INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PEOPLE'S INSURANCE PLC
STATEMENT OF PROFIT OR LOSS

	Note	For the year ended 31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)	Change %	For the three months ended 31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Unaudited)	Change %
Revenue	**7**	5,432,668,375	4,791,413,814	13	1,465,044,773	1,250,868,916	17
Gross written premium	**8**	5,591,815,141	4,781,919,014	17	1,386,142,619	1,242,778,391	12
Change in reserve for unearned insurance premium		(430,497,807)	(255,511,825)	68	(9,840,498)	(62,776,703)	(84)
Gross earned premium		5,161,317,334	4,526,407,189	14	1,376,302,121	1,180,001,688	17
Premium ceded to reinsurers		(482,181,063)	(427,744,495)	13	(76,848,798)	(62,460,599)	23
Change in reserve for unearned reinsurance premium		30,349,349	(1,480,259)	(2,150)	(47,157,643)	(37,070,109)	27
Net earned premium		4,709,485,620	4,097,182,435	15	1,252,295,680	1,080,470,980	16
Claims and expenses							
Net claims		(3,237,226,440)	(2,840,950,188)	14	(817,081,695)	(698,446,797)	17
Underwriting and net acquisition costs		(461,795,813)	(407,022,478)	13	(123,195,520)	(107,359,336)	15
Other operating and administrative expenses		(886,630,201)	(676,749,665)	31	(265,667,820)	(232,743,222)	14
Total claims and expenses		(4,585,652,454)	(3,924,722,331)	17	(1,205,945,035)	(1,038,549,355)	16
Underwriting results		123,833,166	172,460,104	(28)	46,350,645	41,921,625	11
Other revenue							
Fee income		49,393,044	41,804,663	18	12,937,347	11,253,373	15
Interest and dividend income	**9**	664,296,927	625,649,303	6	172,436,807	163,973,703	5
Net fair value gains/(losses)		(13,931,593)	24,646,592	(157)	8,830,918	(5,137,651)	(272)
Other income		23,424,377	2,130,821	999	18,544,021	308,511	5,911
Total other revenue		723,182,755	694,231,379	4	212,749,093	170,397,936	25
Profit before tax		847,015,921	866,691,483	(2)	259,099,738	212,319,561	22
Income tax expense	**10**	(117,953,614)	(93,606,037)	26	(33,902,912)	(27,761,121)	22
Profit for the period		729,062,307	773,085,446	(6)	225,196,826	184,558,440	22
Basic earnings per share	**11**	3.65	3.87	(6)	1.13	0.92	22

The notes to the financial statements form an integral part of these interim condensed financial statements.

PEOPLE'S INSURANCE PLC
STATEMENT OF COMPREHENSIVE INCOME

	For the year ended			For the three months ended		
	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)	Change %	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Unaudited)	Change %
Profit for the period	729,062,307	773,085,446	(6)	225,196,826	184,558,440	22
Other comprehensive income						
Other comprehensive income that may be reclassified to statement of profit or loss in subsequent periods:						
Net change in fair value of available-for-sale financial assets	(2,688,966)	1,857,814	(245)	494,685	4,829,827	(90)
Recycling to statement of profit or loss due to disposal of investments	-	4,846,648	-	-	-	-
Deferred tax effect on fair valuations	951,082	(260,094)	100	1,175,353	(260,094)	(552)
	(1,737,884)	6,444,368	127	1,670,038	4,569,733	(63)
Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods:						
Actuarial lossess on defined benefit obligations	(2,225,774)	(1,369,127)	-	(2,225,774)	(1,369,127)	63
Deferred tax effect on defined benefit obligations	239,861	(377,795)	-	(239,861)	377,795	(163)
	(1,985,913)	(1,746,922)	-	(2,465,635)	(991,332)	149
Other comprehensive income for the period, net of tax	(3,723,797)	4,697,446	(179)	(795,597)	3,578,401	(122)
Total comprehensive income for the period, net of tax	725,338,510	777,782,892	(7)	224,401,229	188,136,842	19

