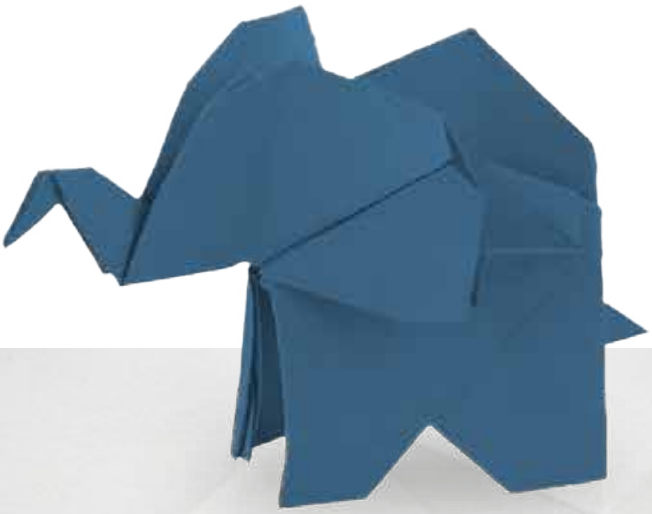


FOLDS OF VALUE





Union Assurance PLC
Condensed Interim Financial Statements
For the Year Ended 31 December 2025

KEY FINANCIAL HIGHLIGHTS

Key financial highlights of our performance during the year are summarised below.

31 December	2025 Rs. '000	2024 Rs. '000	Change %
Gross written premium	25,749,667	21,646,969	19
Profit from operations	4,965,478	4,890,963	2
Financial investments	108,252,636	95,567,444	13
Insurance contract liabilities	93,758,787	78,399,507	20

The Company recorded a growth of 19% in Gross Written Premiums (GWP) for the year, reflecting strong momentum across both regular new business premiums and renewal premiums.

The surplus generated from the life insurance business increased from Rs. 3.0 Bn to 3.4 Bn during the year, driven by strong business growth and enhanced operational efficiency, despite operating in a low-interest rate environment compared to the previous financial year.

The YoY net investment income grew by 5% despite the decline in re-investment rates while the equity portfolio performed well during the year contributing to a 52% growth in net realized gains over the previous year. Despite total claims, benefits and expenses growing by 16%, against a 19% growth in revenue, as a result of total other revenue growing by 7%, the profit from operations showed a 2% growth over the previous year.

On 18 September 2025, the Company divested its 22% stake in Fairfirst Insurance Limited to Fairfax Asia Limited. The reduction in profit contribution from the equity accounted investee compared to the corresponding year is due to accounting for only eight months of share of profits of Fairfirst as a consequence of the divestment. In addition, the Company incurred Rs. 311.5 Mn in capital gains tax on this divestment, which contributed to a 21% increase in income tax expense for the year.

Excluding the share of profits from the equity accounted investee and the one-off capital gains tax, the YoY Profit after tax grew by 2%.

A key strategic milestone during the year was the Company's entry into an exclusive bancassurance partnership with Sampath Bank PLC, significantly strengthening its bancassurance presence. The Company now operates one of the largest bancassurance networks in the country, a key pillar in its long-term value creation journey.

INCOME STATEMENT

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000	Change %
Gross written premium	7	25,749,667	21,646,969	19
Premium ceded to reinsurers		(1,697,889)	(1,491,725)	14
Net written premium		24,051,778	20,155,244	19
Other revenue				
Net investment income		12,350,908	11,756,691	5
Net realised gains		1,307,593	862,097	52
Net fair value gains		1,998,775	1,999,211	(0)
Other income		52,635	45,220	16
Gain from sale of equity accounted investee	10	43,919	-	100
Total other revenue		15,753,830	14,663,219	7
Total net revenue		39,805,608	34,818,463	14
Benefits, claims and expenses				
Net insurance benefits and claims paid		(7,848,300)	(6,692,988)	17
Net change in insurance claims outstanding		18,653	(24,942)	(175)
Change in insurance contract liabilities		(15,483,115)	(13,637,246)	14
Underwriting and net acquisition costs (net of reinsurance)		(4,906,249)	(4,000,274)	23
Other operating, administrative and selling expenses		(5,837,709)	(4,910,477)	19
Depreciation and amortisation		(783,410)	(661,573)	18
Total benefits, claims and expenses		(34,840,130)	(29,927,500)	16
Profit from operations		4,965,478	4,890,963	2
Share of results of equity accounted investee, net of tax		203,792	337,223	(40)
Profit before tax		5,169,270	5,228,186	(1)
Income tax expenses	8	(1,799,356)	(1,486,968)	21
Profit for the year		3,369,914	3,741,218	(10)
Earnings per share				
Basic (Rs.)		5.72	6.35	(10)
Diluted (Rs.)		5.72	6.35	(10)

