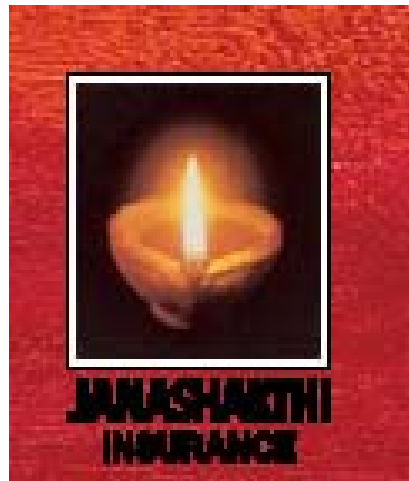


JANASHAKTHI INSURANCE COMPANY LIMITED

INITIAL PUBLIC OFFERING



PROSPECTUS

JANASHAKTHI INSURANCE COMPANY LIMITED

Initial Public Offering of 16,500,000 Ordinary Shares @ LKR 12 per share with the option to issue upto a further 16,500,000 Ordinary Shares @ LKR 12 per share at the discretion of the Company in the event of an Oversubscription

On the Second Board of the Colombo Stock Exchange

Managers and Registrars to the Issue



*A Subsidiary of Bank of Ceylon
In Alliance with SBI Capital Markets Ltd of India*

The delivery of this Prospectus shall not under any circumstances constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus.

If you are in any doubt regarding the contents of this document or if you require any advice in this regard, you should consult your Stock Broker, Bank Manager, Lawyer or any other Professional Advisor.

PROSPECTUS

This Prospectus is dated 03 June 2008.

This Prospectus has been prepared by Merchant Bank of Sri Lanka PLC on behalf of Janashakthi Insurance Company Ltd (hereinafter sometimes referred to as "the Company") from information supplied by the Company and its Directors or which is publicly available. The Company and its Directors having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which, would make any statement herein misleading. While Merchant Bank of Sri Lanka PLC has taken reasonable care to ensure full and fair disclosure, it does not assume responsibility for any investment decision made by the investors based on the information contained herein. In making investment decisions prospective investors must rely on their own examination and assessments of the Company and the terms of the Issue, including the risks involved.

No person has been authorised to give any information or to make any representation not contained in this Prospectus in connection with this offering and if given or made, any such information or representation must not be relied upon as having been authorised by Merchant Bank of Sri Lanka PLC.

The Colombo Stock Exchange (CSE) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed or reports included in the Prospectus. Moreover, the CSE does not regulate the pricing of shares, which is decided solely by the Company/Issuer.

REGISTRATION

A copy of this Prospectus has been delivered to the Registrar of Companies of Sri Lanka for registration in accordance with the provisions contained in the Companies Act No. 07 of 2007.

The following documents were attached to the copy of the Prospectus delivered to the Registrar of Companies:

- ◆ The written consent of the Bankers to the Company and the Bankers to the Issue
- ◆ The written consent of the Auditors/Reporting Accountants to the Company
- ◆ The written consent of the Lawyers to the Company
- ◆ The written consent of the Managers & Registrars to the Issue
- ◆ The written consent given by the Actuary to the Company
- ◆ A declaration made by each of the Directors of the Company confirming that each of them have read the provisions of the Companies Act relating to the issue of the Prospectus and that those provisions have been complied with.

In terms of the provisions contained in the Companies Act,

- ◆ The Bankers to the Company and the Bankers to the Issue have given, and have not, before delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Bankers to the Company and the Bankers to the Issue in the prospectus.
- ◆ The Company's Lawyers have given and have not, before delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Lawyers to the Company in the Prospectus.
- ◆ The Auditors/ Reporting Accountants to the Company have given, and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Auditors/ Reporting Accountants to the Company, and for the inclusion of their report/statements in the form and context in which it is included in the Prospectus.
- ◆ The Managers, Registrars and Sponsors to the Issue have given, and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Managers, Registrars and Sponsors to the Issue, and for the inclusion of their statements/declaration in the form and context in which it is included in the Prospectus.
- ◆ The Actuary has given and has not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the Actuarial Report in the form and context in which it is included in the Prospectus.

This Prospectus has not been registered with any Authority outside Sri Lanka.

This issue as contemplated in this Prospectus, is made in Sri Lanka and is subject to the exclusive jurisdiction of the Courts of Sri Lanka.

