



Life Force



JANASHAKTHI
Life

Consolidated Interim Financial Statements
30th September 2020
(Condensed)

JANASHAKTHI INSURANCE PLC
STATEMENT OF FINANCIAL POSITION



As at	Note	Company	
		Unaudited 30 September 2020 LKR '000	Audited 31 December 2019 LKR '000
Assets			
Financial Investments		19,870,970	16,961,520
Investment Property		2,057,043	2,093,323
Intangible Assets		65,168	78,365
Property, Plant and Equipment		402,165	442,502
Right of Use Lease Assets	5	219,996	261,811
Loans to Life Policyholders & Others		328,113	304,785
Reinsurance Receivable		30,253	23,534
Premium Receivables		24,498	33,609
Other Assets		410,931	351,015
Deferred Tax Asset	7	1,175,540	1,215,540
Cash in Hand and Balance at Bank		218,318	268,280
Total Assets		24,802,995	22,034,284
Liabilities and Shareholders' Equity			
Equity			
Stated Capital		4,853,752	4,853,752
Revenue Reserves		3,081,156	2,917,052
Restricted Regulatory Reserve	8	1,795,829	1,795,829
Total Equity		9,730,737	9,566,633
Liabilities			
Insurance Liability - Life		12,580,840	11,096,474
Retirement Benefit Obligation		93,796	106,431
Reinsurance Creditors		22,205	34,147
Lease Creditors	10	244,936	261,427
Interest Bearing Borrowings		1,064,639	-
Other Liabilities		953,025	821,556
Bank Overdrafts		112,817	147,616
Total Liabilities		15,072,258	12,467,651
Total Equity and Liabilities		24,802,995	22,034,284

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
Colombo
12 November 2020

Sgd

Ramesh Schaffter
Director

JANASHAKTHI INSURANCE PLC
INCOME STATEMENT



For the Period ended 30 September	Note	Company	
		Unaudited 2020 LKR '000	Unaudited 2019 LKR '000
Gross Written Premium	11	2,698,255	2,645,826
Premium Ceded to Reinsurers		(92,830)	(96,938)
		2,605,425	2,548,888
Other Revenue			
Fee and Commission Income		42,315	59,849
Investment Income		1,418,872	1,223,027
Realised Gains		247,040	197,641
Fair Value Gains/ (Losses)		265,818	(48,773)
Other Operating Revenue		226,817	221,417
Total Other Revenue		2,200,862	1,653,161
Total Net Income		4,806,287	4,202,049
Benefits and Claims			
Net Benefits & Claims		(1,280,973)	(1,366,791)
Increase in Life Insurance Fund		(1,484,135)	(739,260)
Underwriting & Net Acquisition Cost		(622,921)	(691,662)
Total Benefits, Claims & Net Acquisition Cost		(3,388,029)	(2,797,713)
Finance Cost		(36,894)	(59,921)
Other Operating and Administrative Expenses		(836,325)	(881,950)
Other Expenses		(873,219)	(941,871)
Profit before Taxation		545,039	462,465
Income Tax Expense		(40,000)	(95,581)
Profit for the Period		505,039	366,884
Profit attributable to:			
Equity holders of the Company		505,039	366,884
Basic Earning per Share (Rs.)		2.23	1.62

JANASHAKTHI INSURANCE PLC
STATEMENT OF COMPREHENSIVE INCOME

	Company	
	Unaudited	Unaudited
	2020 LKR'000	2019 LKR'000
For the Period ended 30 September		
Profit for the Period	505,039	366,884
Other Comprehensive Loss		
Net Change in fair value of Available For Sale financial assets	(340,935)	(148,773)
Net Realised Gains Transferred to Income Statement	-	(2,384)
Other Comprehensive Loss	(340,935)	(151,157)
Total Comprehensive Income/ (Loss) for the Period	164,104	215,727
Total Comprehensive Income/ (Loss) attributable to: Equity holders of the Company	164,104	215,727

