



JANASHAKTHI
Life

Consolidated Interim Financial Statements
31-Dec-19
(Condensed)

JANASHAKTHI INSURANCE PLC
STATEMENT OF FINANCIAL POSITION



AS AT	Notes	Consolidated		Company	
		Unaudited 31 December 2019 LKR '000	Audited 31 December 2018 LKR '000	Unaudited 31 December 2019 LKR '000	Audited 31 December 2018 LKR '000
Assets					
Financial Investments		16,961,520	15,657,029	16,961,520	15,657,029
Investment Property		2,093,323	1,997,803	2,093,323	1,997,803
Intangible Assets		78,364	84,901	78,364	84,901
Property, Plant and Equipment		442,502	257,742	442,502	257,742
Right of Use Lease Assets	12.1	261,812	-	261,812	-
Loans to Life Policyholders & Others		305,606	261,240	305,606	261,240
Reinsurance Receivable		23,534	19,904	23,534	19,904
Premium Receivables		33,609	26,616	33,609	26,616
Other Assets		350,153	412,519	350,153	412,519
Deferred Tax Asset	11.2	1,215,540	1,342,199	1,215,540	1,342,199
Cash in Hand and Balance at Bank		268,280	223,268	268,280	223,268
Total Assets		22,034,243	20,283,221	22,034,243	20,283,221
Liabilities and Shareholders' Equity					
Equity					
Stated Capital		4,853,752	4,853,752	4,853,752	4,853,752
Revenue Reserves		2,919,291	2,671,460	2,919,291	2,671,460
Restricted Regulatory Reserve	8	1,795,829	1,795,829	1,795,829	1,795,829
Total Equity		9,568,871	9,321,041	9,568,871	9,321,041
Liabilities					
Insurance Liability - Life		11,094,237	9,897,807	11,094,237	9,897,807
Retirement Benefit Obligation		106,431	85,705	106,431	85,705
Reinsurance Creditors		34,147	34,967	34,147	34,967
Lease Creditor	12.2	261,427	-	261,427	-
Other Liabilities		821,514	832,133	821,514	832,133
Bank Overdrafts		147,616	111,568	147,616	111,568
Total Liabilities		12,465,372	10,962,180	12,465,372	10,962,180
Total Equity and Liabilities		22,034,243	20,283,221	22,034,243	20,283,221

I certify that these Interim Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd

Thanushka Jayasundera

Assistant General Manager - Finance & Planning

The Board of Directors is responsible for the preparation and presentation of these Interim Financial Statements.

Signed on behalf of the Board

Sgd

Prakash Schaffter

Executive Chairman

Sgd

Jude Fernando

Director/Chief Executive Officer

Colombo

31 Mar 2020

JANASHAKTHI INSURANCE PLC

STATEMENT OF PROFIT OR LOSS



For the year ended 31 December	Notes	Consolidated		Company	
		Unaudited 2019 LKR '000	Audited 2018 LKR '000	Unaudited 2019 LKR '000	Audited 2018 LKR '000
Gross Written Premium	10	3,511,660	3,008,842	3,511,660	3,008,842
Premium Ceded to Reinsurers		(137,969)	(115,090)	(137,969)	(115,090)
Net Written Premium		3,373,691	2,893,752	3,373,691	2,893,752
Net Earned Premium		3,373,691	2,893,752	3,373,691	2,893,752
Other Revenue					
Fee and Commission Income		73,801	70,828	73,801	70,828
Investment Income		1,643,051	1,502,689	1,643,051	1,502,689
Realised Gains/ (Losses)		213,220	-	213,220	-
Fair Value Gains/ (Losses)		24,762	(21,878)	24,762	(21,878)
Other Operating Revenue		285,380	325,407	285,380	325,407
Gain on Disposal of Subsidiary	6	-	-	-	9,200,155
Total Other Revenue		2,240,215	1,877,046	2,240,214	11,077,201
Total Net Income		5,613,905	4,770,798	5,613,905	13,970,953
Benefits and Claims					
Net Benefits & Claims		(1,924,425)	(1,565,588)	(1,924,425)	(1,565,588)
Increase in Life Insurance Fund		(1,194,647)	(237,039)	(1,194,647)	(237,039)
Underwriting & Net Acquisition Cost		(900,028)	(893,099)	(900,028)	(893,099)
Total Benefits, Claims & Net Acquisition Cost		(4,019,100)	(2,695,725)	(4,019,100)	(2,695,725)
Finance Cost		(71,667)	(3,077)	(71,667)	(3,077)
Other Operating and Administrative Expenses		(997,911)	(1,374,278)	(997,911)	(1,380,863)
Other Expenses		(1,069,578)	(1,377,356)	(1,069,578)	(1,383,940)
Transfer from/to Life Insurance Fund Reserve					
Surplus/ (Deficit) transfer to/(from) Shareholder		(68,574)	504,436	(68,574)	504,436
Deficit / (Surplus) transfer to/(from) Policyholder		68,574	(504,436)	68,574	(504,436)
Profit/ (Loss) before Taxation		525,227	697,718	525,227	9,891,288
Income Tax Reversal/(Expense)	11	(126,659)	1,306,596	(126,659)	1,306,596
Profit/ (Loss) for the Period from Continuing Operations		398,568	2,004,315	398,568	11,197,884
Discontinued Operations					
Profit for the Period from Discontinued Operations	7	-	7,340,509	-	-
Profit for the Period		398,568	9,344,824	398,568	11,197,884
Profit/ (Loss) from Continuing Operations attributable to:					
Equity holders of the Company		398,568	2,004,315	398,568	11,197,884
Profit from Discontinued Operations attributable to:					
Equity holders of the Company		-	7,340,509	-	-
		398,568	9,344,824	398,568	11,197,884
Basic Earnings/ (Loss) per Share (Rs.)					
Continuing Operations		1.76	6.84	1.76	38.20
Discontinued Operation		-	25.04	-	-