PEOPLE'S INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Assets			
Intangible assets		2,388,131	11,000,000
Property, plant and equipment		82,008,927	84,392,671
Deferred tax asset		3,006,071	28,484
Financial investments	**12**	6,658,264,189	6,136,594,446
Reinsurance receivables		153,118,635	249,714,521
Insurance receivables		963,276,019	838,919,041
Deferred expenses		264,162,186	238,256,786
Other assets		69,952,648	69,549,058
Cash and bank balances		221,391,043	116,659,642
Total assets		8,417,567,849	7,745,114,649
Equity and liabilities			
Equity			
Stated capital		1,350,000,000	1,350,000,000
Retained earnings		2,034,950,758	1,710,724,129
Reserves		(9,803,490)	(3,484,303)
Total equity		3,375,147,268	3,057,239,826
Liabilities			
Insurance contract liabilities	**13**	4,367,565,525	4,073,554,521
Employee defined benefit obligations		27,490,317	17,881,854
Other financial liabilities		400,727,257	408,960,354
Other liabilities		49,383,144	44,495,102
Reinsurance payables		61,807,635	35,715,836
Income tax payables		49,392,448	38,429,964
Bank overdrafts		86,054,255	68,837,192
Total liabilities		5,042,420,581	4,687,874,823
Total equity and liabilities		8,417,567,849	7,745,114,649

The notes to the financial statements form an integral part of these interim condensed financial statements.

These interim condensed financial statements are in compliance with requirements of the Companies Act No. 07 of 2007.

Nilushan Somarathna
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements. Signed for and on behalf of the Board by;

Jehan P. Amaratunga
Chairman

N. Vasantha Kumar
Director

20th February 2019
Colombo

PEOPLE'S INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY

	Stated capital	Retained earnings	Available-for-sale reserves	Other reserves	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 January 2017	1,350,000,000	1,287,638,683	(5,624,721)	(2,557,028)	2,629,456,934
Profit for the period (Audited)	-	773,085,446	-	-	773,085,446
Other comprehensive income	-	-	6,444,368	(1,746,922)	4,697,446
Dividends paid during the period	-	(350,000,000)		-	(350,000,000)
Audited balance as at 31 December 2017	1,350,000,000	1,710,724,129	819,647	(4,303,950)	3,057,239,826
Impact of adopting SLFRS 9 - Financial Instruments as at 1 January 2018		(4,835,678)	(2,595,389)	-	(7,431,067)
Restated Balance as at 01 January 2018	1,350,000,000	1,705,888,451	(1,775,742)	(4,303,950)	3,049,808,759
Profit for the period (unaudited)	-	729,062,307	-	-	729,062,307
Other comprehensive income	-	-	(1,737,884)	(1,985,913)	(3,723,797)
Second interim dividend for 2017	-	(200,000,000)	-	-	(200,000,000)
Final dividend for 2017	-	(50,000,000)	-	-	(50,000,000)
Interim dividend for 2018	-	(150,000,000)	-	-	(150,000,000)
Unaudited balance as at 31 December 2018	1,350,000,000	2,034,950,758	(3,513,626)	(6,289,863)	3,375,147,269

The notes to the financial statements form an integral part of these interim condensed financial statements.

PEOPLE'S INSURANCE PLC
STATEMENT OF CASH FLOWS

For the Year ended	Note	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Operating activities			
Premium received from customers		5,453,273,701	4,662,121,344
Reinsurance premium paid		(456,089,265)	(433,312,281)
Claims paid		(3,298,454,547)	(2,811,720,982)
Reinsurance receipts in respect of claims		36,522,045	48,402,585
Interest received		641,580,071	605,797,437
Dividends received		5,739,383	19,851,866
Other operating cash flows		(1,287,624,138)	(962,779,546)
Cash flows from operating activities	**A**	1,094,947,249	1,128,360,423
Gratuity paid		(694,734)	(1,804,195)
Income tax paid		(47,522,289)	(24,226,000)
Net cash flows from operating activities		1,046,730,226	1,102,330,228
Investing activities			
Purchase of liquid investments		(22,466,695,023)	(20,586,085,223)
Purchase of other investments		(4,698,589,664)	(3,366,527,232)
Sale of liquid investments		22,838,691,027	20,293,612,086
Sale of other investments		3,822,503,592	2,961,838,012
Purchase of property, plant and equipment		(23,573,305)	(69,382,534)
Proceed from disposal of property, plant and equipment		-	1,169,018
Net cash flows used in investing activities		(527,663,373)	(765,375,873)
Net cash flows before financing activities		519,066,854	336,954,355
Financing activities			
Ordinary dividends paid		(400,000,000)	(350,000,000)
Net cash flow used in financing activities		(400,000,000)	(350,000,000)
Net increase/(decrease) in cash and cash equivalents	**B**	119,066,854	(13,045,645)