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	2025 Rs. '000	2024 Rs. '000	Change %
Profit for the year	**3,369,914**	3,741,218	(10)
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Gains on revaluation of land and buildings	**175,276**	-	
Share of net change in remeasurement loss on defined benefit plan of equity accounted investee, net of tax	**-**	(2,565)	
Remeasurement loss on defined benefit plans	**(17,950)**	(13,631)	
	157,326	(16,196)	1,071
Items that are or may be reclassified subsequently to income statement			
Fair value reserve (available for sale financial assets)			
Net change in fair value of available for sale financial assets	**(121,489)**	339,110	
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	**15,112**	38,517	
Reclassification of company's share of accumulated other comprehensive income of equity accounted investee to the income statement	**(43,919)**	-	
Net change in fair value of available for sale financial assets transferred to the income statement	**(248,261)**	(45,813)	
	(398,557)	331,814	(220)
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	**(460,335)**	698,251	
Net change in fair value of available for sale financial assets of insurance liabilities transferred to the income statement	**(39,293)**	(108,143)	
	(499,628)	590,108	(185)
	(898,185)	921,922	(197)
Other comprehensive income, net of tax	**(740,859)**	905,726	(182)
Total comprehensive income for the period, net of tax	**2,629,055**	4,646,944	(43)

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

INCOME STATEMENT

For the Quarter ended 31 December	Note	2025 Rs. '000	2024 Rs. '000	Change %
Gross written premium		7,287,439	6,371,206	14
Premium ceded to reinsurers		(436,263)	(396,793)	10
Net written premium		6,851,176	5,974,413	15
Other revenue				
Net investment income		3,294,785	3,080,119	7
Net realised gains		302,220	244,575	24
Net fair value gains		298,596	1,632,237	(82)
Other income		29,496	24,757	19
Total other revenue		3,925,097	4,981,688	(21)
Total net revenue		10,776,273	10,956,101	(2)
Benefits, claims and expenses				
Net insurance benefits and claims paid		(2,075,213)	(1,772,946)	17
Net change in insurance claims outstanding		(13,896)	(74,183)	(81)
Change in contract liabilities - Life Fund		(1,711,249)	(2,950,369)	(42)
Underwriting and net acquisition costs (net of reinsurance)		(1,295,621)	(1,104,930)	17
Other operating, administrative and selling expenses		(1,751,555)	(1,438,100)	22
Depreciation and amortisation		(212,679)	(207,597)	2
Total benefits, claims and expenses		(7,060,213)	(7,548,125)	(6)
Profit from operations		3,716,060	3,407,976	9
Share of results of equity accounted investee, net of tax		-	65,772	(100)
Profit before tax		3,716,060	3,473,748	7
Income tax expenses		(1,122,047)	(1,036,923)	8
Profit for the quarter		2,594,013	2,436,825	6
Earnings per share				
Basic (Rs.)		4.40	4.14	6
Diluted (Rs.)		4.40	4.14	6

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	2025 Rs. '000	2024 Rs. '000	Change %
Profit for the quarter	**2,594,013**	2,436,825	6
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Gains on revaluation of land and buildings	**175,276**	-	
Share of net change in remeasurement loss on defined benefit plan of equity accounted investee, net of tax	**-**	(2,565)	
Remeasurement loss on defined benefit plans	**(17,950)**	(13,631)	
	157,326	(16,196)	1,071
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	**(60,727)**	196,601	
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	**-**	37,283	
	(60,727)	233,884	(126)
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	**(19,612)**	533,203	
Net change in fair value of available for sale financial assets of insurance liabilities transferred to the income statement	**1,947**	(87,909)	
	(17,665)	445,294	
	(78,392)	679,178	
Other comprehensive income, net of tax	**78,934**	662,982	(88)
Total comprehensive income for the quarter, net of tax	**2,672,947**	3,099,807	(14)

