



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

Review of Operations – Nine Months ended 30 September 2018

Post the divestment of the General Insurance business in February 2018, Janashakthi Insurance PLC has been taking steps to establish itself as a specialised Life Insurance business. While it has undergone a period of transition over the last eight months, the Company has experienced 10% growth in First Year premium for the first nine months of the year, along with a substantial profit growth from LKR 35 million to LKR 105 million, during the quarter under review.

The organisational focus during the period was on restructuring and reorganising its operations as a standalone Life Insurance business. This process, which will continue on to the last few months of the year, is expected to position the Company as a significant player in the Life Insurance industry.

During the period under review, Janashakthi completed a rebranding exercise for the Life Insurance business as “Janashakthi Life”, launching a new-look logo, supported by an integrated brand communication campaign. The business also launched its long term strategic plan which includes transitioning the organisation into becoming a purpose-driven entity.

The Life Insurance business is currently setting up a dedicated Life branch network, which is expected to be completed by the end of 2018, propelling future revenue growth. The new branches have a modern design, upgraded facilities for the sales staff, and a customer-friendly layout which adds convenience to the customers.

The Company embarked on its digital journey with the launch of the Advisor Virtual Office (AVO) system for Sales Agents. This innovation enables the salesperson to transact digitally via a handheld tab, reducing paper-based documentation and increasing efficiency. This tool is one step in empowering the salesperson to transcend the traditional role of sales and become a professional Life Insurance advisor. Further initiatives are expected to strengthen the Company’s focus on digitalisation during the year.

Investment income witnessed significant year on year growth of 14%, from LKR 993 million to LKR 1,131 million, largely helped by the increase in the investment portfolio which witnessed 26% growth from LKR 12.4 billion to LKR 15.6 billion. Net claims and benefits grew by 25% year on year, from LKR 849 million to LKR 1,065.6 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 bring about greater focus on the Life business and increase revenue; stringent control of expenditure has been a critical part of the restructuring and expansion initiatives.

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 32.49 as of 30 September 2018 compared to LKR 20.78 in December 2017.

During the quarter, considerable work was completed on the Company’s new Headquarters, located at No. 75, Kumaran Ratnam Road, Colombo 02, which paved way for the team to relocate to the new location in November 2018. 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
15 November 2018

JANASHAKTHI INSURANCE PLC
STATEMENT OF FINANCIAL POSITION



AS AT	Notes	Consolidated		Company	
		Unaudited 30 September 2018 LKR '000	Audited 31 December 2017 LKR '000	Unaudited 30 September 2018 LKR '000	Audited 31 December 2017 LKR '000
Assets					
Financial Investments		15,625,469	25,522,702	15,625,469	12,375,224
Investment Property		2,101,180	386,221	2,101,180	22,600
Intangible Assets		18,456	26,878	18,456	-
Goodwill on Acquisition		-	815,448	-	-
Property, Plant and Equipment		46,366	2,091,983	46,366	-
Loans to Life Policyholders & Others		252,771	285,761	252,771	229,988
Reinsurance Receivable		23,024	1,533,509	23,024	15,093
Premium Receivables		28,149	3,031,139	28,149	33,005
Investment in Subsidiaries		-	-	-	6,840,000
Other Assets		628,588	2,202,662	628,588	312,923
Other Fund Assets		-	3,252	-	-
Deferred Expenses		-	589,045	-	-
Cash in Hand and Balance at Bank		167,183	354,047	167,183	192,120
Total Assets		18,891,186	36,842,647	18,891,186	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		711,288	4,337,683	711,288	2,811,297
Restricted Regulatory Reserve	8	1,795,829	1,795,829	1,795,829	1,795,829
Total Equity		7,360,869	11,314,679	7,360,869	9,460,878
Liabilities					
Insurance Liability - Life		10,256,113	9,651,593	10,256,113	9,651,593
Insurance Liability - Non Life		-	8,846,775	-	-
Retirement Benefit Obligation		161,702	347,776	161,702	151,996
Deferred Tax Liability		-	90,388	-	-
Other Fund Liabilities		-	3,252	-	-
Deferred Revenue		-	214,035	-	-
Interest Bearing Borrowings		131,881	496,907	131,881	82,932
Reinsurance Creditors		41,965	529,306	41,965	57,364
Other Liabilities		938,656	5,347,936	938,656	616,190
Total Liabilities		11,530,317	25,527,968	11,530,317	10,560,075
Total Equity and Liabilities		18,891,186	36,842,647	18,891,186	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
Amila Perera
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
Prakash Schaffter
Managing Director