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DEFINITIONS

The following DEFINITIONS apply throughout this prospectus, unless the context otherwise requires:-

Application Form	:	The Official Application Form and / or photocopies of the Official Application Form
The Company	:	Janashakthi Insurance Company Limited
CDS	:	Central Depository Systems (Pvt) Limited
Companies Act	:	Companies Act No. 07 of 2007
CSE	:	Colombo Stock Exchange
SEC	:	Securities & Exchange Commission of Sri Lanka
Directors	:	The Directors for the time being of the Company, unless otherwise stated
Government	:	Government of the Democratic Socialist Republic of Sri Lanka
IPO	:	Initial Public Offering
Offer	:	Invitation for the subscription of 16,500,000 Ordinary shares of Janashakthi Insurance Company Limited @ LKR 12 per share as envisaged by this Prospectus with the option to issue upto a further 16,500,000 Ordinary Shares @ LKR 12 per share at the discretion of the Company in the event of an Oversubscription
Issue	:	Issue of shares of the Company to the Public as envisaged by this Prospectus
Issuer	:	Janashakthi Insurance Company Limited
Issue price	:	LKR 12 per Ordinary Share
MBSL	:	Merchant Bank of Sri Lanka PLC
Market Day	:	Any day on which the CSE is open for trading
Mn	:	Million
Bn	:	Billion
NIC	:	National Identity Card
Ordinary Share(s)	:	Ordinary Share(s) of the Company
POA	:	Power of Attorney
LKR	:	Sri Lankan Rupees
GDP	:	Gross Domestic Product
IBSL	:	Insurance Board of Sri Lanka
Pvt	:	Private

1. CORPORATE INFORMATION

ISSUER	:	Janashakthi Insurance Company Limited
REGISTERED OFFICE	:	No. 24, Staples Street, Colombo 2
COMPANY REGISTRATION NO.	:	PB 307 [Old No. N (PBS) 364]
TELEPHONE	:	(94) 11 2309999
FAX	:	(94) 11 2334864
E-MAIL / WEBSITE	:	ipo@janashakthi.com www.janashakthi.com
DATE, PLACE AND THE AUTHORITY OF INCORPORATION	:	Incorporated as a Public Limited Liability Company under the Companies Act No. 17 of 1982 on 28 August 1992 in Colombo in the name of Janashakthi Life Insurance Company Limited. The name Janashakthi Life Insurance Company Limited was changed to Janashakthi Insurance Company Limited on 21 August 2000. Presently, registered under the Companies Act No. 07 of 2007.
BOARD OF DIRECTORS	:	Mr W T Ellawala – Chairman Mr C T A Schaffter – Deputy Chairman Mr Prakash Schaffter – Managing Director Mr Eardley Perera Deshamanya Dr Nihal Jinasena Ms Anushya Coomaraswamy Mr Ramesh Schaffter Ms Manjula Mathews Mr L C R de C Wijetunge
SECRETARY TO THE BOARD	:	Mr Ramesh Schaffter
SECRETARIES TO THE COMPANY	:	KHL Corporate Services Ltd 165, Kynsey Road Colombo 8
AUDITORS/REPORTING ACCOUNTANTS TO THE COMPANY	:	M/s SJMS Associates Chartered Accountants No.2, Castle Lane, Colombo 04
LAWYERS TO THE COMPANY	:	Messers Murugesu & Neelakandan Attorneys-at-Law M & N Building Level 5, No.2, Deal Place, Colombo 3
BANKERS TO THE COMPANY AND TO THE ISSUE	:	Bank of Ceylon No 4 Bank of Ceylon Mawatha Colombo 01
MANAGERS, REGISTRARS AND SPONSORS TO THE ISSUE	:	Merchant Bank of Sri Lanka PLC Bank of Ceylon Merchant Tower 28, St. Michael's Road Colombo 3

2. INFORMATION CONCERNING THE ISSUE

2.1 Invitation to subscribe

Janashakthi Insurance Company Limited (hereinafter referred to as the "Company") invites applications from the public to subscribe for Sixteen Million Five Hundred Thousand (16,500,000) Ordinary Shares of the Company, at an issue price of Sri Lankan Rupees Twelve (LKR 12) per share, payable in full on application on the terms and conditions set out in this Prospectus.

The Company may at its discretion issue upto a further Sixteen Million Five Hundred Thousand (16,500,000) Ordinary Shares at a price of Sri Lankan Rupees Twelve (LKR 12) per share in the event of an oversubscription.

