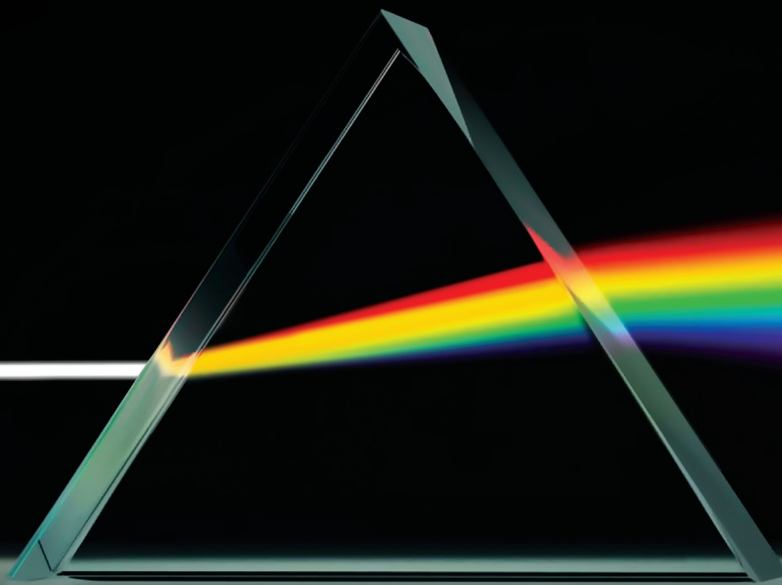


# PARTNERSHIPS THAT LIGHT UP LIVES

UNION ASSURANCE PLC

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018



# INCOME STATEMENT

For the period ended 30 September	Note	2018 Rs. '000	2017 Rs. '000	Change %
Gross written premium	6	7,903,686	7,224,578	9
Premium ceded to reinsurers		(454,819)	(368,144)	24
<b>Net written premium</b>		<b>7,448,867</b>	<b>6,856,434</b>	<b>9</b>
<b>Other revenue</b>				
Net investment income		3,036,350	2,694,186	13
Net realised gains		91,940	81,163	13
Net fair value gains / (losses)		(839,538)	250,086	(436)
Other income		130,004	44,760	190
<b>Total other revenue</b>		<b>2,418,756</b>	<b>3,070,195</b>	<b>(21)</b>
<b>Total net revenue</b>		<b>9,867,623</b>	<b>9,926,629</b>	<b>(1)</b>
<b>Benefits, claims and expenses</b>				
Net insurance benefits and claims paid		(2,620,683)	(1,678,118)	56
Net change in insurance claims outstanding		339,618	69,137	391
Change in contract liabilities - Life Fund		(2,874,096)	(5,212,211)	(45)
Underwriting and net acquisition costs (net of reinsurance)		(1,555,730)	(1,285,803)	21
Other operating, administrative and selling expenses		(2,333,977)	(1,589,713)	47
Depreciation and amortisation		(82,351)	(80,059)	3
<b>Total benefits, claims and expenses</b>		<b>(9,127,219)</b>	<b>(9,776,767)</b>	<b>(7)</b>
<b>Profit from operations</b>		<b>740,404</b>	<b>149,862</b>	<b>394</b>
Share of results of equity accounted investee, net of tax		78,010	116,736	(33)
<b>Profit before tax</b>		<b>818,414</b>	<b>266,598</b>	<b>207</b>
Income tax expense	7	1,423,344	-	100
<b>Profit for the period</b>		<b>2,241,758</b>	<b>266,598</b>	<b>742</b>
<b>Earnings per share</b>				
Basic (Rs.)		38.04	4.52	742
Diluted (Rs.)		38.04	4.52	742