Sgd
Jude Fernando
Director/Chief Executive Officer

Colombo
15 November 2018

JANASHAKTHI INSURANCE PLC

STATEMENT OF PROFIT OR LOSS



For the Nine months ended 30 September	Notes	Consolidated		Company	
		Unaudited 2018 LKR '000	Unaudited 2017 LKR '000	Unaudited 2018 LKR '000	Unaudited 2017 LKR '000
Gross Written Premium	10	2,226,757	2,129,871	2,226,757	2,129,871
Premium Ceded to Reinsurers		(90,194)	(92,300)	(90,194)	(92,300)
Net Written Premium		2,136,563	2,037,571	2,136,563	2,037,571
Net Earned Premium		2,136,563	2,037,571	2,136,563	2,037,571
Other Revenue					
Fee and Commission Income		51,332	26,056	51,332	26,056
Investment Income		1,130,833	981,764	1,130,833	993,117
Realised Gains/ (Losses)		-	643	-	643
Fair Value Gains/ (Losses)		(5,864)	2,594	(5,864)	2,594
Other Operating Revenue		68,725	22,848	68,725	22,848
Gain on Disposal of Subsidiary	6	7,080,641	-	9,198,602	-
Total Other Revenue		8,325,667	1,033,905	10,443,628	1,045,258
Total Net Income		10,462,230	3,071,476	12,580,191	3,082,829
Benefits and Claims					
Net Benefits & Claims		(1,065,524)	(849,280)	(1,065,524)	(849,280)
Increase in Life Insurance Fund		(605,233)	(1,212,574)	(605,154)	(1,212,574)
Underwriting & Net Acquisition Cost		(647,646)	(465,840)	(647,646)	(465,840)
Total Benefits, Claims & Net Acquisition Cost		(2,318,403)	(2,527,694)	(2,318,324)	(2,527,694)
Finance Cost		(2,142)	(679)	(2,142)	(679)
Other Operating and Administrative Expenses		(983,583)	(456,064)	(990,246)	(456,064)
Other Expenses		(985,725)	(456,743)	(992,388)	(456,743)
Profit before Taxation		7,158,102	87,039	9,269,479	98,392
Income Tax Expense	11	-	-	-	-
Profit for the Period from Continuing Operations		7,158,102	87,039	9,269,479	98,392
Discontinued Operations					
Profit for the Period from Discontinued Operations	7	258,318	420,185	-	-
Profit for the Period		7,416,420	507,224	9,269,479	98,392
Profit from Continuing Operations attributable to:					
Equity holders of the Company		7,158,102	87,039	9,269,479	98,392
Profit/ (Loss) from Discontinued Operations attributable to:					
Equity holders of the Company		258,318	420,185	-	-
		7,416,420	507,224	9,269,479	98,392
Basic Earnings/ (Loss) per Share (Rs.)					
Continuing Operations		22.67	0.16	29.36	0.18
Discontinued Operation		0.82	0.77	-	-

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 Nine months ended 30 September				
Profit for the Year	7,416,420	507,224	9,269,479	98,392
Other Comprehensive Income/ (Loss)				
Net Change in fair value of Available For Sale financial assets from Continued Operations	306,743	61,451	306,743	61,451
Net Change in fair value of Available For Sale financial assets from Discontinued Operations	(742)	3,554	-	-
Other Comprehensive Income/ Loss	306,001	65,005	306,743	61,451
Total Comprehensive Income for the Year	7,722,421	572,229	9,576,222	159,843
Total Comprehensive Income attributable to:				
Equity holders of the Company	7,722,421	572,229	9,576,222	159,843
	7,722,421	572,229	9,576,222	159,843

