



# *Life Force*



JANASHAKTHI  
*Life*

Consolidated Interim Financial Statements  
31st March 2020  
(Condensed )



As at	Note	Company	
		Unaudited 31 March 2020 LKR '000	Audited 31 December 2019 LKR '000
<b>Assets</b>			
Financial Investments	5	17,322,607	16,961,520
Investment Property		2,093,470	2,093,323
Intangible Assets		74,044	78,364
Property, Plant and Equipment		442,454	442,502
Right of Use Lease Assets	6	247,228	261,812
Loans to Life Policyholders & Others		328,054	304,785
Reinsurance Receivable		27,744	23,534
Premium Receivables		24,072	33,609
Other Assets		316,639	351,015
Deferred Tax Asset	7.1	1,200,541	1,215,540
Cash in Hand and Balance at Bank		476,364	268,280
<b>Total Assets</b>		<b>22,553,217</b>	<b>22,034,284</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Equity</b>			
Stated Capital		4,853,752	4,853,752
Revenue Reserves		3,098,006	2,917,054
Restricted Regulatory Reserve	8	1,795,829	1,795,829
<b>Total Equity</b>		<b>9,747,587</b>	<b>9,566,635</b>
<b>Liabilities</b>			
Insurance Liability - Life		11,430,361	11,096,474
Retirement Benefit Obligation		104,411	106,431
Reinsurance Creditors		28,221	34,147
Interest Bearing Borrowings		191,393	-
Lease Creditors	10	256,503	261,426
Other Liabilities		794,741	821,555
Bank Overdrafts		-	147,616
<b>Total Liabilities</b>		<b>12,805,630</b>	<b>12,467,649</b>
<b>Total Equity and Liabilities</b>		<b>22,553,217</b>	<b>22,034,284</b>

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 these Interim Financial Statements.  
Signed on behalf of the Board

*sgd*

**Prakash Schaffter**  
Chairman

*sgd*

**Jude Fernando**  
Director/Chief Executive Officer

Colombo  
3rd June 2020

**JANASHAKTHI INSURANCE PLC**  
**INCOME STATEMENT**



For the Period ended 31 March	Note	Company	
		Unaudited 2020 LKR '000	Unaudited 2019 LKR '000
<b>Gross Written Premium</b>	<b>11</b>	<b>845,542</b>	<b>946,612</b>
Premium Ceded to Reinsurers		(29,114)	(28,944)
		<b>816,428</b>	<b>917,668</b>
<b>Other Revenue</b>			
Fee and Commission Income		5,632	7,686
Investment Income		434,454	375,671
Realised Gains/ (Losses)		7,821	(3,599)
Fair Value Gains/ (Losses)	<b>5</b>	71,844	(1,450)
Other Operating Revenue		74,961	66,525
<b>Total Other Revenue</b>		<b>594,712</b>	<b>444,833</b>
<b>Total Net Income</b>		<b>1,411,140</b>	<b>1,362,501</b>
<b>Benefits and Claims</b>			
Net Benefits & Claims		(401,688)	(394,680)
Increase in Life Insurance Fund		(336,291)	(289,253)
Underwriting & Net Acquisition Cost		(208,358)	(253,718)
<b>Total Benefits, Claims &amp; Net Acquisition Cost</b>		<b>(946,337)</b>	<b>(937,651)</b>
Finance Cost		(9,705)	(2,067)
Other Operating and Administrative Expenses		(259,145)	(286,148)
<b>Other Expenses</b>		<b>(268,850)</b>	<b>(288,215)</b>
<b>Profit before Taxation</b>		<b>195,953</b>	<b>136,635</b>
Income Tax Expense		(15,000)	(27,951)
<b>Profit for the Period</b>		<b>180,953</b>	<b>108,684</b>
Profit attributable to:			
<b>Equity holders of the Company</b>		<b>180,953</b>	<b>108,684</b>
Basic Earnings/ (Loss) per Share (Rs.)		0.80	0.48