Notes to the statement of cash flows

For the year ended	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
A. Cash flows generated from operating activities		
Profit before tax	847,015,921	866,691,483
Unrealised (profit)/loss on quoted equity securities at market value	4,185,970	40,462,471
Provision for retirement benefit obligations	8,077,423	5,396,702
Depreciation and amortisation expenses	34,568,918	27,494,102
Provision for impairment	14,184,461	5,056,341
Bad debt written off	37,672	-
Profit from disposal of property, plant & equipment	-	(762,017)
Changes in working capital		
(Increase)/decrease in reinsurance receivables	96,627,910	(145,209,785)
(Increase)/decrease in insurance receivables and other assets	(200,603,374)	(225,120,800)
(Increase)/decrease in deferred expenses	(25,905,400)	(17,676,766)
Increase/(decrease) in insurance liabilities	294,011,004	515,760,139
Increase/(decrease) in other liabilities	22,746,744	56,268,553
Cash flows from operating activities	1,094,947,249	1,128,360,423
B. Net decrease in cash and cash equivalents		
Cash in hand, bank balances and saving account balances	277,249,004	140,965,087
Bank overdrafts	(86,054,255)	(68,837,192)
Cash and cash equivalents at the end of the period	191,194,749	72,127,895
Less: Cash and cash equivalents at the beginning of the period	72,127,895	85,173,540
Net increase/(decrease) in cash and cash equivalents during the period	119,066,854	(13,045,645)

1. Reporting entity

People's Insurance PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business is situated at No. 07, Havelock Road, Colombo 05. The Company's parent entity is People's Leasing & Finance PLC. The Company's ultimate parent undertaking and controlling entity is People's Bank which is owned by the Government of Sri Lanka. Ordinary shares of the Company are listed on the Colombo Stock Exchange.

2. Audit of financial statements

The interim condensed financial statements for the twelve months ended 31 December 2018 are provisional and unaudited.

3. Approval of financial statements

These interim condensed financial statements were authorised for issue by the Board of Directors on 20th February 2019.

4. Basis of preparation

The interim condensed financial statements have been prepared in compliance with Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting. These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim condensed financial statements of the Company. The same accounting policies have been followed in preparation of these interim condensed financial statements as stated in the audited financial statements.

5. Comparative information

Comparative information has been restated where necessary to ensure comparability with the current year information.

6. Changes in accounting policies – SLFRS 9 - Financial Instruments

6.1 New and amended standards and interpretations

The Company has applied SLFRS 9 effective for annual periods beginning on or after 1 January 2018 for the first time. The Company has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

SLFRS 9 replaces LKAS 39 for annual periods on or after 1 January 2018 the Company has not restated comparative information for 2017 for financial instruments in the scope of SLFRS 9. Therefore, the comparative information for 2017 is reported under LKAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of SLFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed in Note 6.4.

6.2 Changes to classification and measurement

LKAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available-for-sale (AFS), held-to-maturity (HTM) and amortised cost (AC) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI) with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVPL

6.3 Changes to the impairment calculation

The adoption of SLFRS 9 has fundamentally changed the Company's accounting for insurance receivables, reinsurance receivables and debt instruments at amortised cost by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

6.4 Transition disclosures

The following pages set out the impact of adopting SLFRS 9 on the statement of financial position, and retained earnings including the effect of replacing LKAS 39's incurred credit loss calculations with SLFRS 9's ECLs.

i. A reconciliation between the carrying amounts under LKAS 39 to the balances reported under SLFRS 9 as of 1 January 2018 is, as follows:

