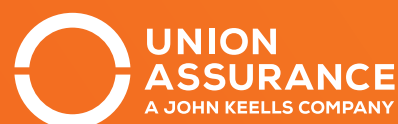




LOOKING BEYOND

Union Assurance PLC

Condensed Interim Financial Statements
For the Year Ended 31 December 2023



INCOME STATEMENT

For the year ended 31 December	Note	2023 Rs. '000	2022 Rs. '000	Change `%
Gross written premium	6	18,866,985	16,675,053	13
Premium ceded to reinsurers		(1,032,590)	(887,546)	16
Net written premium		17,834,395	15,787,507	13
Other revenue				
Net investment income		10,816,725	7,479,013	45
Net realised gains		767,605	265,577	189
Net fair value gains/ (losses)		509,985	(303,862)	268
Other income		29,032	87,973	(67)
Total other revenue		12,123,347	7,528,701	61
Total net revenue		29,957,742	23,316,208	28
Benefits, claims and expenses				
Net insurance benefits and claims paid		(6,628,056)	(5,199,269)	27
Net change in insurance claims outstanding		(90,074)	(499,390)	(82)
Change in contract liabilities - Life Fund		(9,831,742)	(6,473,179)	52
Underwriting and net acquisition costs (net of reinsurance)		(3,543,999)	(3,152,291)	12
Other operating, administrative and selling expenses		(4,376,585)	(3,966,674)	10
Depreciation and amortisation		(543,610)	(535,088)	2
Total benefits, claims and expenses		(25,014,066)	(19,825,891)	26
Profit from operations		4,943,676	3,490,317	42
Share of results of equity accounted investee, net of tax		311,874	229,642	36
Profit before tax		5,255,550	3,719,959	41
Income tax expenses	7	(1,497,185)	(972,854)	54
Profit for the year		3,758,365	2,747,105	37
Earnings per share				
Basic (Rs.)		6.38	4.66	37
Diluted (Rs.)		6.38	4.66	37

The notes form an integral part of these interim financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December	2023 Rs. '000	2022 Rs. '000	Change %
Profit for the year	3,758,365	2,747,105	37
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Net gains on revaluation of land and buildings	299,362	-	
Share of net change in actuarial gain / (loss) on defined benefit plan of equity accounted investee, net of tax	(14,445)	6,071	
Actuarial loss on defined benefit plan	(10,094)	(5,292)	
Related tax	-	-	
	274,823	779	35,179
Items that are or may be reclassified to profit or loss			
Fair value reserve (available for sale financial assets)			
Net change in fair value of available for sale financial assets	1,811,557	(1,282,052)	
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	45,412	(45,584)	
Net change in fair value of available for sale financial assets transferred to the income statement	15,477	(9,837)	
Related tax	-	-	
	1,872,446	(1,337,473)	240
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	4,472,322	(1,404,906)	
Net change in fair value of available for sale financial assets of insurance liabilities transferred to the income statement	(446,091)	39,981	
Related tax	-	-	
	4,026,231	(1,364,925)	395
	5,898,677	(2,702,398)	318
Other comprehensive income, net of tax	6,173,500	(2,701,619)	329
Total comprehensive income for the year, net of tax	9,931,865	45,486	21,735

The notes form an integral part of these interim financial statements.

INCOME STATEMENT

For the Quarter ended 31 December	2023 Rs. '000	2022 Rs. '000	Change %
Gross written premium	5,666,239	5,054,871	12
Premium ceded to reinsurers	(271,358)	(238,882)	14
Net written premium	5,394,881	4,815,989	12
Other revenue			
Net investment income	2,859,618	2,298,560	24
Net realised gains	396,048	57,177	593
Net fair value losses	(342,584)	(284,088)	21
Other income	11,475	9,529	20
Total other revenue	2,924,557	2,081,178	41
Total net revenue	8,319,438	6,897,167	21
Benefits, claims and expenses			
Net insurance benefits and claims paid	(1,743,949)	(2,023,917)	(14)
Net change in insurance claims outstanding	(3,607)	5,241	169
Change in contract liabilities - Life Fund	(575,475)	196,794	392
Underwriting and net acquisition costs (net of reinsurance)	(1,042,262)	(937,136)	11
Other operating, administrative and selling expenses	(1,479,807)	(1,357,544)	9
Depreciation and amortisation	(137,798)	(130,233)	6
Total benefits, claims and expenses	(4,982,898)	(4,246,795)	17
Profit from operations	3,336,540	2,650,372	26
Share of results of equity accounted investee, net of tax	76,252	76,322	-
Profit before tax	3,412,792	2,726,694	25
Income tax expenses	(1,002,573)	(756,268)	33
Profit for the quarter	2,410,219	1,970,426	22
Earnings per share			
Basic (Rs.)	4.09	3.34	22
Diluted (Rs.)	4.09	3.34	22

