



Consolidated Interim Financial Statements
30-Jun-18
(Condensed)

Review of Operations – Six Months ended 30 June 2018

The sale of the General Insurance business in February 2018 created a transitional period for Janashakthi Insurance PLC as it moved back to being a specialised Life Insurance business. Despite this, the Company experienced a 10.4% growth in First Year premium for the first six months of the year along, with a substantial profit growth for the quarter from LKR 27 million to LKR 134 million. The organisational focus during the quarter has been towards restructuring and reorganising its operations as a standalone Life Insurance business. When completed, the restructuring process will position the Company to become a significant player in the Life Insurance segment. However, this process is expected to spill over into the next two quarters.

During the month of June, Janashakthi re-branded its Life Insurance business as “Janashakthi Life”, launching its own brand identity supported with an integrated brand communication plan. During this month, the business also launched its long term strategic plan which includes transitioning the organisation towards a more focussed approach, supported by purposeful action.

The Life Insurance business is also in the process of re-establishing a dedicated Life branch network. The first model branch opened its doors on the 5th of July 2018 in Nugegoda, and the entire branch network is expected to be completed by November 2018, which will propel revenue growth in the future.

The Company embarked on its digital journey with the launch of the Advisor Virtual Office (AVO) System for Sales Agents. This innovation, which allows a sales agent to carry out the entire business transaction using a hand held device, has been the result of the Company's focus on digitalisation and further initiatives are expected to strengthen this effort during the year.

Investment income witnessed significant year on year growth of 16%, from LKR 649 million to LKR 750 million, largely helped by the increase in the investment portfolio which witnessed a growth of 28%, from LKR 12.4 billion to LKR 15.8 billion. Net claims and benefits grew by 12% year on year, from LKR 546 million to LKR 610 million, largely due to an increase in surrenders. Overhead expenses have naturally been impacted by the separation of branches and the discontinuation of Shared Services. However, this is expected to lead to greater focus on the Life business and increased revenues. Stringent control of expenditure and cost reduction have also been undertaken as part of the restructuring.

The total assets of the Company reduced from LKR 20 billion in December 2017 to LKR 18.9 billion due to the share buyback in March 2018 wherein substantial revenue reserves of the Company were returned to shareholders. The Net Asset Value (NAV) per share stands at LKR 32.34 as of 30 June 2018 compared to LKR 20.78 in December 2017.

During the quarter, subsequent to the exit from its Non Life subsidiary, the Company witnessed a change in leadership with Mr Jude Fernando taking over the reins from Mr Stuart Chapman. Mr Jude Fernando had previously held the position of CEO Janashakthi General Insurance Limited and headed the Shared Services for the Company. The Company also bade farewell to its senior director Mr L.C.R. De.C Wijetunge, who retired after serving on the Board since the inception of Janashakthi General in 1995.

Prakash Schaffter
Managing Director

JANASHAKTHI INSURANCE PLC
STATEMENT OF FINANCIAL POSITION



AS AT	Notes	Consolidated		Company	
		Unaudited 30 June 2018 LKR '000	Audited 31 December 2017 LKR '000	Unaudited 30 June 2018 LKR '000	Audited 31 December 2017 LKR '000
Assets					
Financial Investments		15,814,207	25,522,701	15,814,207	12,375,224
Investment Property		2,101,032	386,221	2,101,032	22,600
Intangible Assets		-	26,878	-	-
Goodwill on Acquisition		-	815,448	-	-
Property, Plant and Equipment		-	2,091,983	-	-
Loans to Life Policyholders & Others		242,524	285,761	242,524	229,988
Reinsurance Receivable		16,113	1,533,509	16,113	15,093
Premium Receivables		23,301	3,031,139	23,301	33,005
Investment in Subsidiaries		-	-	-	6,840,000
Other Assets		510,735	2,202,662	510,735	312,923
Other Fund Assets		-	3,252	-	-
Deferred Expenses		-	589,044	-	-
Cash in Hand and Balance at Bank		206,239	354,047	206,239	192,120
Total Assets		18,914,151	36,842,645	18,914,151	20,020,953
Liabilities and Shareholders' Equity					
Equity					
Stated Capital		4,853,752	4,853,752	4,853,752	4,853,752
Revaluation Reserve		-	327,415	-	-
Revenue Reserves		677,262	4,337,683	677,262	2,811,297
Restricted Regulatory Reserve	8	1,795,829	1,795,829	1,795,829	1,795,829
Total Equity		7,326,843	11,314,679	7,326,843	9,460,878
Liabilities					
Insurance Liability - Life		10,106,850	9,651,593	10,106,850	9,651,593
Insurance Liability - Non Life		-	8,846,775	-	-
Retirement Benefit Obligation		157,993	347,776	157,993	151,996
Deferred Tax Liability		-	90,388	-	-
Other Fund Liabilities		-	3,252	-	-
Deferred Revenue		-	214,035	-	-
Interest Bearing Borrowings		95,312	496,907	95,312	82,932
Reinsurance Creditors		62,400	529,305	62,400	57,364
Other Liabilities		1,164,753	5,347,936	1,164,753	616,190
Total Liabilities		11,587,308	25,527,967	11,587,308	10,560,075
Total Equity and Liabilities		18,914,151	36,842,645	18,914,151	20,020,953