	LKAS 39 measurement		Remeasurement			SLFRS 9	
Financial assets	**Category**	**Amount**	**Reclassification**	**ECL**	**Other**	**Amount**	**Category**
Financial investments							
Fair value through profit or loss							
Listed equity securities	FVPL	135,561,249	-	-	-	-	N/A
To: Equity instruments through profit or loss			(135,561,249)				
Equity instruments through profit or loss							
From: Equity instruments through profit or loss			135,561,249			135,561,249	FVPL
Loans and receivables							
Repurchace agreements	L&R	579,758,563		-	-	-	N/A
Staff loans	L&R	24,034,934		-	-	-	N/A
Rent deposits	L&R	45,199,893		-	-	-	N/A
Fixed deposits	L&R	2,709,568,064		-	-	-	N/A
Listed debentures	L&R	1,757,152,176		-	-	-	N/A
Savings accounts	L&R	24,305,445		-	-	-	N/A
To: Debt instruments at amortised cost			(5,140,019,075)				
Debt instruments at amortised cost							
From: Loans and receivables			5,140,019,075	(433,733)	-	5,139,585,342	AC
From: Available-for-sale			806,059,822	-	(2,235,158)	803,824,664	AC
Available-for-sale							
Treasury bills	AFS	806,059,822		-	(2,235,158)	803,824,664	N/A
Treasury bonds	AFS	54,954,300		-	-	54,954,300	N/A
To: Debt instruments at amortised cost			(806,059,822)				
To: Debt instruments at fair value through other comprehensive income			(54,954,300)				
Debt instruments at fair value through other comprehensive income							
From: Available-for-sale			54,954,300	-	-	54,954,300	FVOCI
Reinsurance receivables	L&R	249,714,521	-	(23,309)	-	249,691,212	AC
Insurance receivables	L&R	838,919,041	-	(4,334,959)	-	834,584,082	AC
Cash and bank balance	L&R	116,659,642	-	(1,049)	-	116,658,593	AC
Non-financial assets							
Deffered tax asset		28,484	-	(402,860)	-	(374,376)	
Financial liabilities							
Financial liabilities	AC	408,960,354	-	-	-	408,960,354	AC

6.4 Transition disclosures (cont.)

ii. The impact of transition to SLFRS 9 on reserves and retained earnings is as follows;

Reserves and retained earnings	**Rs.**
Fair value reserve	
Closing balance under LKAS 39 (31 December 2017)	819,647
Reclassification of debt securities from available-for-sale to amortised cost	(2,235,158)
Deferred tax in relation to the above	(360,232)
Opening balance under SLFRS 9 (1 January 2018)	**(1,775,743)**
Retained earnings	
Closing balance under LKAS 39 (31 December 2017)	1,710,724,129
Recognition of SLFRS 9 ECLs including those measured at FVOCI	(4,793,050)
Deferred tax in relation to the above	(42,628)
Opening balance under SLFRS 9 (1 January 2018)	**1,705,888,451**
Total change in equity due to adopting SLFRS 9	**(7,431,067)**

iii. The following table reconciles the aggregate opening impairment provision under LKAS 39 to the ECL allowances under IFRS 9.

	Impairment provision under LKAS 39 as at 31 December 201	**Re-measurement**	**ECLs under SLFRS 9 as at 1 January 2018**
Insurance receivables per LKAS 39 /financial assets at amortised cost under SLFRS 9	15,072,959	4,334,959	19,366,722
Reinsurance receivables per LKAS 39 /financial assets at amortised cost under SLFRS 9	-	23,309	23,309
Loans and receivables per LKAS 39 / Debt instruments at amortised cost under SLFRS 9	-	433,733	433,733
Cash and bank balances	-	1,049	1,049
	15,072,959	**4,793,050**	**19,824,813**

7. Revenue

	For the year ended		For the three months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	Rs.	Rs.	Rs.	Rs.
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)
Net earned premium	4,709,485,620	4,097,182,435	1,252,295,680	1,080,470,980
Other revenue	723,182,755	694,231,379	212,749,093	170,397,936
	5,432,668,375	4,791,413,814	1,465,044,773	1,250,868,916

8. Gross written premium

Premium income by major class of business is as follows;