JANASHAKTHI INSURANCE PLC

INCOME STATEMENT



For the Three months ended 30 September	Notes	Consolidated		Company	
		Unaudited 2018	Unaudited 2017	Unaudited 2018	Unaudited 2017
		LKR'000	LKR'000	LKR'000	LKR'000
Gross Written Premium	10	781,297	765,427	781,297	765,427
Premium Ceded to Reinsurers		(28,560)	(33,096)	(28,560)	(33,096)
Net Written Premium		752,737	732,331	752,737	732,331
Net Change in Reserve for Unearned Premium		-	-	-	-
Net Earned Premium		752,737	732,331	752,737	732,331
Other Revenue					
Fee and Commission Income		34,294	8,665	34,294	8,665
Investment Income		377,240	340,257	377,240	351,606
Realised Gains		(69)	-	(69)	-
Fair Value Losses		(2,500)	(3,946)	(2,500)	(3,946)
Other Operating Revenue		30,176	7,520	30,176	7,520
Gain on Disposal of Subsidiary		-	-	-	-
Total Other Revenue		439,141	352,496	439,141	363,845
Total Net Income		1,191,878	1,084,827	1,191,878	1,096,176
Benefits and Claims					
Net Benefits & Claims		(455,884)	(302,903)	(455,884)	(302,903)
Increase in Life Insurance Fund		(149,971)	(445,337)	(149,892)	(445,337)
Underwriting & Net Acquisition Cost		(226,806)	(155,901)	(226,806)	(155,901)
Total Benefits, Claims & Net Acquisition Cost		(832,661)	(904,141)	(832,582)	(904,141)
Finance Cost		(30)	(116)	(30)	(116)
Other Operating and Administrative Expenses		(254,615)	(157,290)	(254,694)	(157,290)
Other Expenses		(254,645)	(157,406)	(254,724)	(157,406)
Profit before Taxation		104,572	23,280	104,572	34,629
Income Tax Expense	11	-	-	-	-
Profit for the Period from Continuing Operations		104,572	23,280	104,572	34,629
Discontinued Operations					
Profit/ (Loss) for the Period from Discontinued Operations		-	131,369	-	-
Profit for the Period		104,572	154,649	104,572	34,629
Profit attributable to:					
Equity holders of the Company		104,572	154,649	104,572	34,629
		104,572	154,649	104,572	34,629
Basic earnings per share (LKR)		0.33	0.04	0.33	0.06

JANASHAKTHI INSURANCE PLC
STATEMENT OF COMPREHENSIVE INCOME



For the Three months ended 30 September	Consolidated		Company	
	Unaudited 2018 LKR'000	Unaudited 2017 LKR'000	Unaudited 2018 LKR'000	Unaudited 2017 LKR'000
Profit for the Period from Continuing Operations	104,572	154,649	104,572	34,629
Other Comprehensive Income/ (Loss)				
Net Change in fair value of Available For Sale financial assets from Continued Operations	(70,545)	5,816	(70,545)	5,816
Net Change in fair value of Available For Sale financial assets from Discontinued Operations	-	(46,990)	-	-
Other Comprehensive Income/ (Loss)	(70,545)	(41,174)	(70,545)	5,816
Total Comprehensive Income for the Period	34,027	113,475	34,027	40,445
Total Comprehensive Income attributable to:				
Equity holders of the Company	34,027	113,475	34,027	40,445
	34,027	113,475	34,027	40,445

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)	4,031,331	(5,590)	9,041,654
Profit for the Period	-	-	-	507,224	-	507,224	-	507,224
<u>Other Comprehensive (Loss) / Income</u>								
Net Change in fair value of AFS assets	-	-	-	-	65,005	65,005	-	-
Other Comprehensive Income	-	-	-	-	65,005	65,005	-	65,005
Net Change in fair value of AFS assets - transfers to Available for Sale Reserve Fund of Life Policyholders	-	-	-	-	-	-	5,090	5,090
Transactions with Equity Holders recognised directly in equity								
Dividends paid				(544,500)		(544,500)		(544,500)
Unaudited Balance as at 30 September 2017	4,853,752	162,160	-	4,871,858	(812,797)	4,059,060	(500)	9,074,472
Profit for the Period	-	-	1,795,829	236,924	-	236,924	-	2,032,752
<u>Other Comprehensive (Loss) / Income</u>								
Net Change in fair value of AFS assets	-	-	-	-	(25,368)	(25,368)	-	-
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)	65,106	42,407	-	42,407
Net Change in Fair Value of Life Policyholders' Available for Sale Financial Assets, transferred to Income Statement	-	-	-	-	-	-	501	501
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)	4,337,683	-	11,314,679
Profit for the Period	-	-	-	7,416,420	-	7,416,420	-	7,416,420
<u>Other Comprehensive Income</u>								
Net Change in fair value of AFS assets	-	-	-	-	306,001	306,001	-	-
Other Comprehensive Income	-	-	-	-	306,001	306,001	-	306,001
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 September 2018	4,853,752	-	1,795,829	1,152,979	(441,690)	711,288	-	7,360,869

