693,199	2,064,791	2,693,199	2,064,791
Actuaries Fees		850,000	-		
Payable to vendors		-	1,734,688	-	1,734,688
		3,179,059,858	**2,528,330,730**	**154,938,437**	**175,229,578**
Note 7.3 - Accrued Expenses					
Admin. Expenses	**7.3.1**	16,326,340	20,506,035	10,783,878	14,601,684
Incentive - Crop Insurance		11,129,500	8,881,128	11,129,500	8,881,128
Incentive - Movable Property		7,008,901	6,446,035	7,008,901	6,446,035
Personal Accident & Suwasetha		254,105	597,381	254,105	597,381
Operational Expenditure		664,340	1,944,148	664,340	1,944,148
		35,383,185	**38,374,728**	**29,840,723**	**32,470,377**
Note 7.4 - Provision For Indemnity					
Livestock		5,900,000	5,500,000	5,900,000	5,500,000
Suwasetha Insurance/ Personal Accidents		150,000	1,500,000	150,000	1,500,000
Movable Property		52,135,059	49,435,717	52,135,059	49,435,717
Subsidiary Crops		4,520,400	5,020,400	4,520,400	5,020,400
Kethata Aruna (Compulsory Crop Insurance)		83,848,178	136,160,359	83,848,178	136,160,359
		146,553,637	**197,616,476**	**146,553,637**	**197,616,476**

AGRICULTURAL & AGRARIAN INSURANCE BOARD
AGRICULTURE INSURANCE SCHEME
NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2025	**31.12.2024**	**31.12.2025**	**31.12.2024**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Note 7.3.1 - Accrued Admin Expenses				
Electricity	95,026	553,686	95,026	553,686
Security Charges	-	422,130	-	422,130
Rent	660,036	1,759,352	660,036	1,759,352
Maintenance of Motor Vehicles	600,620	805,622	600,620	805,622
Traveling & Subsistence	2,209,932	2,165,822	2,209,932	2,165,822
Salaries	4,097,299	3,094,319	4,097,299	3,094,319
E.P.F	339,929	299,925	339,929	299,925
E.T.F	67,986	59,985	67,986	59,985
Overtime	2,570	2,218	2,570	2,218
Publicity	116,717	92,940	116,717	92,940
Stationary	108,400	895,505	108,400	895,505
Telephone	456,490	941,733	456,490	941,733
Water Bill	14,851	23,965	14,851	23,965
Audit Fees	2,066,564	3,360,845	1,191,564	2,131,625
Fuel	286,284	324,100	286,284	324,100
Uniform	-	8,100	-	8,100
Welfare	12,300	6,465	12,300	6,465
Labour Charges	44,000	114,490	44,000	114,490
Payable Computer Expenses	17,450	15,950	6,000	4,500
Transport Expenses	35,824	14,925	35,824	14,925
Bank Charges	-	-	-	-
Payable Main Building	7,170	88,678	7,170	88,678
Payable Printing	-	537,651	-	472,851
Payable Postage	2,386,990	3,693,631	9,760	15,060
Sundry Creditors	2,441,652	1,083,180	162,870	162,870
Payable Office Equipment	6,000	37,900	6,000	37,900
Payable Entertainment	34,360	2,550	34,360	2,550
Payable Newspapers	-	9,100	-	9,100
Payable Legal fees	217,890	91,270	217,890	91,270
	16,326,340	**20,506,035**	**10,783,878**	**14,601,684**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE INCOME STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	Rs.	Rs.	Rs.	Rs.
NOTE 8 - REVENUE				
Note 8.1 - Premium and Contribution				
Livestock	26,225,344	19,633,412	26,225,344	19,633,412
Suwasetha Insurance/ Personal Accidents	38,335,757	56,004,193	38,335,757	56,004,193
Subsidiary Crops	11,244,784	9,994,179	11,244,784	9,994,179
Movable Property	371,073,218	358,848,527	371,073,218	358,848,527
Kethata Aruna (Compulsory Crop Insurance)	191,059,084	178,804,176	191,059,084	178,804,176
Farmers Contribution for Pension	371,426	67,017	-	-
	638,309,613	**623,351,504**	**637,938,187**	**623,284,487**
Note 8.2- Interest Income				
Interest - Investment	1,088,390,607	1,106,258,452	684,488,517	784,336,590
- Loans to employees	1,735,952	1,616,213	1,735,952	1,616,213
	1,090,126,559	**1,107,874,664**	**686,224,469**	**785,952,802**
NOTE 9 - OPERATIONAL EXPENDITURE				
Note 9.1 - Indemnity - Insurance				
Livestock	9,354,855	7,072,416	9,354,855	7,072,416
Suwasetha Insurance/ Personal Accidents	150,000	100,000	150,000	100,000
Movable Property	5,199,343	4,092,153	5,199,343	4,092,153
Subsidiary Crops	4,583,807	4,446,330	4,583,807	4,446,330
Kethata Aruna (Compulsory Crop Insurance)	1,700,384,541	1,764,969,868	1,700,384,541	1,764,969,868
	1,719,672,545	**1,780,680,767**	**1,719,672,545**	**1,780,680,767**
Note 9.2 - Other Operational Expenses				
Insurance Incentive	18,130,533	13,515,399	17,833,522	13,042,496
Movable Property-Third party Insurance Incentive	77,924,508	67,101,840	72,737,633	65,393,400
Movable Property-Product Promotion and Incentive	18,553,661	18,056,415	18,553,661	18,056,415
Suwasetha Incentive	405,810	402,715	405,810	402,715
Crop Assessment	7,427,395	9,863,370	7,427,395	9,863,370
Livestock	3,177,320	4,739,160	3,177,320	4,739,160
Commission for Pension Payments	16,151,548	16,015,642	-	-
	141,770,775	**129,694,540**	**120,135,341**	**111,497,555**
NOTE 10 - OTHER INCOME				
Disposal Of Fixed Assets	330,084	49,715	318,197	49,715
Amortization Of Government Grant	25,114,449	15,825,905	23,027,553	14,615,200
Sundry Income	2,041,714	2,038,434	2,015,990	1,930,351
Bad Debts Over Provision	-	56,587	-	56,587
Service Fees From Bank	448,500	555,300	448,500	555,300
Government Grant	1,500,000	1,500,000	-	-
Administration Income	6,354,932	2,188,285	-	-
	35,789,679	**22,214,226**	**25,810,240**	**17,207,153**

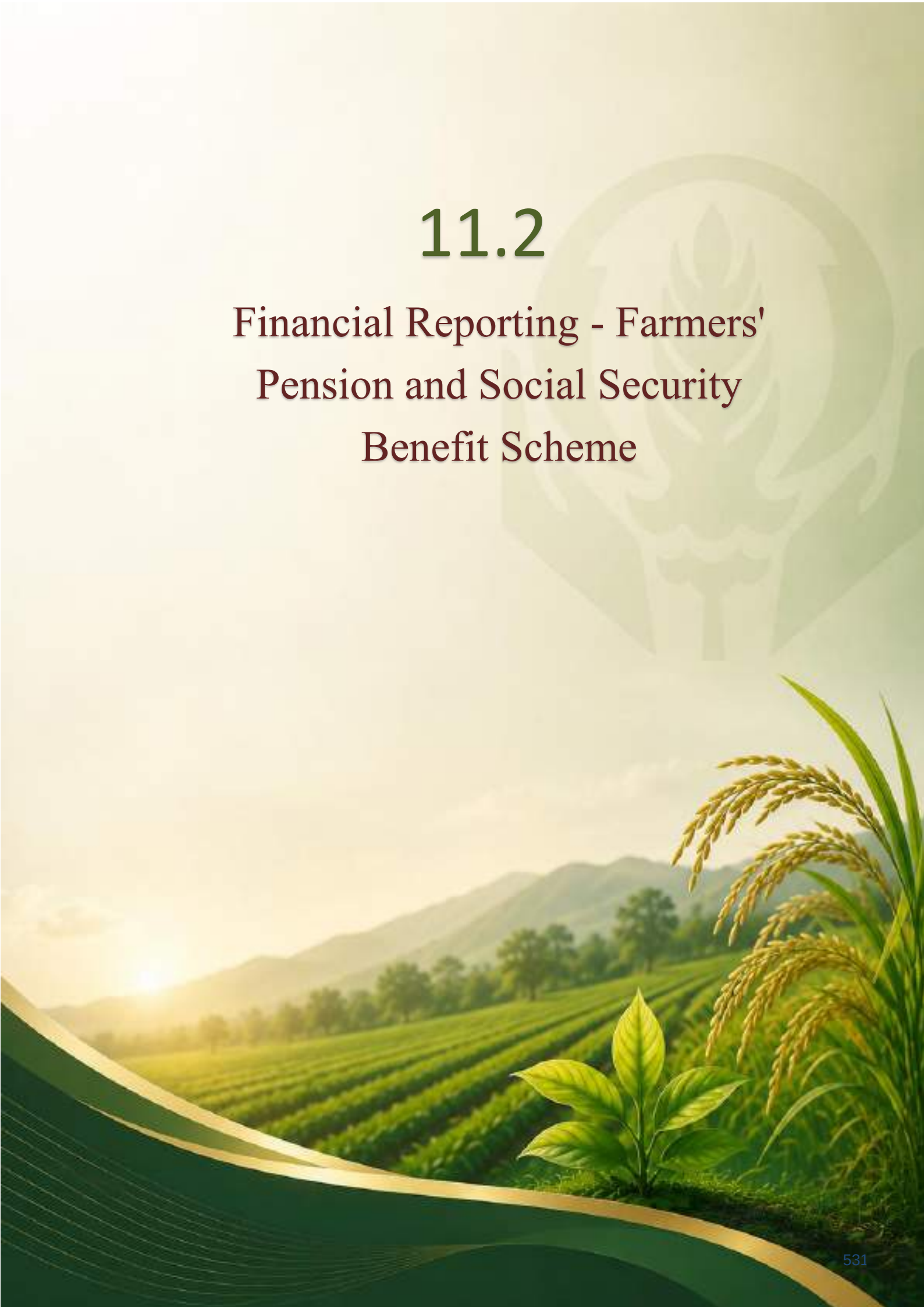
AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE INCOME STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2025 Rs.	31.12.2024 Rs.	31.12.2025 Rs.	31.12.2024 Rs.
NOTE 11 - ADMINISTRATIVE EXPENSES				
Salaries & Wages	309,056,411	271,939,434	153,815,087	135,547,011
Contribution E.P.F.	40,941,023	34,220,931	20,397,128	17,052,147
Contribution E.T.F.	8,186,167	6,845,104	4,078,407	3,410,888
Traveling & Subsistence	23,170,857	23,906,622	11,583,649	11,953,311
Overtime	11,211,907	8,592,507	5,254,348	4,141,154
Daily Pay	1,054,296	1,058,921	486,485	504,341
Medical Expenses	3,524,900	3,470,700	1,762,450	1,735,350
Allowance to Board Members	595,000	677,000	357,000	406,200
Gratuity	18,022,668	10,187,207	10,135,162	5,324,589
TAC and other Committee Allowances	297,300	451,000	157,000	383,000
Welfare	3,557,061	3,532,798	1,778,531	1,766,399
Allowance to employees	7,605,849	7,828,879	7,268,334	7,345,000
Staff Education	1,229,600	-	1,229,600	-
Fuel	18,701,568	24,935,762	12,653,075	16,956,318
Stationery	18,591,975	18,189,594	8,637,699	8,634,249
Entertainment Allowance	1,008,325	1,131,122	482,691	676,895
Legal Fees	1,504,460	2,132,524	1,504,460	2,132,524
Transport	830,767	983,709	783,610	983,709
Printing	20,124,606	19,937,130	17,331,860	18,737,824
Publicity & Training	11,930,849	16,176,284	8,820,910	12,848,687
Uniform	562,526	1,568,700	281,263	784,350
Rent	29,004,181	28,596,711	15,952,300	15,728,191
Telephone	15,472,275	17,919,351	8,500,044	9,847,970
Postage	25,648,313	10,371,544	1,902,430	1,855,585
Water	1,043,161	1,156,013	573,739	635,807
News paper & Advertisement	1,313,890	891,530	1,313,890	891,530
Security	3,674,073	3,480,463	2,755,555	2,610,347
Electricity	7,141,770	7,475,525	3,927,974	4,111,539
Vehicles Rent & Maintenance	19,998,954	27,107,243	11,395,984	15,451,128
Maintenance - Buildings	2,840,339	3,432,072	1,562,187	1,887,640
Maintenance - Office Equipment's	1,267,319	1,843,412	950,489	1,316,147
Labour Charges	2,150,085	1,890,310	2,121,785	1,890,310
Translation Fees	64,449	91,493	64,449	91,493
Computer Expenses	1,954,756	2,339,741	766,374	1,478,640
Miscellaneous Expenses	2,471,519	64,526	2,471,519	64,526
Depreciation	59,526,861	43,690,621	56,524,610	41,644,775
Bad Debts	1,086,029	-	1,086,029	-
Audit Fees	1,836,715	1,428,650	838,159	896,330
Foreign Travelling	74,764	-	74,764	-
Consultation and Actuaries Fees	850,000	1,832,703	-	1,832,703
	679,127,568	**611,377,838**	**381,581,026**	**353,558,609**
NOTE 12 - FINANCE CHARGES				
Bank Charges	242,398	481,549	211,638	346,723
Interest on loan	42,831,809	46,482,878	-	-
	43,074,207	**46,964,427**	**211,638**	**346,723**
NOTE 13 - INCOME TAX				
Income Tax Liability	121,339,946	124,226,159	121,339,946	124,226,159
	121,339,946	**124,226,159**	**121,339,946**	**124,226,159**