	For the year ended		For the three months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	Rs.	Rs.	Rs.	Rs.
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)
Motor	4,747,346,937	4,009,005,156	1,266,792,954	1,123,857,901
Fire	446,803,005	368,877,442	65,651,407	67,187,944
Marine	9,277,420	16,332,018	2,552,954	3,445,818
Miscellaneous	388,387,779	387,704,398	51,145,304	48,286,728
	5,591,815,141	4,781,919,014	1,386,142,619	1,242,778,391

9. Interest and dividend income

	For the year ended		For the three months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	Rs.	Rs.	Rs.	Rs.
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)
Interest income	658,557,545	605,797,437	171,439,104	162,728,532
Dividend income	5,739,382	19,851,866	997,703	1,245,171
	664,296,927	625,649,303	172,436,807	163,973,703

10. Income tax expense

According to the transitional provisions published in the Government Gazette in April 2018 in respect of the Inland Revenue Act No. 24 of 2017, if a company is entitled to pay tax at a concessionary rate under the provision 59D of the Inland Revenue Act No. 10 of 2006 for a specified period and if there is any unexpired part of that period as at 31 March 2018, such period would continue.

As per section 59D of the Inland Revenue Act No. 10 of 2006, any company which was liable to pay income tax at the rate of 28% listed its shares on the Colombo Stock Exchange (CSE) by way of a minimum Initial Public Offering (IPO) through which not less than 20% of its shares was issued to the general public on or before 1 April 2017, the income tax rate was to be reduced by 50% for the year of assessment in which the such shares were listed and for another two years of assessment, provided that such company after listing continued to maintain a minimum public float of 20%.

Accordingly, 25% of the shares of the Company were offered and issued to the general public by way of an IPO in December 2015 and shares of the Company were listed on the CSE in January 2016. As at 31 December 2018, the public float of the Company's shares was above 20% while the Company was liable for income tax at 28% (before the tax reduction).

In view of the above, the Company was considered eligible for the 50% tax reduction during the reporting period and income tax was calculated at the rate of 14% (2017 – 14%).

11. Basic earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	For the year ended		For the three months ended	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	(Unaudited)	**(Audited)**	**(Unaudited)**	**(Unaudited)**
Profit for the period (Rs.)	729,062,307	773,085,446	225,196,826	184,558,440
Weighted average number of shares	200,000,000	200,000,000	200,000,000	200,000,000
Basic earnings per share (Rs.)	3.65	3.87	1.13	0.92

12. Financial investments

	Carrying value		Fair value	
As at	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
	Rs.	**Rs.**	**Rs.**	**Rs.**
	(Unaudited)	**(Audited)**	**(Unaudited)**	**(Audited)**
Financial assets at FVPL	58,170,496	135,561,249	58,170,496	135,561,249
Debt instruments at amortised cost	6,547,843,993	-	6,578,695,344	-
Loans and receivables	-	5,140,019,075	-	5,058,667,506
Debt instruments at FVOCI	52,249,700	-	52,249,700	-
Available-for-sale instruments	-	861,014,122	-	861,014,122
	6,658,264,189	6,136,594,446	6,689,115,540	6,055,242,877

13. Insurance contract liabilities

As at	**31.12.2018**	**31.12.2017**
	Rs.	**Rs.**
	(Unaudited)	**(Audited)**
Provision for net unearned premium	2,873,860,648	2,473,712,187
Provision for gross outstanding claims	939,962,499	948,670,220
Provision for gross incurred but not reported (IBNR) claims	553,742,378	651,172,114
	4,367,565,525	4,073,554,521

13.1 Actuarial valuation of claim liabilities

Consultant actuaries of the Company have carried out an actuarial valuation of claim liabilities as at 31 December 2018. According to the said actuarial valuation, the Company had adequate provisions in the financial statements.

13.2 Liability adequacy test

The liability adequacy test (LAT) performed by consultant actuaries for the balance as at 31 December 2018 concluded that the liability value is sufficient to meet future claims and expenses. Hence, no provision was made for premium deficiency.

14. Related party transactions

The Company carries out transactions in the ordinary course of business on and arm's length with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) 24 - Related Party Disclosures.

Details of the related party transactions are reported below.