JANASHAKTHI INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY



Company

	Stated Capital		Revenue Reserves			Available for Sale Reserve Fund of Life Policyholders		
			Restricted Regulatory Reserve	Retained Earnings	Available-for-sale Financial Assets	Total	LKR '000	Total
Audited Balance as at 31 December 2016	4,853,752	-	3,585,907	(285,436)	3,300,472	(5,590)	8,148,634	
Profit for the Period	-	-	98,392	-	98,392	-	98,392	
<u>Other Comprehensive (Loss) / Income</u>								
Net Change in fair value of AFS assets	-	-	-	61,451	61,451	-	-	
Other Comprehensive Income				61,451	61,451	-	61,451	
Net Change in fair value of AFS assets - transfers to Available for Sale Reserve Fund of Life Policyholders	-	-	-	-	-	5,090	5,090	
Transactions with Equity Holders recognised directly in equity								
Dividends paid	-	-	(544,500)	-	(544,500)	-	(544,500)	
Unaudited Balance as at 30 September 2017	4,853,752	-	3,139,801	(223,984)	2,915,815	(500)	7,769,067	
Profit/ (Loss) for the Period		1,795,829	(202,584)	-	(202,584)	-	1,593,245	
<u>Other Comprehensive (Loss) / Income</u>								
Net Change in fair value of AFS assets	-	-	-	7,594	7,594	-	-	
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	98,068	98,775	-	98,775	
Net Change in Fair Value of Life Policyholders' Available for Sale Financial Assets, transferred to	-	-	-	-	-	501	501	
Transferred to Life Insurance Fund	-	-	(708)	-	(708)	-	(708)	
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	-	-	9,269,479	-	9,269,479	-	9,269,479	
<u>Other Comprehensive Income</u>								
Net Change in fair value of AFS assets	-	-	-	306,743	306,743	-	-	
Other Comprehensive Income	-	-	-	306,743	306,743	-	306,743	
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 September 2018	4,853,752	1,795,829	530,462	180,826	711,288	-	7,360,869	

JANASHAKTHI INSURANCE PLC

CASH FLOW STATEMENT



For the Nine months ended 30 September	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		4,204,734	11,374,100	2,231,614	2,122,730
Reinsurance Premium Paid		(362,153)	(1,294,901)	(23,037)	(13,267)
Claims Paid		(2,385,034)	(10,836,467)	(1,103,964)	(852,120)
Reinsurance Receipt in Respect of Claims		272,833	5,247,752	5,268	45,793
Interest Received		779,473	1,074,724	535,512	519,230
Dividends Received		25,822	84,255	25,822	45,530
Other Operating Cash Payments		(1,717,921)	(1,858,476)	(1,075,777)	(603,279)
Cash Flows from Operating Activities	A	817,754	3,790,989	595,438	1,264,618
Gratuity Paid		(6,686)	(33,158)	(1,607)	(4,160)
Net Cash Generated From Operating Activities		811,068	3,757,830	593,831	1,260,458
Cash Flows Used in Investing Activities					
Net drawdown/ (Purchase) of Investments		(1,996,256)	(2,823,547)	(2,949,365)	(785,821)
Net Proceeds from Disposal of Investment in subsidiary		16,038,602	-	16,038,602	-
Purchase of Investment property		(92,311)	-	(2,078,580)	-
Purchase of Property, Plant and Equipment		-	(290,400)	-	-
Proceeds from Disposal of Property, Plant and Equipment		654	10,044	-	-
Purchase of Intangible Assets		(12,798)	(5,216)	-	-
Net Cash Used in Investing Activities		13,937,891	(3,109,119)	11,010,657	(785,821)
Net Cash Flows Before Financing Activities		14,748,959	648,710	11,604,488	474,637
Cash Flows Used in Financing Activities					
Interest Paid on Borrowings		(6,098)	(17,529)	(2,142)	(678)
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		(11,682,329)	(562,029)	(11,678,373)	(545,178)
Net Increase / (Decrease) in Cash and Cash Equivalents	B	3,066,630	86,681	(73,885)	(70,541)