**JANASHAKTHI INSURANCE PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**

	Company	
	Unaudited	Unaudited
For the Period ended 31 March	2020	2019
	LKR'000	LKR'000
<b>Profit for the Period</b>	<b>180,953</b>	<b>108,684</b>
<b>Other Comprehensive Income/ (Loss)</b>		
Net Change in fair value of Available For Sale financial assets from Continued Operations	-	31,017
<b>Other Comprehensive Income/ Loss</b>		<b>31,017</b>
<b>Total Comprehensive Income for the Period</b>	<b>180,953</b>	<b>139,701</b>
Total Comprehensive Income attributable to:		
<b>Equity holders of the Company</b>	<b>180,953</b>	<b>139,701</b>

**STATEMENT OF CHANGES IN EQUITY**

	Stated Capital	Revaluation Reserve	Restricted Regulatory Reserve	Revenue Reserves			Total
				Retained Earnings	Available-for-sale Financial Assets	Total	
				LKR '000	LKR '000	LKR '000	
<b>Audited Balance as at 31 December 2018</b>	<b>4,853,752</b>	-	<b>1,795,829</b>	<b>2,458,867</b>	<b>212,593</b>	<b>2,671,460</b>	<b>9,321,041</b>
Profit for the Period	-	-	-	396,331	-	396,331	396,331
<b>Other Comprehensive (Loss) / Income</b>							
Net Change in fair value of AFS assets	-	-	-	-	(148,080)	(148,080)	(148,080)
Net Realised Gain Transferred to Income Statement	-	-	-	-	(2,658)	(2,658)	(2,658)
<b>Other Comprehensive Loss</b>					<b>(150,738)</b>	<b>(150,738)</b>	<b>(150,738)</b>
<b>Audited Balance as at 31 December 2019</b>	<b>4,853,752</b>	-	<b>1,795,829</b>	<b>2,855,198</b>	<b>61,855</b>	<b>2,917,053</b>	<b>9,566,635</b>
Profit for the Period	-	-	-	180,953	-	180,953	180,953
<b>Other Comprehensive Income</b>							
Net Change in fair value of AFS assets	-	-	-	-	-	-	-
<b>Other Comprehensive Loss</b>	-	-	-	-	-	-	-
<b>Unaudited Balance as at 31 March 2020</b>	<b>4,853,752</b>	-	<b>1,795,829</b>	<b>3,036,151</b>	<b>61,855</b>	<b>3,098,006</b>	<b>9,747,587</b>

**JANASHAKTHI INSURANCE PLC**  
**CASH FLOW STATEMENT**



JANASHAKTHI  
**Life**

Company

For the Period ended 31 March		Company	
		Unaudited 2020 LKR '000	Unaudited 2019 LKR '000
<b>Cash Flows From Operating Activities</b>	<b>Notes</b>		
Premium Received from Customers		296,016	823,550
Reinsurance Premium Paid		(9,032)	-
Claims Paid		(138,217)	(467,907)
Interest Received		365,109	223,399
Dividends Received		-	232
Other Operating Cash Payments		(40,567)	(246,375)
<b>Cash Flows from Operating Activities</b>	<b>A</b>	<b>473,309</b>	<b>332,898</b>
Gratuity Paid		(4,052)	(3,301)
<b>Net Cash Generated From Operating Activities</b>		<b>469,256</b>	<b>329,597</b>
<b>Cash Flows Used in Investing Activities</b>			
Net drawdown/ (Purchase) of Investments		(289,243)	(727,173)
Loan Obtained during the period		191,393	501,986
Purchase of Property, Plant & Equipments		-	(6,749)
<b>Net Cash Used in Investing Activities</b>		<b>(97,850)</b>	<b>(231,936)</b>
<b>Net Cash Flows Before Financing Activities</b>		<b>371,406</b>	<b>97,661</b>
<b>Cash Flows Used in Financing Activities</b>			
Interest Paid on Borrowings		(15,706)	(2,067)
<b>Net Cash Used in Financing Activities</b>		<b>(15,706)</b>	<b>(2,067)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalent</b>	<b>B</b>	<b>355,700</b>	<b>95,594</b>