The notes form an integral part of these interim financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Quarter ended 31 December	2023 Rs. '000	2022 Rs. '000	Change %
Profit for the quarter	2,410,219	1,970,426	22
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Net gains on revaluation of land and buildings	299,362	-	
Share of net change in actuarial gain / (loss) on defined benefit plan of equity accounted investee, net of tax	(14,445)	6,071	
Actuarial gain / (loss) on defined benefit plan	(10,094)	(5,292)	
Related tax	-	-	
	274,823	779	35,179
Items that are or may be reclassified to profit or loss			
Fair value reserve (available for sale financial assets)			
Net change in fair value of available for sale financial assets	38,332	(34,192)	
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	(2,829)	15,971	
Net change in fair value of available for sale financial assets transferred to the income statement	30,954	(9,837)	
Related tax	-	-	
	66,457	(28,058)	337
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	148,234	(60,609)	
Net change in fair value of available for sale financial assets of insurance liabilities transferred to the income statement	(295,302)	(2,119)	
Related tax	-	-	
	(147,068)	(62,728)	(134)
	(80,611)	(90,786)	(11)
Other comprehensive income, net of tax	194,212	(90,007)	316
Total comprehensive income for the quarter, net of tax	2,604,431	1,880,419	39

The notes form an integral part of these interim financial statements.

STATEMENT OF FINANCIAL POSITION

As at	Note	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Assets			
Intangible assets		1,130,585	1,311,217
Property, plant and equipment		3,006,118	2,759,687
Right of use assets		418,566	455,615
Investment in equity accounted investee		2,046,001	1,703,160
Financial investments	9	83,419,773	64,455,930
Loans to life policyholders		2,368,021	2,118,116
Reinsurance receivable		447,558	556,985
Premiums receivable		1,051,444	878,441
Receivables and other assets		942,120	777,524
Cash in hand and at bank		839,475	952,332
Total assets		95,669,661	75,969,007
Equity and liabilities			
Equity			
Stated capital		1,000,000	1,000,000
Available for sale reserve		3,334,055	(2,564,622)
Revaluation reserve		2,563,095	2,267,979
Restricted regulatory reserve	10	3,381,934	3,381,934
Other reserves		76,543	85,665
Retained earnings		13,805,444	10,042,833
Total equity		24,161,071	14,213,789
Liabilities			
Insurance contract liabilities	11	65,043,384	55,430,893
Insurance contract liabilities - Unit Linked		718,692	746,484
Lease liabilities		422,540	448,719
Employee benefit liabilities		190,578	286,691
Reinsurance payables		365,027	636,154
Other liabilities		4,645,809	3,977,798
Bank overdraft		122,560	228,479
Total liabilities		71,508,590	61,755,218
Total equity and liabilities		95,669,661	75,969,007

The notes form an integral part of these interim financial statements.

I certify that the above financial statements comply with the requirements of the Companies Act No. 07 of 2007.



Asha Perera
Chief Finance Officer

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

Signed on behalf of the Board:



D. P. Gamlath
Director



P.T. Wanigasekara
Director

STATEMENT OF CHANGES IN EQUITY

Rs. '000	Stated capital	Reserves					Retained earnings	Total
		Restricted regulatory reserve	Revaluation reserve	Reserve on merger	Other reserves			
					Available for sale reserve	Other capital reserves		
Balance as at 1 January 2022	1,000,000	3,381,934	2,272,226	16,752	137,776	58,495	8,587,910	15,455,093
Profit for the year	-	-	-	-	-	-	2,747,105	2,747,105
Other comprehensive income for the year, net of tax								
Net change in fair value of available for sale financial assets	-	-	-	-	(1,291,889)	-	-	(1,291,889)
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	-	-	-	-	(1,364,925)	-	-	(1,364,925)
Actuarial loss on defined benefit plan	-	-	-	-	-	(5,292)	-	(5,292)
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	-	-	-	-	(45,584)	-	-	(45,584)
Share of net change in actuarial gain on defined benefit plan of equity accounted investee, net of tax	-	-	-	-	-	6,071	-	6,071
Tax on other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	(2,702,398)	779	-	(2,701,619)
Total comprehensive income for the year	-	-	-	-	(2,702,398)	779	2,747,105	45,486
Transactions with owners, transfers, recorded directly in equity								
Contributions and distributions								
First and final dividend 2021	-	-	-	-	-	-	(1,296,429)	(1,296,429)
Share based payments	-	-	-	-	-	9,639	-	9,639
Transfer from revaluation reserve to retained earnings	-	-	(4,247)	-	-	-	4,247	-
Total contributions and distributions	-	-	(4,247)	-	-	9,639	(1,292,182)	(1,286,790)
Balance as at 31 December 2022	1,000,000	3,381,934	2,267,979	16,752	(2,564,622)	68,913	10,042,833	14,213,789
Balance as at 1 January 2023	1,000,000	3,381,934	2,267,979	16,752	(2,564,622)	68,913	10,042,833	14,213,789
Profit for the year	-	-	-	-	-	-	3,758,365	3,758,365
Other comprehensive income for the year, net of tax								
Net change in fair value of available for sale financial assets	-	-	-	-	1,827,034	-	-	1,827,034
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	-	-	-	-	4,026,231	-	-	4,026,231
Revaluation gain on land and buildings	-	-	299,362	-	-	-	-	299,362
Actuarial loss on defined benefit plan	-	-	-	-	-	(10,094)	-	(10,094)
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	-	-	-	-	45,412	-	-	45,412
Share of net change in actuarial loss on defined benefit plan of equity accounted investee, net of tax	-	-	-	-	-	(14,445)	-	(14,445)
Tax on other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	299,362	-	5,898,677	(24,539)	-	6,173,500
Total comprehensive income for the year	-	-	299,362	-	5,898,677	(24,539)	3,758,365	9,931,865
Transactions with owners, transfers, recorded directly in equity								
Contributions and distributions								
First and final dividend 2022	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	15,417	-	15,417
Transfer from revaluation reserve to retained earnings	-	-	(4,246)	-	-	-	4,246	-
Total contributions and distributions	-	-	(4,246)	-	-	15,417	4,246	15,417
Balance as at 31 December 2023	1,000,000	3,381,934	2,563,095	16,752	3,334,055	59,791	13,805,444	24,161,071

The notes form an integral part of these interim financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2023 Rs. '000	2022 Rs. '000
Cash flows from operations			
Insurance premiums received		18,693,981	16,329,586
Reinsurance premiums paid		(230,716)	(140,350)
Insurance benefits and claims paid		(7,604,730)	(6,309,729)
Reinsurance claim received		976,674	1,110,460
Payments to intermediaries to acquire insurance contracts		(3,491,999)	(3,096,038)
Cash paid to and on behalf of employees		(2,055,875)	(2,020,046)
Interest received		8,925,854	5,997,358
Dividends received		119,871	132,001
Other operating cash flows		(3,527,572)	(2,989,272)
Cash generated from operating activities	A	11,805,488	9,013,970
Interest paid		(26,224)	-
Income tax paid		(1,306,646)	(710,161)
Employee benefits paid		(21,237)	(35,109)
Net cash flow from operating activities		10,451,381	8,268,700
Cash flows used in investing activities			
Purchase of investments		(44,309,668)	(28,856,699)
Maturity proceeds of investments		16,165,937	14,891,971
Proceeds from sale of investments		18,020,829	7,357,148
Purchase of property, plant and equipment		(66,930)	(126,903)
Purchase of intangible assets		(111,699)	(73,570)
Proceeds from sale of property, plant and equipment		212	270
Net cash used in investing activities		(10,301,319)	(6,807,783)
Net cash inflow before financing activities		150,062	1,460,917
Cash flows used in financing activities			
Dividends paid to equity holders of the company		-	(1,296,429)
Settlement of lease liabilities		(157,000)	(161,051)
Net cash used in financing activities		(157,000)	(1,457,480)
Net increase / (decrease) in cash and cash equivalents		(6,938)	3,437
Cash and cash equivalents at the beginning of the year		723,853	720,416
Cash and cash equivalents at the end of the year	B	716,915	723,853

The notes form an integral part of these interim financial statements.

For the year ended 31 December	2023 Rs. '000	2022 Rs. '000
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NOTE A.**Reconciliation of profit before taxation with cash from operating activities**

Profit before tax	5,255,550	3,719,959
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Non - cash items included in profit before tax

Depreciation and amortisation	543,610	535,088
Provision for doubtful debts	3,825	(4,567)
Provision for employee benefits	49,395	74,904
Net realised gains	(767,605)	(265,577)
Net fair value (gains)/losses	(509,985)	303,862
Gain on sale of property, plant and equipment	(189)	(249)
Amortisation of financial investments	(1,007,531)	(322,823)
Amortisation of lease liabilities	38,969	46,381
Scrip dividend income	(25,803)	(9,722)
Share of results of equity accounted investee	(311,874)	(229,642)
Share based payment expenses	15,417	9,639
Interest expense on obligation to repurchase securities	26,224	-
Profit before working capital changes	3,310,003	3,857,253

Net change in operational assets

Net change in reinsurance assets	109,427	412,461
Net change in premiums receivable	(173,003)	(345,466)
Net change in receivables and other assets	(1,094,991)	(1,104,906)

Net change in operational liabilities

Net change in life insurance contract liabilities	9,584,699	6,343,038
Net change in reinsurance liabilities	(271,127)	(402,113)
Net change in other liabilities	340,480	253,703
Cash generated from operating activities	11,805,488	9,013,970

NOTE B.**Cash and cash equivalents at the end of the year**

Cash in hand and at bank	839,475	952,332
Bank overdraft	(122,560)	(228,479)
Cash and cash equivalents at the end of the year	716,915	723,853

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

The notes form an integral part of these interim financial statements.