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

STATEMENT OF FINANCIAL POSITION

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Assets			
Intangible assets		7,274,896	784,599
Property, plant and equipment		3,383,567	3,020,336
Right of use assets		508,588	590,235
Investment in equity accounted investee		-	2,419,176
Financial investments	11	108,252,636	95,567,444
Loans to life policyholders		2,858,074	2,651,478
Reinsurance receivable		526,145	418,852
Premiums receivable		1,032,595	1,066,641
Receivables and other assets		1,714,282	1,326,177
Cash in hand and at bank		1,698,143	1,614,403
Total assets		127,248,926	109,459,341
Equity and liabilities			
Equity			
Stated capital		1,000,000	1,000,000
Restricted regulatory reserve	12	3,381,934	3,381,934
Revaluation reserve		2,722,901	2,555,360
Available for sale reserve		3,357,792	4,255,977
Other reserves		86,684	76,573
Retained earnings		12,823,282	12,398,147
Total equity		23,372,593	23,667,991
Liabilities			
Insurance contract liabilities	13	93,758,787	78,399,507
Insurance contract liabilities - Unit Linked		807,777	792,176
Lease liabilities		510,588	606,916
Employee benefit liabilities		284,384	229,709
Reinsurance payables		603,586	587,668
Other liabilities		7,712,135	5,040,845
Bank overdraft		199,076	134,529
Total liabilities		103,876,333	85,791,350
Total equity and liabilities		127,248,926	109,459,341

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.

Himani Weerasekera
Chief Financial Officer

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

K. N. J. Balendra
Chairperson

D. P. Gamlath
Director

Colombo
27 February 2026

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 reserves: Other capital reserves		
Balance as at 1 January 2024	1,000,000	3,381,934	2,563,095	16,752	3,334,055	59,791	13,805,444	24,161,071
Profit for the year	-	-	-	-	-	-	3,741,218	3,741,218
Other comprehensive income for the year								
Net change in fair value of available for sale financial assets	-	-	-	-	293,297	-	-	293,297
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	-	-	-	-	590,108	-	-	590,108
Remeasurement loss on defined benefit plans	-	-	-	-	-	(13,631)	-	(13,631)
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	-	-	-	-	38,517	-	-	38,517
Share of net change in remeasurement loss on defined benefit plan of equity accounted investee, net of tax	-	-	-	-	-	(2,565)	-	(2,565)
Total other comprehensive income	-	-	-	-	921,922	(16,196)	-	905,726
Total comprehensive income for the year	-	-	-	-	921,922	(16,196)	3,741,218	4,646,944
Transactions with owners, transfers, recorded directly in equity								
Contributions and distributions								
First and final dividend 2023	-	-	-	-	-	-	(5,156,250)	(5,156,250)
Share based payments	-	-	-	-	-	16,226	-	16,226
Transfer from revaluation reserve to retained earnings	-	-	(7,735)	-	-	-	7,735	-
Total contributions and distributions	-	-	(7,735)	-	-	16,226	(5,148,515)	(5,140,024)
Balance as at 31 December 2024	1,000,000	3,381,934	2,555,360	16,752	4,255,977	59,821	12,398,147	23,667,991

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

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 2025	1,000,000	3,381,934	2,555,360	16,752	4,255,977	59,821	12,398,147	23,667,991
Profit for the year	-	-	-	-	-	-	3,369,914	3,369,914
Other comprehensive income for the year								
Net change in fair value of available for sale financial assets	-	-	-	-	(369,750)	-	-	(369,750)
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	-	-	-	-	(499,628)	-	-	(499,628)
Gain on revaluation of land and buildings	-	-	175,276	-	-	-	-	175,276
Remeasurement loss on defined benefit plans	-	-	-	-	-	(17,950)	-	(17,950)
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	-	-	-	-	15,112	-	-	15,112
Reclassification of company's share of accumulated other comprehensive income of equity accounted investee to the income statement	-	-	-	-	(43,919)	-	-	(43,919)
Total other comprehensive income	-	-	175,276	-	(898,185)	(17,950)	-	(740,859)
Total comprehensive income for the year	-	-	175,276	-	(898,185)	(17,950)	3,369,914	2,629,055
Transactions with owners, transfers, recorded directly in equity								
Contributions and distributions								
First and final dividend 2024	-	-	-	-	-	-	(2,946,428)	(2,946,428)
Share based payments	-	-	-	-	-	21,975	-	21,975
Transfer of share of defined benefit plans of equity accounted investee from other capital reserve to retained earnings	-	-	-	-	-	6,086	(6,086)	-
Transfer from revaluation reserve to retained earnings		-	(7,735)		-	-	7,735	-
Total contributions and distributions	-	-	(7,735)	-	-	28,061	(2,944,779)	(2,924,453)
Balance as at 31 December 2025	1,000,000	3,381,934	2,722,901	16,752	3,357,792	69,932	12,823,282	23,372,593