11.2

Financial Reporting - Farmers' Pension and Social Security Benefit Scheme



My No: ARI/C/FPS/1/25/33/FA Date: 21st May 2026

Chairman
Agricultural and Agrarian Insurance Board

The report of the Auditor General in terms of Section 11(1) of the National Audit Act No.19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 December 2025 of Farmers' Pension and Social Security Benefit Scheme

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Farmers' Pension and Social Security Benefit Scheme for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of provisions in Farmers' Pension and Social Security Benefit Scheme Act No. 12 of 1987, Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka and the National Audit Act No. 19 of 2018. In terms of Article 154(6) of the constitution, my report will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in the section on the basis for qualified opinion of my report, the financial statements of the Board give a true and fair view of the financial position as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for the Qualified Opinion

(a) Since the investment interest income of Rs. 17,577,610 earned from farmers' pension contribution deposits during the year 2025 had been adjusted to the accumulated fund without accounting as an income of the current year, the profit had been understated by that amount.

(b) The pension contribution income of Rs. 125,341,700 and insurance premium receipts of LKR 6,795,722 collected from eligible pension contributors for the year 2025 had been adjusted to the accumulated fund without being accounted as income of the current year. Due to this, the profit of the current year was understated by LKR 132,137,42

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Emphasis of a Matter

I draw attention to Note 2.7.1 of the financial statements, which explains the continuous existence (going concern) of the scheme. It was observed that the total liabilities of the scheme exceeded its total assets, resulting in a negative net asset value of Rs. 91,930,824,552. Furthermore, net current liabilities stood at Rs. 2,078,842,204, indicating that the scheme does not possess the capability to meet even its working capital requirements independently. During the year, Rs. 5,083,177,439 had been paid as pensions, out of which Rs. 5,043,000,000 was provided by the Treasury. As of 31 December 2025, total investments amounted to Rs. 3,998,427,672, and the investment income for the year 2025 was Rs. 315,257,792. Accordingly, the scheme cannot be maintained without the contribution of the Treasury. However, the continuous existence of the scheme remains contentious as no formal plan has been prepared to run the scheme independently in the future, nor has any agreement been reached regarding the continuous provision of Treasury contributions.

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

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

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

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

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

1.5 Auditor's responsibility of auditing the financial statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Board or the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the scheme's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I will communicate with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018.

2.1 In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements of the scheme are consistent with the preceding year.

2.2 In terms of the requirement indicated in Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018, except for the observations indicated in paragraphs 1.2.1 (a) & (b) in the basis for Qualified Opinion of my report, the recommendations made by me in the previous year have been included in the submitted financial statements.

3. Operational Review

3.1 Non-compliance with laws, rules and regulations

Reference to laws/rules and regulations	Non-compliance
Section 27 (1) Farmers' Pension and Social Security Benefit Scheme Act, No. 12 of 1987	Although the amount of loan to be obtained by the scheme should have been decided with the concurrence of both the Minister and the Minister in charge of the subject of Finance, a loan of Rs.295,230,442 had been obtained from the Agricultural and Agrarian Insurance Board without such concurrence. As of December 31, 2025, the total loan balance, including the interest to be paid, was Rs.569,446,777.

3.2 Management Inefficiencies

(a) Due to the absence of a methodology to update the biodata of farmers, the pensions of deceased farmers and farmers who do not present claims due to other reasons were continuously remitted to the Department of Posts. Due to this, the amount returned by the Department of Posts in the year 2025 because the pensions were not accepted by the farmers was Rs. 662,198,478, and the balance receivable from that department at the end of the year under review was Rs. 131,075,053. The accuracy of the year-end balance and the returned amount could not be verified due to the lack of details regarding the farmers who did not receive pensions and the failure to obtain confirmations from the Department of Posts.

(b) Although actions should have been taken to return the pension payment fund refunds given to the Farmers' Pension Scheme by the General Treasury back to the General Treasury, the total returned pension amount of Rs. 1,424,920,194 accumulated since the year 2023 had been recognized as a pension liability without being remitted to the Treasury.

L.S.I. Jayaratne
Auditor General

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2025

ASSETS	Note	31.12.2025 Rs.	31.12.2024 Rs.
Non - Current Assets			
Property , Plant & Equipment	1	10,361,740	12,074,437
		10,361,740	**12,074,437**
Financial Instruments at Amortized cost			
Treasury Bond		2,314,059,996	1,925,025,934
		2,314,059,996	**1,925,025,934**
Current Assets			
Stock	2	8,636,622	8,179,359
Receivables	3	131,762,032	99,934,794
Investment at amortized cost	4	1,684,367,676	998,261,663
Receivable Income	5	631,497	1,016,180
Cash & Cash Equivalent	6	17,553,716	17,657,323
		1,842,951,544	**1,125,049,320**
TOTAL ASSETS		**4,167,373,280**	**3,062,149,691**
EQUITY & LIABILITIES			
Capital & Reserves			
Farmer's Pension Fund	7	(93,022,360,052)	(92,379,773,927)
Government Grant for Farmers Pension		1,081,488,000	1,081,488,000
Revaluation Reserve		9,047,500	7,800,000
Group Insurance Contribution		1,000,000	1,000,000
		(91,930,824,552)	**(91,289,485,927)**
Non - Current Liabilities			
Pension Liability		92,080,449,091	91,079,185,608
Provision for Staff Gratuity		95,954,992	50,436,510
		92,176,404,084	**91,129,622,118**
Current Liabilities			
Govt. Grant for Capital	8	5,884,331	7,944,528
Current Payables	9	3,910,605,095	3,208,458,485
Accrued Expenses	10	5,304,322	5,610,486
		3,921,793,748	**3,222,013,500**
TOTAL EQUITY & LIABILITIES		**4,167,373,280**	**3,062,149,691**

These financial statements are in compliance with the requirements of the Sri Lanka Accounting standards.

S. M. U. G. S. Head of Finance
Director Finance (Acting)
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

Director General
I.U. Kalum Kaluarachchi
Director General
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda

The Board of Directors are responsible for the preparation and presentation of these financial statements;
Signed for on behalf of the Board by;

Member of Director Board
Agricultural & Agrarian Insurance Board

Member of Director Board
Agricultural & Agrarian Insurance Board

Pemasiri Jaysingarachchi
Chairman
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda
Sri Lanka

M. A. S. H. PERERA
Additional Director General
Department of Treasury Operations
General Treasury
Colombo - 01.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2025

	Note	31.12.2025 Rs.	31.12.2024 Rs.
REVENUE			
Interest Income		297,680,182	196,812,976
		297,680,182	**196,812,976**
Expenses			
Refund of Contribution		(10,020,310)	(8,160,599)
Refund of Net Interest		(8,323,945)	(9,092,651)
Disablement Gratuity Payment		(813,662)	(1,046,127)
Group Insurance Premium		(15,402,540)	(15,977,820)
Pension Payments & Commission			
- Pension Payments		(5,083,177,439)	(4,845,125,008)
- Commission Payments		(15,032,878)	(14,934,822)
Increase in Pension Liability		(2,519,795,422)	(4,180,740,232)
Total Expenditure		**(7,652,566,196)**	**(9,075,077,259)**
Operating Surplus/(Deficit)		**(7,354,886,014)**	**(8,878,264,284)**
Government Grant-Recurrent		5,043,000,000	4,762,000,000
		(2,311,886,014)	**(4,116,264,284)**
INCOME - for Administration			
Farmer's Contribution for Admin. Expenses		6,354,932	2,188,285
Govt. Grant for Admin Expenses		280,870,000	249,630,000
Other Income	11	2,123,832	1,318,588
		289,348,764	**253,136,873**
Expenses			
Administration & Establishment Expenses	12	(288,867,110)	(249,682,029)
Finance & Other	13	(42,860,759)	(46,603,904)
Commission for Collection Agents		(5,479,167)	(2,174,534)
Total Admin Expenses		**(337,207,036)**	**(298,460,468)**
		(47,858,272)	**(45,323,595)**
Surplus/Deficit for the year		**(2,359,744,286)**	**(4,161,587,879)**
Other comprehensive income			
Gratuity gains / (losses)		(41,177,103)	(17,835,596)
		(41,177,103)	**(17,835,596)**
		(2,400,921,388)	**(4,179,423,475)**
Revaluation gains /(losses)		1,247,500	950,000
Net Surplus /Deficit of the Comprehensive income		**(2,399,673,888)**	**(4,178,473,475)**
(Transferred to Farmer's Pension Fund)			

AGRICULTURAL & AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2025

Description	Farmer's Pension Fund	Group Insurance Contribution	Revaluation Reserve	Government Grant on Treasury Bond	Total
Balance as at 01 January 2024	**(88,343,917,339)**	**1,000,000**	**6,850,000**	**1,081,488,000**	**(87,254,579,339)**
Prier Year Adjustment		-	-	-	-
Profit/Loss for the year	(4,179,423,475)	-	-	-	(4,179,423,475)
Pensioners Contribution & subsequence Contributions	97,949,579	-	-	-	97,949,579
New Farmers Pension Scheme	45,617,308	-	-	-	45,617,308
Revaluation	-	-	950,000	-	950,000
Balance as at 31 December 2024	**(92,379,773,927)**	**1,000,000**	**7,800,000**	**1,081,488,000**	**(91,289,485,927)**
Prior Year Adjustment	1,518,531,939				1,518,531,939
Profit/Loss for the year	(2,400,921,388)	-	-	-	(2,400,921,388)
New Farmers Pension Scheme	107,665,903	-	-	-	107,665,903
Pensioners Contribution & subsequence Contributions	132,137,422	-	-	-	132,137,422
Revaluation	-	-	1,247,500	-	1,247,500
Balance as at 31 December 2025	**(93,022,360,052)**	**1,000,000**	**9,047,500**	**1,081,488,000**	**(91,930,824,552)**