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

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 September	2018 Rs. '000	2017 Rs. '000	Change %
Profit for the period	2,241,758	266,598	742
<b>Items that are or may be reclassified to profit or loss</b>			
<b>Fair value reserve (available for sale financial assets)</b>			
Net change in fair value of available for sale financial assets	69,202	79,423	
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	(8,936)	25,488	
Net change in fair value of available for sale financial assets transferred to the income statement	(11,703)	-	
Related tax	3,555	-	
	52,118	104,911	(50)
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	(311,753)	632,643	
Net change in fair value of available for sale financial assets of insurance liabilities transferred to the income statement	21,412	23	
Related tax	(35,959)	-	
	(326,300)	632,666	(152)
<b>Other comprehensive income, net of tax</b>	(274,182)	737,577	(137)
<b>Total comprehensive income for the period, net of tax</b>	<b>1,967,576</b>	<b>1,004,175</b>	<b>96</b>

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

# INCOME STATEMENT

For the quarter ended 30 September	2018 Rs. '000	2017 Rs. '000	Change %
Gross written premium	2,733,837	2,625,792	4
Premium ceded to reinsurers	(185,624)	(128,535)	44
<b>Net written premium</b>	<b>2,548,213</b>	<b>2,497,257</b>	<b>-</b>
<b>Other revenue</b>			
Net investment income	973,679	912,847	7
Net realised gains	(8,388)	45,311	(119)
Net fair value gains / (losses)	(465,050)	(210,123)	121
Other income	104,081	16,075	547
<b>Total other revenue</b>	<b>604,322</b>	<b>764,110</b>	<b>(21)</b>
<b>Total net revenue</b>	<b>3,152,535</b>	<b>3,261,367</b>	<b>(3)</b>
<b>Benefits, claims and expenses</b>			
Net insurance benefits and claims paid	(1,042,754)	(745,002)	40
Net change in insurance claims outstanding	92,704	21,742	326
Change in contract liabilities - Life Fund	(493,405)	(1,403,462)	(65)
Underwriting and net acquisition costs (net of reinsurance)	(525,682)	(479,344)	10
Other operating, administrative and selling expenses	(974,360)	(580,647)	68
Depreciation and amortisation	(27,627)	(25,950)	6
<b>Total benefits, claims and expenses</b>	<b>(2,971,124)</b>	<b>(3,212,663)</b>	<b>(8)</b>
<b>Profit from operations</b>	<b>181,411</b>	<b>48,704</b>	<b>272</b>
Share of results of equity accounted investee, net of tax	32,961	42,727	(23)
<b>Profit before tax</b>	<b>214,372</b>	<b>91,431</b>	<b>134</b>
Income tax expense	1,423,344	-	100
<b>Profit for the period</b>	<b>1,637,716</b>	<b>91,431</b>	<b>1,693</b>
<b>Earnings per share</b>			
Basic (Rs.)	27.79	1.55	1,693
Diluted (Rs.)	27.79	1.55	1,693

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

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 30 September	2018 Rs. '000	2017 Rs. '000	Change %
Profit for the period	1,637,716	91,431	1,693
<b>Items that are or may be reclassified to profit or loss</b>			
<b>Fair value reserve (available for sale financial assets)</b>			
Net change in fair value of available for sale financial assets	(49,159)	48,322	
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	(4,544)	27,662	
Net change in fair value of available for sale financial assets transferred to the income statement	-	-	
Related tax	3,555	-	
	(50,148)	75,984	(166)
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	(57,143)	366,826	
Net change in fair value of available for sale financial assets of insurance liabilities transferred to the income statement	9,182	-	
Related tax	(35,959)	-	
	(83,920)	366,826	(123)
<b>Other comprehensive income, net of tax</b>	(134,068)	442,810	(130)
<b>Total comprehensive income for the period, net of tax</b>	<b>1,503,648</b>	<b>534,241</b>	<b>181</b>