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

Sgd
Deepta Ekanayake
General Manager - Finance

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

Sgd
Husein Esufally
Chairman

Sgd
Jude Fernando
Director/Chief Executive Officer

JANASHAKTHI INSURANCE PLC

INCOME STATEMENT



For the Six months ended 30 June	Notes	Consolidated		Company	
		Unaudited 2018 LKR '000	Unaudited 2017 LKR '000	Unaudited 2018 LKR '000	Unaudited 2017 LKR '000
Gross Written Premium	10	1,445,461	1,364,444	1,445,461	1,364,444
Premium Ceded to Reinsurers		(61,634)	(59,204)	(61,634)	(59,204)
Net Written Premium		1,383,827	1,305,240	1,383,827	1,305,240
Net Earned Premium		1,383,827	1,305,240	1,383,827	1,305,240
Other Revenue					
Fee and Commission Income		17,039	17,391	17,039	17,391
Investment Income		753,593	641,511	753,593	641,511
Realised Gains/ (Losses)		69	643	69	643
Fair Value Gains/ (Losses)		(3,364)	6,540	(3,364)	6,540
Other Operating Revenue		38,549	15,328	38,549	15,328
Gain on Disposal of Subsidiary	6	7,080,641	-	9,198,602	-
Total Other Revenue		7,886,527	681,413	10,004,488	681,413
Total Net Income		9,270,354	1,986,653	11,388,315	1,986,653
Benefits and Claims					
Net Benefits & Claims		(609,640)	(546,377)	(609,640)	(546,377)
Increase in Life Insurance Fund		(455,262)	(767,237)	(455,262)	(767,237)
Underwriting & Net Acquisition Cost		(420,840)	(309,939)	(420,840)	(309,939)
Total Benefits, Claims & Net Acquisition Cost		(1,485,742)	(1,623,553)	(1,485,742)	(1,623,553)
Finance Cost		(2,112)	(563)	(2,112)	(563)
Other Operating and Administrative Expenses		(728,968)	(298,771)	(735,552)	(298,771)
Other Expenses		(731,080)	(299,334)	(737,664)	(299,334)
Profit before Taxation		7,053,532	63,766	9,164,909	63,766
Income Tax Expense	11	-	-	-	-
Profit for the Period from Continuing Operations		7,053,532	63,766	9,164,909	63,766
Discontinued Operations					
Profit for the Period from Discontinued Operations	7	258,317	288,814	-	-
Profit for the Period		7,311,849	352,580	9,164,909	63,766
Profit from Continuing Operations attributable to:					
Equity holders of the Company		7,053,532	63,766	9,164,909	63,766
Profit/ (Loss) from Discontinued Operations attributable to:					
Equity holders of the Company		258,317	288,814	-	-
		7,311,849	352,580	9,164,909	63,766
Basic Earnings/ (Loss) per Share (Rs.)					
Continuing Operations		19.52	0.12	25.37	0.12
Discontinued Operation		0.71	0.53	-	-

JANASHAKTHI INSURANCE PLC
STATEMENT OF COMPREHENSIVE INCOME



	Consolidated		Company	
	Unaudited 2018 LKR'000	Unaudited 2017 LKR'000	Unaudited 2018 LKR'000	Unaudited 2017 LKR'000
For the Six months ended 30 June				
Profit for the Year	7,311,849	352,580	9,164,909	63,766
Other Comprehensive Income/ (Loss)				
Net Change in fair value of Available For Sale financial assets from Continued Operations	377,287	55,635	377,287	55,635
Net Change in fair value of Available For Sale financial assets from Discontinued Operations	(742)	50,544	-	-
Other Comprehensive Income/ Loss	376,545	106,179	377,287	55,635
Total Comprehensive Income for the Year	7,688,394	458,758	9,542,196	119,400
Total Comprehensive Income attributable to:				
Equity holders of the Company	7,688,394	458,758	9,542,196	119,400
	7,688,394	458,758	9,542,196	119,400