JANASHAKTHI INSURANCE PLC
STATEMENT OF COMPREHENSIVE INCOME



	Consolidated		Company	
	Unaudited 2019 LKR'000	Audited 2018 LKR'000	Unaudited 2019 LKR'000	Audited 2018 LKR'000
For the year ended 31 December				
Profit for the Period	398,568	9,344,824	398,568	11,197,884
Other Comprehensive Income/ (Loss)				
Net Change in fair value of Available For Sale financial assets	(148,080)	338,510	(148,080)	338,510
Actuarial Gain/(Loss) on Defined Benefit Plans	-	4,232	-	4,232
Net Realised Gains Transferred to Income Statement	(2,658)	-	(2,658)	-
Discontinued Operations				
Net Change in fair value of Available For Sale financial assets	-	(742)	-	-
Other Comprehensive Income/ Loss	(150,738)	342,000	(150,738)	342,742
Total Comprehensive Income for the Period	247,830	9,686,824	247,830	11,540,626
Total Comprehensive Income attributable to:				
Equity holders of the Company	247,830	9,686,824	247,830	11,540,626
	247,830	9,686,824	247,830	11,540,626

JANASHAKTHI INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY



Group

	Stated Capital	Revaluation Reserve	Restricted Regulatory Reserve	Revenue Reserves			Available for Sale Reserve Fund of Life Policyholders	Total
				Retained Earnings	Available-for-sale Financial Assets	Total		
				LKR '000	LKR '000	LKR '000		
Audited Balance as at 31 December 2017	4,853,752	327,415	1,795,829	5,085,373	(747,690)	4,337,683	-	11,314,679
Profit for the Period	-	-	-	9,344,824	-	9,344,824	-	9,344,824
<u>Other Comprehensive (Loss) / Income</u>								
Net Change in fair value of Available for Sale Financial Assets	-	-	-	-	373,436	373,436	(35,668)	(35,668)
Actuarial Gain on Defined Benefit Plan	-	-	-	4,232	-	4,232	-	4,232
Total Comprehensive Income	-	-	-	4,232	373,436	377,668	(35,668)	342,000
Impact of Discontinued Operations	-	-	-	(622,515)	622,515	-	-	-
Transfer of Revaluation Surplus to Retained Earnings, at Disposal*	-	(327,415)	-	327,415	-	327,415	-	327,415
Transferred to Life Insurance Fund	-	-	-	(4,232)	-	(4,232)	-	(4,232)
Transactions with Equity Holders recognised directly in equity								
Repurchase of Shares	-	-	-	(11,669,647)	-	(11,669,647)	-	(11,669,647)
Expenses on Repurchase of Shares	-	-	-	(6,584)	-	(6,584)	-	(6,584)
Audited Balance as at 31 December 2018	4,853,752	-	1,795,829	2,458,868	248,261	2,707,128	(35,668)	9,321,041
Profit for the Period	-	-	-	398,568	-	398,568	-	398,568
<u>Other Comprehensive Income</u>								
Net Change in fair value of Available for Sale Financial Assets	-	-	-	-	(148,080)	(148,080)	-	(148,080)
Net Realised Gains Transferred to Income Statement	-	-	-	-	(2,658)	(2,658)	-	(2,658)
Other Comprehensive Income	-	-	-	-	(150,738)	(150,738)	-	(150,738)
Unaudited Balance as at 31 December 2019	4,853,752	-	1,795,829	2,857,436	97,523	2,954,958	(35,668)	9,568,871