STATEMENT OF CHANGES IN EQUITY

	Stated Capital LKR '000	Revaluation Reserve LKR '000	Restricted Regulatory Reserve LKR '000	Revenue Reserves			Total LKR '000
				Retained Earnings LKR '000	Available-for- sale Financial Assets LKR '000	Total	
				LKR '000	LKR '000	LKR '000	
Audited Balance as at 31 December 2018	4,853,752	-	1,795,829	2,458,868	212,593	2,671,461	9,321,041
Profit for the Period	-	-	-	366,884	-	366,884	366,884
Other Comprehensive (Loss) / Income							
Net Change in fair value of AFS assets	-	-	-	-	(148,773)	(148,773)	(148,773)
Net Realised Gain Transferred to Income Statement	-	-	-	-	(2,384)	(2,384)	(2,384)
Other Comprehensive Loss	-	-	-	-	(151,157)	(151,157)	(151,157)
Unaudited Balance as at 30 September 2019	4,853,752	-	1,795,829	2,825,752	61,436	2,887,188	9,536,768
Profit for the Period	-	-	-	29,444	-	29,444	29,444
Other Comprehensive (Loss) / Income							
Net Change in fair value of AFS assets	-	-	-	-	694	694	694
Net Realised Gain Transferred to Income Statement	-	-	-	-	(274)	(274)	(274)
Other Comprehensive Income	-	-	-	-	420	420	420
Audited Balance as at 31 December 2019	4,853,752	-	1,795,829	2,855,196	61,856	2,917,052	9,566,633
Profit for the Period	-	-	-	505,039	-	505,039	505,039
Other Comprehensive Income							
Net Change in fair value of AFS assets	-	-	-	-	(340,935)	(340,935)	(340,935)
Other Comprehensive Loss	-	-	-	-	(340,935)	(340,935)	(340,935)
Unaudited Balance as at 30 September 2020	4,853,752	-	1,795,829	3,360,235	(279,079)	3,081,156	9,730,737

JANASHAKTHI INSURANCE PLC
INCOME STATEMENT



For the Three months ended 30 September	Note	Company	
		Unaudited 2020 LKR '000	Unaudited 2019 LKR '000
Gross Written Premium	11	1,040,392	904,900
Premium Ceded to Reinsurers		(34,628)	(36,259)
		1,005,764	868,641
Other Revenue			
Fee and Commission Income		20,255	35,545
Investment Income		467,018	427,059
Realised Gains		29,088	64
Fair Value Losses		(64,029)	(59,622)
Other Operating Revenue		70,358	85,194
Total Other Revenue		522,690	488,240
Total Net Income		1,528,454	1,356,881
Benefits and Claims			
Net Benefits & Claims		(552,356)	(467,443)
Increase in Life Insurance Fund		(277,617)	(184,988)
Underwriting & Net Acquisition Cost		(238,707)	(215,481)
Total Benefits, Claims & Net Acquisition Cost		(1,068,680)	(867,912)
Finance Cost		(12,478)	(21,974)
Other Operating and Administrative Expenses		(329,633)	(301,419)
Other Expenses		(342,111)	(323,393)
Profit before Taxation		117,663	165,576
Income Tax Expense		(10,000)	(34,612)
Profit for the Period		107,663	130,964
Profit attributable to:			
Equity holders of the Company		107,663	130,964
Basic Earnings per Share (Rs.)		0.48	0.58

**JANASHAKTHI INSURANCE PLC
STATEMENT OF COMPREHENSIVE INCOME**



	Company	
	Unaudited 2020 LKR'000	Unaudited 2019 LKR'000
For the Three months ended 30 September		
Profit for the Period	107,663	130,964
Other Comprehensive Income		
Net Change in fair value of Available For Sale financial assets	56,507	32,755
Other Comprehensive Income	56,507	32,755
Total Comprehensive Income for the Period	164,170	163,719
Total Comprehensive Income attributable to:		
Equity holders of the Company	164,170	163,719