AGRICULTURE & AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBERE 2025

	31.12.2025	31.12.2024
	Rs.	Rs.
Cash Flows from Operating Activities		
Net Surplus / (Deficit) before tax	(2,359,744,286)	(4,161,587,879)
Adjustment for		
- Increase in Pension Liability	2,519,795,422	4,180,740,232
- Depreciation	2,986,896	2,028,204
- Interest expenses	42,831,809	46,482,878
-Group Insurance Premium	15,402,540	15,977,820
- Administration Expenditure paid by AIB	250,064,847	234,829,405
- Government Grant for Recurent Expenditure FPS	(280,870,000)	(249,630,000)
	2,550,211,513	**4,230,428,540**
Provision for Retiring Gratuity	7,767,255	4,770,210
Amortization for government grant	(2,086,896)	(1,210,704)
Profit / loss on disposal of Property, Plant & Equip.	(11,887)	-
	5,668,472	**3,559,505**
Operating Profit before working capital changes	**196,135,700**	**72,400,167**
(Increase)/ Decrease in Inventories	(457,263)	(3,000,128)
(Increase)/ Decrease in Receivables	(31,827,238)	68,619,010
(Increase)/ Decrease in Receivable Income	384,683	(99,734)
Increase / (Decrease) Other Payables	671,303,425	637,912,030
Increase / (Decrease) Accrued Expenses	(306,164)	1,108,971
	639,097,443	**704,540,149**
Cash Generated from Operations	**835,233,143**	**776,940,316**
Retiring Gratuity - Paid	-	-
Net Cash Flows from Operating Activities	**835,233,143**	**776,940,316**
Cash Flows from Investing Activities		
Investments during the year	(1,075,140,074)	(907,596,119)
Net Cash Flows from Investing Activities	**(1,075,140,074)**	**(907,596,119)**
Cash Flows from Financing Activities		
New Pension Scheme Fund	107,665,903	45,617,308
Old Pension Scheme Fund	132,137,422	97,949,579
Net Cash Flows from Financing Activities	**239,803,325**	**143,566,887**
Net Increase / (Decrease) in Cash & Cash Equivalents	(103,606)	12,911,084
Cash & Bank Balance at the Beginning of the year	17,657,323	4,746,239
Cash & Cash equivalents at the End of the year	**17,553,716**	**17,657,323**
Cash & Bank Balance at the end of the year		
Cash at Bank - End of the year	**17,553,716**	**17,657,323**

Agricultural and Agrarian Insurance Board

Farmers Pension & Social Security Benefits Scheme

Significant Accounting Policies

For the Year Ended 31st December 2025

1. General Policies

1.1 Reporting Entity

Agricultural and Agrarian Insurance Board of Sri Lanka (hereafter referred to as the 'Board') was incorporated by Act No.20 of 1999 and is situated at 117, Subadharama Road, Gangodawila, Nugegoda and the Farmer's Pension and Social Security Benefits Scheme was established in accordance with the provision of Farmers Pension and Social Security Benefits Scheme Act No.12 of 1987.

1.2 Parent Entity and Ultimate Parent Entity

The Board parent and ultimate parent entity is the Government of Sri Lanka

1.3 Principal Activities and Nature of Operations

The principal activity is to operate a Pension and Social Security Benefits Scheme for farmers. The government provides an initiative grant for the Farmers' Pension, aimed at ensuring financial security for farmers during their retirement years. This grant offers a fixed monthly income to eligible farmers once they reach the age of 60.

In 2022, the AAIB introduced a New Agricultural Insurance Pension Scheme, expanding benefits beyond traditional farmers to include individuals in other professions related to agriculture. This initiative allows participants to determine their pension based on their income and contribute under various age categories. Overall, the Farmers' Pension Scheme is a comprehensive program designed to ensure that those dedicated to Sri Lanka's agricultural sector have financial stability and support during their retirement years.

1.4 Responsibility for Financial Statements

The Board of Directors are Responsible for preparation and presentation of these Financial Statements.

1.5 Approval of financial statements by the Board of Directors

The financial statements of the Board for the year ended 31st December 2025 were approved and authorized for issuance on 26th February 2026.

2. Basis of Preparation

2.1 Statement of Compliance

The financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in funds and reserves, statement of cash flows and notes to the financial statements. These Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Financial Statements for the year ended 31st December 2025 comprise the following components.

- A Statement of Financial Position provides information on the Farmers Pension and Social Security Benefits Scheme as at 31st December 2025. [Page 01]
- A Statement of Comprehensive Income Provides information on the financial performance of the Farmers Pension and Social Security Benefits Scheme for the year under review. [Page 02]
- Statement of Changes in Equity depicting all changes in equity. [Page 03]
- Statement of Cash Flows providing information to the users, on the ability of the Board to generate cash and cash equivalents and utilization of those cash flows [Page 04]
- Notes to the Financial Statements comprising accounting policies and other explanatory information. [Page 05 -18]

2.2 Basis of Measurement

The financial statements have been prepared on a historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes.

2.3 Presentation of Financial Statements

The Farmers Pension and Social Security Benefits Scheme presents its statement of financial position broadly in order to reflect its relative liquidity. No adjustments have been made for inflationary factors affecting the financial statements.

2.4 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Farmers Pension and Social Security Benefits Scheme

2.5 Materiality and Aggregation

Each material class of similar items is presented separately. Items of a dissimilar nature or function are also presented separately unless they are immaterial.

2.6 Reporting Period

The reporting period is from January to December 2025. Where applicable, the accounting policies are explained in the succeeding notes.

2.7 Significant Accounting Judgements, Estimates, and Assumptions

The preparation and presentation of financial statements in conformity with SLFRSs/LKASs require management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates and judgments used.

Accounting Judgements, estimates, and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimates, uncertainty, and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the notes to the financial statements.

2.7.1 Going Concern

The management has assessed the Farmers Pension and Social Security Benefits Scheme ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2.7.2 Comparative Information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements to enhance the understanding of the financial statements of the current period to improve the inter-period comparability.

When the presentation or classification of items in the financial statements has been amended, comparative amounts have also been reclassified to conform with the current year to provide a better presentation.

2.7.3 Amortized cost of a Financial Assets

As per the SLFRS 9 the board is recognized the financial asset at amortized cost if both of the following conditions are met.

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

2.7.4 Fair value of financial instruments

The determination of fair values for financial assets and Financial Liabilities recorded on the statement of financial position, for which there is no observable market price, is carried out using a variety of valuation techniques, including the application of mathematical models. The inputs to these models are typically derived from observable market data when available. However, in the absence of such data, judgment is required to establish the fair values of these financial instruments.

2.8. Impairment of Financial Assets

The Pension and Social Security Benefits Scheme assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

3 Assets and the Basis of their Valuation

3.1 Property, Plant, and Equipment

3.1.1 Recognition and Measurement

Basis of recognition property, plant, and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the board and the cost of the asset can be measured reliably.

All items of property, plant, and equipment are initially recorded at cost less accumulated depreciation and accumulated impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant, and equipment are required to be replaced at intervals, the entity derecognizes the replaced part and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

Fully depreciated assets with a total historical cost of Rs. 25,191,749.35 has been included in property plant and equipment in consolidated financial statements.

3.1.2 Cost

Measurement an item of property, plant, and equipment that qualifies for recognition as an asset is initially measured at its cost. The cost of property, plant, and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.
Subsequent expenditure incurred for the purpose of acquiring, extending, or improving assets of a permanent nature to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Repairs and Maintenance are charged to the statement of profit and loss 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 above the most recently assessed standard of performance of the existing assets will flow to the board and the renovation, replaces an identifiable part of the asset.

3.1.3 Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at the revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from it carrying amount as of the reporting date.

Motor Vehicle revaluation is performed by professionally qualified external valuers using the open market value. The revaluation surplus is recognized on the net carrying value of the asset and is transferred to a revaluation reserve after restating the asset at the revalued amount. On revaluation of a motor vehicle, any increase in the revaluation amount is credited to the revaluation reserve in equity unless it offsets a previous decrease in value of the same asset that was recognized in the Statement of profit or loss. A decrease in value is recognized in the Statement of profit or loss where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

3.1.4 Depreciation

Depreciation is charged to the statement of comprehensive income on the straight-line method at the following rates per annum to write off the cost of such assets over their estimated useful lives. Depreciation charge begins when an asset is available for use.

Building	4%
Motor Vehicle	20%
Furniture & Fitting	10%
Publicity Equipment	10%
Loss Preventive Equipment	10%
Crop Cutting Equipment	10%
Bicycles	20%
Survey Equipment	10%
Weighing Scale	10%

Welfare Equipment	10%
Telephone	20%
Computer	20%
Motor Bicycles	20%

3.2 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 – Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

The Board intangible asset include the value of acquired computer software. Computer software is amortized over a period of 5 years on the straight-line method.

3.3 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.4 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Board determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Board initially recognizes 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 recognized initially on the trade date at which the Board becomes a party to the contractual provisions of the instrument.

The Board derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial

asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Board is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position only when the Board has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The financial assets of the Board include cash and short-term investments and trade and other receivables.

3.4.1 Financial Assets at Fair Value through Profits or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets measured at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recognized as finance income or finance expense in the statement of comprehensive income

3.4.2 Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

3.4.3 Available-for-Sale Financial Investment

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The board has not designated any financial asset upon initial recognition as available-for sale investment.

3.4.4 Amortized cost of a Financial Assets

As per the SLFRS 9 the board is recognized the financial asset at amortized cost if both of the following conditions are met.

(c) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(d) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

4. Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.
All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Board has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.1 Farmer's Pension Liability

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Board has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

As stated in paragraph 15 of Sri Lanka Accounting Standard SLFRS 4, Insurance contracts, an insurer shall assess at the end of each reporting period whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities (less related deferred acquisition costs and related intangible assets) is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss.

The Farmer's pension liability has been increased by considering the changes in the market interest rates and a deficiency has been recognized in other comprehensive income in the statement of profit and loss and other comprehensive income to the financial statements.

Therefore, recognizing the said increase in Farmer's pension liability under other comprehensive income is in compliance with the requirement of the above standard. According to the actuarial valuation conducted in 2025, the Farmers' Pension Liability increased by Rs. 2,519,795,421.79.

4.2 Retirement Benefits

A Provision has been made for retiring gratuities from the completion of the first year of service for all permanent employees in conformity with Sri Lanka Accounting Standard 19 Retirement Benefits costs. However, according to the Payment of Gratuity Act No.12 of 1983 the liability to an employee arises only on completion of five years of continued service. The liability is not externally funded.

4.3 Capital Commitments and Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Board are disclosed in the respective notes to the financial statements.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Board has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.4 Farmer's Pension Fund

Liability of farmer's pension scheme has been accounted in the financial statements on present value basis considering the actuarial calculation, which was done in the year of 2025.
The contributions of Rs. million 180.75 made by the farmers to the New Farmers Pension Scheme, along with the interest earned from the fund, have been allocated to the Farmers Pension Fund. This allocation is necessary to build up a fund to pay pensions to farmers upon reaching the age of 60. This has disclosed under Note No. 07.