JANASHAKTHI INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY



Company

	Stated Capital LKR '000	Restricted Regulatory Reserve LKR '000	Revenue Reserves			Available for Sale Reserve Fund of Life Policyholders LKR '000	Total LKR '000
			Retained Earnings LKR '000	Available-for- sale Financial Assets LKR '000	Total LKR '000		
Audited Balance as at 31 December 2017	4,853,752	1,795,829	2,937,214	(125,917)	2,811,297	-	9,460,878
Profit for the Period	-	-	11,197,884	-	11,197,884	-	11,197,884
<u>Other Comprehensive (Loss) / Income</u>							
Net Change in fair value of Available for Sale Financial Assets	-	-	-	374,178	374,178	(35,668)	(35,668)
Actuarial Gain on Defined Benefit Plans	-	-	4,232	-	4,232	-	4,232
Total Comprehensive Income	-	-	4,232	374,178	378,410	(35,668)	342,742
Transfers to Life Insurance Fund	-	-	(4,232)	-	(4,232)	-	(4,232)
Transactions with Equity Holders recognised directly in equity							
Repurchase of Shares	-	-	(11,669,647)	-	(11,669,647)	-	(11,669,647)
Expenses on Repurchase of Shares	-	-	(6,584)	-	(6,584)	-	(6,584)
Audited Balance as at 31 December 2018	4,853,752	1,795,829	2,458,868	248,261	2,707,128	(35,668)	9,321,041
Profit for the Period	-	-	398,568	-	398,568	-	398,568
<u>Other Comprehensive Income</u>							
Net Change in fair value of Available for Sale Financial Assets	-	-	-	(148,080)	(148,080)	-	(148,080)
Net Realised Gains Transferred to Income Statement	-	-	-	(2,658)	(2,658)	-	(2,658)
Other Comprehensive Income	-	-	-	(150,738)	(150,738)	-	(150,738)
Unaudited Balance as at 31 December 2019	4,853,752	1,795,829	2,857,436	97,523	2,954,958	(35,668)	9,568,871

JANASHAKTHI INSURANCE PLC

INCOME STATEMENT



For the Three months ended 31 December	Notes	Consolidated		Company	
		Unaudited 2019 LKR'000	Unaudited 2018 LKR'000	Unaudited 2019 LKR'000	Unaudited 2018 LKR'000
Gross Written Premium	10	865,834	782,084	865,834	782,084
Premium Ceded to Reinsurers		(41,031)	(24,896)	(41,031)	(24,896)
Net Written Premium		824,803	757,189	824,803	757,189
Net Change in Reserve for Unearned Premium		-	-	-	-
Net Earned Premium		824,803	757,189	824,803	757,189
Other Revenue					
Fee and Commission Income		13,952	19,496	13,952	19,496
Investment Income		420,024	371,856	420,024	371,856
Realised Gains		15,579	-	15,579	-
Fair Value Losses		73,536	(16,014)	73,536	(16,014)
Other Operating Revenue		63,963	86,633	63,963	88,186
Total Other Revenue		587,054	461,971	587,054	463,524
Total Net Income		1,411,858	1,219,160	1,411,858	1,220,713
Benefits and Claims					
Net Benefits & Claims		(557,634)	(444,715)	(557,634)	(444,715)
Increase in Life Insurance Fund		(455,387)	372,987	(455,387)	372,987
Underwriting & Net Acquisition Cost		(208,366)	(245,452)	(208,366)	(245,452)
Total Benefits, Claims & Net Acquisition Cost		(1,221,386)	(317,181)	(1,221,386)	(317,181)
Finance Cost		(11,747)	(936)	(11,747)	(936)
Other Operating and Administrative Expenses		(115,961)	(426,220)	(115,961)	(426,220)
Other Expenses		(127,708)	(427,156)	(127,708)	(427,156)
Transfer from/to Life Insurance Fund Reserve					
Surplus/ (Deficit) transfer to/(from) Shareholder		(68,574)	504,436	(68,574)	504,436
Deficit / (Surplus) transfer to/(from) Policyholder		68,574	(504,436)	68,574	(504,436)
Profit before Taxation		62,762	474,823	62,762	476,376
Income Tax Expense	11	(31,077)	1,321,749	(31,077)	1,321,749
Profit for the Period from Continuing Operations		31,685	1,796,571	31,685	1,798,125
Discontinued Operations					
Profit for the Period from Discontinued Operations			1,554		
Profit for the Period			1,798,125		
Profit attributable to:					
Equity holders of the Company		31,685	1,798,125	31,685	1,798,125
		31,685	1,798,125	31,685	1,798,125
Basic earnings per share (LKR)		0.14	6.13	0.14	6.13