JANASHAKTHI INSURANCE PLC
CASH FLOW STATEMENT



		Company	
		Unaudited 2020	Unaudited 2019
		LKR '000	LKR '000
For the Period ended 30 September			
Cash Flows From Operating Activities	Notes		
Premium Received from Customers		2,630,410	2,645,826
Reinsurance Premium Paid		(17,632)	(10,363)
Claims Paid		(1,430,017)	(1,459,291)
Reinsurance Receipt in Respect of Claims		4,583	10,980
Interest Received		847,543	599,063
Dividends Received		9,864	11,613
Other Operating Cash Receipts / (Payments)		(108,943)	(410,463)
Cash Flows from Operating Activities	A	1,925,945	1,387,366
Gratuity Paid		(23,798)	(6,693)
Net Cash Generated From Operating Activities		1,902,147	1,380,673
Cash Flows Used in Investing Activities			
Net drawdown/ (Purchase) of Investments		(2,984,566)	(1,409,298)
Loan Obtained during the period		1,064,639	500,000
Purchase of Property, Plant & Equipments		(40,188)	(86,118)
Purchase of Intangible Assets		(2,215)	(6,004)
Disposal of Investment property		53,000	-
Net Cash Used in Investing Activities		(1,909,330)	(1,001,420)
Net Cash Flows Before Financing Activities		(7,183)	379,253
Cash Flows Used in Financing Activities			
Interest Paid on Borrowings		(7,980)	(378,752)
Net Cash Used in Financing Activities		(7,980)	(378,752)
Net Increase / (Decrease) in Cash and Cash Equivalents	B	(15,163)	500

JANASHAKTHI INSURANCE PLC
NOTES TO THE CASH FLOW STATEMENT



	Company	
	2020	2019
For the Period ended 30 September	LKR '000	LKR '000
	Unaudited	Unaudited
A Cash Flows from Operating Activities		
Profit Before Tax	545,039	462,465
Finance Cost	7,980	59,921
(Gain)/ Loss on Financial Investments	(265,818)	48,773
Provision for Retirement Benefit	11,164	11,608
Depreciation and Amortisation Expenses	79,215	118,263
Changes in Working Capital		
(Increase)/Decrease in Premium and Other Receivables	(39,037)	(224,106)
Increase in Life Insurance Fund	1,484,366	739,260
Increase/(Decrease) in Creditors	103,036	171,181
Net Cash Flows from Operating Activities	1,925,945	1,387,365
	2020	2019
For the Period ended 30 September	LKR '000	LKR '000
	Unaudited	Unaudited
B Increase / (Decrease) in Cash and Cash Equivalents		
Cash in Hand and Balance at Bank	218,318	230,501
Bank Overdrafts	(112,817)	(118,301)
Net Cash and Cash Equivalents for the Current Year	105,501	112,200
Net Cash and Cash Equivalents for the Previous Year	120,664	111,700
Increase/ (Decrease)	(15,163)	500



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 30 September 2020 were approved by the Board of Directors on 12 November 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 Right of use assets

	Unaudited	Audited
	30th September	31st
	2020	December
	LKR '000	2019
	LKR '000	LKR '000
Cost of Right of Use Assets		
Right of Use Assets (PVFLP) on initial application of SLFRS 16 as at 1st January	261,811	243,771
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	999	9,994
Total Cost of Right of Use Asset (a)	262,811	317,238
Accumulated Depreciation and Amortisation		
Depreciation of Right of Use Assets	36,213	47,941
Amortisation of Rent Advance for Right of Use Assets	6,602	7,486
Total Accumulated Depreciation and Amortisation (b)	42,815	55,427
Net Right of Use Assets a (a-b)	219,996	261,811

6 Income Tax Expense

The Income Tax for the period 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 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 30th September 2020 LKR 000	Audited 31st December 2019 LKR 000
Deferred Tax Asset - Beginning Balance	1,215,540	1,342,199
Deferred Tax Asset - Beginning Balance		
Reversal during the Period	(40,000)	(126,659)
Deferred Tax Asset - Closing Balance	1,175,540	1,215,540

Fair Value Losses

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 30 September 2020	1,795,829

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 30 September 2020. The liability test is performed as at year end.