JANASHAKTHI INSURANCE PLC
NOTES TO THE CASH FLOW STATEMENT



For the Nine months ended 30 September	Consolidated		Company		
	Notes	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		7,158,102	87,039	9,269,479	98,392
Profit Before Tax - Discontinued Operations		331,869	538,828	-	-
Finance Cost		6,098	17,532	2,142	679
Profit on Sale of Property, Plant & Equipment		-	(4,433)	-	-
(Gain)/Loss on Financial Investments		(11,300)	(13,189)	5,864	(3,237)
Provision for Retirement Benefit		16,392	39,850	11,312	7,004
Gain on Disposal of Subsidiary	6	(7,080,641)	-	(9,198,602)	-
Depreciation and Amortisation Expenses		29,876	80,787	4,298	-
Provision for Bad Debts		2,998	13,093	-	-
Net Foreign Exchange (Gain) / Loss		-	(6,062)	-	-
Impairment of Goodwill		-	199,000	-	-
Changes in Working Capital					
(Increase)/Decrease in Premium and Other Receivables		206,660	(1,072,241)	(341,523)	39,858
Increase in Life Insurance Fund		605,154	1,212,574	605,154	1,212,574
Increase/(Decrease) in Non Life Insurance Provision		(649,413)	709,348	-	-
Increase/(Decrease) in Creditors		201,959	1,988,863	237,314	(90,652)
Net Cash Flows from Operating Activities		817,754	3,790,989	595,438	1,264,618
For the Nine months ended 30 September					
		2018 LKR '000 Unaudited	2017 LKR '000 Unaudited	2018 LKR '000 Unaudited	2017 LKR '000 Unaudited
B Increase / (Decrease) in Cash and Cash Equivalents					
Cash in Hand and Balance at Bank		167,183	83,653	167,183	95,001
Bank Overdrafts		(131,881)	(92)	(131,881)	(92)
Net Cash and Cash Equivalents as at end of the Period - Continued Operations		35,302	83,560	35,302	94,909
Net Cash and Cash Equivalents as at end of the Period - Discontinued Operations	7.2	2,888,467	31,029	-	-
Net Cash and Cash Equivalents as at beginning of the Period - Continued Operations		109,187	165,450	109,187	165,450
Net Cash and Cash Equivalents as at beginning of the Period - Discontinued Operations		(252,048)	(137,542)	-	-
Increase / (Decrease) in Cash and Cash Equivalents During the Year		3,066,630	86,681	(73,885)	(70,541)

JANASHAKTHI INSURANCE PLC

INCOME STATEMENT - SEGMENT INFORMATION



For the Period ended	Unaudited		Unaudited	
	30/9/2018	26/2/2018	30/9/2017	
	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	2,226,757	1,442,384	2,129,871	8,917,058
Net Earned Premium	2,136,563	1,669,029	2,037,571	6,806,409
Investment Income and Other Income	10,443,628	(275,766)	1,045,258	1,207,924
Total Net Income	12,580,191	1,393,263	3,082,829	8,014,333
Benefits and Claims				
Net Benefits & Claims	(1,065,524)	(1,068,787)	(849,280)	(4,662,796)
Increase in Life Insurance Fund	(605,154)	-	(1,212,574)	-
Underwriting & Net Acquisition Cost	(647,646)	(276,124)	(465,840)	(1,085,869)
Total Benefits, Claims & Net Acquisition Cost	(2,318,324)	(1,344,911)	(2,527,694)	(5,748,665)
Other Operating and Administrative Expenses	(992,388)	(300,723)	(456,743)	(1,527,840)
Profit/ (Loss) Before Taxation	9,269,479	(252,371)	98,392	737,828
Income Tax Expense	-	(73,551)	-	(118,642)
Profit/ (Loss) for the Period	9,269,479	(325,922)	98,392	619,185