**JANASHAKTHI INSURANCE PLC**  
**NOTES TO THE CASH FLOW STATEMENT**



JANASHAKTHI  
**Life**

Company

<b>For the Period ended 31 March</b>	<b>2020</b>	<b>2019</b>
	<b>LKR '000</b>	<b>LKR '000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>A Cash Flows from Operating Activities</b>		
Profit Before Tax	195,953	136,635
Finance Cost	9,705	2,067
(Gain)/Loss on Financial Investments	71,844	1,450
Provision for Retirement Benefit	3,111	3,899
Depreciation and Amortisation Expenses	44,431	12,186
<b>Changes in Working Capital</b>		
(Increase)/Decrease in Premium and Other Receivables	(17,524)	(103,617)
Increase in Life Insurance Fund	336,291	289,253
Increase/(Decrease) in Creditors	(26,815)	(8,975)
<b>Net Cash Flows from Operating Activities</b>	<b>616,995</b>	<b>332,898</b>
<b>For the Period ended 31 March</b>	<b>2020</b>	<b>2019</b>
	<b>LKR '000</b>	<b>LKR '000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>B Increase / (Decrease) in Cash and Cash Equivalents</b>		
Cash in Hand and Balance at Bank	476,364	318,215
Bank Overdrafts		(111,561)
Net Cash and Cash Equivalents for the Current Year	476,364	206,654
Net Cash and Cash Equivalents for the Previous Year	120,664	111,700
<b>Increase</b>	<b>355,700</b>	<b>94,954</b>



## 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 the Sri Lanka Accounting Standards LKAS 34 "Interim Financial Reporting". Accounting policies applicable to these condensed Interim Financial Statements are same as Annual Report for the Year Ended 2019. The unaudited condensed consolidated Interim Financial Statements for the quarter ended 31 March, 2020 were approved by the Board of Directors on 12 May, 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, 2019.

## 5 Financial Investments

In valuing equity investments, we have followed guidelines issued by the Chartered Accountants of Sri Lanka on 03rd April 2020. Accordingly, net asset value was used as a second level valuation. However, all equity investments were reported at 31st December 2019 value, as the net asset value was higher than 31st December 2019 value and the guideline capped the value at 31st December 2019 value.

## 6 Right of use assets

	<b>Unaudited 31st March 2020 LKR '000</b>	<b>Audited 31st December 2019 LKR '000</b>
<b>Cost of Right of Use Assets</b>		
Right of Use Assets (PVFLP) on initial application of SLFRS 16 as at 1st January	<b>261,812</b>	<b>243,771</b>
Opening Balance of Advance Payments for the Right of use Assets as at 1st January	-	28,857
Additions of Right of Use Assets during the period	-	34,616
Advances Paid for Right of Use Assets during the period	-	9,994
<b>Total Cost of Right of Use Asset (a)</b>	<b>261,812</b>	<b>317,238</b>
<b>Accumulated Depreciation and Amortisation</b>		
Depreciation of Right of Use Assets	12,062	47,941
Amortisation of Rent Advance for Right of Use Assets	2,522	7,486
<b>Total Accumulated Depreciation and Amortisation (b)</b>	<b>14,584</b>	<b>55,427</b>
<b>Net Right of Use Assets a (a-b)</b>	<b>247,228</b>	<b>261,812</b>





## 7 Income Tax Expense

The Income Tax for the first quarter 2020, was computed on surplus basis method in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 and the Company has calculated the Income Tax Expense in accordance with this act.