The Company and the Directors are of the opinion that the issue price of LKR 12 per share is fair and reasonable to the Company and to all existing shareholders of the Company.

These shares will rank equal and pari passu with the existing issued ordinary shares of the Company with full voting rights and the right to participate in any dividend or distribution of reserves that may be declared after the allotment of shares.

2.2 Objectives of the Issue

- To raise funds, which will be utilised to improve the standard of human resources of the Company through investment in training, embark on marketing campaigns to further improve brand image and market share and to upgrade information technology systems to provide better customer service.
- To facilitate the listing of the Company's ordinary shares on the Second Board of the Colombo Stock Exchange (CSE).

2.3 Objectives of Listing

- To provide an opportunity to the public to participate in the equity of the Company which in turn will broad base the ownership.
- To allow the Company greater access to the capital markets of Sri Lanka.

2.4 Listing

An application has been submitted to the CSE for permission to deal in and for an official quotation of Three Hundred and Sixty Three Million One Hundred and Thirty Two (363,000,132) Ordinary Shares, which comprises the following:

- a) The entire Three Hundred and Thirty Million One Hundred and Thirty Two (330,000,132) issued and fully paid Ordinary shares of the Company as at the date of this Prospectus
- b) The Sixteen Million Five Hundred Thousand (16,500,000) Ordinary Shares which may be initially issued to the public pursuant to this Initial Public Offering
- c) The Sixteen Million Five Hundred Thousand (16,500,000) Ordinary Shares which may be issued to the public at the discretion of the Company in the event of an oversubscription.

Upon the successful completion of the Issue the Ordinary Shares of the Company will be listed on the Second Board of the Official List of the CSE.

2.5 Subscription List

Subject to the provisions contained below, the Subscription List for the shares will open at 9.00 a.m. on 16 June 2008 and shall remain open for 14 market days until closure at 4.30 p.m. on 04 July 2008.

The Directors upon providing one market day prior notice to the CSE have the discretion of closing the Subscription List on any market day within the said period of 14 days, irrespective of the number of shares subscribed for on this invitation.

In the event of an oversubscription of the initial 16,500,000 ordinary shares the subscription list will close at 4.30 p.m. on the same day on which it is fully subscribed, with the agreement of CSE, unless otherwise decided by the Company to keep the subscription list open until subscription of a further 16,500,000 ordinary shares or part thereof as may be decided by the Company. In such event the subscription list will close at 4.30 p.m. on the day on which a further 16,500,000 ordinary shares or part thereof as may be decided by the Company have been subscribed, with the agreement of CSE or on 04 July 2008 whichever is earlier.

Applications may be made forthwith. Duly completed applications will be accepted in the manner set out under the Procedure for Application in Section 3 on page 05 of this Prospectus.

2.6 Who May Apply

Applications are invited for the subscription of Sixteen Million Five Hundred Thousand (16,500,000) Ordinary Shares of the Company from the following categories of applicants:

- ◆ Citizens of Sri Lanka who are resident in or outside Sri Lanka and above 18 years of age;
- ◆ Companies, corporations and other corporate bodies incorporated or established in Sri Lanka;
- ◆ Approved Provident Funds, Trust Funds and Contributory Pension Schemes Registered /Incorporated /Established in Sri Lanka;
- ◆ Foreign citizens above 18 years of age;
- ◆ Regional funds and Country funds approved by the Ministry of Finance/Securities and Exchange Commission of Sri Lanka;
- ◆ Corporate bodies incorporated or established outside Sri Lanka;

Applications will not be accepted from individuals under the age of 18 years or in the name of sole proprietorships, partnerships, unincorporated trusts or non corporate bodies.

In the case of approved Provident Funds, Trust Funds and approved contributory Pension Schemes the applications should be in the name of the Trustee/ Board of Management in order to facilitate the opening of the CDS accounts.

2.7 Prospectus and Application Forms

Copies of the Prospectus and Application Forms, may be obtained free of charge from the Collection Points listed in "Annexure I".

2.8 Basis of Allotment of Shares

The basis of allotment of shares will be decided by the Board of Directors of the Company before the expiry of seven (7) market days from the closure of the Subscription List.

No preferential allotments will be made by the Company with regard to any specific individual or entity. The allotments will be made in a fair manner.

2.9 Transfer of Shares

The shares allotted pursuant to this Initial Public Offering shall not be transferable during the period between the date of allotment/issue of shares and the date of commencement of trading on the CSE.