JANASHAKTHI INSURANCE PLC

INCOME STATEMENT



For the Three months ended 30 June	Notes	Consolidated		Company	
		Unaudited 2018 LKR'000	Unaudited 2017 LKR'000	Unaudited 2018 LKR'000	Unaudited 2017 LKR'000
Gross Written Premium	10	680,868	659,338	680,868	659,338
Premium Ceded to Reinsurers		(30,296)	(35,641)	(30,296)	(35,641)
Net Written Premium		650,572	623,698	650,572	623,697
Net Change in Reserve for Unearned Premium		-	-	-	-
Net Earned Premium		650,572	623,698	650,572	623,697
Other Revenue					
Fee and Commission Income		8,176	8,456	8,176	8,456
Investment Income		345,192	316,506	345,192	316,506
Realised Gains		-	643	-	643
Fair Value Losses		(1,230)	10,974	(1,230)	10,974
Other Operating Revenue		29,655	2,578	29,655	2,578
Gain on Disposal of Subsidiary		-	-	-	-
Total Other Revenue		381,793	339,157	381,793	339,157
Total Net Income		1,032,365	962,855	1,032,366	962,854
Benefits and Claims					
Net Benefits & Claims		(315,370)	(267,708)	(315,370)	(267,708)
Increase in Life Insurance Fund		(120,446)	(360,082)	(120,446)	(360,082)
Underwriting & Net Acquisition Cost		(209,333)	(151,116)	(209,333)	(151,116)
Total Benefits, Claims & Net Acquisition Cost		(645,149)	(778,906)	(645,150)	(778,906)
Finance Cost		(27)	(423)	(27)	(423)
Other Operating and Administrative Expenses		(253,271)	(156,422)	(253,271)	(156,422)
Other Expenses		(253,298)	(156,845)	(253,298)	(156,845)
Profit before Taxation		133,918	27,104	133,918	27,103
Income Tax Expense	11	-	-	-	-
Profit for the Period from Continuing Operations		133,918	27,104	133,918	27,103
Discontinued Operations					
Profit/ (Loss) for the Period from Discontinued Operations		-	108,467	-	-
Profit for the Period		133,918	135,571	133,918	27,103
Profit attributable to:					
Equity holders of the Company		133,918	135,571	133,918	27,103
		133,918	135,571	133,918	27,103
Basic earnings per share (LKR)		0.37	0.05	0.37	0.05

JANASHAKTHI INSURANCE PLC
STATEMENT OF COMPREHENSIVE INCOME



	Consolidated		Company	
	Unaudited 2018 LKR'000	Unaudited 2017 LKR'000	Unaudited 2018 LKR'000	Unaudited 2017 LKR'000
For the Three months ended 30 June				
Profit for the Period from Continuing Operations	133,918	135,571	133,918	27,103
Other Comprehensive Income/ (Loss)				
Net Change in fair value of Available For Sale financial assets from Continued Operations	245,029	84,995	245,029	84,995
Net Change in fair value of Available For Sale financial assets from Discontinued Operations	-	176,141	-	-
Other Comprehensive Income/ (Loss)	245,029	261,136	245,029	84,995
Total Comprehensive Income for the Period	378,947	396,707	378,947	112,098
Total Comprehensive Income attributable to:				
Equity holders of the Company	378,947	396,707	378,947	112,098
	378,947	396,707	378,947	112,098