5. Statement of Comprehensive Income

5.1 Revenue

1. The revenue of the board represents the income from insurance premium, interest income from treasury bills and fixed deposit, loans of employees, and other miscellaneous income.
2. All income has been recognized on accrual basis.
3. Insurance Premium have been received from the Government as subsidy on behalf of the farmers.
4. Government Grants received for capital expenditure has been recognized as income on systematic basis.

5.2 Revenue Recognition

a) Pension premium revenue is recognition for the time of enrollment.
b) The above revenue is on cash basis and matched with related expenditure.
c) Interest income is accrued on a time basis.

5.3 Accounting for Government Grants

Grants that compensate the Board for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Board for the cost of an asset are recognized in the statement of comprehensive income on a systematic basis over the useful life of the related asset.

5.4 Expenditure

Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the board and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.

The indirect expenses of the board apportioned on the following rates by the Board Paper No.401/04 - 2008.10.15 The rates are as follows;

Expenditure	**Rates**
Salaries, EPF, ETF, Gratuity	50%
Medical Expenses	50%
Consultancy Fees	40%
Welfare	50%
Uniform	48%
Entertainment	40%
Printing	40%
Legal fees	60%
Awareness & Training	20%
Allowances to B/M	40%
Rent, Telephone	40%
Postage	55%
Electricity	40%
Traveling, Over Time	50%
Water Charges	40%
Daily Pay	50%
Security	20%
Maintenance of office Equipment	20%
Maintenance of Vehicle	40%
Maintenance of Computer	25%
Fuel Expenses	30%
Maintenance of Building	40%
Stationery	48%

6. Cash Flow Statement

The cash flow statement of the scheme has been presented using the indirect method, in accordance with the LKAS 7.

7. Events 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 authorized for issue. All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective Notes to the Financial Statements

8. Related Party Transactions

Agricultural Insurance Scheme and the Fisheries Pension Scheme are considered as related parties of Farmers Pension Scheme. The transactions carried out with these related parties are been disclosed based on fair value. Farmers Pension Scheme has taken a loan from Agricultural Insurance Scheme amounting to Rs. 295,230,441.79.

9. Prior Year Adjustments

9.1 Farmers' Pension Liability

The Board has allocated a provision of Rs.91,079,185,608 for Farmer's Pension Liability from prior years, has been adjusted the over-provision of Rs. 1,518,531,938.50 in the 2025 financial statements.

10. Contingencies

A court case in connection with the payment of compensation to the farmer's affected by the closing of the Mavilaru Anicut is pending at Magistrate Court Colombo for misappropriating Mavilaru Funds and 3 officers of the board are to be indicated in high court for misappropriating a sum of nearly 7 Mn. Rupees. Case referred to attorney General's Department for further instruction

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2025

NOTE - 1 - PROPERTY, PLANT & EQUIPMENT

Description	Cost/Valuation as at 01.01.2025	Disposal	Addition	Transfer to revaluation	Revaluation	Total	Accumulated Dep :as at 01.01.2025	Disposal	Depreciation for the year	Transfer to revaluation	Total Depreciation	Net book value 31-12-2025
Motor Vehicle	4,350,000		-	(4,350,000)	4,800,000	4,800,000	217,500		900,000	(797,500)	320,000	4,480,000
Office Equipment	1,254,586	(50,040)	-	-	-	1,204,546	1,190,212	(50,040)	11,690	-	1,151,862	52,684
Welfare Equipment	33,826	(4,700)	26,699	-	-	55,825	17,627	(4,700)	2,030	-	14,957	40,868
Furniture & Fittings	1,385,296	(26,156)	-	-	-	1,359,140	1,197,928	(26,156)	69,878	-	1,241,650	117,490
Air Conditioners	1,051,273		-	-	-	1,051,273	993,925	-	43,011	-	1,036,936	14,337
Computers	30,915,578	(801,164)	-	-	-	30,114,413	23,298,930	(801,164)	1,960,286	-	24,458,052	5,656,361
Publicity Equipment	422,837		-	-	-	422,837	422,837	-	-	-	422,837	-
Computer Software	1,475,000		-	-	-	1,475,000	1,475,000	-	-	-	1,475,000	-
	40,888,396	**(882,060)**	**26,699**	**(4,350,000)**	**4,800,000**	**40,483,035**	**28,813,959**	**(882,060)**	**2,986,896**	**(797,500)**	**30,121,294**	**10,361,740**

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 25,191,749.35 as at 31st December 2025

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2025

	31.12.2025	31.12.2024
	Rs.	Rs.
NOTE 02 - STOCKS		
Printing Materials	8,470,539	8,005,488
Stationery	166,083	173,871
	8,636,622	**8,179,359**
NOTE 03 - RECEIVABLES		
Receivables from Collection Agents	686,979	686,979
Receivable from Postal Department	131,075,053	99,247,815
	131,762,032	**99,934,794**
NOTE 04 - INVESMENT AT AMORTIZED COST		
Treasury Bills	767,402,461	762,897,424
Fixed Deposit	916,965,215	235,364,240
	1,684,367,676	**998,261,663**
NOTE 05- RECEIVABLE INCOME		
Farmer's Contribution	484,167	780,425
Farmer's Contribution for Life Insurance Premium	98,220	157,170
Farmer's Contribution for Admin. Income	49,110	78,585
	631,497	**1,016,180**
NOTE 06 - CASH AT BANK		
A/C No.100150112345 - P/B Union Place	694,942	552,175
A/C No. 100180112344 - P/B Union Place	1,588,174	849,025
A/C No. 100130112351 - P/B Union Place	710,584	1,327,251
A/C No. 100110112347 - P/B Union Place	11,072,811	12,860,045
A/C No. 8403704 - B.O.C Union Place	1,147,051	29,346
A/C No. 87144457 - B.O.C Union Place	140,697	32,100
A/C No. 87649201 - B.O.C Nugegoda	1,632,232	520,062
A/C No. 335100370008791- PB Nugegoda	138,827	635,597
A/C No. 100440112349 -P/B Union Place	428,399	851,721
	17,553,716	**17,657,323**
NOTE - 07- FARMER'S PENSION FUND		
Balance B/F	(92,452,863,331)	(88,371,389,435)
Prior Year Adjustment	1,518,531,939	-
Pensioners Contribution & subsequence Contributions	132,137,422	97,949,579
New Farmers Pension Scheme	180,755,307	73,089,404
	(90,621,438,663)	**(88,200,350,452)**
Add/ (Less)		
Total Revenue over Expenditure	(2,400,921,388)	(4,179,423,475)
	(93,022,360,052)	**(92,379,773,927)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2025

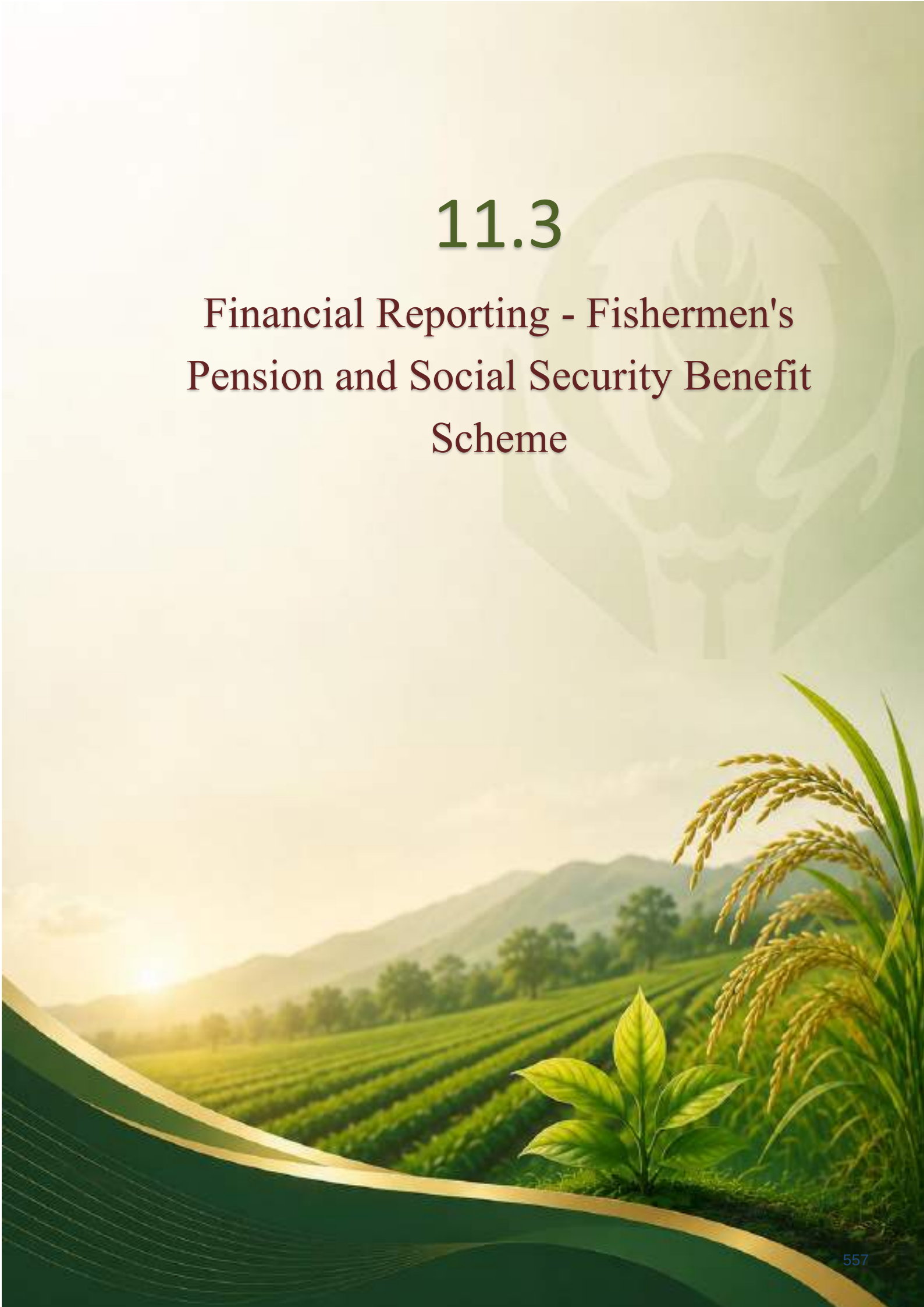
	31.12.2025 Rs. Cts.	31.12.2024 Rs. Cts.
NOTE - 8 - GOVT. GRANT FOR CAPITAL EXPENDITURE		
Balance B/F	7,944,528	3,663,542
Add / (Less):		
Amortization of Govt. Grant	(2,086,896)	(1,210,704)
Addition during the year	26,699	5,491,691
Balance C/F	**5,884,331**	**7,944,528**
NOTE 9 - PAYABLES		
Agency Commission	756,441	248,323
Staff Security Deposit	142,300	142,300
Pension Payment	3,000,277,848	2,345,496,047
Pension Commission	16,288,552	1,255,674
Actuaries Fees	600,000	
Group Insurance Premium	323,093,177	308,647,637
Loan for Pension Payment		
- AAIB	569,446,777	552,668,504
	3,910,605,095	**3,208,458,485**
NOTE 10- ACCRUED EXPENSES		
Printing Charges	442,635	664,800
Administration Expenses	2,278,782	920,310
Postage	2,082,905	3,331,881
Audit fees	500,000	693,495
	5,304,322	**5,610,486**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2025