JANASHAKTHI INSURANCE PLC
STATEMENT OF COMPREHENSIVE INCOME



	Consolidated		Company	
	Unaudited 2019 LKR'000	Unaudited 2018 LKR'000	Unaudited 2019 LKR'000	Unaudited 2018 LKR'000
For the Three months ended 31 December				
Profit for the Period from Continuing Operations	31,685	1,798,125	31,685	1,798,125
Other Comprehensive Income/ (Loss)				
Actuarial Gain/(Loss) on Defined Benefit Plans	-	4,232	-	4,232
Net Change in fair value of Available For Sale financial assets from Continued Operations	420	31,767	420	31,767
Net Realised Gains Transferred to Income Statement		-		-
Other Comprehensive Income/ (Loss)	420	35,999	420	35,999
Total Comprehensive Income for the Period	32,105	1,834,125	32,105	1,834,125
Total Comprehensive Income attributable to:				
Equity holders of the Company	32,105	1,834,125	32,105	1,834,125
	32,105	1,834,125	32,105	1,834,125

JANASHAKTHI INSURANCE PLC

CASH FLOW STATEMENT



For the year ended 31 December	Notes	Consolidated		Company	
		Unaudited	Audited	Unaudited	Audited
		2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000
Cash Flows From Operating Activities					
Premium Received from Customers		3,478,051	4,988,351	3,478,051	3,015,231
Reinsurance Premium Paid		(12,142)	(369,578)	(12,142)	(30,462)
Claims Paid		(1,990,301)	(2,817,991)	(1,990,301)	(1,536,921)
Reinsurance Receipt in Respect of Claims		15,772	277,196	15,772	9,632
Interest Received		851,884	1,113,119	851,884	869,158
Dividends Received		11,612	26,295	11,612	26,295
Other Operating Cash Payments		(775,582)	(2,170,746)	(775,582)	(1,527,973)
Cash Flows from Operating Activities	A	1,579,294	1,046,646	1,579,294	824,961
Gratuity Paid		(5,741)	(7,160)	(5,741)	(2,081)
Net Cash Generated From Operating Activities		1,573,553	1,039,486	1,573,553	822,880
Cash Flows Used in Investing Activities					
Net Purchase of Investments		(1,430,465)	(1,991,418)	(1,430,465)	(2,945,155)
Loan Obtained during the Period		500,000	-	500,000	-
Net Proceeds from Disposal of Investment in subsidiary		-	16,040,155	-	16,040,155
Purchase of Investment property		-	(81,992)	-	(1,995,217)
Purchase of Property, Plant and Equipment		(86,118)	(152,472)	(86,118)	(225,519)
Proceeds from Disposal of Property, Plant and Equipment		-	654	-	-
Purchase of Intangible Assets		(15,571)	(28,121)	(15,571)	(15,323)
Net Cash Generated From/ (Used in) Investing Activities		(1,032,154)	13,786,806	(1,032,154)	10,858,941
Net Cash Flows Before Financing Activities		541,399	14,826,292	541,399	11,681,821
Cash Flows Used in Financing Activities					
Interest Paid on Borrowings		(532,436)	(7,034)	(532,436)	(3,077)
Re - Purchase of Ordinary Voting Shares		-	(11,669,647)	-	(11,669,647)
Expenses Paid on Re - Purchase of Ordinary Voting Shares		-	(6,584)	-	(6,584)
Net Cash Used in Financing Activities		(532,436)	(11,683,264)	(532,436)	(11,679,308)
Net Increase / (Decrease) in Cash and Cash Equivalents	B	8,964	3,143,027	8,964	2,513