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

STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Cash flows from operations			
Insurance premiums received		25,783,713	21,631,772
Reinsurance premiums paid		(556,625)	(131,754)
Insurance benefits and claims paid		(8,837,496)	(7,696,259)
Reinsurance claims received		989,196	1,003,271
Payments to intermediaries to acquire insurance contracts		(4,711,398)	(3,981,172)
Cash paid to and on behalf of employees		(2,539,133)	(2,236,307)
Interest received		10,862,602	10,486,711
Dividends received		245,122	183,551
Other operating cash flows		(4,346,105)	(3,994,490)
Cash generated from operating activities	A	16,889,876	15,265,323
Interest paid		(58,256)	(53,838)
Income tax paid		(1,706,740)	(1,524,456)
Employee benefits paid		(16,641)	(25,437)
Net cash flow from operating activities		15,108,239	13,661,592
Cash flows used in investing activities			
Purchase of investments		(54,987,269)	(56,247,530)
Maturity proceeds of investments		15,515,301	13,414,782
Proceeds from sale of investments		30,385,133	35,424,368
Purchase of property, plant and equipment		(338,546)	(131,804)
Purchase of intangible assets		(5,141,136)	(54,560)
Proceeds from sale of Investment in equity accounted investee		2,638,080	-
Proceeds from sale of property, plant and equipment		3,772	3,050
Net cash used in investing activities		(11,924,665)	(7,591,694)
Net cash inflow before financing activities		3,183,574	6,069,898
Cash flows used in financing activities			
Dividends paid to equity holders of the Company		(2,946,125)	(5,156,250)
Settlement of lease liabilities		(218,256)	(150,689)
Net cash used in financing activities		(3,164,381)	(5,306,939)
Net increase in cash and cash equivalents		19,193	762,959
Cash and cash equivalents at the beginning of the year		1,479,874	716,915
Cash and cash equivalents at the end of the year	B	1,499,067	1,479,874

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

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
NOTE A.		
Reconciliation of profit before taxation with cash from operating activities		
Profit before tax	5,169,270	5,228,186
Non - cash items included in profit before tax		
Depreciation and amortisation	783,410	661,573
Provision for employee benefits	53,366	50,937
Provision for doubtful debtors	1,774	2,717
Net realised gains	(1,307,593)	(862,097)
Net fair value gains	(1,998,775)	(1,999,211)
Gain on sale of property, plant and equipment	(635)	(1,755)
Amortisation of financial investments	(765,403)	(874,220)
Amortisation of lease liabilities	58,132	53,658
Scrip dividend income	(18,845)	(25,944)
Share of results of equity accounted investee	(203,792)	(337,223)
Reclassification of company's share of accumulated other comprehensive income of equity accounted investee to the income statement	(43,919)	-
Interest expense on obligation to repurchase securities	124	180
Share based payment expenses	21,975	16,226
Profit before working capital changes	1,749,089	1,913,027
Net change in operational assets		
Net change in reinsurance assets	(107,293)	28,706
Net change in premiums receivable	34,046	(15,197)
Net change in receivables and other assets	(974,281)	(767,119)
Net change in operational liabilities		
Net change in life insurance contract liabilities	15,374,881	13,429,607
Net change in reinsurance liabilities	15,918	222,641
Net change in other liabilities	797,516	453,658
Cash generated from operating activities	16,889,876	15,265,323
NOTE B.		
Cash and cash equivalents at the end of the year		
Cash in hand and at bank	1,698,143	1,614,403
Bank overdraft	(199,076)	(134,529)
Cash and cash equivalents at the end of the year	1,499,067	1,479,874

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 31 December	Note	2025 Rs. '000	2024 Rs. '000
Assets			
Intangible assets		487,864	508,157
Property, plant and equipment		3,383,567	3,020,336
Right of use assets		508,588	590,235
Financial investments		97,417,502	82,119,212
Loans to life policyholders		2,858,074	2,651,478
Reinsurance receivable		526,145	418,852
Premiums receivable		1,032,595	1,066,641
Receivables and other assets		1,422,349	1,307,486
Cash in hand and at bank		1,650,737	1,577,123
Total assets		109,287,421	93,259,520
Reserves and liabilities			
Reserves			
Revaluation reserve		2,247,041	2,079,500
Available for sale reserve		2,827,337	3,326,965
Other reserves		(49,237)	(31,286)
Total reserves		5,025,141	5,375,179
Liabilities			
Insurance contract liabilities	13	93,758,787	78,399,507
Insurance contract liabilities - Unit Linked		807,777	792,176
Lease liabilities		510,588	606,916
Employee benefit liabilities		284,384	229,709
Reinsurance payables		603,586	587,668
Other liabilities		8,098,082	7,133,836
Bank overdraft		199,076	134,529
Total liabilities		104,262,280	87,884,341
Total reserves and liabilities		109,287,421	93,259,520

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 year ended 31 December 2025 were authorised for issue by the Board of Directors on 27 February 2026.