LIFE INSURANCE FUND

STATEMENT OF FINANCIAL POSITION

As at	Note	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Assets			
Intangible assets		590,092	600,575
Property, plant and equipment		3,006,118	2,759,687
Right of use assets		418,566	455,615
Financial investments		68,817,082	55,059,143
Loans to life policyholders		2,368,021	2,118,116
Reinsurance receivable		447,558	556,985
Premiums receivable		1,051,444	878,441
Receivables and other assets		548,716	389,856
Cash in hand and at bank		830,554	943,134
Total assets		78,078,151	63,761,552
Reserves and liabilities			
Reserves			
Available for sale reserve		2,736,857	(1,289,374)
Revaluation reserve		2,087,235	1,792,119
Other reserves		(17,655)	(7,562)
Total reserves		4,806,437	495,183
Liabilities			
Insurance contract liabilities	11	65,043,384	55,430,893
Insurance contract liabilities - Unit Linked		718,692	746,484
Lease liabilities		422,540	448,719
Employee benefit liabilities		190,578	286,691
Reinsurance payables		365,027	636,154
Other liabilities		6,408,933	5,488,949
Bank overdraft		122,560	228,479
Total liabilities		73,271,714	63,266,369
Total reserves and liabilities		78,078,151	63,761,552

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

Union Assurance PLC ('the Company') is a public limited liability company incorporated and domiciled in Sri Lanka and the ordinary shares of the Company are listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at No. 20, St. Michael's Road, Colombo 03.

The Company's controlling entity and ultimate parent undertaking is John Keells Holdings PLC which is incorporated in Sri Lanka.

2 APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements for the twelve months ended 31 December 2023 were authorised for issue by the Board of Directors on 29 February 2024.

3 PRESENTATION OF FINANCIAL STATEMENTS

The results of equity accounted investee of the Company, Fairfirst Insurance Limited has been presented in the financial statements in accordance with Sri Lanka Accounting Standard, LKAS 28 - Investments in Associates and Joint Ventures.

4 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

4.1 Basis of Preparation

The interim financial statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 – Interim Financial Reporting. These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022. Further, provisions of the Companies Act No.7 of 2007 have been considered in preparing the interim financial statements of the Company. The same accounting policies have been followed in preparation of these interim financial statements as stated in the Audited Financial Statements for the year ended 31 December 2022.

The interim condensed financial statements are presented in Sri Lankan Rupees (LKR) and all values are rounded to the nearest thousand except when otherwise indicated.

4.2 Fair value measurement and related fair value disclosures

The fair values of all the financial assets and financial liabilities recognised during the period were not materially different from the transaction prices at the date of initial recognition. All listed equity instruments were measured based on the market prices as at 31 December 2023 and classified as level 1 as per the fair value hierarchy. There were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 categories as per the fair value hierarchy during the reporting period.

5 SLFRS 9 - FINANCIAL INSTRUMENTS AND SLFRS 17 - INSURANCE CONTRACTS

SLFRS 9 is effective for annual periods beginning on or after 1 January 2018. It replaces LKAS 39 - Financial Instruments: Recognition and Measurement.

Based on the proposed amendments to SLFRS 4 - Insurance contracts (to be replaced by SLFRS 17), the entities whose predominant activity is issuing insurance contracts are permitted to defer the full application of SLFRS 9 until the adoption of SLFRS 17, which is in financial period beginning on or after 1 January 2026.

The Company has used the above temporary exemption.

6 GROSS WRITTEN PREMIUM

For the period ended 31 December	2023 Rs. '000	2022 Rs. '000
Conventional	18,861,760	16,669,016
Unit linked	5,225	6,037
Total gross written premium	18,866,985	16,675,053

NOTES TO THE FINANCIAL STATEMENTS

7 INCOMETAX EXPENSE

Current tax

Gains and profits from the Life Insurance Business are ascertained in terms of Section 67 of the Inland Revenue Act No. 24 of 2017 and amendments thereto. As per this section, an income tax rate of 30% is applicable on gains and profits which is the aggregate of;

Surplus distributed to shareholders from the Life insurance policyholders fund as certified by the actuary.