JANASHAKTHI INSURANCE PLC

NOTES TO THE CASH FLOW STATEMENT



For the year ended 31 December	Notes	Consolidated		Company	
		2019 LKR '000 Unaudited	2018 LKR '000 Audited	2019 LKR '000 Unaudited	2018 LKR '000 Audited
A Cash Flows from Operating Activities					
Profit/(Loss) Before Tax - Continued Operations		525,227	697,718	525,227	9,891,288
Profit Before Tax - Discontinued Operations		-	7,414,061	-	-
Finance Cost		71,667	7,034	71,667	3,077
(Gain)/Loss on Financial Investments		(24,762)	(15,300)	(24,762)	1,864
Write off of Tax Credits		-	126,448	-	126,448
Loss on Fair Valuation of Investment Properties		-	20,014	-	20,014
Provision for Retirement Benefit		26,467	(54,899)	26,467	(59,978)
Gain on Disposal of Subsidiary	6	-	(7,082,194)	-	(9,200,155)
Depreciation and Amortisation Expenses		157,720	48,562	157,720	22,984
Provision for Bad Debts		-	2,998	-	-
Changes in Working Capital					
(Increase)/Decrease in Premium and Other Receivables		(303,573)	201,361	(303,573)	(346,821)
Increase in Life Insurance Fund		1,194,647	241,982	1,194,647	241,982
Decrease in Non Life Insurance Provision		-	(649,413)	-	-
Increase/(Decrease) in Creditors		(68,098)	88,273	(68,098)	124,261
Net Cash Flows from Operating Activities		1,579,294	1,046,646	1,579,294	824,961
B Increase / (Decrease) in Cash and Cash Equivalents					
Cash in Hand and Balance at Bank		268,280	223,268	268,280	223,268
Bank Overdrafts		(147,616)	(111,568)	(147,616)	(111,568)
Net Cash and Cash Equivalents as at end of the Period - Continued Operations		120,664	111,700	120,664	111,700
Net Cash and Cash Equivalents as at end of the Period - Discontinued Operations	7.2	-	2,888,467	-	-
Net Cash and Cash Equivalents as at beginning of the Period - Continued Operations		111,700	109,187	111,700	109,187
Net Cash and Cash Equivalents as at beginning of the Period - Discontinued Operations		-	(252,048)	-	-
Increase / (Decrease) in Cash and Cash Equivalents During the Period		8,964	3,143,027	8,964	2,513

JANASHAKTHI INSURANCE PLC
INCOME STATEMENT - SEGMENT INFORMATION



For the Period ended	Notes	Unaudited 31/12/2019		Audited 31/12/2018	Unaudited 26/2/2018
		Life Insurance (Continuing Operations) LKR'000	Non Life Insurance (Discontinued Operations) LKR'000	Life Insurance (Continuing Operations) LKR'000	Non Life Insurance (Discontinued Operations) LKR'000
Gross Written Premium	10	3,511,660	-	3,008,842	1,442,384
Net Earned Premium		3,373,691	-	2,893,752	1,669,029
Investment Income and Other Income		2,240,214	-	11,077,201	(275,766)
Total Net Income		5,613,904	-	13,970,953	1,393,263
Benefits and Claims					
Net Benefits & Claims		(1,924,425)	-	(1,565,588)	(1,068,786)
Increase in Life Insurance Fund		(1,194,647)	-	(237,038)	-
Underwriting & Net Acquisition Cost		(900,028)	-	(893,099)	(276,124)
Total Benefits, Claims & Net Acquisition Cost		(4,019,099)	-	(2,695,725)	(1,344,910)
Other Operating and Administrative Expenses		(1,069,578)	-	(1,383,940)	(300,723)
Profit/ (Loss) Before Taxation		525,227	-	9,891,288	(252,370)
Income Tax Expense		(126,659)	-	1,306,596	(73,551)
Profit/ (Loss) for the Period		398,568	-	11,197,884	(325,921)

JANASHAKTHI INSURANCE PLC



NOTES TO THE FINANCIAL STATEMENTS

1 General Information

Janashakthi Insurance PLC ("the Company") is a limited liability company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange. Janashakthi PLC is the ultimate parent undertaking and controlling entity of Janashakthi Insurance PLC. The registered office of the Company is at No. 75, Kumaran Ratnam Road, Colombo 02.

2 Basis of Preparation

The condensed consolidated Interim Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards LKAS 34 "Interim Financial Reporting" and SLFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Accounting policies applicable to these condensed consolidated Interim Financial Statements are same as Annual Report for the Year Ended 2018. The unaudited condensed consolidated Interim Financial Statements for the quarter ended 31 December, 2019 were approved by the Board of Directors on 31 March, 2020.