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

# STATEMENT OF FINANCIAL POSITION

As at	Note	30.09.2018 Rs. '000	31.12.2017 Rs. '000
<b>Assets</b>			
Intangible assets		189,002	212,817
Property, plant and equipment		2,034,087	2,000,716
Deferred tax assets		1,532,213	-
Investment in equity accounted investee		1,064,796	995,722
Financial investments, including derivatives	9	37,848,180	36,792,921
Loans to life policyholders		1,110,158	1,001,538
Reinsurance receivable		419,724	267,417
Premiums receivable		291,995	268,511
Receivables and other assets		1,979,425	947,239
Cash in hand and at bank		625,600	580,126
<b>Total assets</b>		<b>47,095,180</b>	<b>43,067,007</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital		1,000,000	1,000,000
Restricted regulatory reserve	10	3,381,934	3,381,934
Reserves		1,878,973	2,144,728
Retained earnings		6,619,095	5,438,052
<b>Total equity</b>		<b>12,880,002</b>	<b>11,964,714</b>
<b>Liabilities</b>			
Insurance contract liabilities	11	29,747,775	26,949,613
Insurance contract liabilities - Unit Linked		1,585,281	2,121,609
Employee benefit liabilities		124,372	122,588
Reinsurance payables		618,364	345,146
Current tax liabilities		141,272	-
Other liabilities		1,488,608	1,368,031
Bank overdraft		509,506	195,306
<b>Total liabilities</b>		<b>34,215,178</b>	<b>31,102,293</b>
<b>Total equity and liabilities</b>		<b>47,095,180</b>	<b>43,067,007</b>

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

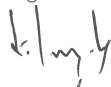
I certify that the above financial statements comply with the requirements of the Companies Act No. 07 of 2007.



Asha Perera  
Chief Financial Officer

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

Signed on behalf of the Board:



S. C. Ratnayake  
Chairman



H. A. J. De Silva Wijeyeratne  
Director

Colombo  
05 November 2018

# STATEMENT OF CHANGES IN EQUITY

Rs. '000	Stated capital	Restricted regulatory reserve	Reserves				Retained earnings	Total
			Revaluation reserve	Reserve on merger	Other reserves			
					Available for sale reserve	Other capital reserves		
<b>Balance as at 1 January 2017</b>	1,000,000	-	1,154,363	16,752	(376,875)	22,763	2,049,189	3,866,192
Profit for the period	-	-	-	-	-	-	266,598	266,598
<b>Other comprehensive income for the period, net of tax</b>								
Net change in fair value of available for sale financial assets	-	-	-	-	79,423	-	-	79,423
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	-	-	-	-	632,666	-	-	632,666
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	-	-	-	-	25,488	-	-	25,488
<b>Total other comprehensive income</b>	-	-	-	-	737,577	-	-	737,577
<b>Total comprehensive income for the period</b>	-	-	-	-	737,577	-	266,598	1,004,175
<b>Transactions with owners, transfers, recorded directly in equity</b>								
<b>Contributions and distributions</b>								
First and final dividend 2016	-	-	-	-	-	-	(618,750)	(618,750)
Share based payments	-	-	-	-	-	7,819	-	7,819
<b>Total contributions and distributions</b>	-	-	-	-	-	7,819	(618,750)	(610,931)
<b>Balance as at 30 September 2017</b>	1,000,000	-	1,154,363	16,752	360,702	30,582	1,697,037	4,259,436
<b>Balance as at 1 January 2018</b>	1,000,000	3,381,934	1,688,309	16,752	413,443	26,224	5,438,052	11,964,714
Profit for the period	-	-	-	-	-	-	2,241,758	2,241,758
<b>Other comprehensive income for the period, net of tax</b>								
Net change in fair value of available for sale financial assets	-	-	-	-	57,499	-	-	57,499
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	-	-	-	-	(290,341)	-	-	(290,341)
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	-	-	-	-	(8,936)	-	-	(8,936)
Related tax	-	-	7,042	-	(35,959)	(3,487)	-	(32,404)
<b>Total other comprehensive income</b>	-	-	7,042	-	(277,737)	(3,487)	-	(274,182)
<b>Total comprehensive income for the period</b>	-	-	7,042	-	(277,737)	(3,487)	2,241,758	1,967,576
<b>Transactions with owners, transfers, recorded directly in equity</b>								
<b>Contributions and distributions</b>								
First and final dividend 2017	-	-	-	-	-	-	(1,060,715)	(1,060,715)
Share based payments	-	-	-	-	-	8,427	-	8,427
<b>Total contributions and distributions</b>	-	-	-	-	-	8,427	(1,060,715)	(1,052,288)
<b>Balance as at 30 September 2018</b>	1,000,000	3,381,934	1,695,351	16,752	135,706	31,164	6,619,095	12,880,002