3 PRESENTATION OF FINANCIAL STATEMENTS

The Company divested its stake in Fairfirst Insurance Limited, an equity accounted investee on 18 September 2025. Fairfirst Insurance Limited has been presented in the financial statements in accordance with Sri Lanka Accounting Stadnards, LKAS 28 - Investment in Associate and Joint Venture up to the disposal date. Please refer Note 10 for details.

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 2024. 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 2024.

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 2025 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 comes into effect for financial periods beginning on or after 1 January 2026.

The Company has used the above temporary exemption.

6 OPERATING SEGMENT

The Company is one legal entity however for Management purposes and to comply with the regulatory framework, the Company is organised into business units based on their products and services and has two reportable operating segments, Policyholder fund and Shareholder fund. These segments are managed separately because they require different operational, risk management and marketing strategies. All operating results are reviewed regularly by the Chief Executive Officer (CEO) and Corporate Management to make decisions regarding resource allocation and assess its performance, and for which financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December Rs. '000	2025 Policyholder Fund	2025 Shareholder Fund	2025 Total	2024 Policyholder Fund	2024 Shareholder Fund	2024 Total
Segment revenue						
Gross Written Premium	25,749,667	-	25,749,667	21,646,969	-	21,646,969
Net Written Premium	24,051,778	-	24,051,778	20,155,244	-	20,155,244
Total Investment Income and Other Revenue	14,198,101	1,555,729	15,753,830	12,799,403	1,863,816	14,663,219
Total Net Revenue	38,249,879	1,555,729	39,805,608	32,954,647	1,863,816	34,818,463
Total Claims and Expenses	(19,366,764)	9,749	(19,357,015)	(16,317,401)	27,147	(16,290,254)
Change in Contract Liabilities	(15,483,115)	-	(15,483,115)	(13,637,246)	-	(13,637,246)
Share of results of equity accounted investee, net of tax	-	203,792	203,792	-	337,223	337,223
Surplus distributed to shareholders	(3,400,000)	3,400,000	-	(3,000,000)	3,000,000	-
Segment Profit Before Tax	-	5,169,270	5,169,270	-	5,228,186	5,228,186
Income Tax Expenses	-	(1,799,356)	(1,799,356)	-	(1,486,968)	(1,486,968)
Segment Profit After Tax	-	3,369,914	3,369,914	-	3,741,218	3,741,218

All revenues are from external customers. There is no revenue from transactions between operating segments

As at 31 December Rs. '000	2025 Policyholder Fund	2025 Shareholder Fund	2025 Total	2024 Policyholder Fund	2024 Shareholder Fund	2024 Total
Segment Assets	109,287,422	17,961,504	127,248,926	93,259,520	16,199,821	109,459,341
Segment Equity and Reserves	5,025,142	18,347,451	23,372,593	5,375,177	18,292,814	23,667,991
Segment Liabilities	100,864,667	3,011,666	103,876,333	84,888,302	903,048	85,791,350

7 GROSS WRITTEN PREMIUM

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Conventional	25,741,439	21,638,719
Unit linked	8,228	8,250
Total gross written premium	25,749,667	21,646,969

8 INCOME TAX EXPENSE

8.1 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 other amendments in line with Inland Revenue (Amendment) Act No. 45 of 2022. 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	2025 Rs. '000	2024 Rs. '000
Income tax expense	(1,487,847)	(1,486,968)
Capital gain tax on disposal of equity accounted investee	(311,509)	-
Current tax expense for the year	(1,799,356)	(1,486,968)

9 PROFITS FROM LIFE INSURANCE

The valuation of the life insurance fund as at 31 December 2025 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. 3,400 million to be transferred from the life fund to the shareholders' fund for the year 2025.

10 DIVESTMENT OF INVESTMENT IN ASSOCIATE COMPANY

The Company divested its 22% stake in Fairfirst Insurance Limited comprising of 30,800,000 ordinary shares to Fairfax Asia Limited for a total consideration of Rs. 2,638 Mn.