3 Basis of Measurement

The Financial Statements of the Company have been prepared on an accrual basis under the historical cost convention and applied consistently with no adjustment being made for inflationary factors affecting the Financial Statements except for the financial assets available for sale and financial assets designated at fair value through profit or loss which are measured at fair value, land and buildings measured at revalued amounts and investment properties valued at fair value.

4 Significant Accounting Policies

The accounting policies adopted for the current interim period are consistent with those of the Audited Annual Financial Statements for the year ended 31 December, 2018.

5 The Accounting Policy for Consolidation of Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Janashakthi General Insurance Limited (JGIL) was deconsolidated following disposal in February 2018.

6 Gain on Disposal of Subsidiary

On 26 February 2018, Janashakthi Insurance PLC disposed its wholly owned subsidiary JGIL to Allianz S E, a company incorporated in Germany, for Rs 16.4 Billion. This transaction resulted in a LKR 9.2 Billion gain to the Company and a LKR 7.08 Billion gain to the Group.

	Group Audited LKR '000	Company Audited LKR '000
Gross Sales Proceeds	16,400,000	16,400,000
Less: Transaction Cost	(359,845)	(359,845)
Net Sales Proceeds	16,040,156	16,040,156
Less : Book Value of Investment in Subsidiary	-	(6,840,000)
Less : Net Assets of Subsidiary as at Disposal Date	(8,142,514)	-
Less : Unimpaired Goodwill as at Disposal Date	(815,448)	-
Gain on Disposal of Subsidiary	<u>7,082,194</u>	<u>9,200,155</u>

6.1 As part of the terms of this agreement, all of the Freehold Land and Buildings and some of the Equity Securities held by JGIL, were acquired by the Company on the same date at a total value of LKR 3,717 million. This transaction was carried out at market value.

JANASHAKTHI INSURANCE PLC
NOTES TO THE FINANCIAL STATEMENTS



7 Discontinued Operations

As per SLFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', a discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- a) Represents a separate major line of business or geographical area of operations,
- b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- c) Is a subsidiary acquired exclusively with a view to resale

As per the above guidelines set out in SLFRS 5, if disposal of a component meets the criteria (a) and (b) it should be considered as discontinued operation of the Group. It need not necessarily meet the criteria (c). Therefore the disposal of JGIL meets the above set out criteria and it should be considered as a discontinued operation of the JIPLC Group.

7.1 Summarised Income Statement of the Discontinued Operations

	Notes	Consolidated	
		Unaudited 31/12/2019 LKR '000	Audited 26/2/2018 LKR '000
For the Period ended			
Gross Written Premium	10	-	1,442,384
Net Earned Premium		-	1,669,029
Investment Income and Other Income *		-	(275,766)
Gain on Disposal of Subsidiary	6	-	7,082,194
Total Net Income		-	8,475,457
Benefits and Claims			
Net Benefits & Claims		-	(1,068,787)
Underwriting & Net Acquisition Cost		-	(276,124)
Total Benefits, Claims & Net Acquisition Cost		-	(1,344,911)
Other Operating and Administrative Expenses		-	(300,725)
Profit/ (Loss) before Taxation		-	6,829,821
Income Tax Expense	11	-	(73,551)
Profit/ (Loss) for the Period		-	6,756,270
Profit/ (Loss) attributable to:			
Equity holders of the Company		-	6,756,270
		-	6,756,270
Inter Company Elimination		-	584,240
Profit from Discontinued Operation at Group level		-	7,340,510
Other Comprehensive Income/ (Loss)			
Net Change in fair value of Available For Sale financial assets from Discontinued Operations		-	(742)
Total Comprehensive Income for the Period		-	7,339,768

* Investment Income and Other Income - A loss of LKR 590 million was incurred due to sale of equity investments held by JGIL to JIPLC on fulfillment of conditions on disposal of JGIL.

JANASHAKTHI INSURANCE PLC
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7 Discontinued Operations (Contd.)