# STATEMENT OF CASH FLOWS

For the period ended 30 September	Note	2018 Rs. '000	2017 Rs. '000
<b>Cash flows from operations</b>			
Insurance premiums received		7,822,017	7,205,275
Net reinsurance premiums paid		(155,454)	(164,301)
Insurance benefits and claims paid		(2,646,830)	(1,759,120)
Payments to intermediaries to acquire insurance contracts		(2,007,577)	(1,286,365)
Cash paid to and on behalf of employees		(848,905)	(696,036)
Interest received		2,677,672	2,200,798
Dividends received		70,512	100,696
Other operating cash flows		(2,321,166)	(1,706,962)
<b>Cash generated from operating activities</b>	A	<b>2,590,269</b>	<b>3,893,985</b>
Retiring gratuity paid		(15,172)	(7,409)
Interest paid on obligation to repurchase securities		(3,107)	-
<b>Net cash flow from operating activities</b>		<b>2,571,990</b>	<b>3,886,576</b>
<b>Cash flows used in investing activities</b>			
Acquisition of investments		(19,214,124)	(23,490,794)
Maturity proceeds of investments		15,140,835	18,851,176
Proceeds from sale of investments		2,300,513	1,489,535
Acquisition of property, plant and equipment		(86,085)	(32,433)
Proceeds on sale of property, plant and equipment		(6,188)	-
Acquisition of intangible assets		660	(14,513)
<b>Net cash used in investing activities</b>		<b>(1,864,389)</b>	<b>(3,197,029)</b>
<b>Net cash inflow before financing activities</b>		<b>707,601</b>	<b>689,547</b>
<b>Cash flows used in financing activities</b>			
Dividends paid to equity holders of the company		(956,327)	(562,973)
Dividend tax paid		-	(23,699)
Obligation to repurchase securities		1,998,230	-
Settlement of obligation to repurchase securities		(1,998,230)	-
<b>Net cash used in financing activities</b>		<b>(956,327)</b>	<b>(586,672)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(248,726)</b>	<b>102,875</b>
Cash and cash equivalents at the beginning of the year		384,820	239,059
<b>Cash and cash equivalents at the end of the period</b>	B	<b>136,094</b>	<b>341,934</b>



<b>For the period ended 30 September</b>	<b>2018</b>	<b>2017</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>
<b>NOTE A.</b>		
<b>Reconciliation of profit before taxation with cash from operating activities</b>		
Profit before tax	818,414	266,598
<b>Non - cash items included in profit before tax</b>		
Depreciation and amortisation	82,351	80,059
Provision for employee benefits	16,955	15,208
Net realised (gains)	(91,940)	(81,163)
Net fair value (gains) / losses	839,538	(250,086)
losses on sale of property, plant and equipment	(293)	448
Amortisation of financial investments	(142,427)	(246,261)
Scrip dividend income	(57,769)	(24,499)
Share of results of equity accounted investee	(78,010)	(116,736)
Share based payment expenses	8,427	7,820
Interest expense on obligation to repurchase securities	3,107	-
<b>Profit before working capital changes</b>	<b>1,398,353</b>	<b>(348,612)</b>
<b>Net change in operational assets</b>		
Net change in reinsurance assets / liabilities	120,911	38,440
Net change in premiums receivable	(23,484)	(19,303)
Net change in receivables and other assets	(1,266,919)	(424,915)
<b>Net change in operational liabilities</b>		
Net change in life insurance contract liabilities	2,261,835	4,767,256
Net change in other liabilities	99,573	(118,881)
<b>Cash generated from operating activities</b>	<b>2,590,269</b>	<b>3,893,985</b>
<b>NOTE B.</b>		
<b>Cash and cash equivalents at the end of the period</b>		
Cash in hand and at bank	625,600	561,442
Bank overdraft	(509,506)	(264,508)
Short term deposits	20,000	45,000
<b>Cash and cash equivalents</b>	<b>136,094</b>	<b>341,934</b>