3. PROCEDURE FOR APPLICATION

3.1 How to apply

1. Applications must be made on the Application Forms, which accompany and constitute a part of this Prospectus.
2. Applications are permitted on exact size photocopies of the Application Form issued with the Prospectus. Applicants using photocopies are requested to inspect the Prospectus, which is available for inspection and also issued free of charge at the Collection Points listed under "Annexure I". Care must be taken to follow the instructions on the reverse of the Application Form. Applications, which do not strictly conform, to such instructions and other conditions set out below or which are illegible may be rejected.
3. Applications should be made for a minimum of one hundred (100) shares or multiples thereof. Applications for less than one hundred (100) shares or for a number, which is not in multiples of one hundred (100) will be rejected.
4. Applications by companies, corporate bodies, approved Provident Funds, Trust Funds and approved Contributory Pension Schemes registered/incorporated/established in Sri Lanka should be made under their common seal or in any other manner as provided by their Articles of Association or such other constitutional documents of such applicant or as per the statutes governing them. In the case of approved Provident Funds, Trust Funds and approved Contributory Pensions Schemes the applications should be in the name of the Trustee/ Board of Management in order to facilitate the opening of the CDS accounts.
5. Joint Applicants should note that all parties in the Joint Application should either be residents of Sri Lanka or non residents. An applicant of a Joint Application will not be eligible to send a separate application either individually or jointly. Only one application should be made by any person or entity. Multiple applications will be rejected.
6. Applications received from individuals under the age of 18 years, or in the names of sole proprietorships, partnerships, unincorporated trusts or non-corporate bodies will also be rejected.
7. The Application Forms may be signed by someone on behalf of the applicant(s) provided that such person holds the Power of Attorney (POA) of the applicant(s). A copy of such POA certified by a Notary Public should accompany such application and should be lodged with the Managers/Registrars to the Issue along with the Application Form. **Original POA should not be attached.**

8. If the Applicants wish to lodge the shares allotted, directly to their account maintained with the Central Depository Systems (Pvt) Limited (CDS), they should state their CDS account number in the space provided in the Application Form. In such a situation the shares allotted to them will be directly deposited in their CDS account and the Company will not issue a share certificate to such applicants. Direct lodgement with the CDS will be notified by despatch of letters of Direct Lodgement. Application forms stating 3rd party CDS Account Numbers, instead of their own CDS Account Numbers, except in the case of Margin Trading, will be rejected.
9. It is suggested that the applicants should lodge the shares allotted to them directly to their CDS account if they want to be certain of trading their shares on the date trading commences.
10. Applicants, who wish to apply through their Margin Trading Account, should submit the application signed by the Margin provider, requesting a direct upload of shares to the CDS Margin Trading A/c. The Margin provider should indicate the relevant CDS A/c number relating to the Margin Trading A/c in the space provided in the Application Form.

A copy of the Margin Trading Agreement should be submitted along with the Application.

11. Margin Providers can apply under their own name and such applications will not be construed as multiple applications.
12. A Sri Lankan citizen must state his/her National Identity Card (NIC) number in the Application Form. In the case of corporate entities the Company Registration Number must be given. A foreign citizen must state his/her Passport Number in the space provided. A Sri Lankan citizen can state the Passport Number only when the NIC number is not available, provided that such applicant lodges his/her shares directly with the CDS.

Any application form which does not state the NIC, Passport or Company Registration Number as the case may be, will be rejected.

13. Application Forms properly filled in accordance with the instructions thereof, together with the remittance (Cheque, bank draft or bank guarantee as the case may be) for the full amount payable on application should be enclosed in a sealed envelope marked **"JANASHAKTHI INSURANCE COMPANY LIMITED – INITIAL PUBLIC OFFERING"** and be addressed and despatched by post or delivered by hand to the **"Managers/Registrars to the Issue"** at the following address:-

Managers/Registrar to the Issue
Merchant Bank of Sri Lanka PLC
Level 18,
Bank of Ceylon Merchant Tower
No. 28, St. Michael's Road
Colombo 3

14. Applications could also be handed over to any member firm of the Colombo Stock Exchange, to the Bankers and its branches or to the Janashakthi Branches set out in "Annexure I – Collection Points".

Applications sent by post or delivered to any Collection Point should reach the office of the Managers/Registrars to the Issue at least by 4.30 p.m. on the succeeding market day immediately upon the closure of the Subscription List. Applications received after the said duration will be rejected even though they have been delivered to any Collection Point prior to the closing date or carry a postmark dated prior to the closing date.