14.1 Transactions and outstanding balances with the ultimate parent - People's Bank

For the year ended	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium in respect of their own policies	220,019,726	207,376,622
Insurance premium in respect of customers introduced	97,066,364	106,731,966
Service charge expense	13,918,876	13,648,167
Claims expense	60,854,415	48,674,994
Investment in repurchase agreements (including reinvestments made during the year)	19,768,999,900	20,116,141,498
Settlement of repurchase agreements (including settlement for reinvestments)	20,118,326,014	19,681,090,614
Investment income from overnight repurchase agreements	6,063,212	7,640,158
Treasury bills purchased	2,957,553,210	2,998,349,433
Treasury bills matured	2,237,536,300	3,779,141,967
Interest income from fixed deposits	32,366,394	4,165,395
Interest income from special foreign currency savings account	332,139	269,846
Building rent expense	900,000	900,000

Outstanding balances

As at	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium receivable in respect of their own policies	122,202	12,720
Insurance premium receivable in respect of customers introduced	29,563,941	26,006,828
Service charge expense payable	3,398,871	4,290,130
Claims outstanding	177,801,253	173,314,776
Fixed deposits	473,079,051	82,439,636
Special foreign currency savings account	32,692,201	20,274,626
Building rent expenses payable	900,000	225,000
Cash at bank	144,416,124	115,478,950
Bank overdraft	147,913,637	68,837,191

14.2 Transactions and outstanding balances with the immediate parent - People's Leasing & Finance PLC

Transactions

For the year ended	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium in respect of their own policies	125,525,438	132,164,492
Insurance premium in respect of customers introduced	3,680,031,773	3,367,947,044
Service charges	506,725,248	466,064,247
Support service expense Note	9,940,712	10,278,185
Computer maintenance expense	41,487,092	37,579,477
Debenture interest	14,941,936	16,853,277
Interest income from savings accounts	1,237,208	1,467,985
Interest income from fixed deposits	46,907,137	29,429,235
Building rent expenses	12,530,996	10,620,623
Vehicle yard expenses	2,785,898	2,147,891
Accomadation income on Negombo branch	153,061	153,061
Dividends paid	300,000,000	262,500,000

Outstanding balances

As at	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium receivable in respect of their own policies	922,373	744,262
Insurance premium receivable in respect of customers introduced	689,171,777	643,225,032
Service charges payable	195,279,894	192,360,349
Claims outstanding	5,631,914	8,743,044
Support service charges payable	-	2,181,288
Computer maintenance expense payable	-	-
Debentures	136,865,937	112,795,714
Savings accounts	10,180,841	4,030,818
Fixed deposits	465,611,497	288,262,262
Building rent expenses payable	689,946	1,378,670
Inter-company current account payable	6,584,921	14,680,868
Vehicle yard expense receivable	228,263	175,236
Accomadation income receivable on Negambo branch of PLC	12,755	12,755

Note: Support service expense mainly includes amounts payable in respect of information and communication technology and logistics services provided to the Company.

14.3 Transactions and outstanding balances with subsidiary companies of parent company

People's Leasing Fleet Management Limited

Transactions

For the year ended	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium in respect of their own policies	10,823,610	10,426,234
Vehicle hiring expenses	4,672,764	3,375,512
Assessor's fees	14,727,513	13,180,846

Outstanding balances

As at	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium receivable	580,076	1,054,226
Inter company current account payable	388,424	323,348

People's Microfinance Limited

Transactions

For the year ended	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium in respect of their own policies	6,684,526	6,605,798
Insurance premium in respect of customers introduced	141,603,726	106,130,453
Service charges	19,080,894	13,917,635
Rent income from Galle branch	1,018,583	957,785

Outstanding balances

As at	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium receivable in respect of their own policies	303,155	184,819
Insurance premium receivable in respect of customers introduced	24,075,716	23,258,297
Service charges payable	4,656,341	4,054,933
Rent income receivable on Galle branch	94,778	89,313

People's Merchant Finance PLC

Transactions

For the year ended	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium in respect of their own policies	397,900	5,733,503
Insurance premium in respect of customers introduced	4,530,803	4,025,961
Service charges	558,067	602,365

Outstanding balances

As at	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium receivable in respect of customers introduced	1,094,670	1,475,535
Insurance premium receivable in respect of their own policies	234,012	1,147,289
Service charges payable	122,031	124,691

People's Leasing Havelock Properties Limited

Transactions

For the year ended	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium in respect of their own policies	2,002,754	2,534,801
Rent expense	57,204,080	44,712,887

Outstanding balances

As at	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Insurance premium receivable in respect of their own policies	-	-
Rent expense payble	-	-
Rent paid in advance	87,000,000	87,000,000

14.4 Transactions with other related companies

Other related entities are those which are controlled or significantly influenced, directly or indirectly by key management personnel of the Company.