# LIFE INSURANCE FUND

## STATEMENT OF FINANCIAL POSITION

As at	Note	30.09.2018 Rs. '000	31.12.2017 Rs. '000
<b>Assets</b>			
Intangible assets		189,002	212,817
Property, plant and equipment		2,034,087	2,000,716
Financial investments including derivatives		29,668,081	34,596,558
Loans to life policyholders		1,110,158	1,001,538
Reinsurance receivable		419,724	267,417
Premiums receivable		291,995	268,511
Receivables and other assets		1,022,044	616,905
Cash in hand and at bank		611,558	580,120
<b>Total assets</b>		<b>35,346,649</b>	<b>39,544,582</b>
<b>Reserves and liabilities</b>			
<b>Reserves</b>			
Other reserves		1,262,480	1,585,223
<b>Total reserves</b>		<b>1,262,480</b>	<b>1,585,223</b>
<b>Liabilities</b>			
Insurance contract liabilities	11	29,747,775	26,949,613
Insurance contract liabilities - Unit Linked		1,585,281	2,121,609
Employee benefit liabilities		124,372	122,588
Reinsurance payables		618,364	345,146
Other liabilities		1,498,871	8,225,097
Bank overdraft		509,506	195,306
<b>Total liabilities</b>		<b>34,084,169</b>	<b>37,959,359</b>
<b>Total reserves and liabilities</b>		<b>35,346,649</b>	<b>39,544,582</b>

# NOTES TO THE INTERIM 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 Union Assurance Centre, 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 nine months ended 30 September 2018 were authorised for issue by the Board of Directors on 05 November 2018.

## 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 amendments to LKAS 27 - Separate Financial Statements.

## 4 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 2017. 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 2017.

## 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 earlier of 2021 or adoption of SLFRS 17, which is currently expected to commence in 2021.

The Company has used the above temporary exemption.

## 6 Gross Written Premium

For the period ended 30 September	2018 Rs. '000	2017 Rs. '000
Conventional	7,837,861	7,093,134
Unit linked	65,825	131,444
<b>Total gross written premium</b>	<b>7,903,686</b>	<b>7,224,578</b>

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 7 Income Tax Expense

### Current tax

The Company is liable for income tax at 28%, in terms of the Inland Revenue Act No. 10 of 2006 and amendments thereto till 31st March 2018.

From 1st April 2018 onwards the gains and profits from the Life Insurance Business are ascertained in terms of Section 67 of the Inland Revenue Act No. 24 of 2017. As per this section, the gains and profits on which tax is payable is the aggregate of;

- ▶ Surplus distributed to shareholders from the Life insurance policyholders fund as certified by the actuary at a rate of 28%;
- ▶ Investment income of the shareholder fund less any expenses incurred in the production of such income at a rate of 28%;
- ▶ Surplus distributed to a Life insurance policyholder who shares the profits of a person engaged in the business of life insurance at a rate of 14% (Up to 3 years from 2018 and thereafter at 28%).

### Deferred tax asset

Upto the year ended 31 December 2017, the Company had not recognized a Deferred Tax asset against tax losses due to uncertainty regarding availability of taxable profits .

With the introduction of the new Tax base in terms of Section 67 of the Inland Revenue Act No. 24 of 2017, the Company will have taxable income from the year ending 31 December 2018, based on the Company's historical experience and future plans. As such, the Company will be eligible to claim its brought forward tax losses against its taxable income within a period of 6 years. Accordingly, during the quarter ended 30 September 2018, the Company recognized a deferred tax asset amounting to Rs.1.532 billion arising from brought forward tax losses as at 31 December 2017 after assessing the availability of future taxable profits for utilization.

### Deferred tax liability

In terms of Section 67 of the Inland Revenue Act No. 24 of 2017, the Company is of the view that there will not be material temporary differences arising, which will result in a Deferred Tax Liability.

Deferred tax is an estimate computed based on the assessment of available information as at the reporting date. Hence these estimates are subject to changes based on future developments / changes to any information, which the assumptions are based on, at the time of estimation. Such changes to the estimates will be adjusted during the period in which changes occur.