3.2 Mode of Payment

1. Payment should be made separately in respect of each application only by way of cheque, bank draft or bank guarantee, as the case may be. Each Application Form should be accompanied by no more than one cheque, bank draft or bank guarantee. Applications with two or more cheques, bank drafts or bank guarantees will be rejected. Application Forms accompanied by cash will not be accepted. All expenses inclusive of charges relating to Real Time Gross Settlements (RTGS) should be borne by the applicant.
2. Payments for applications for values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000) should only be supported by a Bank Guarantee. Cheques and Bank Drafts will not be accepted for values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000). Applicants are advised to ensure that sufficient funds are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Mangers/Registrars to the Issue. It is advisable that the applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved.
3. Cheques or Bank Drafts should be drawn upon any commercial bank in Sri Lanka and crossed "Account Payee Only" and made payable to "**Janashakthi Insurance Company Limited – Share Issue Account**". The bank guarantees should be in a manner acceptable to the Company and should be issued by a commercial bank in Sri Lanka and payable on demand to **Janashakthi Insurance Company Limited - Share Issue Account**.
4. The amount payable should be calculated by multiplying the number of shares applied for by the issue price of LKR 12 per share. If there is discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee, the application will be rejected.
5. In the event that cheques are not realised prior to the date of deciding the basis of allotment, the monies will be refunded and no allotment of shares will be made. Cheques must be honoured on first presentation for the application to be valid.
6. All cheques/bank drafts received in respect of applications will be banked immediately after the closure of the subscription list.

3.3 Foreign Currency Remittance

This section is applicable to the citizens of Sri Lanka above 18 years of age who are resident overseas, corporate bodies incorporated or established outside Sri Lanka, foreign citizens above 18 years of age and regional or country funds approved by the Ministry of Finance/SEC.

Such applicants should make their payments in one of the following ways:

1. Through a Share Investment External Rupee Account (SIERA) maintained with any commercial bank in Sri Lanka. A foreign institutional investor may use a Custodian Bank as an intermediary when investing in the Sri Lankan securities market. The intermediary may open a SIERA on the investor's behalf. In conjunction with a SIERA an account must be opened with the Central Depository System (CDS). Payment for shares should be made through bank drafts purchased out of the funds in the SIERA and made payable to "**Janashakthi Insurance Company Limited – Share Issue Account**".

2. Inward remittances of foreign currency may be held in a Foreign Currency Banking Unit (FCBU) Account of the applicants with any commercial bank in Sri Lanka, in which case such applicants could forward their applications supported by a Bank Guarantee drawn on the applicant's FCBU account in lieu of a bank draft pending allotment of shares. Upon allotment of shares, foreign currency to the extent of Sri Lankan Rupee equivalent value of the shares allotted should be credited to a SIERA opened in favour of the applicant. This procedure would protect a prospective investor from any losses accruing due to fluctuating exchange rates.
3. Bank guarantees issued by a commercial bank in Sri Lanka will be accepted from foreign investors and non resident Sri Lankan citizens provided that such bank guarantee is drawn against either a FCBU or SIERA Account maintained with the said bank. An endorsement to such effect by the commercial bank would be required on the face of the bank guarantee.

Applications should be made in conformity with requisite declarations accompanied by the documentation stipulated by the Controller of Exchange of Sri Lanka.

3.4 Rejection of Applications

1. Application Forms and the accompanying cheques/bank drafts or bank guarantees, which are incomplete in any way and/or are not in accordance with the terms and conditions and instructions, set out in this Prospectus will be rejected at the sole discretion of the Company.
2. Applications delivered by hand after the subscription list is closed will be rejected. Applications received by post after 4.30 p.m. on the succeeding market day immediately following the date of closure of the subscription list, will also be rejected even if they carry a post mark dated prior to the closing date of the subscription list.

Applications delivered to any Collection Point should also reach the office of the Managers/Registrars to the Issue at least by 4.30 p.m. on the succeeding market day immediately upon the closure of the Subscription List. Applications received after the said duration will be rejected even though they have been delivered to any Collection Point prior to the closing date.

3. The Directors of the Company reserves the right to refuse any application in total or to accept any application in part only.