7.2 Summarised Statement of Cash Flows of the Discontinued Operations

For the Period ended	Consolidated	
	Unaudited 31/12/2019	Unaudited 26/2/2018
	LKR '000	LKR '000
Net Cash Flows Used in Operating Activities	-	(373,622)
Net Cash Flows Generated from Investment Activities	-	3,518,092
Net Cash Flows Generated from Financing Activities	-	(3,957)
Net Increase in Cash & Cash Equivalents	-	3,140,514
Net Cash and Cash Equivalents as at beginning of the Period	-	(252,047)
Net Cash and Cash Equivalents as at End of the Period	-	2,888,467

8 Restricted Regulatory Reserve

The Insurance Regulatory Commission of Sri Lanka (IRCSL) implemented the Risk Based Capital (RBC) regime for insurers of Sri Lanka with effect from 1 January 2016. Accordingly, the policy liability valuation methodology transitioned from Net Premium Valuation (NPV) methodology to Gross Premium Valuation (GPV) methodology. This regime change resulted in reduction in policy liabilities leading to a significant increase in surplus, which was termed "One-off unallocated surplus". As per the IRCSL recommendations this surplus was quantified and held within the life fund up to 31 December 2016. In 2017 with the approval of the IRCSL the one-off surplus was transferred to shareholders fund.

The distribution of the one-off surplus to shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the Insurance Regulatory Commission of Sri Lanka (IRCSL) and can only be released upon receiving approval from the IRCSL. The one-off surplus in the Shareholder Fund (SHF) will remain invested in financial assets as per the direction of IRCSL.

	Group	Company
	LKR '000	LKR '000
Balance as at 31 December 2018	1,795,829	1,795,829
Transfers/ Distributions During the Period	-	-
Balance as at 31 December 2019	<u>1,795,829</u>	<u>1,795,829</u>

9 Liability Adequacy Test

9.1 Insurance Contract Liabilities - Life

The Liability Adequacy Test in respect of Insurance Provisions of Life as required by SLFRS 4 was performed as at 31 December 2019.



10 Gross Written Premium	For the year ended 31 December	
	Unaudited 2019	Unaudited 2018
	LKR '000	LKR '000
Life Insurance (Continuing Operations)		
First Year Premium	1,623,249	1,252,896
Renewal Premium	1,888,412	1,755,945
Total Life Premium	3,511,660	3,008,842

	For the Period ended	
	12/31/2019	26 February 2018
Non Life Insurance (Discontinued Operations)		
Fire	-	167,472
Motor	-	1,037,451
Marine	-	38,153
Miscellaneous	-	199,308
Total Non - Life Premium	-	1,442,384

11 Income Tax Expense

11.1 Current Taxation

The Income Tax for the first quarter 2018, was computed on "I-E" basis (Investment income –Management Expenses) in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006. A surplus based income tax method is applicable from 1 April 2018 as per the Inland Revenue Act, No. 24 of 2017 and the Company has calculated the Income Tax Expense in

11.2 Deferred Taxation

The Company has recognised a Deferred Tax Asset of LKR 1.3 billion on available brought forward tax losses up to 31 December 2018 to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised in accordance with the provisions of the Inland Revenue Act No 24 of 2017 effective 1 April 2018.

	Company	
	31/12/2019	31/12/2018
Deferred Tax Asset - Beginning Balance	1,342,199	-
Deferred Tax Recognised in Income Statement		
On Brought Forward tax Losses	-	1,342,199
Reversal during the Period	(126,659)	-
Deferred Tax Asset - Closing Balance	1,215,540	1,342,199

12 Application of SLFRS 16 - Leases

The Company as a lessee has applied SLFRS 16 as initial application with effect from 1 January 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under LKAS 17 - Leases.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use assets of the Company consist of branch premises taken on rent which were previously recognised as operating leases under LKAS 17.

12.1 Right of Use Lease Assets

	Unaudited 2019 LKR'000	Unaudited 2018 LKR'000
Balance as at 1 January	279,784	-
Additions	35,903	-
Net Depreciation for the Period	(46,644)	-
Amortisation of Advance	(7,231)	-
Balance as at 31 December	261,812	-

12.2 Lease Creditor

	Unaudited 2019 LKR'000	Unaudited 2018 LKR'000
Balance as at 1 January	243,771	-
Additions	35,903	-
Interest Expense recognised in Profit or Loss	39,232	-
Settlement through lease payment	(57,479)	-
Balance as at 31 December	261,427	-

JANASHAKTHI INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS



13 Related Party Transactions

The nature of related party transactions in the current period are similar to those reported in the audited financial statements for the year ended 31 December 2018.

14 Contingent Liabilities

All pending litigations have been evaluated and adequate provisions have been made in the Audited Financial Statements of 2018.

Further in the opinion of the Directors in consultation with the Company's Lawyers and Advisors, these contingent liabilities will not have a material impact on the reported financial results or the future operations of the Company.

The nature of the Contingent Liabilities that was disclosed in the Audited Financial Statements for Financial Year 2018 did not change significantly during the period.