JANASHAKTHI INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY



Group

	Stated Capital LKR '000	Revaluation Reserve LKR '000	Restricted Regulatory Reserve LKR '000	Revenue Reserves			Available for Sale Reserve Fund of Life Policyholders	
				Retained Earnings LKR '000	Available-for-sale Financial Assets LKR '000	Total LKR '000	LKR '000	Total LKR '000
Audited Balance as at 31 December 2016	4,853,752	162,160	-	4,909,134	(877,802)	4,031,332	(5,590)	9,041,656
Profit for the Period	-	-	-	352,580	-	352,580	-	352,580
<u>Other Comprehensive (Loss) / Income</u>								
Net Change in fair value of AFS assets	-	-	-	-	106,179	106,179	-	-
Other Comprehensive Income	-	-	-	-	106,179	106,179	2,836	106,179
Net Change in fair value of AFS assets - transfers to Available for Sale Reserve Fund of Life Policyholders	-	-	-	-	-	-	2,836	2,836
Transactions with Equity Holders recognised directly in equity								
Dividends paid				(544,500)		(544,500)		(544,500)
Unaudited Balance as at 30 June 2017	4,853,752	162,160	-	4,717,214	(771,623)	3,945,591	(2,754)	8,958,751
Profit for the Period	-	-	1,795,829	391,567	-	391,567	-	2,187,396
<u>Other Comprehensive (Loss) / Income</u>								
Net Change in fair value of AFS assets	-	-	-	-	(66,542)	(66,542)	-	-
Impairment of Available for Sale Financial Assets transferred to Income Statement	-	-	-	-	90,474	90,474	-	-
Actuarial Losses on Defined Benefit Plans	-	-	-	(27,881)	-	(27,881)	-	-
Revaluation of Land & Buildings Net of Tax	-	165,256	-	-	-	-	-	165,256
Aggregate tax effect of items recognized in Other Comprehensive (Income) / Loss	-	-	-	5,182	-	5,182	-	-
Other Comprehensive Income	-	-	-	(22,699)	23,932	1,233		1,233
Net Change in Fair Value of Life Policyholders' Available for Sale Financial Assets, transferred to Income Statement	-	-	-	-	-	-	2,755	2,755
Transferred to Life Insurance Fund	-	-	-	(708)	-	(708)	-	(708)
Audited Balance as at 31 December 2017	4,853,752	327,416	1,795,829	5,085,373	(747,690)	4,337,684	-	11,314,679
Profit for the Period	-	-	-	7,311,849	-	7,311,849	-	7,311,849
<u>Other Comprehensive Income</u>								
Net Change in fair value of AFS assets	-	-	-	-	376,545	376,545	-	-
Other Comprehensive Income	-	-	-	-	376,545	376,545	-	376,545
Transfer of Revaluation Surplus to Retained Earnings, at Disposal	-	(327,416)	-	327,416	-	327,416	-	-
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)
Unaudited Balance as at 30 June 2018	4,853,752	-	1,795,829	1,048,408	(371,145)	677,262	-	7,326,843

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	
			Retained Earnings	Available-for-sale Financial Assets	Total	Total	Total
			LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Audited Balance as at 31 December 2016	4,853,752	-	3,585,907	(285,436)	3,300,471	(5,590)	8,148,634
Profit for the Period	-	-	63,766	-	63,766	-	63,766
Other Comprehensive (Loss) / Income							
Net Change in fair value of AFS assets	-	-	-	55,635	55,635	-	
Other Comprehensive Income				55,635	55,635	-	55,635
Net Change in fair value of AFS assets - transfers to Available for Sale Reserve Fund of Life Policyholders	-	-	-	-	-	2,836	2,836
Transactions with Equity Holders recognised directly in equity							
Dividends paid	-	-	(544,500)	-	(544,500)	-	(544,500)
Unaudited Balance as at 30 June 2017	4,853,752	-	3,105,175	(229,800)	2,875,376	(2,754)	7,726,363
Profit/ Loss) for the Period		1,795,829	(167,957)	-	(167,957)	-	1,627,871
Other Comprehensive (Loss) / Income							
Net Change in fair value of AFS assets	-	-	-	13,409	13,409	-	
Impairment of Available for Sale Financial Assets transferred to Income Statement	-	-	-	90,474	90,474	-	
Actuarial Losses on Defined Benefit Plans	-	-	708	-	708	-	
Other Comprehensive Income	-	-	708	103,884	104,591	-	104,591
Net Change in Fair Value of Life Policyholders' Available for Sale Financial Assets, transferred to	-	-	-	-	-	2,755	2,755
Transferred to Life Insurance Fund	-	-	(708)	-	(708)	-	(708)
Audited Balance as at 31 December 2017	4,853,752	1,795,829	2,937,218	(125,917)	2,811,297	-	9,460,878
Profit for the Period	-	-	9,164,909	-	9,164,909	-	9,164,909
Other Comprehensive Income							
Net Change in fair value of AFS assets	-	-	-	377,287	377,287	-	
Other Comprehensive Income	-	-	-	377,287	377,287	-	377,287
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)
Unaudited Balance as at 30 June 2018	4,853,752	1,795,829	425,896	251,370	677,262	-	7,326,843