	31.12.2025	31.12.2024	31.12.2023
	Rs.	Rs.	Rs.
NOTE 11 - OTHER INCOME			
Amortization of Govt. Grant	2,086,896	1,210,704	1,065,021
Sundry Income	25,049	107,883	39,893
Asset Disposal Income	11,887	-	50,560
	2,123,832	**1,318,588**	**1,155,474**
NOTE 12 - ADMINISTRATION & ESTABLISHMENT EXPENSES			
Salaries & Wages	154,176,231	135,547,011	103,777,380
E.P.F.	20,397,128	17,052,147	12,527,325
E.T.F.	4,078,407	3,410,888	2,541,336
Traveling & Subsistence	11,622,143	11,953,311	11,268,488
Over Time	5,883,769	4,448,111	3,432,367
Daily Pay	562,548	554,581	562,604
Medical Expenses	1,762,450	1,735,350	1,759,900
Gratuity	7,767,255	4,770,210	4,368,782
T.A.C. Allowances	76,500	68,000	-
Staff welfare	1,778,531	1,766,399	1,435,321
Staff Uniform	270,013	752,976	-
Allowance to Board Members	238,000	270,800	276,200
Consultation and Actuaries Fees	600,000	-	68,000
Labour Charges	28,300	-	62,570
Rent	11,601,672	11,438,685	9,902,831
Telephone	6,199,500	7,176,110	2,966,819
Postage	22,969,035	7,714,950	7,523,165
Security	734,815	696,093	738,121
Electricity	2,856,708	2,990,210	2,507,491
Water Bill	417,264	462,405	388,730
Audit Fees	581,553	323,595	363,000
Fuel	5,597,684	7,480,729	6,914,645
Awareness & Training	2,979,288	3,327,597	4,315,001
Printing	2,239,519	866,041	1,206,478
Stationery & Consumables	9,608,768	9,209,975	7,337,029
Entertainments	521,774	454,227	541,126
Main. of Motor Vehicle	7,997,182	10,842,897	10,569,477
Main. of Building	1,136,136	1,372,829	4,023,958
Main. of Office Equipment	253,464	354,022	384,290
Main. of Computer & Software	944,578	613,675	1,243,662
Depreciation	2,986,896	2,028,204	1,635,021
	288,867,110	**249,682,029**	**204,641,116**
NOTE 13 - FINANCE & OTHER			
Loan Interest	42,831,809	46,482,878	62,601,947
Bank Charges	28,950	121,026	61,168
	42,860,759	**46,603,904**	**62,663,115**

11.3

Financial Reporting - Fishermen's Pension and Social Security Benefit Scheme



My No. ARI/C/FIPS/1/25/32/FA Date: 21st May 2026

Chairman
Agricultural and Agrarian Insurance Board

The report of the Auditor General in terms of Section 11(1) of the National Audit Act No.19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 December 2025 of Fishermen's Pension and Social Security Benefit Scheme

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Fishermen's Pension and Social Security Benefit Scheme for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka, the National Audit Act No. 19 of 2018 and Fishermen's Pension and Social Security Benefit Scheme Act No. 23 of 1990. In terms of Article 154(6) of the constitution, my report will be tabled in Parliament in due course.

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

1.2 Basis for the opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of Matter

I draw attention to Note 2.7.1 to the financial statements, which explains the going concern nature of the scheme. As of December 31, 2025, the total net asset value of the scheme showed a negative value of Rs. 5,439,404,553. On that date, the future pension liability was Rs. 6,068,890,556, whereas the investment value was Rs. 750,403,931. Accordingly, it will not be possible to settle the total liabilities by realizing the total assets of the scheme. Since the scheme does not possess a future plan for this purpose, the continuous existence (going concern) of the scheme is contentious. My opinion is not modified in respect of this matter.

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

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

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

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

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

1.5 Auditor's responsibility of auditing the financial statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Board or the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the scheme's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am

required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I will communicate with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018.

2.1 In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements of the scheme are consistent with the preceding year.

2.2 In terms of the requirement indicated in Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018, except for the observations indicated in 1.3 of the section on Emphasis of a Matter of my report, the recommendations made by me in the previous year have been included in the submitted financial statements.

3. Operational Review

3.1 Non-compliance with Laws, Rules, and Regulations

Reference to laws/rules and regulations	Non-compliance
(a) Fishermen's Pension and Social Security Benefit Scheme Act, No. 23 of 1990 (i) Section 7	Although pensions must be granted to contributing fishermen immediately upon reaching 60 years of age, a total sum of Rs. 5,299,258 consisting of Rs. 4,240,063 for 141 fishermen entitled to pensions from January 2007 to December 2017, and Rs. 1,059,195 for 33 fishermen who applied for pensions in the year 2025 had been provisioned as pension arrears in the financial statements but action had not been taken to pay the fishermen. Furthermore, out of 34,330 fishermen contributors who had reached retirement age, the fishermen's pension benefit had not been granted to 21,724 contributors due to reasons such as the non-submission of pension applications and the non-receipt of proper premium installments.

3.2 Management Activities

a) Due to the failure to maintain a database for the scheme containing updated information on the collection of member contributions, details of retired fishermen, and their biodata, contributors were not informed when they stood to lose their benefits due to not paying premiums duly for ten consecutive premium installments.

b) Pensioners who had not collected their fishermen's pension for 6 consecutive months had been removed from the pension payment payroll without verifying whether they were deceased or confirming the reasons for non-collection, and without obtaining Board approval detailing such lists and related reasons. Furthermore, pension payments had been made without verifying whether all pension recipients were actually alive.

c) A time period ranging from 6 months to 52 months had been taken to finalize the death gratuity payment process from the date the Board received the death gratuity applications.

L.S.I. Jayaratne
Auditor General

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2025

	Note	31.12.2025 Rs.	31.12.2024 Rs.
ASSETS			
Non - Current Assets			
Property, Plant & Equipment	1	21,701	37,056
		21,701	**37,056**
Financial Instruments			
Treasury Bond		431,086,149	412,966,209
		431,086,149	**412,966,209**
Current Assets			
Stock	2	109,321	116,255
Receivables	3	585,178	88,172
Financial Instruments at amortized cost	4	319,317,782	329,035,746
Cash and Cash Equivalents	5	2,788,706	1,087,964
		322,800,987	**330,328,138**
TOTAL ASSETS		**753,908,836**	**743,331,403**
EQUITY & LIABILITIES			
Capital & Reserves			
Fishermen's Pension Accumulated Fund	6	(5,439,404,553)	(5,417,682,964)
Death Gratuity Fund	7	37,310,095	35,733,815
		(5,402,094,458)	**(5,381,949,149)**
Non - Current Liabilities			
Pension Liability		6,068,890,556	6,042,840,342
Provision for Staff Gratuity		1,392,458	990,146
		6,070,283,014	**6,043,830,488**
Current Liabilities			
Total Payables	8	84,537,509	80,021,837
Accrued Expenses	9	1,182,772	1,428,227
		85,720,280	**81,450,063**
TOTAL EQUITY & LIABILITIES		**753,908,836**	**743,331,403**

These Financial Statements are in compliance with the requirements of the Sri lanka Accounting standards.

S. M. U. G. S. K. Subasinghe
Director Finance
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

Director General

I.U. Kalum Kaluarachchi
Director General
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

The Board Of Directors are responsible for the preparation of theses Financial Statements.
Signed for and on behalf of the Board by;

Member of Director Board
Agricultural & Agrarian Insurance Board

Pemasiri Jaysingarachchi
Chairman
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda
Sri Lanka

Member of Director Board
Agricultural & Agrarian Insurance Board

M. A. S. H. PERERA
Additional Director General
Department of Treasury Operations
General Treasury
Colombo - 01.

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AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2025

		31.12.2025	31.12.2024
REVENUE	***Note***	Rs.	Rs.
Interest Income		106,221,908	125,108,886
Fishermen's Contribution		371,426	67,017
		106,593,334	125,175,903
Less:			
Interest Income trf. to Admin Exp.		(3,500,000)	(3,500,000)
Total Revenue for Fund		**103,093,334**	**121,675,903**
OPERATING EXPENSES			
Refund of Net Contribution		(195,373)	(218,765)
Refund of Net Interest		(292,473)	(296,988)
Incentive Payment		(4,719)	(6,809)
Group Insurance Premium		(1,748,280)	(1,743,600)
Pension Payments & Commission			
- Pension Payments		(91,442,566)	(88,348,718)
- Commission for Pension Payments		(1,118,670)	(1,080,820)
Increase of Pension Liability		(404,039,716)	(510,491,316)
Total Expenditure		**(498,841,797)**	**(602,187,016)**
OPERATING SURPLUS/(DEFICIT)		**(395,748,463)**	**(480,511,113)**
Interest Income for Admin. Expenses		3,500,000	3,500,000
Govt. Grant for Admin Expenses		1,500,000	1,500,000
		5,000,000	5,000,000
Sundry Income		675	200
		(390,747,788)	**(475,510,913)**
EXPENSES			
Admin: & Establishment Expenses	10	8,679,432	8,137,200
Finance Charges	11	1,810	13,800
Total Expenses		**8,681,242**	**8,151,000**
Profit/ (loss) for the year		**(399,429,030)**	**(483,661,913)**
Other Comprehensive Income			
Gratuity gains/ (loss)		(282,061)	934,103
Total Comprehensive Income For the year		**(399,711,091)**	**(482,727,810)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2025

	Fishermen's Pension Fund	Death Gratuity Fund	Total
Balance as at 01 January 2024	**(4,934,955,153)**	**34,199,215**	**(4,900,755,938)**
Additions during the year	-	1,743,600	1,743,600
Benefit paid	-	(209,000)	(209,000)
Net Surplus/(Deficit)	(482,727,810)	-	(482,727,810)
Balance as at 31st December 2024	**(5,417,682,964)**	**35,733,815**	**(5,381,949,149)**
Prior Year Adjustment	377,989,502		377,989,502
Additions during the year	-	1,748,280	1,748,280
Benefit paid	-	(172,000)	(172,000)
Net Surplus/(Deficit)	(399,711,091)	-	(399,711,091)
Balance as at 31st December 2025	**(5,439,404,553)**	**37,310,095**	**(5,402,094,458)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2025

	31.12.2025	31.12.2024
	Rs.	Rs.
Cash flows from Operating actives		
Net Surplus/(Deficit)	(399,429,030)	(483,661,913)
Adjustments For		
Depreciation	15,356	17,642
Increase Pension Liability	404,039,716	510,491,316
Contribution for group insurance scheme	1,748,280	1,743,600
Administration Expenditure paid by AIB	5,880,077	6,194,629
Provision for Retiring Gratuity	120,251	92,408
Operating profit before working capital changes	**12,374,649**	**34,877,682**
(Increase) / Decrease in Inventories	6,934	(28,825)
(Increase) / Decrease in Receivables	(497,006)	(83,172)
(Increase) / Decrease in Other Payables	(1,364,405)	(86,763,315)
(Increase) / Decrease in Accrued expenses	(245,455)	578,527
	(2,099,932)	**(86,296,785)**
Cash Generated from Operations		
Cash Generated from operation Activities	10,274,717	(51,419,103)
Net Cash Flows from Operating Activities	**10,274,717**	**(51,419,103)**
Cash Flows from Investing Activities		
Financial Instrument	(8,401,975)	51,306,737
Farmer's Death Gratuity Fund	(172,000)	(209,000)
Net Cash flows from Investing Activities	**(8,573,975)**	**51,097,737**
Cash Flows from financing Activities		
	-	-
Net Cash Flows from Financing Activities	**-**	**-**
Net Increase / (Decrease) in cash & Cash Equivalents	**1,700,741**	**(321,366)**
Cash & Cash equivalents at Beginning of the year	1,087,964	1,409,330
Cash & Cash equivalents at the end of the year	**2,788,706**	**1,087,964**
Cash& Bank balance at the end of the year		
Cash at Bank - 31.12.2025	**2,788,706**	**1,087,964**

Agricultural and Agrarian Insurance Board
Fisherman's Pension & Social Security Benefits Scheme
Significant Accounting Policies
For the Year Ended 31st December 2025

1. General Policies

1.1 Reporting Entity

The Agricultural and Agrarian Insurance Board of Sri Lanka (hereinafter referred to as the "Board") was established under Act No. 20 of 1999. The registered office of the Board is located at No. 117, Subadhararama Road, Gangodawila, Nugegoda, which also serves as its principal place of business.