Name of the Company	Control, joint control or significant influence by key management personnel	Nature of transaction	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
MTD Walkers PLC	Mr. Jehan P. Amaratunga	Investment income from debentures	4,402,739	4,892,724
		Carrying amount of investment in debenture	26,205,866	51,229,051
Sanasa Development Bank	Mr. Lakshman Abeysekera	Investment income from debentures	5,149,993	5,142,900
		Carrying amount of investment in debenture	52,621,828	52,621,836

14.5 Transactions and outstanding balances with the key management personnel

People's Insurance PLC considers its Board of Directors, Chief Executive Officer and their immediate family members as the key management personnel of the Company.

Transactions

For the year ended	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Short-term employment benefits	21,230,975	11,057,500

14.6 Transactions with the Government of Sri Lanka and its related entities

Transactions with the Government of Sri Lanka/entities controlled, jointly controlled, significantly influenced by the Government of Sri Lanka.

The Government of Sri Lanka has the right to directly control the ultimate parent company People's Bank at 31 December 2018 and thereby holds an indirect control over the Company. Accordingly, the Company has considered the Government of Sri Lanka and other entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka (Government related entities) as related parties according to LKAS 24 - Related Party Disclosures.

Name of the company/entity	Nature of transaction	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Government of Sri Lanka	Investment balance	1,233,073,257	1,440,722,686
	Investment income	99,928,488	130,231,011
Other Government related banks	Investment balance	473,079,051	82,439,636
	Investment income	32,366,394	4,165,395

Apart from the transactions listed above, the Company has carried out transactions with other government related entities in the form of premium income, reinsurance premium, claims, taxes, utility bills, regulatory charges, etc. The total of such payments made during the year ended are as follows:

Nature of transaction	31.12.2018 Rs. (Unaudited)	31.12.2017 Rs. (Audited)
Premium income from the Government and other Government related entities	51,102,926	1,405,512
Claims paid to the Government and other Government related entities	60,854,415	48,674,994
Reinsurance premium (net of commission)	277,847,022	239,291,395
Taxes paid	883,355,820	716,916,839
Regulatory charges	25,533,855	22,051,836
Utility expenses	17,289,790	16,854,571

15. Events after the reporting date

The Board of Directors of the Company has proposed a final dividend of Rs. 1.10 per share for the financial year ended 31 December 2018 to be approved at the forthcoming Annual General Meeting. In accordance with Sri Lanka Accounting Standards (LKAS) 10 - Events after the Reporting Period, this proposed dividend has not been recognised as a liability as at 31 December 2018.

There have been no events subsequent to the reporting date, which would have any material effect on the Company, other than disclosed above.

16. Capital commitments

There were no significant capital commitments as at the reporting date (2017 - 1,268,577).

17. Contingencies

In the opinion of the Directors and the Company’s lawyers, pending litigations against the Company will not have a material impact on the reported financial results or future operations of the Company.

All pending litigation for claims have been evaluated and adequate provisions have been made in the financial statements.

PEOPLE'S INSURANCE PLC
SHARE INFORMATION

The information required by section 7.4 of the Listing Rules of the Colombo Stock Exchange (CSE) in its interim financial statements is disclosed below.

Liability to management fees or other similar nature expenditure

Liability to management fees or any other similar expenditure have been provided for in the interim accounts where applicable.