JANASHAKTHI INSURANCE PLC

CASH FLOW STATEMENT



For the Six months ended 30 June	Notes	Consolidated		Company	
		Unaudited	Unaudited	Unaudited	Unaudited
		2018 LKR '000	2017 LKR '000	2018 LKR '000	2017 LKR '000
Cash Flows From Operating Activities					
Premium Received from Customers		3,428,285	7,433,568	1,455,165	1,370,161
Reinsurance Premium Paid		(362,153)	(1,028,522)	(23,037)	(12,314)
Claims Paid		(1,918,005)	(8,497,754)	(636,934)	(526,091)
Reinsurance Receipt in Respect of Claims		267,565	5,075,572	-	19,393
Interest Received		674,279	804,946	430,318	430,909
Dividends Received		3,150	51,636	3,150	10,476
Other Operating Cash Payments		(1,084,356)	(1,560,518)	(442,214)	(459,195)
Cash Flows from Operating Activities	A	1,008,765	2,278,929	786,448	833,339
Gratuity Paid		(6,555)	(24,213)	(1,476)	(6,721)
Net Cash Generated From Operating Activities		1,002,210	2,254,715	784,972	826,618
Cash Flows Used in Investing Activities					
Net drawdown/ (Purchase) of Investments		(2,111,952)	(1,485,160)	(3,065,059)	(372,317)
Net Proceeds from Disposal of Investment in subsidiary		16,038,602	-	16,038,602	-
Purchase of Investment property		(92,162)	-	(2,078,432)	-
Purchase of Property, Plant and Equipment		-	(207,370)	-	-
Proceeds from Disposal of Property, Plant and Equipment		654	8,344	-	-
Purchase of Intangible Assets		(12,798)	(5,214)	-	-
Net Cash Used in Investing Activities		13,822,344	(1,689,400)	10,895,111	(372,317)
Net Cash Flows Before Financing Activities		14,824,554	565,315	11,680,083	454,302
Cash Flows Used in Financing Activities					
Interest Paid on Borrowings		(6,068)	(10,786)	(2,112)	(563)
Ordinary Dividends Paid		-	(544,500)	-	(544,500)
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		(11,682,299)	(555,287)	(11,678,343)	(545,064)
Net Increase / (Decrease) in Cash and Cash Equivalents	B	3,142,255	10,028	1,740	(90,762)

JANASHAKTHI INSURANCE PLC
NOTES TO THE CASH FLOW STATEMENT



For the Six months ended 30 June	Notes	Consolidated		Company	
		2018 LKR '000 Unaudited	2017 LKR '000 Unaudited	2018 LKR '000 Unaudited	2017 LKR '000 Unaudited
A Cash Flows from Operating Activities					
Profit Before Tax - Continued Operations		7,053,532	63,766	9,164,909	63,766
Profit Before Tax - Discontinued Operations		331,868	388,422	-	-
Finance Cost		6,068	10,786	2,112	563
Profit on Sale of Property, Plant & Equipment		-	(4,433)	-	-
(Gain)/Loss on Financial Investments		(13,800)	(20,636)	3,364	(6,540)
Provision for Retirement Benefit		12,552	26,571	7,473	4,669
Gain on Disposal of Subsidiary	6	(7,080,641)	-	(9,198,602)	-
Depreciation and Amortisation Expenses		25,578	53,730	-	-
Provision for Bad Debts		2,998	4,824	-	-
Net Foreign Exchange (Gain) / Loss		-	(6,062)	-	-
Impairment of Goodwill		-	133,000	-	-
Provision for Staff Related Expenses		228,000	-	228,000	-
Changes in Working Capital					
(Increase)/Decrease in Premium and Other Receivables		347,155	(801,611)	(201,664)	50,192
Increase in Life Insurance Fund		455,257	767,246	455,262	767,246
Increase/(Decrease) in Non Life Insurance Provision		(649,413)	430,830	-	-
Increase/(Decrease) in Creditors		289,611	1,232,496	325,594	(46,558)
Net Cash Flows from Operating Activities		1,008,765	2,278,929	786,448	833,339
For the Six months ended 30 June					
		2018	2017	2018	2017
		LKR '000	LKR '000	LKR '000	LKR '000
		Unaudited	Unaudited	Unaudited	Unaudited
B Increase / (Decrease) in Cash and Cash Equivalents					
Cash in Hand and Balance at Bank		206,239	81,934	206,239	81,934
Bank Overdrafts		(95,312)	(7,245)	(95,312)	(7,245)
Net Cash and Cash Equivalents for the Current Year - Continued Operations		110,927	74,687	110,927	74,688
Net Cash and Cash Equivalents for the Current Year - Discontinued Operations	7.2	2,888,467	(36,751)	-	-
Net Cash and Cash Equivalents for the Previous Year - Continued Operations		109,187	165,450	109,187	165,450
Net Cash and Cash Equivalents for the Previous Year - Discontinued Operations		(252,048)	(137,542)	-	-
Increase / (Decrease) in Cash and Cash Equivalents During the Year		3,142,255	10,208	1,740	(90,762)