JANASHAKTHI INSURANCE PLC
INCOME STATEMENT - SEGMENT INFORMATION



For the Three months ended 30 September	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	781,297	-	765,427	3,059,016
Net Earned Premium	752,737	-	732,331	2,356,961
Investment Income and Other Income	439,141	-	363,845	415,128
Total Net Income	1,191,878	-	1,096,176	2,772,089
Benefits and Claims				
Net Benefits & Claims	(455,884)	-	(302,903)	(1,644,553)
Increase in Life Insurance Fund	(149,892)	-	(445,337)	-
Underwriting & Net Acquisition Cost	(226,806)	-	(155,901)	(394,924)
Total Benefits, Claims & Net Acquisition Cost	(832,582)	-	(904,141)	(2,039,477)
Other Operating and Administrative Expenses	(254,645)	-	(157,406)	(516,206)
Profit/ (Loss) Before Taxation	104,651	-	34,629	216,406
Income Tax Expense	-	-	-	(19,035)
Profit for the Period	104,651	-	34,629	197,371

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". 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 September, 2018 were approved by the Board of Directors on 15 November, 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 30/9/2017
		LKR '000	LKR '000
Gross Written Premium	10	1,442,384	8,917,058
Net Earned Premium		1,669,029	6,806,409
Investment Income and Other Income *		(275,766)	1,207,924
Total Net Income		1,393,263	8,014,333
Benefits and Claims			
Net Benefits & Claims		(1,068,787)	(4,662,796)
Underwriting & Net Acquisition Cost		(276,124)	(1,085,869)
Total Benefits, Claims & Net Acquisition Cost		(1,344,911)	(5,748,666)
Other Operating and Administrative Expenses		(300,723)	(1,527,840)
Impairment of Goodwill		-	(199,000)
Profit/ (Loss) before Taxation		(252,371)	538,828
Income Tax Expense	11	(73,551)	(118,642)
Profit/ (Loss) for the Year		(325,922)	420,185
Profit/ (Loss) attributable to:			
Equity holders of the Company		(325,922)	420,185
		(325,922)	420,185
Inter Company Elimination		584,240	-
Profit from Discontinued Operation at Group level		258,318	420,185
Other Comprehensive Income/ (Loss)			
Net Change in fair value of Available For Sale financial assets from Discontinued Operations		(742)	3,554
Total Comprehensive Income for the Year		257,576	423,739

* 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 30/9/2017
	LKR '000	LKR '000
Net Cash Flows Used in Operating Activities	(373,622)	2,507,503
Net Cash Flows Generated from Investment Activities	3,518,092	(2,322,078)
Net Cash Flows Generated from Financing Activities	(3,955)	(16,853)
Net Increase in Cash & Cash Equivalents	3,140,515	168,572
Net Cash and Cash Equivalents as at beginning of the Period	(252,048)	(137,542)
Net Cash and Cash Equivalents as at End of the Period	2,888,467	31,029

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 September 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.

JANASHAKTHI INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS



10 Gross Written Premium	For the Nine Months ended 30 September		For the Three Months ended 30 September	
	Unaudited 2018	Unaudited 2017	Unaudited 2018	Unaudited 2017
	LKR '000	LKR '000	LKR '000	LKR '000
Life Insurance (Continuing Operations)				
First Year Premium	924,649	841,496	332,843	305,608
Renewal Premium	1,302,108	1,288,375	448,454	459,819
Total Life Premium	2,226,757	2,129,871	781,297	765,427
	For the Period ended		For the Three Months ended 30 September	
	26 February 2018	30 September 2017	30 September 2018	30 September 2017
Non Life Insurance (Discontinued Operations)				
Fire	167,472	1,156,369	-	395,881
Motor	1,037,451	5,815,752	-	2,103,903
Marine	38,153	246,516	-	90,448
Miscellaneous	199,308	1,698,421	-	468,784
Total Non - Life Premium	1,442,384	8,917,058	-	3,059,016

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 third 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 September 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 Nine Months ended 30 September 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 Nine Months ended 30 September 2018

	LKR '000
Proceeds Paid on Share buyback	79,216

- 12.4** The Parent of Janashakthi Insurance PLC, Janashakthi PLC has purchased 38,294,562 Shares of Dunamis Capital PLC on 13th September 2018 which constitutes 31.14% of the issued ordinary shares of Dunamis Capital PLC at a price of Rs. 36.60 per share.