Investment income of the shareholder fund less any expenses incurred in the production of such income.

Surplus distributed to a Life insurance policyholder who shares profits of an entity engaged in the business of life insurance.

Amount Recognised in the Profit or Loss

For the year ended 31 December	2023 Rs. '000	2022 Rs. '000
Current tax expense for the year	(1,497,185)	(969,624)
Over / (under) provision of current tax of previous years	-	(3,230)
	(1,497,185)	(972,854)

8 PROFITS FROM LIFE INSURANCE

The valuation of the life insurance fund as at 31 December 2023 was carried out by Mr. Vivek Jalan FIA, FIAI of Towers Watson India Private Limited, appointed actuaries of the Company who recommended a sum of Rs. 2,800 million to be transferred from the life fund to the shareholders' fund for the year 2023.

9 FINANCIAL INVESTMENTS

As at	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Held to maturity financial assets (HTM)	40,777,419	36,044,803
Loans and receivables (L&R)	10,849,760	13,008,194
Available for sale financial assets (AFS)	22,797,716	11,704,394
Financial assets at fair value through profit or loss (FVTPL)	8,994,878	3,698,539
Total financial investments	83,419,773	64,455,930

10 RESTRICTED REGULATORY RESERVE

Based on the direction issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) dated 20 March 2018 and subsequent approval, the Company has transferred Rs. 3,382 million attributable to non - participating fund and non unit fund of unit linked business from life policyholder fund to life shareholder fund (SHF). The distribution of one - off surplus to shareholders, held as part of the Restricted Regulatory Reserve under equity in the statement of financial position is subject to meeting governance requirements stipulated by the IRCSL and can only be released upon receiving approval from the IRCSL. The one - off surplus in the SHF is represented by government debt securities as per the direction of the IRCSL.

As at	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Transfer of one - off surplus from non participating fund	3,393,900	3,393,900
Transfer from shareholder fund for the one - off deficit created in the non-unit fund of unit linked life insurance contracts	(11,966)	(11,966)
	3,381,934	3,381,934

11 INSURANCE CONTRACT LIABILITIES

As at	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Life insurance fund	64,130,386	54,516,588
Charge relating to Surcharge Tax	-	(39,195)
One - off surplus arising from changing policy liability valuation relating to participating fund	435,046	435,046
Effect of Taxation on Surplus / Bonus transferred to - Policyholders	(55,072)	(33,923)
Claim payables	533,024	552,377
Total insurance contract liabilities	65,043,384	55,430,893

The one off surplus retained in Insurance Contract Liabilities comprises of Rs. 432.5 million attributable to participating business and Rs. 2.5 million attributable to unit linked fund.

11.1 Movement In Insurance Contract Liabilities

As at	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Movement In Insurance Contract Liabilities		
Balance as at 1 January	55,179,789	48,748,971
Charge relating to Surcharge Tax	-	(39,195)
Balance as at 1 January	55,179,789	48,709,776
Increase in life insurance fund before surplus transfer to shareholders	12,354,121	8,722,945
Transfer to shareholders	(2,800,000)	(2,300,000)
Effect of Taxation on Surplus / Bonus transferred to - Policyholders	(21,149)	(6,761)
Net change in unclaimed benefits	84,862	53,829
Balance as at 31 December - Conventional Life insurance	64,797,623	55,179,789
Non Unit Fund of Linked Life Insurance Contracts		
Balance as at 1 January	251,104	169,176
Increase in non unit fund of linked life insurance before surplus transfer to shareholders	98,872	48,827
Net change in unclaimed benefits	(104,215)	33,101
Balance as at 31 December - Non unit fund of linked Life insurance	245,761	251,104
	65,043,384	55,430,893

12 LIABILITY ADEQUACY TEST (LAT)

As at the reporting date, liability adequacy test was performed by the appointed actuary Mr. Vivek Jalan FIA, FIAI of Willis Towers Watson India Private Limited and concluded that, the liability value is sufficient to meet future benefits and expenses. Hence, no provision was required to be made for any premium deficiency.

13 AUDIT OF THE INTERIM FINANCIAL STATEMENTS

Figures for the twelve months are provisional and unaudited

14 COMPARATIVE INFORMATION

The presentation and classification in the financial statements are amended where appropriate to ensure comparability with the current period.

NOTES TO THE FINANCIAL STATEMENTS

15 RELATED PARTY TRANSACTIONS

The nature of the related parties in the current period is similar to those reported in the audited financial statements for the year ended 31 December 2022.