Furthermore, with effect from the appointed date, all powers and duties conferred or imposed on the Fishermen's Pension and Social Security Benefits Scheme, established under the provisions of the Fisherman's Pension and Social Security Benefit Scheme Act, No. 23 of 1990, shall be exercised and carried out accordingly.

1.2 Parent Entity and Ultimate Parent Entity

The Board parent and ultimate parent entity is the Government of Sri Lanka

1.3 Principal Activities and Nature of Operations

Operating a pension and social security benefits scheme for Fishermen.

1.4 Responsibility for Financial Statements

The Board of Directors are Responsible for preparation and presentation of these Financial Statements.

1.5 Approval of financial statements by the Board of Directors

The financial statements of the Board for the year ended 31st December 2025 were approved and authorized for issuance on 26th February 2026.

2. Basis of Preparation

2.1 Statement of Compliance

The financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in funds and reserves, statement of cash flows and notes to the financial statements. These statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka.

The Financial Statements for the year ended 31st December 2025 comprise the following components.

- A Statement of Financial Position providing the information on the financial position of the Fisherman's Pension and Social Security Benefits Scheme as at 31st December 2024. [Page 01]
- A Statement of Comprehensive Income Providing the information on the financial performance of the Fisherman's Pension and Social Security Benefits Scheme for the year under review. [Page 02]
- Statement of Changes in Equity depicting all changes in equity. [Page 03]
- Statement of Cash Flows providing the information to the users, on the ability of the Board to generate cash and cash equivalents and utilization of those cash flows [Page 04]
- Notes to the Financial Statements comprising accounting policies and other explanatory information. [Page 05-20]

2.2 Basis of Measurement

The Financial Statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes.

2.3 Presentation of Financial Statements

The Fisherman's Pension and Social Security Benefits Scheme presents its statement of financial position broadly in order that reflects their relative liquidity. No adjustments have been made for inflationary factors affecting the Financial Statements.

2.4 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the board. All financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee, except when otherwise indicated.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately. Items of a dissimilar nature or function are also presented separately unless they are immaterial.

2.6 Reporting Period

The reporting period is from January to December 2025. Where applicable, the accounting policies are explained in the in the succeeding notes.

2.7 Significant Accounting Judgements, Estimates and Assumption

The preparation and presentation of financial statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgments used.

Accounting Judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the notes to the financial statements.

2.7.1 Going Concern

The management has made an assessment of the Fisherman’s Pension and Social Security Benefits Scheme ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.7.2 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter- period comparability.

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

2.7.3 Amortized cost of a Financial Assets

As per the SLFRS 9 the board is recognized the financial asset at amortized cost if both of the following conditions are met.

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

2.7.4 Fair value of financial instruments

The determination of fair values for financial assets and financial liabilities recorded on the statement of financial position, for which there is no observable market price, is carried out using a variety of valuation techniques, including the application of mathematical models. The inputs to these models are typically derived from observable market data when available. However, in the absence of such data, judgment is required to establish the fair values of these financial instruments.

2.8 Impairment of Financial Assets

The Fisherman's Pension and Social Security Benefits Scheme assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by

taking the difference between the assets carrying amount and the present value of estimated future cash flow.

3. Assets and the Bases of their Valuation

3.1 Property, Plant and Equipment

3.1.1 Recognition and Measurement

Basis of recognition property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the board and cost of the asset can be measured reliably.

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation and accumulated impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

Fully depreciated assets with a total historical cost of Rs. 727,925.42 has been included in property plant and equipment.

3.1.2 Cost

The cost of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably.

3.1.3 Depreciation

Depreciation is charged to the statement of comprehensive income on the straight-line method at the following rates per annum in order to write off the cost of such assets over their estimated useful lives.

Furniture & Fitting	10%
Office Equipment	10%
Welfare Equipment	10%
Computer	20%

3.2 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 – Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

The Board intangible asset include the value of acquired computer software. Computer software is amortized over a period of 5 years on the straight-line method.

3.3 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.4 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
The Board determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Board initially recognizes 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 recognized initially on the trade date at which the Board becomes a party to the contractual provisions of the instrument.

The Board derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Board is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Board has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The financial assets of the Board include cash and short-term investments and trade and other receivables.

3.4.1 Financial Assets at Fair Value through Profits or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

3.4.2 Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

3.4.3 Amortized cost of a Financial Assets

As per the SLFRS 9 The board is recognized the financial asset at amortized cost if both of the following conditions are met.

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

3.4.4 Available-for-Sale Financial Investment

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The board has not designated any financial asset upon initial recognition as available-for sale investment.

3.4.5 Impairment of Financial Assets

The board assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

4. Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Board has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.1 Retirement Benefits

A Provision has been made for retiring gratuities from the completion of the first year of service for all permanent employees in conformity with Sri Lanka Accounting Standard 19 Retirement Benefits costs. However, according to the Payment of Gratuity Act No.12 of 1983 the liability to an employee arises only on completion of five years of continued service. The liability is not externally funded.

4.2 Capital Commitments and Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Board are disclosed in the respective notes to the financial statements.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Board has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.3 Fishermen's Pension Liability

Liability of Fishermen's Pension Scheme has been accounted in the financial statement at present value base on the actuarial calculation which was done in the year 2025.

As stated in paragraph 15 of Sri Lanka Accounting Standard SLFRS 4, Insurance contracts, an insurer shall assess at the end of each reporting period whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contacts. If that assessment shows that the carrying amount of its insurance liabilities (less related deferred acquisition costs and related intangible assets) is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss.

The fisherman's pension liability has been increased by considering the changes in the market interest rates and a deficiency has been recognized in other comprehensive income in the statement of profit and loss and other comprehensive income to the financial statements.
Therefore, recognizing the said increase in fishermen pension liability under other comprehensive income is in compliance with the requirement of the above standard. In order to ensure an accurate assessment of the liabilities of the Fishermen's Pension Scheme, the Board engaged an actuarial valuer in 2025.

5. Statement of Comprehensive Income

5.1 Revenue

1. The revenue of the board represents the income from insurance premium, interest income from treasury bills and fixed deposit, loans of employees, and other miscellaneous income.
2. All income has been recognized on accrual basis.
3. Insurance Premium have been received from the Government as subsidy on behalf of the fisherman's.
4. Government Grants received for capital expenditure has been recognized as income on systematic basis

5.2 Revenue Recognition

1.Pension premier revenue is recognized at the time of enrollment.

2.The above revenue is on cash basis and matched with the related expenditure.

3.Interest income is accrued on a time basis.

5.3 Accounting for Government Grants

Grants that compensate the Board for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Board for the cost of an asset are recognized in the statement of comprehensive income on a systematic basis over the useful life of the related asset.

5.4 Expenditure

All expenditure incurred in the operation of the fishermen's pension insurance scheme activities and in maintaining the capital assets in state of efficiency has been charged to revenue on an accrual basis in arriving at the surplus or deficit for the year.

The indirect expenses of the board apportioned on the following rates by the Board Paper No.401/04 -2008.10.15. The rates are as follows;

Expenditure	Rates
Rent, Telephone	5%
Postage, Water Charges	5%
Electricity	5%
Head Office Equipment	5%
Main. Building	5%
Main M/V	3%
Fuel	2%
Stationery	2%
Uniform	2%
Security	5%
Computer Expenses	5%

6. Cash Flow Statement

The cash flow statement of the scheme has been presented using the indirect method, in accordance with the LKAS 7.

7. Events After the Reporting Date

The materiality of events occurring after the reporting date has been considered and appropriate adjustments, wherever necessary, have been made in the accounts.

8. Related Party Transactions

Famers Pension Scheme and the Agricultural Insurance Scheme are considered as related parties of Fisheries Pension Scheme. The transactions carried out with these related parties are been disclosed based on fair value.

9. Prior Year Adjustments

9.1 Fisherman's Pension Liability

The Board has allocated a provision of Rs.6,042,840,342 for Fisherman's Pension Liability from prior years, has been adjusted the over-provision of Rs. 377,989,502.09 in the 2025 financial statements.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME

NOTES TO THE FINANCIAL STATEMENTS

Note - 01

PROPERTY, PLANT & EQUIPMENT AS AT 31ST DECEMBER 2025

Asset	Cost/Valuation as at 01.01.2025	Disposal	Cost Addition	Balance as at 31.12.2025	Accumulated Dep.As at 01.01.2025	Disposal	Depreciation for the year	Total Depreciation	Written Down Value as at 31.12.2025
Office Equipment	528,649	-	-	528,649	492,305	-	14,643	506,948	21,701
Welfare Equipment	1,325	-	-	1,325	1,325	-	-	1,325	-
Furniture & Fittings	77,677	-	-	77,677	76,964	-	713	77,677	-
Computers	264,945	-	-	264,945	264,945	-	-	264,945	-
	872,595	**-**	**-**	**872,595**	**835,539**	**-**	**15,356**	**850,895**	**21,701**

Property Plant & Equipment include fully depreciated assets that are still in use having a historical cost amounts to 727,925.42 as at 31st December 2025.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2025

	31.12.2025	31.12.2024
NOTE 02 - STOCKS	Rs. Cts.	Rs. Cts.
Printing Materials	109,321	116,255
	109,321	**116,255**
NOTE 03 - RECEIVABLES		
Unpaid Pension	580,178	83,172
Death Gratuity Advance	5,000	5,000
	585,178	**88,172**
NOTE 04 - FINANCIAL INSTRUMENTS AT AMORTIZED COST		
Treasury Bills	38,445,703	29,076,885
Fixed Deposit-Peoples Bank	280,872,078	299,958,861
	319,317,782	**329,035,746**
NOTE 05 - Cash and Cash Equivalents		
A/C No. 164790 BOC Union Place	861,984	190,525
A/C No. 164795 BOC Union Place	1,355,328	711,056
A/C No. 91071672 BOC Nugegoda	372,845	24,000
A/C No. 335100280112349 PB Nugegoda	76,896	47,945
Collection Accounts	121,653	114,438
	2,788,706	**1,087,964**
NOTE 06 - FISHERMEN'S PENSION ACCUMULATED FUND		
Balance B/F	(5,417,682,964)	(4,934,955,153)
Prior Year Adjustment	377,989,502	-
	(5,039,693,462)	(4,934,955,153)
Addition during the year		
Total Surplus/(Deficit) for the year	(399,711,091)	(482,727,810)
	(5,439,404,553)	**(5,417,682,964)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2025