JANASHAKTHI INSURANCE PLC
INCOME STATEMENT - SEGMENT INFORMATION



For the Period ended	Unaudited		Unaudited	
	30/6/2018	26/2/2018	30/6/2017	
	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	1,445,461	1,442,384	1,364,444	5,858,041
Net Earned Premium	1,383,827	1,669,029	1,305,240	4,449,449
Investment Income and Other Income	10,004,488	(275,766)	681,413	792,796
Total Net Income	11,388,315	1,393,262	1,986,653	5,242,245
Benefits and Claims				
Net Benefits & Claims	(609,640)	(1,068,787)	(546,377)	(3,018,244)
Increase in Life Insurance Fund	(455,262)	-	(767,237)	-
Underwriting & Net Acquisition Cost	(420,840)	(276,124)	(309,939)	(690,946)
Total Benefits, Claims & Net Acquisition Cost	(1,485,742)	(1,344,911)	(1,623,553)	(3,709,189)
Other Operating and Administrative Expenses	(737,664)	(300,723)	(299,334)	(1,011,634)
Profit/ (Loss) Before Taxation	9,164,909	(252,372)	63,766	521,422
Income Tax Expense	-	(73,551)	-	(99,608)
Profit/ (Loss) for the Period	9,164,909	(325,923)	63,766	421,814

JANASHAKTHI INSURANCE PLC
INCOME STATEMENT - SEGMENT INFORMATION



For the Three months ended 30 June	Unaudited 2018		Unaudited 2017	
	Life Insurance (Continuing Operations)	Non Life Insurance (Discontinued Operations)	Life Insurance (Continuing Operations)	Non Life Insurance (Discontinued Operations)
	LKR'000	LKR'000	LKR'000	LKR'000
Gross Written Premium	680,868	-	659,338	2,774,332
Net Earned Premium	650,572	-	623,697	2,247,143
Investment Income and Other Income	381,793	-	339,157	417,567
Total Net Income	1,032,365	-	962,854	2,664,710
Benefits and Claims				
Net Benefits & Claims	(315,370)	-	(267,708)	(1,517,464)
Increase in Life Insurance Fund	(120,446)	-	(360,082)	-
Underwriting & Net Acquisition Cost	(209,333)	-	(151,116)	(361,524)
Total Benefits, Claims & Net Acquisition Cost	(645,149)	-	(778,906)	(1,878,988)
Other Operating and Administrative Expenses	(253,298)	-	(156,845)	(483,369)
Profit/ (Loss) Before Taxation	133,918	-	27,103	302,353
Income Tax Expense	-	-	-	(60,885)
Profit for the Period	133,918	-	27,103	241,468

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. 675, Dr. Danister de Silva Mawatha, Colombo 09.

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". These Condensed Consolidated Interim Financial Statements should be read in conjunction with the Annual Report for the year ended 31 December, 2017. The unaudited Condensed Consolidated Interim Financial Statements for the quarter ended 30 June, 2018 were approved by the Board of Directors on 13 August, 2018.

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, 2017.

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 Rs. 9.19 Billion gain to the Company and a Rs. 7.08 Billion benefit to the Group.

	Group LKR'000	Company LKR'000
Gross Sales Proceeds	16,393,732	16,393,732
Less: Transaction Cost	(355,129)	(355,129)
Net Sales Proceeds	16,038,602	16,038,602
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>7,080,641</u>	<u>9,198,602</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 co-ordinated 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

For the Period ended	Notes	Consolidated	
		Unaudited 26/2/2018	Unaudited 30/6/2017
		LKR '000	LKR '000
Gross Written Premium	10	1,442,384	5,858,041
Net Earned Premium		1,669,029	4,449,449
Investment Income and Other Income *		(275,766)	792,796
Total Net Income		1,393,262	5,242,245
Benefits and Claims			
Net Benefits & Claims		(1,068,787)	(3,018,244)
Underwriting & Net Acquisition Cost		(276,124)	(690,946)
Total Benefits, Claims & Net Acquisition Cost		(1,344,911)	(3,709,189)
Other Operating and Administrative Expenses		(300,723)	(1,011,634)
Impairment of Goodwill		-	(133,000)
Profit/ (Loss) before Taxation		(252,372)	388,422
Income Tax Expense	11	(73,551)	(99,608)
Profit/ (Loss) for the Year		(325,923)	288,814
Profit/ (Loss) attributable to:			
Equity holders of the Company		(325,923)	288,814
		(325,923)	288,814
Inter Company Elimination		584,240	-
Profit from Discontinued Operation at Group level		258,317	-
Other Comprehensive Income/ (Loss)			
Net Change in fair value of Available For Sale financial assets from Discontinued Operations		(742)	50,544
Total Comprehensive Income for the Year		257,575	339,358

* 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
NOTES TO THE FINANCIAL STATEMENTS