Transactions with the Ultimate Parent

As at 31 December	2023 Rs. '000	2022 Rs. '000
Investment in shares	620,702	417,404
payable for shared services	(28,146)	(21,545)

For the year ended 31 December	Transaction amount during the year	
	2023 Rs. '000	2022 Rs. '000
Receiving of services	(177,258)	(132,167)
Dividends received / (paid)	3,226	(1,158,049)
Net Purchase / (Sale) of share Investments	81,748	(295,453)

Transactions with companies under common control

As at 31 December	2023 Rs. '000	2022 Rs. '000
Debenture, share Investments and distribution rights	932,605	1,446,082
payable for shared services	(8,851)	(21,216)

For the year ended 31 December	Transaction amount during the year	
	2023 Rs. '000	2022 Rs. '000
Purchase of goods	(9,409)	(7,110)
Receiving of services	(399,871)	(366,225)
Purchase of property, plant and equipment	(9,785)	(31,373)
Interest received	65,186	90,699
Dividend received	837	504
Net Purchase / (Sale) of share Investments	(97,699)	68,627
Gratuity transfer	-	1,688

Transactions with Associates

As at 31 December	2023 Rs. '000	2022 Rs. '000
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Amount receivable / (payable)	-	-
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For the year ended 31 December	Transaction amount during the year	
	2023 Rs. '000	2022 Rs. '000

Receiving of services	(75,926)	(63,857)
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Companies controlled / jointly controlled / significantly influenced by KMP and their close family members

As at 31 December	2023 Rs. '000	2022 Rs. '000
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Investment in Unit Trusts	-	-
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For the year ended 31 December	Transaction amount during the year	
	2023 Rs. '000	2022 Rs. '000

Receiving of services	(47,980)	(32,713)
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Purchase of Unit trust investments	-	-
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Transactions with Key Management Personnel (KMP)

Rendering / (Receiving) of services	-	-
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Transactions with Close Family Members of KMP

Rendering / (Receiving) of services	-	-
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16 CAPITAL AND OTHER COMMITMENTS

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

17 CONTINGENCIES**Income tax assessments relating to years of assessments 2010/11, 2011/12, 2012/13, 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20**

The Department of Inland Revenue (IRD) has raised assessments on Union Assurance PLC for the years of assessments 2010/11 and 2011/12, assessing the Life insurance business to pay income tax liabilities of Rs. 13 million and Rs. 132 million respectively. The Company lodged appeals against the said assessments with the Tax Appeals Commission (TAC) and TAC issued its determinations in favour of the Inland Revenue Department. Cases were filed at the Court of Appeal against said determinations.

IRD has raised assessments on Union Assurance PLC for the years of assessments 2012/13, 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 assessing the Life insurance business to pay income tax liabilities of Rs.411 million together with a Rs. 233 million penalty totalling to Rs. 644 million, Rs. 175 million together with a Rs. 88 million penalty totalling to Rs. 263 million, Rs. 887 million together with a Rs. 443 million penalty totalling to Rs.1,330 million, Rs. 832 million together with a Rs. 416 million penalty totalling to Rs. 1,248 million, Rs. 472 million together with a Rs. 236 million penalty totalling Rs. 708 million, Rs.749 million along with a Rs. 368 million penalty totalling to Rs.1,117 million, Rs. 701 million along with a Rs. 498 million penalty totalling to Rs. 1,199 million and Rs. 856 million respectively. The Company has lodged valid appeals against said assessments with the Tax Appeals Commission (TAC).

NOTES TO THE FINANCIAL STATEMENTS

VAT and NBT on Financial Services assessments relating to years of assessment 2016, 2017, 2018 and 2019

The IRD has raised an assessment on Union Assurance PLC for the year of assessment 2016, assessing the Life insurance business to pay a VAT and NBT on Financial Services liability of Rs. 69 million along with a Rs. 37 million penalty totalling to Rs. 106 million. The Company has lodged valid appeals against the said assessments with the TAC. The TAC issued its determination on NBT on Financial Service in favour of the company.

The IRD has raised an assessment on Union Assurance PLC for the year of assessment 2017, assessing the Life insurance business to pay a VAT and NBT on Financial Services liability of Rs. 336 million along with a Rs. 168 million penalty totalling to Rs. 504 million. The Company has lodged valid appeals against the said assessment with the TAC.

The IRD has raised an assessment on Union Assurance PLC for the year of assessment 2018, assessing the Life insurance business to pay a VAT and NBT on Financial Services liability of Rs. 130 million along with a Rs. 8 million penalty totalling to Rs. 138 million. The Department of Inland Revenue issued its determination in favour of the Company.

The IRD has raised an assessment on Union Assurance PLC for the year of assessment 2019, assessing the Life insurance business to pay a VAT on Financial Services liability of Rs. 108 million along with a Rs. 54 million penalty totalling to Rs. 162 million. The Company has lodged a valid appeal with the Commissioner General of Inland Revenue against the said assessment.