13 Contingent Liabilities

- 13.1** All pending litigations have been evaluated and adequate provisions have been made in the Annual Report 2017. 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.

JANASHAKTHI INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS



14 Stated Capital is represented by 226,526,153 ordinary shares as at 30 September 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 September	
	2018	2017
Market Price per Ordinary Share (LKR)		
Highest Price	26.00	16.40
Lowest Price	20.00	14.80
Closing Price	21.60	14.90
Net Asset Value per Share (LKR) - Company	32.49	14.27
- Group	32.49	16.67

16 Twenty Largest Shareholders as at 30 September 2018

Name of Shareholder	No.of Shares	%
(1) Janashakthi PLC	168,144,497	74.23%
(2) Commercial Bank Of Ceylon PLC/Dunamis Capital PLC	10,967,994	4.84%
(3) Mr. Yonmerenne Simon Hewage Indrakumara Silva	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/Chamara Nuwan Samarathunga	1,200,000	0.53%
(8) Mr. Amarakoon Mudiyansele Weerasinghe	990,000	0.44%
(9) Seylan Bank PLC/Channa Nalin Rajahmoney	984,712	0.43%
(10) Mr. Prabhash Subasinghe	838,000	0.37%
(11) Mr. Chitral Hiran Mendis	792,000	0.35%
(12) Mr. Husein Nuruddin Esufally	642,992	0.28%
(13) Mr. Dueleep Fairlie George Dalpethado / Mrs. H.F.A.K.D. Fonseka	543,773	0.24%
(14) Mr. Mahinda Bandara Herath / Mrs. Lalani Ramya Kumari	540,000	0.24%
(15) Mrs.. Manjula Mathews	510,000	0.23%
(16) Mr. Nithiabala Balasingam	492,600	0.22%
(17) Deutsche Bank Ag As Trustee To Astrue Alpha	412,531	0.18%
(18) Mr. Pathmanathan Vijendran / Mrs. Pritheeva Vijendran	335,000	0.15%
(19) Mr. Kulathilake Arthanayake Ranil Ranasinghe	315,000	0.14%
(20) Mr. Thevarayan Amirthalingam	302,406	0.13%
Others	202,692,120	89.48%
Total	226,526,153	100.00%

JANASHAKTHI INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS



17 Public Shareholding

	30 September 2018		30 September 2017	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Public Shareholding	43,898,383	19.38%	127,381,940	23.39%
Number of shareholders representing the public holding	4,879		5,884	

18 Directors' Shareholding

	30 September 2018	30 September 2017
Mr. Husein Esufally (Chairman)	642,992	2,253,594
Mr. Prakash Schaffter (Managing Director)	-	-
Mr. L. C. R. de C Wijetunga (Retired w.e.f. 16 July 2018)	-	-
Ms. Manjula Mathews	510,000	1,275,000
Mr. Ramesh Schaffter	-	-
Mr. Eardley Perera	-	-
Ms. Anushya Coomaraswamy	150,000	112,500
Mr. Jude Fernando (Chief Executive Officer)	-	-

JANASHAKTHI INSURANCE PLC

BOARD OF DIRECTORS

CHAIRMAN

Mr. Husein Esufally

MANAGING DIRECTOR

Mr. Prakash Schaffter

DIRECTOR/CHIEF EXECUTIVE OFFICER

Mr. Jude Fernando

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. Harsha Abeywickrema

Ms. Manindri Bandaranayake

Mr. K.V. Kuganathan

Mr. Sudath Silva

REGISTERED OFFICE

No. 75, Kumaran Ratnam Road,
Colombo 02.