7 Discontinued Operations (Contd.)

7.2 Summarised Statement of Cash Flows of the Discontinued Operations

For the Period ended	Consolidated	
	Unaudited 26/2/2018	Unaudited 30/6/2017
	LKR '000	LKR '000
Net Cash Flows Used in Operating Activities	(373,622)	1,428,097
Net Cash Flows Generated from Investment Activities	3,518,092	(1,317,083)
Net Cash Flows Generated from Financing Activities	(3,956)	(10,223)
Net Increase in Cash & Cash Equivalents	3,140,515	100,791
Net Cash and Cash Equivalents for the Previous Year	(252,048)	(137,542)
Net Cash and Cash Equivalents for the Current Year	2,888,467	(36,751)

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 and held as at 31 December 2017.

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 LKR'000	Company LKR'000
Transfer from Long Term Life Insurance Fund	1,795,829	1,795,829
Balance as at 31 December 2017	1,795,829	1,795,829
Transfers/ Distributions During the Period	-	-
Balance as at 30 June 2018	1,795,829	1,795,829

9 Liability Adequacy Test

9.1 Insurance Liability - Non-Life

The Liability Adequacy Test in respect of Insurance Provisions of Non Life as required by SLFRS 4 is performed annually at the end of the year and was not performed as at 26 February 2018 – the date of disposal of JGIL.

9.2 Insurance Contract Liabilities - Life

The Liability Adequacy Test in respect of Insurance Provisions of Life as required by SLFRS 4 is performed annually at the end of the year and was not performed at the end of the current quarter.



10 Gross Written Premium	For the Six Months ended 30 June		For the Three Months ended 30 June	
	Unaudited 2018	Unaudited 2017	Unaudited 2018	Unaudited 2017
	LKR '000	LKR '000	LKR '000	LKR '000
Life Insurance (Continuing Operations)				
First Year Premium	591,805	535,888	272,952	260,355
Renewal Premium	853,656	828,556	407,916	398,982
Total Life Premium	1,445,461	1,364,444	680,868	659,337
	For the Period ended		For the Three Months ended 30 June	
	26 February 2018	30 June 2017	30 June 2018	30 June 2017
Non Life Insurance (Discontinued Operations)				
Fire	167,472	760,488	-	289,900
Motor	1,037,451	3,711,849	-	1,877,611
Marine	38,153	156,068	-	71,589
Miscellaneous	199,308	1,229,636	-	535,232
Total Non - Life Premium	1,442,384	5,858,041	-	2,774,332

11 Income Tax Expense

11.1 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 for the second quarter consistent with this Act. The Income Tax for the first quarter was computed on "I-E" basis (Investment income – Management Expenses) in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006.

11.2 Deferred tax asset as at 30 June 2018 arising out of the carried forward tax losses has not been recognized in the quarterly financial statements pending finalization of the recoverability of the deferred tax asset by the Company.

12 Related Party Transactions

Other than the Non - Recurrent transactions disclosed below, 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 2017.

12.1 Non - Recurrent Transactions with Parent

For the Six Months ended 30 June 2018

	LKR '000
Proceeds Paid on Share buyback	8,993,390
Investment in Shares	28,120

12.2 Non - Recurrent Transactions with Subsidiary

For the Period ended 28 February 2018

	LKR '000
Purchase of Land and Buildings	1,997,087
Purchase of Equity Share Investments	1,739,881
Receipt of Rental Advance and Refundable Deposit	110,013

12.3 Non - Recurrent Transactions with Key management Personnel (KMP)

For the Six Months ended 30 June 2018

	LKR '000
Proceeds Paid on Share buyback	79,216

13 Contingent Liabilities

13.1 All pending litigations have been evaluated and adequate provisions have been made in the Annual Report 2017 except as disclosed below in Note 13.2.

Further in the opinion of the Directors in consultation with the Company's Lawyers and Advisors, litigation and claims currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company.

13.2 As per Clause 3 of the Share Sale & Purchase Agreement on the sale of JGIL, the Purchaser (Allianz S.E) has the right to adjust the Selling Price based on the Completion Audit Findings for the period ending 26 February 2018 and this process is on going. Further, the Company has given warranties as detailed in Schedule 3 Part 2 of the agreement, which include among others warranties relating to Tax, Title & Capacity and Assets. The Directors do not expect any claims on these warranties given and hence no provisions have been made.

JANASHAKTHI INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS



14 Stated Capital is represented by 226,526,153 ordinary shares as at 30 June 2018. (2017: 544,500,198)

14.1 Re - Purchase of Shares

Following shareholder approval the Board of Directors carried out an analysis of the existing financial position of the Company and its proposed activities and resolved to distribute a portion of the sale proceeds received from the disposal of JGIL by way of a re-purchase of shares.