VAT assessments relating to years of assessments 2018 and 2019

The IRD has raised assessments on Union Assurance PLC for the years of assessments 2018 and 2019, assessing the Life insurance business to pay a VAT liability of Rs.0.01 million along with a Rs. 0.009 million penalty totalling Rs. 0.02 million and Rs. 0.06 million along with a Rs. 0.04 million penalty totalling Rs. 0.1 million respectively. The Company has lodged valid appeals with the Commissioner General of IRD against said assessments.

Directors are of the view that the Company has followed due process and acted in accordance with the prevailing laws in its tax submissions for above years of assessments and therefore, the above assessments have no rationale or basis in law.

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business

While it is not practicable to forecast or determine the final results of all pending or potential legal proceedings, Directors do not believe that such proceedings (including litigation) will have a material effect on the Company's results and financial position. All pending litigation for claims have been evaluated and adequate provisions have been made in the financial statements.

The Company is also subject to insurance solvency regulations and has complied with all solvency regulations.

There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

18 SHARE INFORMATION

Market Price Per Share

For the quarter ended 31 December	2023 Rs.	2022 Rs.
Last traded	40.20	27.90
Highest price per share for the period	43.50	29.50
Lowest price per share for the period	36.10	20.10

19 NET ASSETS PER SHARE

As at	31.12.2023 Rs.	31.12.2022 Rs.
Net assets per share	41.00	24.12

Net assets per share has been calculated based on the number of shares in issue as at each reporting date.

20 STATED CAPITAL

Number of shares as at	31.12.2023	31.12.2022
Ordinary shares	589,285,720	589,285,720

21 TWENTY LARGEST SHAREHOLDERS

	As at 31 December 2023		As at 30 September 2023	
	No. of Shares	%	No. of Shares	%
1 John Keells Holdings PLC	530,357,150	90.0	530,357,150	90.0
2 Mr. S.N.P. Palihena / Mrs. A.S Palihena	14,000,000	2.4	14,000,000	2.4
3 Citibank Newyork S/A Norges Bank Account 2	4,673,967	0.8	5,802,940	1.0
4 Hatton National Bank PLC / Suktam Holdings (Pvt) Ltd	3,132,209	0.5	3,432,209	0.6
5 People'S Leasing & Finance PLC / L.P. Hapangama	3,041,262	0.5	3,036,244	0.5
6 J.B. Cocoshell (PVT) LTD	2,335,411	0.4	1,505,525	0.3
7 Corporate Holdings (Private) Limited A/C No.01	1,493,730	0.3	1,493,730	0.3
8 Mrs. A. Selliah	1,000,000	0.2	1,000,000	0.2
9 People's Leasing & Finance PLC / L.H.L.M.P. Haradasa	805,325	0.1	805,325	0.1
10 Standard Chartered Bank Difc Branch S/A Efg Hermes Uae L.L.c	670,000	0.1	541,200	0.1
11 Captain D.V.H. Palihena	641,625	0.1	1,041,625	0.2
12 Mr. J.D. Bandaranayake & Miss. N. Bandaranayake & Dr. (Mrs.) V. Bandaranayake	590,190	0.1	590,190	0.1
13 Mr. J.D. Bandaranayake & Dr. (Mrs.) V. Bandaranayake & Miss. I. Bandaranayake	590,190	0.1	590,190	0.1
14 Invenco Capital Private Limited	590,000	0.1	90,000	0.0
15 Mr. J.W. Nanayakkara	562,500	0.1	562,500	0.1
16 Mr. H.A.D. Ratnapala	562,500	0.1	562,500	0.1
17 People's Merchant Finance PLC / P.T.S. De Silva	527,941	0.1	527,750	0.1
18 Dr. S. Selliah	500,000	0.1	500,000	0.1
19 Mr. V. Sharda	442,000	0.1	442,000	0.1
20 Mr. N.D. Kurukulasuriya	390,000	0.1	390,000	0.1
Other	22,379,720	3.7	22,014,642	3.5
	589,285,720	100	589,285,720	100

22 DIVIDENDS PAID

For the year ended 31 December	2023 Rs. '000	2022 Rs. '000
Final dividend for 2022 - Nil (2021 - Rs. 22.00)	-	1,296,429

23 DIRECTORS' SHAREHOLDINGS

No. of shares as at	31.12.2023	31.12.2022
Mr. K. N. J. Balendra (Chairperson)	Nil	Nil
Mr. S. Rajendra	Nil	Nil
Mr. D. H. Fernando	Nil	Nil
Mr. S. A. Appleyard	Nil	Nil
Mr. D. P. Gamlath	Nil	Nil
Mr. P.T. Wanigasekara (Appointed w.e.f. 01.04.2023)	Nil	N/A
Mr. W. M. De F. Arsakularatne (Resigned w.e.f 06.03.2023)	N/A	Nil