### 7.1 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	
	Unaudited 31st March 2020 LKR 000	Audited 31st December 2019 LKR 000
Deferred Tax Asset - Beginning Balance	1,215,540	1,342,199
<b>Deferred Tax Recognised in Income Statement</b>		
Reversal during the Period	(14,999)	(126,659)
<b>Deferred Tax Asset - Closing Balance</b>	<b>1,200,541</b>	<b>1,215,540</b>

## 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.

	Company LKR 000
Balance as at 31 December 2019	1,795,829
Transfers/ Distributions During the Period	-
Balance as at 31 March 2020	<u>1,795,829</u>

## 9 Liability Adequacy Test

The Liability Adequacy Test in respect of Insurance Provisions of Life as required by SLFRS 4 - was not performed as at 31 March 2019. The liability test is performed as at year end.

## 10 Lease Creditors

	Unaudited 31st March 2020 LKR '000	Audited 31st December 2019 LKR '000
Lease creditor on initial application of SLFRS 16 as at 1st January	261,426	243,771
Addition to the lease creditor during the period	-	34,616
Interest Expense of lease creditor during the period	9,696	39,231
Rental paid for lease creditor during the period	(14,621)	(56,191)
<b>Lease creditor as at 31st December</b>	<b>256,503</b>	<b>261,426</b>

## 11 Gross Written Premium

	For the Period ended 31 March	
	Unaudited 2020 LKR '000	Unaudited 2019 LKR '000
<b>Life Insurance (Continuing Operations)</b>		
First Year Premium	419,201	486,356
Renewal Premium	426,341	460,256
<b>Total Life Premium</b>	<b>845,542</b>	<b>946,612</b>

## 12 Related Party Transactions

The nature of related party transactions in the current period is similar to those reported in the audited financial statements for the year ended 31 December 2019.

## 13 Contingent Liabilities

All pending litigations have been evaluated and adequate provisions have been made in the Audited Financial Statements of 2019

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 2019 did not change significantly during the period.



**JANASHAKTHI INSURANCE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**



**14** Stated Capital is represented by 226,526,153 ordinary shares as at 31 March 2020. (2019: 226,526,153)

**15 Information On Ordinary Shares**

for the Quarter Ended	31 March	
	2020	2019
Market Price per Ordinary Share (LKR)		
Highest Price	33.50	31.50
Lowest Price	21.00	25.50
Closing Price	22.70	26.60
Net Asset Value per Share (LKR) - Company	43.03	41.76

**16 Twenty Largest Shareholders as at 31 March 2020**

	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	979,900	0.43%
(9)	Mr. Mendis	792,000	0.35%
(10)	Mr. Weerasinghe	686,621	0.30%
(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. Balasingham	492,600	0.22%
(16)	J.B. Cocoshell (Pvt) Ltd	454,200	0.20%
(17)	Mr. Ranasinghe	450,000	0.20%
(18)	People's Leasing & Finance PLC/ Mr.N.A.D.B.Jayanath	449,300	0.20%
(19)	Seylan Bank PLC	399,324	0.18%
(20)	Mr. Vijendran	340,000	0.15%
		201,100,916	88.78%
	Others	25,425,237	11.22%
	<b>Total</b>	<b>226,526,153</b>	<b>100.00%</b>



**17 Public Shareholding**

	<b>31 March 2020</b>		<b>31 March 2019</b>	
	<b>No. of Shares</b>	<b>% of Shares</b>	<b>No. of Shares</b>	<b>% of Shares</b>
Public Shareholding	44,698,875	19.73%	44,678,875	19.72%
Number of shareholders representing the public holding	4,875		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 March 2020 was 19.73%. Accordingly as per 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.

**18 Directors' Shareholding**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Mr. Prakash Schaffter (Executive Chairman) - Appointed w.e.f. 15 November 2018	-	-
Mr.Ramesh Schaffter	-	-
Mrs. Manjula Mathews	510,000	510,000
Mr.Eardley Perera	-	-
Mr.Ramesh Schaffter	-	-
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.