10 Lease Creditors

	Unaudited 30th September 2020 LKR '000	Audited 31st December 2019 LKR '000
Lease creditor on initial application of SLFRS 16 as at 1st January	261,427	243,771
Addition to the lease creditor during the period	-	34,616
Interest Expense of lease creditor during the period	28,708	39,231
Rental paid for lease creditor during the period	(45,199)	(56,191)
Lease creditor	244,936	261,427

11 Gross Written Premium

	For the Period ended 30 September	
	Unaudited 2020 LKR '000	Unaudited 2019 LKR '000
Life Insurance (Continuing Operations)		
First Year Premium	1,274,857	1,286,782
Renewal Premium	1,423,398	1,359,044
Total Life Premium	2,698,255	2,645,826

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.

12.1 Resignation of Chief Executive Officer

Mr. Jude Fernando has resigned from his position as Director/ Chief Executive Officer, with effect from 31 August 2020. In accordance with Section 8.1 of the Listing Rules of the Colombo Stock Exchange this has disclosed in the CSE website on 23 June 2020

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.



14 Stated Capital is represented by 226,526,153 ordinary shares as at 30 September 2020. (2019: 226,526,153)

15 Information On Ordinary Shares

For the Quarter Ended	30th September	
	2020	2019
Market Price per Ordinary Share (LKR)		
Highest Price	34.60	40.00
Lowest Price	27.00	26.40
Closing Price	31.00	34.70
Market Capitalization (LKR)	7,022,310,743	7,860,457,509
Net Asset Value per Share (LKR)	42.96	42.10
Float Adjusted Market capitalization (LKR)	1,386,204,141	1,550,868,267

16 Twenty Largest Shareholders as at 30 September 2020

Name of Shareholder	No.of Shares	%
(1) Janashakthi PLC	119,983,755	52.97%
(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) Commercial Bank Of Ceylon PLC/ Janashakthi PLC	11,326,307	5.00%
(6) Mr. Y.S.H.I. Silva	7,281,572	3.21%
(7) Suktam Holdings (Pvt) Ltd	5,321,254	2.35%
(8) Seylan Bank PLC/ W.D.N.H.Perera	1,138,357	0.50%
(9) Mr. C.H. Mendis	792,000	0.35%
(10) Dialog Finance PLC/ K.E.H.De Alwis	544,886	0.24%
(11) Mr. M.B. Herath	540,000	0.24%
(12) Mrs. M. Mathews	510,000	0.23%
(13) Mr. N. Balasingam	492,600	0.22%
(14) Mr. K.A.R. Ranasinghe	480,000	0.21%
(15) Mr. D.K.A.K. Weerathunga	463,958	0.20%
(16) Mr. A.M. Weerasinghe	460,000	0.20%
(17) J.B. Cocoshell (Pvt) Ltd	454,200	0.20%
(18) Seylan Bank PLC/ Jaliya Abesiri Wijeratne	399,324	0.18%
(19) Mr. P. Vijendran	350,000	0.15%
(20) Mr. T. Amirthalingam	317,406	0.14%
	200,789,525	88.64%
Others	25,736,628	11.36%
Total	226,526,153	100.00%



17 Public Shareholding

	30 September 2020		30 September 2019	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Public Shareholding	44,718,875	19.74%	44,698,875	19.73%
Number of shareholders representing the public holding	5,011		4,814	

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 30 September 2020 was 19.74%. 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 March 2021.

18 Directors' Shareholding

	30 September 2020	30 September 2019
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. J.A.G. Rodrigo	-	-
Mr. P. Sivagananathan	-	-

JANASHAKTHI INSURANCE PLC

BOARD OF DIRECTORS

CHAIRMAN

Mr. Prakash Schaffter

DIRECTORS

Mr. Prakash Schaffter (Executive Chairman)

Ms. Manjula Mathews

Mr. Ramesh Schaffter

Mr. Eardley Perera

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.