### Movement in Deferred Tax Balances

As at 30 September 2018 Rs. '000	Net balance as at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities
<b>Current Income Tax</b>						
Provision for the period	-	141,272				
	-	141,272	-	-		-
<b>Deferred tax charge / (Reversal)</b>						
<b>Deferred tax liabilities</b>						
Property, plant and equipment	98,713	(91,671)	(7,042)	-		-
Intangible assets	6,677	(6,677)	-	-		-
<b>Deferred tax assets</b>						
Employee benefits	(30,231)	26,744	3,487	-	-	
Staff bonus provisions	(39,200)	39,200	-	-	-	
Available-for-sale financial assets	(35,959)	-	35,959	-	-	
Tax Lossess	-	(1,532,213)	-	(1,532,213)	(1,532,213)	
	-	(1,564,617)	32,404	(1,532,213)	(1,532,213)	-
<b>Net tax liabilities/ (assets)</b>	-	(1,423,344)	32,404	(1,532,213)	(1,532,213)	-

## 8 Profits From Life Insurance

No transfer has been made from the life insurance fund to the Income Statement during the period under review.

## 9 Financial Investments

As at	30.09.2018 Rs. '000	31.12.2017 Rs. '000
Held to maturity financial assets (HTM)	18,272,654	18,319,379
Loans and receivables (L&R)	8,131,232	5,883,031
Available for sale financial assets (AFS)	7,840,507	8,065,997
Financial assets at fair value through profit or loss (FVTPL)	3,603,787	4,524,514
<b>Total financial investments</b>	<b>37,848,180</b>	<b>36,792,921</b>

## 10 Restricted Regulatory Reserve

Based on the direction issued by the Insurance Regulatory Commission of Sri Lanka (IRC SL) 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 IRC SL and can only be released upon receiving approval from the IRC SL. The one - off surplus in the SHF is represented by government debt securities as per the direction of the IRC SL.

As at	30.09.2018 Rs. '000	31.12.2017 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)
	<b>3,381,934</b>	<b>3,381,934</b>

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 11 Insurance Contract Liabilities

As at	30.09.2018 Rs. '000	31.12.2017 Rs. '000
Insurance contract liabilities	28,842,074	25,856,601
Adjusted surplus created due to changes in valuation method from NPV to GPV	3,816,980	3,816,980
'Transfer of one - off surplus attributable to non - participating and non unit fund of unit linked business from policyholder fund to shareholder fund'	(3,381,934)	(3,381,934)
	435,046	435,046
Unclaimed benefits	470,655	657,966
<b>Total insurance contract liabilities</b>	<b>29,747,775</b>	<b>26,949,613</b>

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	30.09.2018 Rs. '000	31.12.2017 Rs. '000
<b>Conventional life insurance fund</b>		
Balance as at 1 January	26,912,057	27,703,410
Increase in life insurance fund before surplus transfer to shareholders	2,983,919	5,950,069
Transfer to shareholders	-	(3,438,283)
Transfer of one - off surplus from non participating fund	-	(3,393,900)
Net change in unclaimed benefits	(182,390)	90,761
<b>Balance as at 30 September - Conventional Life insurance</b>	<b>29,713,586</b>	<b>26,912,057</b>
<b>Non Unit Fund of Linked Life Insurance Contracts</b>		
Balance as at 1 January	37,556	186,272
Increase in non unit fund of linked life insurance before surplus transfer to shareholders	1,555	39,259
Transfer from shareholders fund for the one - off deficit created in the non unit fund	-	11,966
Transfer to shareholders	-	(203,717)
Net change in unclaimed benefits	(4,922)	3,776
<b>Balance as at 30 September - Non unit fund of linked Life insurance</b>	<b>34,189</b>	<b>37,556</b>
	<b>29,747,775</b>	<b>26,949,613</b>

## 12 Audit of the Interim Financial Statements

Figures for the Nine months are provisional and unaudited.