	31.12.2025 Rs. Cts.	31.12.2024 Rs. Cts.
NOTE 7 - DEATH GRATUITY FUND		
Balance B/F	35,733,815	34,199,215
Add:		
Contribution for the year	1,748,280	1,743,600
Less:		
Death Gratuity Payments	(172,000)	(209,000)
	(172,000)	(209,000)
	1,576,280	**1,534,600**
	37,310,095	**35,733,815**
NOTE 08 - PAYABLES		
Pension Payment	5,299,258	5,560,510
Agricultural Insurance scheme	78,469,779	74,051,578.69
Refundable Contribution	129,491	104,594
Death Gratuity	153,000	169,000
Incentivemen	28,500	-
Refund interest on Contributions	196,031	124,704
Actuaries Fees	250,000	-
Maintenance Computer	11,450	11,450
	84,537,509	**80,021,837**
NOTE 9 - ACCRUED EXPENSES		
Printing	513,447	545,812
Audit Fees	375,000	535,725
Postage	294,325	346,690
	1,182,772	**1,428,227**

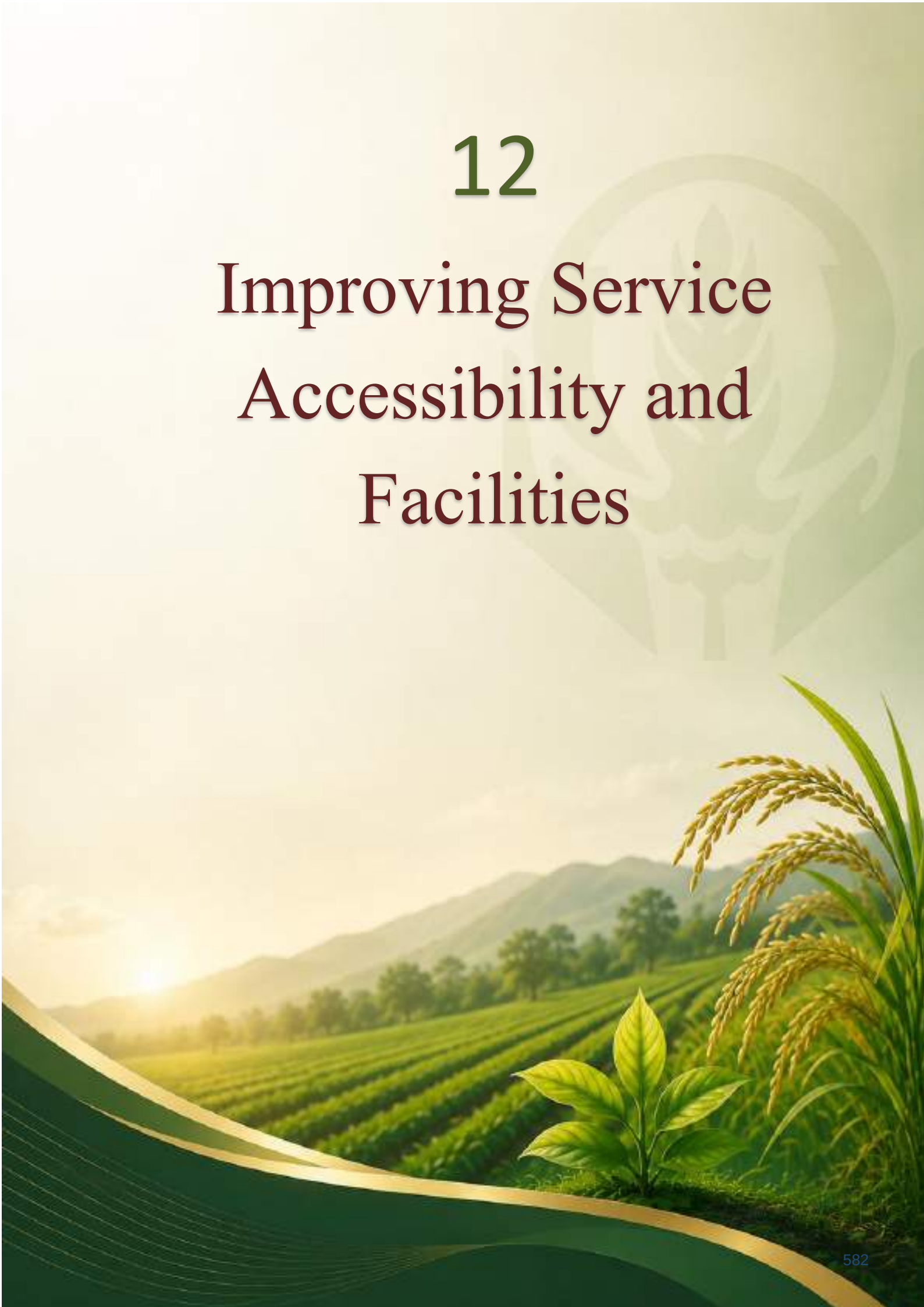
AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2025

	31.12.2025	31.12.2024
	Rs. Cts.	Rs. Cts.
NOTE 10 - ADMINISTRATION EXPENSES		
Salaries & Wages	1,065,092	845,412
Contribution E.P.F.	146,766	116,637
Contribution E.T.F.	29,353	23,327
Over Time	73,789	3,242
Allowance to TAC Members	63,800	-
Special Allowances	337,515	483,879
Gratuity	120,251	92,408
Daily Pay	5,263	-
Fuel	463,032	498,715
Stationery	345,508	345,370
Printing	553,227	333,265
Publicity & Training	130,652	-
Entertainment	3,860	-
Staff Uniform	11,251	31,374
Rent	1,450,209	1,429,836
Telephone	772,731	895,270
Postage	776,849	801,008
Water Bill	52,158	57,801
Security	183,704	174,023
Electricity	357,089	373,776
Main. of Motor Vehicle	605,789	813,217
Main. of Building	142,017	171,604
Main. of Office Equipment	63,366	173,243
Computer Expenses	243,804	247,426
Depreciation	15,356	17,642
Audit Fees	417,003	208,725
Consultation and Actuaries Fees	250,000	-
	8,679,432	**8,137,200**

NOTE 11 - FINANCE CHARGES		
Bank Charges	1,810	13,800
	1,810	**13,800**

12

Improving Service Accessibility and Facilities

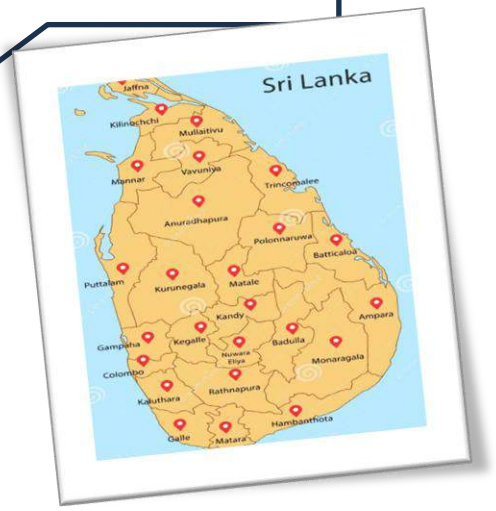


Improving Service Accessibility and Facilities

Agricultural & Agrarian Insurance Board

District Office

The Agricultural and Agrarian Insurance Board carries out its operations through its head office located in Gangodawila, Nugegoda, and a network of 30 district offices established island-wide



Web Site

www.aib.gov.lk

Facebook

Hotline

1918

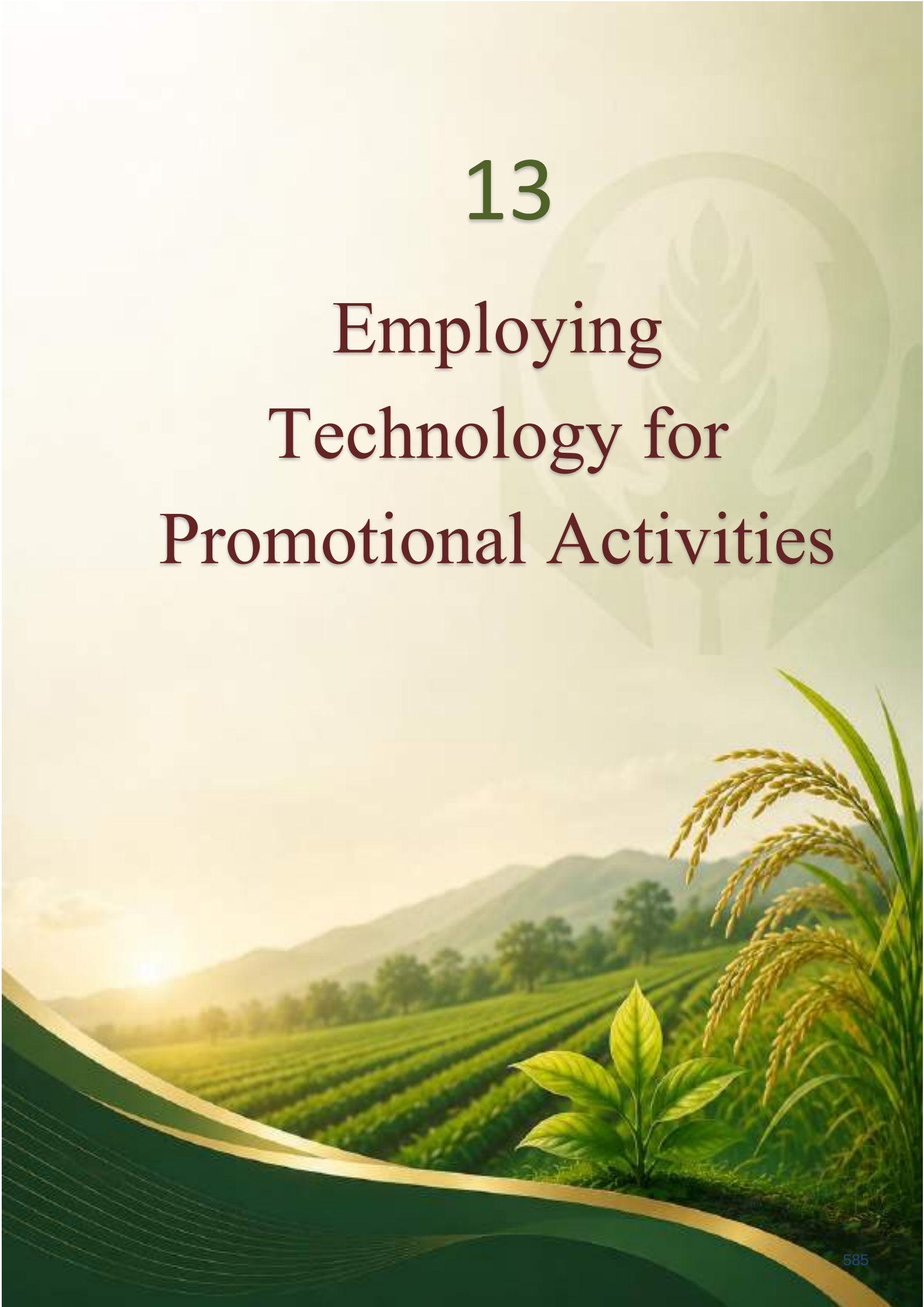
This can cover farmer inquiries, insurance-related information, complaints, requests, and timely access to AAIB services.