24 CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

No. of shares as at	31.12.2023	31.12.2022
Mr. Jude Gomes (Resigned w.e.f 31.12.2023)	5,000	5,000

25 PUBLIC SHAREHOLDING

Company is listed on the Colombo Stock Exchange and the percentage of shares held by the public, the number of public shareholders and the float adjusted market capitalization is as given below:

As at	31.12.2023	31.12.2022
Public shareholding (%)	10.00	10.00
Public shareholders	1,715	1,803
Compliant under option 1 - float adjusted market capitalization (LKR Bn)	2.4	1.6

26 EVENTS AFTER THE REPORTING PERIOD

There have been no events subsequent to the reporting date which require disclosure in the interim financial statements other than the following.

- 26.1** The Board of Directors of the Company has declared a first and final dividend of Rs. 8.75 per share on the 29 February 2024 for the financial year ended 31 December 2023 out of retained earnings. The dividend will be paid on or before 02 April 2024.
- As required by the Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57 prior to declaring the first and final dividend. A statement of solvency duly completed and signed by the Directors has been audited by Messrs. KPMG.

In accordance with LKAS 10, Events After the Reporting Period the first and final dividend has not been recognised as a liability in the financial statement as at 31 December 2023.

CORPORATE INFORMATION

Name of Company

Union Assurance PLC

Legal Form

A public limited liability company incorporated in Sri Lanka on 8 January 1987 and registered under the Companies Act No. 07 of 2007 and quoted on the Colombo Stock Exchange since 1988.

Company Registration Number

PQ 12

Tax Payer Identification Number (TIN)

134001372

Directors

K. N. J. Balendra - Chairperson
S. Rajendra
D. H. Fernando
S. A. Appleyard
D. P. Gamlath
P. T. Wanigasekara - Appointed w.e.f 01 April 2023
W. M. De F. Arakularatne - Resigned w.e.f 06 March 2023

Board Human Resource and Compensation Committee

The Board Human Resource and Compensation Committee (BHRCC) of John Keells Holdings PLC (the Parent) represents the BHRCC of the Company.

Nominations Committee

The Nominations Committee (NC) of John Keells Holdings PLC (the Parent) represents the NC of the Company.

Related Party Transaction Review Committee

The Related Party Transaction Review Committee (RPTRC) of John Keells Holdings PLC (the Parent) represents the RPTRC of the Company.

Project Risk Assessment Committee

The Project Risk Assessment Committee (PRAC) of John Keells Holdings PLC (the Parent) represents the PRAC of the Company.

Board Audit and Compliance Committee

P. T. Wanigasekara - Chairperson - Appointed w.e.f 01 April 2023
D. H. Fernando
S. Rajendra

Investment Committee

J. G. A. Cooray - Chairperson
P. T. Wanigasekara - Appointed w.e.f 01 April 2023
Jude Gomes - Resigned w.e.f 31 December 2023
Senath Jayathilake
Asha Perera
Shubham Jain
Angelo Keil

SLFRS-17 Steering Committee

S. A. Appleyard - Chairperson
S. Rajendra
Sherin Cader

Secretaries and Registrars

Keells Consultants (Private) Limited
117, Sir Chittampalam A. Gardiner Mawatha,
Colombo 2.

Auditors

Messrs. KPMG (Chartered Accountants)
PO Box 186,
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3.

Appointed Actuaries

Willis Towers Watson India Private Limited
Unitech Business Park, 2nd Floor
Tower-B, South City 1, Sector 41
Gurgaon-122002
India.

Lawyers

The Legal Department
John Keells Holdings PLC
117, Sir Chittampalam A Gardiner Mawatha,
Colombo 2.

Bankers

Bank of Ceylon
Commercial Bank of Ceylon PLC
Deutsche Bank AG
DFCC Bank PLC
Hatton National Bank PLC
Housing Development Finance Corporation
National Development Bank PLC
National Savings Bank
Nations Trust Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank
Union Bank Colombo PLC
Pan Asia Banking Corporation PLC

Reinsurance Panel

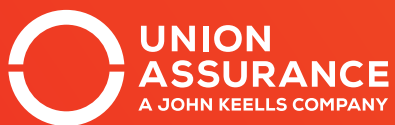
RGA
Hannover Re
Munich Re
Partner Re

Registered Office of the Company

20, St Michael's Road,
Colombo 3.

Investor Relations

All investor queries should be directed to;
Investor relations hotline 011-2990314
e-mail: investorrelations@unionassurance.com



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