Gain on disposal of equity accounted investee

For the year ended 31 December	2025 Rs. '000
Sales proceeds	2,638,080
Investment in equity accounted investee	(2,638,080)
Reclassification of company's share of accumulated other comprehensive income of equity accounted investee to the income statement	43,919
Gain on disposal of equity accounted investee	43,919

11 FINANCIAL INVESTMENTS

As at 31 December	2025 Rs. '000	2024 Rs. '000
Held to maturity financial assets (HTM)	48,222,643	46,244,375
Loans and receivables (L&R)	13,267,646	14,442,825
Available for sale financial assets (AFS)	34,774,562	27,164,487
Financial assets at fair value through profit or loss (FVTPL)	11,987,785	7,715,757
Total financial investments	108,252,636	95,567,444

12 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 December	2025 Rs. '000	2024 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

NOTES TO THE FINANCIAL STATEMENTS

13 INSURANCE CONTRACT LIABILITIES

As at 31 December	2025 Rs. '000	2024 Rs. '000
Life insurance fund	92,807,484	77,514,257
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	(101,643)	(79,055)
Claims payable	617,900	529,259
Total insurance contract liabilities	93,758,787	78,399,507

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.

13.1 Movement In Insurance Contract Liabilities

As at	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Conventional life insurance fund		
Balance as at 1 January	78,076,935	64,797,623
Increase in life insurance fund before surplus transfer to shareholders	18,637,793	16,314,179
Transfer to shareholders	(3,344,665)	(3,000,000)
Effect of Taxation on Surplus / Bonus transferred to - Policyholders	(22,588)	(23,983)
Net change in unclaimed benefits	92,993	(10,884)
Balance as at 31 December - Conventional Life insurance	93,440,468	78,076,935
Non Unit Fund of Linked Life Insurance Contracts		
Balance as at 1 January	322,572	245,761
Increase in non unit fund of linked life insurance before surplus transfer to shareholders	55,435	69,692
Transfer to shareholders	(55,335)	-
Net change in unclaimed benefits	(4,353)	7,119
Balance as at 31 December - Non unit fund of linked Life insurance	318,319	322,572
	93,758,787	78,399,507

14 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.

15 AUDIT OF THE INTERIM FINANCIAL STATEMENTS

Figures for the twelve months are provisional and unaudited

16 COMPARATIVE INFORMATION

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

17 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 2024.

Transactions with the Ultimate Parent

As at 31 December	2025 Rs. '000	2024 Rs. '000
Investment in shares	1,300,274	1,092,104
Payable for shared services	(24,850)	(44,017)

For the year ended 31 December	Transaction amount during the year	
	2025 Rs. '000	2024 Rs. '000
Receiving of services	(188,606)	(203,202)
Dividend income received	11,964	5,654
Dividend paid	(2,651,786)	(4,640,625)
Purchase of intangible assets	(15,733)	-
Net Purchase of share Investments	283,864	151,176
Gratuity transfer	1,234	-

Transactions with companies under common control

As at 31 December	2025 Rs. '000	2024 Rs. '000
Debenture, share Investments and distribution rights	846,417	588,551
Payable for shared services	(10,662)	(5,608)

For the year ended 31 December	Transaction amount during the year	
	2025 Rs. '000	2024 Rs. '000
Purchase of goods	(8,753)	(7,458)
Receiving of services	(655,139)	(475,022)
Purchase of property, plant and equipment	(111,415)	(27,970)
Interest received	38,653	53,187
Dividend received	1,201	-
Net Purchase / (Sale) of share Investments	329,651	(44,437)
Gratuity transfer	-	(396)

NOTES TO THE FINANCIAL STATEMENTS

Transactions with Associates

As at 31 December	2025 Rs. '000	2024 Rs. '000
Amount receivable / (payable)	-	-

For the year ended 31 December	Transaction amount during the year	
	2025 Rs. '000	2024 Rs. '000
Receiving of services	(221)	(292)

Companies controlled / jointly controlled / significantly influenced by KMP and their close family members

As at 31 December	2025 Rs. '000	2024 Rs. '000
Amount receivable / (payable)	-	-

For the year ended 31 December	Transaction amount during the year	
	2025 Rs. '000	2024 Rs. '000
Receiving of services	(27,358)	(19,137)
Transactions with Key Management Personnel (KMP)		
Rendering / (Receiving) of services	-	-
Transactions with Close Family Members of KMP		
Rendering / (Receiving) of services	-	-

18 CAPITAL AND OTHER COMMITMENTS

The capital commitments approved and contracted as at the reporting date were Rs. 96 million.

19 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, 2019/20, 2020/21 and 2021/22.

The Department of Inland Revenue (IRD) has raised assessments on Union Assurance PLC for the years of assessments 2010/11, 2011/12, 2012/13, 2014/15, 2015/16, 2017/18, 2018/19 and 2019/20 assessing the Life insurance business to pay income tax liabilities of Rs. 13 million, 132 million, Rs. 411 million together with a Rs. 233 million penalty totalling to Rs.644 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.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. Company lodged appeals against the said assessments with the Tax Appeals Commission (TAC) and TAC issued it's determinations in favour of the company for years of assessments 2012/13, 2014/15 and 2015/16 and in favour of the Inland Revenue Department for years of assessments 2010/11, 2011/12, 2017/18, 2018/19 and 2019/20. Cases were filed at the Court of Appeal against said determinations.