## 13 Comparative Information

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

## 14 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 2017.

14.1 For the period ended 30 September	2018 Rs. '000	2017 Rs. '000
<b>Transactions with the Ultimate Parent</b>		
Sales / (Purchases) of goods	-	-
Rendering / (Receiving) of services	(40,058)	(58,676)
Sales / (Purchases) of property, plant and equipment	-	-
Loans received / (Given)	-	-
Rent received / (Paid)	-	-
<b>Transactions with companies under common control</b>		
Sales / (Purchases) of goods	(7,559)	(11,011)
Rendering / (Receiving) of services	(407,830)	(60,393)
Sales / (Purchases) of property, plant and equipment	(14,435)	(11,228)
Loans received / (Given)	-	-
Interest received / (Paid)	74,626	57,848
Rent received / (Paid)	-	-
Financial investment	287,500	-
<b>Transactions with Subsidiary</b>		
Equity investment	-	-
Transfer of assets and liabilities	-	-
<b>Transactions with Associate</b>		
Sales / (Purchases) of goods	-	-
Sales / (Purchases) of property, plant and equipment	-	-
Rendering / (Receiving) of services	(23,469)	(22,437)
Loans received / (Given)	-	-
Interest received / (Paid)	-	-
Rent received / (Paid)	-	8,631
<b>Transactions with Key Management Personnel (KMP)</b>		
Rendering / (Receiving) of services	-	-
<b>Transactions with Close Family Members of KMP</b>		
Rendering / (Receiving) of services	-	-
<b>Companies controlled / jointly controlled / significantly influenced by KMP and their close family members</b>		
Sales / (Purchases) of goods	-	-
Rendering / (Receiving) of services	-	-

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 15 Contingencies, Capital and Other Commitments

### Contingencies and other commitments

There has been no significant change in the contingencies and other commitments, which were disclosed in the audited financial statements for the year ended 31 December 2017 other than the following;

The Tax Appeals Commission issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2010/11, in favour of the Inland Revenue Department and the Company is in the process of filing an appeal to the Court of Appeal.

The Department of Inland Revenue issued its determination for Y/A 2013/14, assessing the Company to pay an income tax liability of Rs. 263 million and the Company lodged a valid appeal against the said determination with the Tax Appeals Commission.

The Department of Inland Revenue has raised an assessment on Union Assurance PLC for the year of assessment 2015/16, assessing the life insurance business to pay an income tax liability of Rs. 832 million along with a 50% penalty totalling to Rs. 1,248 million and the Company has lodged a valid appeal against the said assessment.

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

### Capital commitments

The capital commitments approved and contracted as at the reporting date were Rs. 107 million.

## 16 Share Information

Market Price Per Share

<b>For the quarter ended 30 September</b>	<b>2018 Rs.</b>	<b>2017 Rs.</b>
Last traded	319.90	141.10
Highest price per share for the period	364.00	159.00
Lowest price per share for the period	210.00	140.00

## 17 Net Assets Per Share

<b>As at</b>	<b>30.09.2018 Rs.</b>	<b>31.12.2017 Rs.</b>
Net assets per share	218.57	203.04

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

## 18 Stated Capital

<b>Number of shares as at</b>	<b>30.09.2018</b>	<b>31.12.2017</b>
Ordinary shares	58,928,572	58,928,572



## 19 Twenty Largest Shareholders

	As at 30 September 2018		As at 30 June 2018	
	No. of Shares	%	No. of Shares	%
1 John Keells Holdings Plc	53,035,715	90.0	53,035,715	90.0
2 Mrs. A.S. Paliheha	1,000,000	1.7	1,200,000	2.0
3 Suktam Holdings (Pvt) Ltd	609,000	1.0	609,000	1.0
4 Citibank New York S/A Norges Bank Account 2	373,159	0.6	-	-
5 People's Leasing & Finance PLC / Hi Line Trading (Pvt) Ltd	246,360	0.4	246,360	0.4
6 Rubber Investment Trust Limited A/C # 01	199,000	0.3	-	-
7 Captain D.V.H. Paliheha	150,524	0.3	150,524	0.3
8 Corporate Holdings (Private) Limited A/C No.01	149,373	0.3	149,373	0.3
9 People's Leasing & Finance PLC / L.P.Hapangama	124,719	0.2	132,719	0.2
10 Dr. (Mrs.) V. Bandaranayake	120,038	0.2	120,038	0.2
11 Mrs. A. Selliah	100,000	0.2	100,000	0.2
12 J.B. Cocoshell (Pvt) Ltd	94,966	0.2	94,966	0.2
13 People's Leasing & Finance PLC / L.H.L.M.P.Haradasa	88,392	0.2	88,392	0.2
14 People's Leasing & Finance PLC / Dr. H.S.D.Soyasa & Mrs.G.Soyasa	82,701	0.1	82,701	0.1
15 Mr. M.M.M. Mizver	69,673	0.1	18,196	0.0
16 Mr. H.A.D. Ratnapala	56,250	0.1	56,250	0.1
17 Mr. J.W. Nanayakkara	56,250	0.1	56,250	0.1
18 Mrs. R.Z. Wikramanayake (Deceased)	53,585	0.1	53,585	0.1
19 Mr. N.I. Wikramanayake	53,059	0.1	53,059	0.1
20 Dr. S. Selliah	50,000	0.1	50,000	0.1
Other	2,215,808	3.8	2,631,444	4.5
	58,928,572	100	58,928,572	100