Top 20 shareholders

Name of the shareholder	As at 31 December 2018	
	No. of shares	%
People's Leasing & Finance PLC	150,000,000	75.00
Mr. Kulappu Arachchige Don Anurada Perera	7,363,784	3.68
J.B. Cocoshell (Pvt) Ltd.	4,766,838	2.38
Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	2,934,413	1.47
Rubber Investment Trust Limited A/C # 01	2,489,400	1.24
Seylan Bank PLC/ Pinnaduwage Aravinda De Silva	2,476,242	1.24
Askold (Private) Limited	2,422,600	1.21
Ceylon Investment PLC A/C # 02	1,765,200	0.88
Ceylon Guardian Investment Trust PLC A/C # 02	1,717,194	0.86
Mrs. Indrani Kusumalatha De Silva	1,500,800	0.75
Jafferjee Brothers (Exports) Limited	1,159,300	0.58
Mr. Murtaza Ali Jafferjee	1,025,467	0.51
Bank of Ceylon A/C NDB Wealth Growth Fund	775,000	0.39
Miss. Anushka Wijenayake	774,329	0.39
Dr. (Mrs.) Vasantha Bandaranayake	737,426	0.37
Seylan Bank PLC/ Channa Nalin Rajahmoney	675,000	0.34
Elgin Investments Limited.	650,000	0.33
Hallsville Trading Group Inc.	626,500	0.31
E.W.Balasuriya & Co. (Pvt) Ltd.	626,500	0.31
ACL Plastics Ltd.	585,500	0.29
	185,071,493	92.53
Others	14,928,507	7.47
	200,000,000	**100.00**

Public shareholding

	31 December 2018	
	No. of shares	% of total no. of shares
Number of shares	50,000,000	25.00%
Number of shareholders	1,629	99.94%

Directors' shareholdings

Name of the Director	No. of shares as at 31 December 2018
	-
Mr. J.P. Amaratunga	-
Mr. N.V. Kumar	-
Mr. L. Abeysekera	-
Mr. W.M.A. Bandara	-
Mr. S.P.K. Gunarathne	-
Mr. N.P. Karunarathne	-
Mr. A.S. Ibrahim	-

PEOPLE'S INSURANCE PLC
SHARE INFORMATION

Stated capital

The number of shares representing the Company's stated capital is given below.

	No. of shares as at 31 December 2018
Stated capital (Rs.)	1,350,000,000
No. of shares	200,000,000
Class of shares	Ordinary shares
Voting rights	One vote per ordinary share

Share performance	**Rs.**
Net asset value per share as at 31 December 2018	16.88
Highest price per share for the interim period	21.00
Lowest price per share for the interim period	18.70
Last traded price per share as at 31 December 2018	19.10

INITIAL PUBLIC OFFERING

Raise of funds

The Company offered 50 million ordinary shares at Rs. 15 per share to the public and raised Rs. 750 million from the Initial Public Offering (IPO) carried out in December 2015. New ordinary shares in respect of the IPO were issued in January 2016. The objectives of the IPO were as follows;

1. Meet the regulatory requirement of listing the Company on a licensed stock exchange by 7 February 2016 as per section 52(1) of the Regulation of Insurance Industry (Amendment) Act No. 3 of 2011.

2. Further strengthen the equity base of the Company and thereby the Capital Adequacy Ratio (CAR) under the Risk Based Capital (RBC) regime implemented by the Insurance Regulatory Commission Of Sri Lanka (IRCSL) effective from 2016.

The funds raised from the IPO were to be invested in financial securities keeping in line with asset allocation strategy of the Company.

Utilisation of funds

According to the objective number two specified above, the funds raised were invested in financial securities. A detailed analysis of the utilisation of funds is tabulated below.

Obj. No.	Objective as per prospectus	Amount allocated as per Prospectus in Rs.	Proposed date of utilisation as per prospectus	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilised in Rs. (B)	% of utilisation against allocation (B/A)	Classification if not fully utilised including where the funds are invested
2	Please refer objective no. 2 above. The proposed asset allocation for the funds raised through IPO as per the prospectus is as follows;							
	Corporate debt 50%	375,000,000	During the financial year 2016	375,000,000	50%	375,000,000	100%	
	Fixed deposits 25%	187,500,000		187,500,000	25%	187,500,000	100%	
	Government securities 15%	112,500,000		112,500,000	15%	172,600,644	153%	
	Equity 10%	75,000,000		75,000,000	10%	14,899,356	20%	Note
		750,000,000		750,000,000	100%	750,000,000		

Note: The amount invested in equity does not include the listed shares amounting to Rs. 54,547,479 which were purchased using the IPO funds and sold as at the reporting date. Unutilised funds have been invested in government securities.