The court of appeal delivered the order on 19 February 2026 for Y/A 2010/11, 2011/12 and 2015/16 in favour of the company allowing the company to deduct all management expenses against the investment income of the life insurance business.

The IRD has raised assessments on Union Assurance PLC for the years of assessments 2013/14, 2016/17 and 2020/21 assessing the Life insurance business to pay income tax liabilities of Rs.175 million together with a Rs. 88 million penalty totalling to Rs. 263 million, Rs. 472 million together with a Rs. 236 million penalty totalling to Rs. 708 million and Rs. 627 million respectively. The Company has lodged valid appeals against said assessments with the Tax Appeals Commission (TAC).

The IRD has raised an assessment on Union Assurance PLC for the year of assessment 2021/22 assessing the Life insurance business to pay income tax liability of Rs. 59 million. The Company has lodged a valid appeal with the Commissioner General of IRD against 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.

VAT on Financial Services assessments relating to years of assessments 2016, 2019, 2021, 2022 and 2023

The IRD has raised assessments on Union Assurance PLC for the years of assessments 2016 & 2019, assessing the Life insurance business to pay a VAT on Financial Services liability of Rs. 59 million along with a Rs. 33 million penalty totalling to Rs. 92 million and Rs. 108 million along with a Rs. 54 million penalty totalling to Rs. 162 million respectively. The Company has lodged valid appeals against the said assessments with the TAC.

The IRD has raised assessments on Union Assurance PLC for the years of assessments 2021, 2022 and 2023 assessing the Life insurance business to pay VAT on Financial Services liability of Rs. 175 million along with a Rs. 88 million penalty totalling to Rs. 263 million, Rs. 318 million along with a Rs. 159 million penalty totalling to Rs. 477 million and Rs. 569 million along with a Rs. 267 million penalty totalling to Rs. 836 million. The Company has lodged valid appeals with the Commissioner General of Inland Revenue against the said assessments.

Social Security Contribution Levy assessment relating to year of assessment 2023

The IRD has raised an assessment on Union Assurance PLC for the year of assessment 2023 assessing the Life insurance business to pay a Social security contribution levy liability of Rs. 79 million along with a Rs. 45 million penalty totalling to Rs.124 million. The Company has lodged a valid appeal with the Commissioner General of Inland Revenue against the said assessment.

Surcharge Tax assessment relating to year of assessment 2020/21

The IRD has raised an assessment on Union Assurance PLC for the year of assessment 2020/21 assessing the Life insurance business to pay a surcharge tax liability of Rs. 476 million along with a Rs. 453 million penalty totalling to Rs. 929 million. The Company has lodged a valid appeal against the said assessment with the TAC.

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.

NOTES TO THE FINANCIAL STATEMENTS

20 SHARE INFORMATION

Market Price Per Share

For the quarter ended 31 December	2025 Rs.	2024 Rs.
Last traded	77.00	62.00
Highest price per share for the period	86.50	62.00
Lowest price per share for the period	71.50	46.20

21 NET ASSETS PER SHARE

As at	31.12.2025 Rs.	31.12.2024 Rs.
Net assets per share	39.66	40.16

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

22 STATED CAPITAL

Number of shares as at 31 December	2025	2024
Ordinary shares	589,285,720	589,285,720