A total of 317,974,045 shares were re-purchased for a total consideration of LKR 11.67 billion in March 2018. There is no change in the value of stated capital other than the reduction in number of shares resulting from the above said transaction.

15 Information On Ordinary Shares

for the Quarter Ended	30 June	
	2018	2017
Market Price per Ordinary Share (LKR)		
Highest Price	26.50	17.00
Lowest Price	21.00	15.10
Closing Price	22.00	16.20
Net Asset Value per Share (LKR) - Company	32.34	14.19
- Group	32.34	16.45

16 Twenty Largest Shareholders as at 31 March 2018

Name of Shareholder	No.of Shares	%
(1) Janashakthi PLC	166,683,460	73.58%
(2) Commercial Bank Of Ceylon Plc/Dunamis Capital Plc	10,967,994	4.84%
(3) Mr. Silva Yonmerenne Simon Hewage Indrakumara	7,281,572	3.21%
(4) Commercial Bank Of Ceylon Plc/Metrocorp (Pvt) Ltd	2,828,556	1.25%
(5) Suktam Holdings (Pvt) Ltd	2,419,010	1.07%
(6) First Capital Limited	2,151,477	0.95%
(7) Seylan Bank Plc/W.D.N.H.Perera	1,352,384	0.60%
(8) Seylan Bank Plc/Chamara Nuwan Samarathunga	1,200,000	0.53%
(9) Mr. Weerasinghe Amarakoon Mudiyansele	990,000	0.44%
(10) Seylan Bank Plc/Channa Nalin Rajahmoney	984,712	0.43%
(11) Ayenka Holdings Private Limited	816,000	0.36%
(12) Mr. Mendis Chitral Hiran	792,000	0.35%
(13) Mr. Esufally Husein Nuruddin	642,992	0.28%
(14) Mr. Dalpethado Dueleep Fairlie George	564,646	0.25%
(15) Mr. Herath Mahinda Bandara	540,000	0.24%
(16) Mrs.. Mathews Manjula	510,000	0.23%
(17) Mr. Balasingam Nithiabala	492,600	0.22%
(18) Deutsche Bank Ag As Trustee To Astrue Alpha Fund	412,531	0.18%
(19) Mr. Ranasinghe Kulathilake Arthanayake Ranil	315,000	0.14%
(20) Mr. Vijendran Pathmanathan/ Mrs. P. Vijendran Pritheeva	310,000	0.14%
Others	202,254,934	89.29%
Total	226,526,153	100.00%

JANASHAKTHI INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS



17 Public Shareholding

	30 June 2018		30 June 2017	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Public Shareholding	58,498,891	25.82%	127,381,940	23.39%
Number of shareholders representing the public holding	4,897		5,884	

18 Directors' Shareholding

	30 June 2018	30 June 2017
Mr. Husein Esufally (Chairman)	642,992	2,253,594
Mr. Prakash Schaffter (Managing Director)	-	-
Mr. L. C. R. de C Wijetunga	-	-
Ms. Manjula Mathews	510,000	1,275,000
Mr. Ramesh Schaffter	-	-
Mr. Eardley Perera	-	-
Ms. Anushya Coomaraswamy	150,000	112,500
Mr. S.A. Chapman (Chief Executive Officer - Janashakthi Insurance PLC - Resigned w.e.f. 30 April 2018)	-	-
Mr. Jude Fernando (Chief Executive Officer - Janashakthi Insurance PLC - Appointed w.e.f. 1 May 2018)	-	-

JANASHAKTHI INSURANCE PLC

BOARD OF DIRECTORS

CHAIRMAN

Mr. Husein Esufally

MANAGING DIRECTOR

Mr. Prakash Schaffter

DIRECTOR/CHIEF EXECUTIVE OFFICER

Mr. Jude Fernando (Appointed w.e.f. 1 May 2018)
Mr. S.A. Chapman (Resigned w.e.f. 30 April 2018)

DIRECTORS

Mr. L. C. R. de C Wijetunga (Retired w.e.f. 16 July 2018)
Ms. Manjula Mathews
Mr. Ramesh Schaffter
Mr. Eardley Perera
Ms. Anushya Coomaraswamy

SECRETARY TO THE COMPANY

KHL Corporate Services Ltd.

CORPORATE MANAGEMENT TEAM

Mr. Hashra Weerawardane
Mr. Deepta Ekanayake
Ms. Manindri Bandaranayake
Mr. K.V. Kuganathan
Mr. Sudath Silva

REGISTERED OFFICE

No. 675, Dr. Danister de Silva Mawatha,
Colombo 09.