15 Stated Capital is represented by 226,526,153 ordinary shares as at 31 December 2019. (2018: 226,526,153)

16 Information on Ordinary Shares

For the Quarter Ended	31 December	
	2019	2018
Market Price per Ordinary Share (LKR)		
Highest Price	37.00	30.40
Lowest Price	32.00	20.00
Closing Price	32.50	30.00
Net Asset Value per Share (LKR) - Company	42.24	40.57
- Group	-	40.57

17 Twenty Largest Shareholders as at 31 December 2019

Name of Shareholder	No. of Shares	%
1 Janashakthi PLC	124,803,762	55.09%
2 Seylan Bank PLC/Janashakthi PLC	20,234,435	8.93%
3 Seylan Bank PLC/Janashakthi Limited (Collateral)	16,600,000	7.33%
4 First Capital Limited	13,099,471	5.78%
5 Mr. Silva	7,281,572	3.21%
6 Commercial Bank Of Ceylon PLC/Janashakthi Limited	6,506,300	2.87%
7 Suktam Holdings (Pvt) Ltd	5,296,254	2.34%
8 Dr. Senthilverl	980,000	0.43%
9 Mr. Mendis	792,000	0.35%
10 Mr. Weerasinghe	720,000	0.32%
11 Commercial Bank Of Ceylon PLC/Metrocorp (Pvt) Ltd	635,177	0.28%
12 Mr. Weerathunga	550,000	0.24%
13 Mr. Herath	540,000	0.24%
14 Mrs. Mathews	510,000	0.23%
15 Mr. Balasingam	492,600	0.22%
16 People's Leasing & Finance PLC/Mr.N.A.D.B.Jayanath	484,300	0.21%
17 J.B. Cocoshell (Pvt) Ltd	454,200	0.20%
18 Mr. Ranasinghe	450,000	0.20%
19 Seylan Bank PLC/Jaliya Abeysiri Wijeratne	399,324	0.18%
20 Mr. Vijendran	335,000	0.15%
Others	201,164,395	
	25,361,758	
Total	226,526,153	

JANASHAKTHI INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS



18 Public Shareholding

	31-Dec-19		31-Dec-18	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Public Shareholding	44,698,875	19.73%	44,678,875	19.72%
Number of shareholders representing the public holding	4,877		4,837	

As per Rule No.7.6 (iv) of the Colombo Stock Exchange, the minimum public holding of 20% is required to be maintained. In the event of the Company is not compliant with the said regulation the Company is required to make an immediate announcement to the market via the Colombo Stock Exchange.

Percentage of public holding as at 31 December 2019 was 19.73%. Accordingly as per the section 7.13.2 of the listing rules the Company has made announcements to the market via the Colombo Stock Exchange. An exemption by the CSE has been granted in terms of section 1.13.3 (iii) of the Listing Rules to comply with the minimum public holding requirement up to 4th September 2020.

19 Directors' Shareholding

	31-Dec-19	31-Dec-18
Mr. Prakash Schaffter (Executive Chairman) - Appointed w.e.f. 15 November 2018	-	-
Mr. Husein Esufally (Chairman) - Resigned w.e.f. 15 November 2018	-	-
Ms. Manjula Mathews	510,000	510,000
Mr. Ramesh Schaffter	-	-
Mr. Eardley Perera	-	-
Ms. Anushya Coomaraswamy - Resigned w.e.f. 15 November 2018	-	-
Mr. Jude Fernando (Chief Executive Officer)	-	-
Mr. J.A.G. Rodrigo	-	-
Mr. P. Sivagananathan	-	-

JANASHAKTHI INSURANCE PLC

BOARD OF DIRECTORS

CHAIRMAN

Mr. Prakash Schaffter

DIRECTOR/CHIEF EXECUTIVE OFFICER

Mr. Jude Fernando

DIRECTORS

Mr. Prakash Schaffter (Executive Chairman)
Ms. Manjula Mathews
Mr. Ramesh Schaffter
Mr. Eardley Perera
Mr. Jude Fernando (Chief Executive Officer)
Mr. J.A.G. Rodrigo
Mr. P. Sivagananathan

SECRETARY TO THE COMPANY

KHL Corporate Services Ltd.

CORPORATE MANAGEMENT TEAM

Mr. Hashra Weerawardane
Mr. Harsha Abeywickrema
Ms. Manindri Bandaranayake
Mr. K.V. Kuganathan
Mr. Thanushka Jayasundera
Ms. M. G. S. W. Stephen

REGISTERED OFFICE

No. 75, Kumaran Ratnam Road,
Colombo 02.