23 TWENTY LARGEST SHAREHOLDERS

		As at 31 December 2025		As at 30 September 2025	
		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	14,000,000	2.4	14,000,000	2.4
3	People's Leasing & Finance PLC / L.P. Hapangama	5,442,538	0.9	5,259,045	0.9
4	J.B. Cocoshell (PVT) LTD	3,573,256	0.6	3,573,256	0.6
5	Corporate Holdings (Private) Limited A/C No.01	1,513,730	0.3	1,513,730	0.3
6	Standard Chartered Bank DIFC Branch S/A EFG HERMES UAE L.L.C	1,250,275	0.2	1,250,275	0.2
7	MR. J.P. Paul	1,174,600	0.2	1,207,793	0.2
8	Mrs. A. Selliah	1,080,000	0.1	1,080,000	0.2
9	Mr. J.D. Bandaranayake & Miss. N. Bandaranayake & Dr. (Mrs.) V. Bandaranayake	905,929	0.1	905,929	0.1
10	Mr. J.D. Bandaranayake & Dr. (Mrs.) V. Bandaranayake & Miss. I. Bandaranayake	884,377	0.1	884,377	0.1
11	People's Leasing & Finance PLC / L.H.L.M.P. Haradasa	696,867	0.1	901,008	0.1
12	Dr. S. Selliah	580,000	0.1	580,000	0.1
13	Mr. J.W. Nanayakkara	562,500	0.1	562,500	0.1
14	Mr. H.A.D. Ratnapala / Hewa Algiriyage Dias	562,500	0.1	562,500	0.1
15	Arunodhaya Industries (Private) Limited	400,000	0.1	400,000	0.1
16	Mr. S. Sivajeevan	400,000	0.1	400,000	0.1
17	Arunodhaya (Private) Limited	400,000	0.1	400,000	0.1
18	Odyssey Capital Partners (Private) Limited	400,000	0.1	475,000	0.1
19	Arunodhaya Investments (Private) Limited	400,000	0.1	400,000	0.1
20	MR. N.D.Kurukulasuriya	390,000	0.1	390,000	0.1
	Other	24,311,998	4.0	24,183,157	4.0
		589,285,720	100	589,285,720	100

24 DIVIDENDS PAID

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Final dividend for 2024 - 5.00 (2023 - 8.75)	2,946,428	5,156,250

25 DIRECTORS' SHAREHOLDINGS

No. of shares as at 31 December	2025	2024
Mr. K. N. J. Balendra (Chairperson)	Nil	Nil
Mr. S. Rajendra - Resigned w.e.f 31 December 2025	Nil	Nil
Mr. D. P. Gamlath	Nil	Nil
Mr. D. H. Fernando	Nil	Nil
Mr. S. A. Appleyard	Nil	Nil
Mr. P.T. Wanigasekara	Nil	Nil
Ms. C. M. L. D. Bandaranaike - Appointed w.e.f 28 April 2025	Nil	N/A

26 CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

No. of shares as at 31 December	2025	2024
Mr. Senath Jayatilake	Nil	Nil

27 PUBLIC SHAREHOLDING

The 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 December	2025	2024
Public shareholding (%)	10.00	10.00
Public shareholders	2,957	2,390
Compliant under option 1 - float adjusted market capitalization (Rs. Bn)	4.6	3.6

28 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has declared a first and final dividend of Rs. 5.00 per share out of retained earnings, on 27 February 2026. The dividend will be paid in March 2026. As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors confirms that 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 statements as at 31 December 2025.

Mr. Senath Jayatilake, CEO of Union Assurance has been appointed to the Board of Directors of the Company as an Executive Director of the Company with effect from 23 February 2026.

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 - Resigned w.e.f 31 December 2025
D. H. Fernando
S. A. Appleyard
D. P. Gamlath
P. T. Wanigasekara
C. M. L. Dias Bandaranaike - Appointed w.e.f 28 April 2025
S. A. J. S. W Jayatilake - Appointed w.e.f 23 February 2026

Human Resources and Compensation Committee

D. H. Fernando - Chairperson
K. N. J. Balendra - Appointed w.e.f 01 January 2026
S. Rajendra - Resigned w.e.f 31 December 2025
P. T. Wanigasekara

Nominations and Governance Committee

D. H. Fernando - Chairperson
K. N. J. Balendra
P. T. Wanigasekara

Related Party Transactions Review Committee

P. T. Wanigasekara - Chairperson
S. A. Appleyard
D. H. Fernando
C. M. L. D. Bandaranaike - Appointed w.e.f 28 April 2025

Board Audit and Compliance Committee

P. T. Wanigasekara - Chairperson
D. H. Fernando
S. A. Appleyard
C. M. L. D. Bandaranaike - Appointed w.e.f 28 April 2025

Investment Committee

J. G. A. Cooray - Chairperson
P. T. Wanigasekara
Senath Jayatilake
Himani Weerasekera
Malaka Mihindukulasuriya
Angelo Keil

SLFRS-17 Steering Committee

S. A. Appleyard - Chairperson
S. Rajendra - Resigned w.e.f 31 December 2025
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

Sampath Bank PLC
Nations Trust Bank PLC
Union Bank Colombo PLC
Seylan Bank PLC
Pan Asia Banking Corporation PLC
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
People's Bank
Standard Chartered Bank

Reinsurance Panel

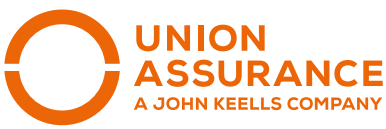
RGA
Hannover Re
Munich Re
Partner Re

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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