## 20 Dividends Paid

For the period ended 30 September	2018 Rs. '000	2017 Rs. '000
Final dividend for 2017 - Rs.18.00 (2016 - Rs. 10.50)	1,060,715	618,750

## 21 Directors' Shareholdings

No. of shares as at	30.09.2018	31.12.2017
Mr. S. C. Ratnayake (Chairman)	Nil	N/A
Mr. Ajit D. Gunewardene (Chairman) [Resigned w.e.f. 31.12.2017]	N/A	8,562
Mrs. D. C. Alagaratnam	Nil	Nil
Mr. S. Rajendra	Nil	Nil
Mr. A. S. De Zoysa (Resigned w.e.f. 03.08.2018)	N/A	Nil
Mr. G. F. C. De Saram	Nil	Nil
Mr. H. A. J. De S. Wijeyeratne	Nil	Nil
Mr. A. D. Pereira	Nil	Nil
Mr. D. H. Fernando (Appointed w.e.f 03.08.2018)	Nil	N/A

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 22 Chief Executive Officer's Shareholding

No. of shares as at	30.09.2018	31.12.2017
Mr. A. D. Pereira	Nil	Nil

### 23 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	30.09.2018	30.06.2018
Public shareholding (%)	10.00	10.00
Public shareholders	1,438	1,385
Compliant under option 1 - float adjusted market capitalization (LKR Bn)	1.88	1.31

### 24 Events After The Reporting Period

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

# 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

## VAT Registration Number

134001372 7000

## Directors

S. C. Ratnayake - Chairman  
D. C. Alagaratnam  
A. S. De Zoysa (Resigned w.e.f. 03.08.2018)  
G. F. C. De Saram  
S. Rajendra  
H. A. J. De Silva Wijeyeratne  
A. D. Pereira  
D. H. Fernando (Appointed w.e.f 03.08.2018)

## Board Remuneration Committee

S. C. Ratnayake - Chairman  
G. F. C. De Saram  
H. A. J. De Silva Wijeyeratne

## 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 (RPTC) of John Keells Holdings PLC (the Parent) represents the RPTC of the Company

## Board Audit and Compliance Committee

H. A. J. De Silva Wijeyeratne - Chairman  
S. Rajendra  
A. S. De Zoysa (Resigned w.e.f. 03.08.2018)  
D. H. Fernando (Appointed w.e.f 06.08.2018)

## Investment Committee

J. G. A. Cooray - Chairman  
A. S. De Zoysa (Resigned w.e.f. 03.08.2018)  
D. H. Fernando (Appointed w.e.f 06.08.2018)

## 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, 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  
Bank of Sri Lanka  
National Development Bank PLC  
National Savings Bank  
Nations Trust Bank PLC  
Pan Asia Banking Corporation PLC  
People's Bank  
Sampath Bank PLC  
Seylan Bank PLC  
Standard Chartered Bank  
Union Bank of Colombo PLC  
Cargills Bank

## Reinsurance Panel

RGA  
Hannover Re  
Munich Re  
Partner Re

## Registered Office of the Company

Union Assurance Centre  
20, St Michaels' Road,  
Colombo 3

## Investor Relations

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