District Office Network Expansion

	District	District Office Address
1	Colombo	Assistant Director, A.A.I.B, Agrarian Services Centre, Udahamulla, Nugegoda.
2	Gampaha	Assistant Director, A.A.I.B, No. 56, Ananda Mawatha, Gampaha.
3	Kalutara	Assistant Director, A.A.I.B, 4th Floor, District Secretariat, Kalutara.
4	Kandy	Assistant Director, No. 03, Seminarian Park, Thennekumbura.
5	Matale	Assistant Director, A.A.I.B, District Secretariat, Matale.
6	Nuwara Eliya	Deputy Director, A.A.I.B, District Secretariat Office, Ground Floor, Nuwara Eliya.
7	Galle	Assistant Director, A.A.I.B, No. 01, Scout Mawatha, Fort, Galle.
8	Matara	Assistant Director, A.A.I.B, No. 360, Kumaratunga Mawatha, Nupe, Matara.
9	Hambantota	Assistant Director, A.A.I.B, Magam Ruhunupura Administrative Complex, Hambantota.
10	Jaffna	Assistant Director, A.A.I.B, Adiyapanam Road, Thirunelveli Junction, Jaffna.
11	Mannar	Assistant Director, A.A.I.B, District Secretariat Premises, Mannar.
12	Vavuniya	Assistant Director, A.A.I.B, Main Secretariat, Vavuniya.
13	Mullaitivu	Assistant Director, A.A.I.B, Department of Labour Building, Mulliyawalai, Mullaitivu.
14	Batticaloa	Assistant Director, A.A.I.B, National Cooperative Societies Building, Batticaloa.
15	Ampara	Assistant Director, A.A.I.B, D-1 Government Quarters, Ampara.
16	Trincomalee	Deputy Director, A.A.I.B, District Secretariat, Trincomalee.
17	Puttalam	Deputy Director, A.A.I.B, 215, Puttalam Road, Chilaw.
18	Kurunegala	Deputy Director, A.A.I.B, Wathhimi Road, Kurunegala.
19	Maho	Assistant Director, A.A.I.B, 234/1, Daladagama, Balalla.
20	Anuradhapura	Assistant Director, A.A.I.B, District Secretariat, Anuradhapura.
21	Polonnaruwa	Assistant Director (Agriculture Development), New Town, Polonnaruwa.
22	Monaragala	Assistant Director, A.A.I.B, Old Kachcheri, Monaragala.
23	Badulla	Assistant Director, A.A.I.B, District Farmers' Organization Federation Building, Keppetipola Mawatha, Badulla.
24	Ratnapura	Assistant Director, A.A.I.B, No. 450, Maha Veediya, Ratnapura.
25	Thambuththegama	Assistant Director, A.A.I.B, Thambuttegama.
26	Manampitiya	Assistant Director, A.A.I.B, Agrarian Services Centre, Manampitiya.
27	Kegalle	Assistant Directo, A.A.I.B, 5/1/1, Rathambalawatta Road, Kegalle.
28	Udawalawe	Assistant Director, A.A.I.B, New Town, Embilipitiya.
29	Dehiattakandiya	Assistant Director, A.A.I.B, Mahaweli Zone, Dehiattakandiya.
30	Kilinochchi	Assistant Director, A.A.I.B, Old District Secretariat, Kilinochchi.

13

Employing Technology for Promotional Activities



Employing Technology for Promotional Activities of the Board

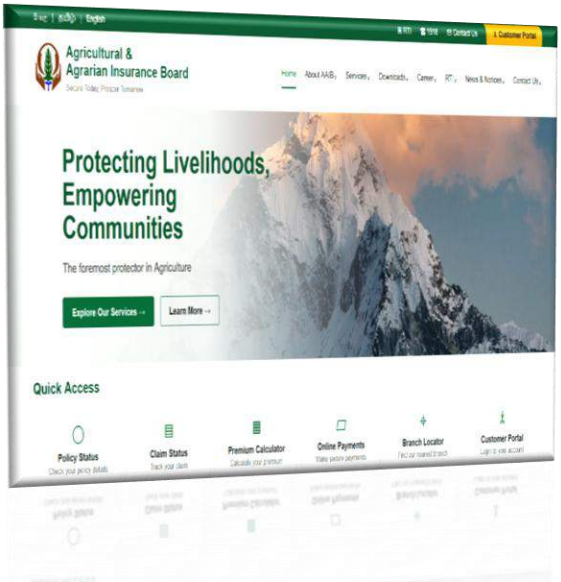
e-SMS Service

With the establishment the Information Technology Division, an e-SMS service. i.e. a short message service was launched to carry out propaganda activities and awareness sessions of the Board and all customer awareness and other promotional programmes conducted by district offices and the head office are now being performed through this SMS service.

In addition, creating awareness amongst subscribers to the farmers' pension scheme by means of a monthly short message service to actively retain them in the scheme and making customers aware regarding the payments relating to the thirdparty insurance scheme too are carried out through this SMS service

Digital Access Gateway: Main Website - www.aib.gov.lk

The official website of the Agricultural and Agrarian Insurance Board serves as an important digital platform for providing farmers and the general public with convenient access to information and services. Through the website, AAIB continues to strengthen digital service delivery, transparency and accessibility, enabling farmers and stakeholders to obtain essential information and access relevant services in a timely and convenient manner.



Official Facebook Page Management

A single official Facebook page is created and maintained for the Board to accurately present the organization's official information, services, and brand image to the public, while attracting new customers and boosting sales through promotional campaign



The information Technology Division of the Board inaugurated on 13.06.2023, aligned with the vision and mission of the AAIB engaged in activities such as developing technical plans required for the provision of a more effective and efficient service through the digitalization of operational process of the board, collecting and analyzing information required for that purpose, and implementing and steering such plans.

Networking of head office and district offices.

➢ Networking of head office

By the end of 2025, all ground plans required for the networking operations of the Head Office have been designed in accordance with each respective department. Furthermore, the networking process for the Pensions Department and the Main Conference Hall, which was not carried out in 2024, has been successfully completed.

➢ District office Networking

The IT Department provided the necessary technical assistance by comparing the price quotations submitted by the district offices with current market rates. Consequently, the district office networking process has now been successfully completed.

Facilitating coordination between divisions and district offices and coordination amongst external institutions

➢ Coordination between divisions and district offices

The officers of the IT Division, using remote communication methods, offers constant technical assistance to address hardware and networking related issues exist in the head office and district offices and where necessary they visited district offices and made their technical knowhow available to resolve issues.

➢ Coordinating amongst external Institutions

Participation in meetings and training programmes relevant to projects (Inclusive Digital Agriculture Transformation) conducted by the Ministry of Agriculture, compiling technical reports requested in respect of thereto and submitting such reports expeditiously to relevant institutions through the relevant heads of divisions were carried out by the Division

Digital Transformation and ERP System Development

- The planning and conducting of technical processes required for the implementation of the Enterprise Resource Planning (ERP) for digitalization of the internal administrative and operational process of the Board was carried out under the financial support extended by Deutsche Gesellschaft für International Zusammenarbeit (GIZ).
- Activities of the initial stage have been finalized and the situation of the above system by the end of the year 2024 is as follows.
- The web and mobile application developed in respect of HRM module to carry out internal administrative activities thereunder has been introduced to all officers of the Board by creating user accounts and the necessary training sessions too have been conducted.
- Concurrently, the integration of fingerprint machines at the district offices into the main network was expedited to facilitate the retrieval of arrival and departure time logs for the HRM module of the ERP system and by the end of the year 2025, this process was successfully completed for all 30 district offices, including the Head Office.
- The initial phases of the ThirdParty Insurance Module related to theThird Party Insurance Scheme have been completed and user accounts have been created for all district offices. Furthermore, practical training sessions have been conducted for all district offices to familiarize staff with this module. Similarly, the development of the online revenue licensing process (electronic Revenue Licence - eRL 2.0) under this insurance scheme has been completed, enabling clients to access this service online.
- The requirement gathering phase, system development, and User Acceptance Testing (UAT) for the Crop Insurance Scheme have been successfully completed. By the end of 2025, hands-on training sessions were conducted across all district offices to familiarize personnel with the module, and data entry into the LIVE system is currently underway.
- The requirement gathering phase, system development, and User Acceptance Testing (UAT) for the Livestock Insurance Scheme have been successfully completed. By the end of 2025, hands-on training sessions were conducted across 21 district offices to familiarize personnel with the module, and plans are underway to conduct training sessions for the remaining district offices in the upcoming year.
- The development phase of the system for the Life Insurance Scheme has been completed.
- The requirement gathering phase for the Pension Scheme has been completed, and approximately 95% of its system development work has been finalized.
- The requirement gathering phase and User Acceptance Testing for the Fishermen's Pension Scheme have been completed, and policy issuance for NAQDA and DFAR has been initiated via the live system.
- The requirement gathering phase for the Finance Module has been completed, and its system development work is currently underway.
- The development of the mobile application related to the Sales and Marketing Module is currently underway.
- Concurrently, the remaining modules and their respective sub-modules are being customized to align with the requirements of the Board. Furthermore, the user interfaces of these modules are being designed to ensure user-friendliness and ease of operation

Corporate Progress Mileston

- Sponsoring and carrying out activities relating to the “Aluth Sahal Mangalya” or new rice festival of 2025 held at the Jaya Sri Maha Bodhi premises, Anuradhapura on 03rd and 04th April, 2025 under the patronage of the Hon. President.
- In alignment with the 'Clean Sri Lanka' program, public awareness campaigns were implemented in several areas, including Galle and Badulla, through the establishment of promotional and educational stalls.
- Expansion of third-party motor insurance operations across all Divisional Secretariats.
- Development of the Board-owned official quarters in the Anuradhapura District into a holiday bungalow for the utilization of Board officials.
- Recruitment of new external agents to streamline the Board's insurance marketing operations, and the implementation of island-wide awareness programs on insurance methodologies.
- Conducting agent conventions with the individuals recruited as external marketing agents for the Agricultural and Agrarian Insurance Board (Trincomalee, Kurunegala, Galle, and Nuwara Eliya).











➢ Provision of certificates of appreciation and umbrellas to external agents of the Board in recognition of their service performance.




➢ Participation in promotional activities conducted in collaboration with the “Sithamu Magam Varuna - 2025”




➢ Inauguration of the “Sayura” Fishermen's Accident Insurance Scheme on July 14, 2025, centered at the Kudawella Fishery Harbour premises in Hambantota.




➢ Conducting crop damage compensation cheque distribution ceremonies with the participation of the Honorable Minister of Agriculture and senior public sector officials (Thambuttegama, Anuradhapura, Jaffna, Puttalam, Badulla, Polonnaruwa, Monaragala, Trincomalee, and Batticaloa).




- Implementing enrollment drives by organizing an inter-district office competition alongside public awareness campaigns for the new Farmers' Pension Scheme.





- Printing and distributing promotional advertisements and leaflets (Gampaha, Anuradhapura, Matara, Batticaloa, Thambuttegama, Hambantota, Ratnapura, and Matale)

- Designing distinct promotional layouts for leaflets and banners tailored to individual Board insurance schemes (Crop Insurance, "Sayura" Fishermen's Accident Insurance, Livestock and Pet Insurance, Farmers' Pension Enrollment, and Third-Party Insurance).









➢ Coinciding with World Fisheries Day, recruitment has commenced for the newly updated fishing pension scheme to suit modern requirements.





➢ Deploying field inspection teams to conduct crop damage assessments across the Thambuttegama, Anuradhapura, Jaffna, Puttalam, Monaragala, Badulla,Polonnaruwa, Trincomalee, Batticaloa, and Kandy Districts






➢ Conducting a legal and court procedures awareness program for Board officials in collaboration with the Kalutara Police Training College.






- Organizing marketing training workshops for Board officials in partnership with the Hector Kobbekaduwa Agrarian Research and Training Institute.




- Provision of corporate sponsorship by the Board for the "Govijana Banku Abhiman" promotional program organized by the Department of Agrarian Development in the Gampaha District.
- Conducting progress review programs and officer appreciation programs for high-income earners to motivate field staff.




- Implementation of programs for crop damage compensation calculation.