3.5 Refunds and Share Certificates

1. Where an application is not accepted, subsequent to the cheque being realised the applicant's money in full or where an application is accepted only in part, the balance of the applicant's money will be refunded. All refunds will be made by crossed cheques and sent by post at the risk of the applicant. In the case of joint applications, the cheques will be drawn in favour of the applicant's name appearing first on the application form. Refund cheques on shares, which have not been allotted, will be posted before the expiry of twelve (12) market days from the date of closure of the subscription list. Applicants would be entitled to receive one percentage point (1%) above the one (01) year Weighted Average Treasury Bill yield of the immediately preceding week on any refunds not made within this period.

2. Share certificates will be despatched before the expiry of twenty five (25) market days, from the date of closure of the subscription list by registered post to the address provided by each shareholder in their respective applications. Joint Applicants shall be entitled to only one Share Certificate for the shares held jointly, which shall be despatched to the joint holder whose name appears first in the Register of Shareholders and the Company shall not be bound to register more than Three (03) persons (including the Principal Holder) as joint holders of any shares. Where requested by a shareholder, the shares allotted will be directly uploaded to the respective CDS accounts given in the application before the expiry of twenty (20) market days, from the date of closure of the subscription list. A written confirmation of the allocation will be sent to the applicant within two market days of crediting the CDS account, by ordinary post to the address provided by each applicant in their respective applications.
3. The Company will submit to the CSE a 'Declaration' within two market days of completing the crediting of the investors CDS Accounts and trading of shares will commence on or before the third market day upon receipt of the Declaration by the CSE.

In terms of the CSE listing rules the shares may be listed upon the completion of the CDS direct uploads and prior to dispatch of share certificates. Therefore investors who wish to trade shares in the secondary market from the first day of the commencement of trading are advised to request for a direct upload of shares to their CDS accounts by stating their CDS account number when applying for the shares. In the event that the CDS number is not stated in the application form the share certificates dispatched by post may not be received by the investors before the shares of the Company commences trading on the CSE.

4. AN OVERVIEW OF THE COMPANY

4.1 Historical Background

Janashakthi Life Insurance Company Limited was incorporated as a public company with limited liability on 28 August 1992. It commenced operations as Sri Lanka's first specialized Life Insurer on 15 September 1994. Thereafter Janashakthi General Insurance Company Limited was incorporated as Sri Lanka's first specialized General Insurer on 19 May 1995. Janashakthi took the concept of insurance to people's doorstep, with a rapid regionalization programme and established one of the widest branch networks in the industry. In 1997 Janashakthi Life made a significant profit and the Company declared its first bonus to policyholders.

Janashakthi General Insurance Company Limited was subsequently acquired by Janashakthi Life Insurance Company Limited and their business was transferred to Janashakthi Life Insurance Company Limited. Pursuant to the said acquisition and transfer of business, on 21 August 2000 Janashakthi Life Insurance Company Limited changed its name to Janashakthi Insurance Company Limited.

The year 2001 was a remarkable one for the Company, with several significant events taking place. Janashakthi Insurance Company Limited acquired controlling interest (51% equity stake) in National Insurance Corporation Limited (NICL) during the year. The Company achieved a significant milestone, with premium income exceeding LKR 1.0 billion. Another achievement during the year was the Life Operations Department receiving ISO 9002 International Service Quality Accreditation, the first insurer in Sri Lanka to receive this certification.

In 2002 Janashakthi launched a branch office in Male and became the first private insurer in Sri Lanka to open a representative office overseas while Jaffna and Batticaloa branches were established in the Northern and Eastern Provinces. In the year 2002 the Company acquired a further 39% equity stake in NICL.

Janashakthi in its 10th year of operations completed a unique achievement by booking LKR 3.1 Bn premium income and thus became the only insurer in Sri Lanka to surpass the LKR 3 Bn mark within the first 10 years of operation. The company launched the comprehensive motor insurance policy, "Janaratha Full Option" with an unmatched package of benefits, including "onsite" claim settlement and a dedicated 24 hour Call Center to support customer needs. Janashakthi became the 3rd largest insurer in Sri Lanka, in terms of overall Gross Written Premium (GWP).

Janashakthi Insurance Company Ltd and NICL were merged with effect from 31 December 2006 under a Court Order dated 26 October 2006, whereby the whole of the assets, undertakings, property, business and liabilities of NICL were vested with Janashakthi Insurance Company Ltd. Following the merger NICL was dissolved and Janashakthi Insurance Company Ltd remained as the continuing entity.

Despite competition, Janashakthi has gone from strength to strength, surpassing competitors who have been in business for a longer period of time. The company posted its highest ever total Gross Written Premium of LKR 4.8 billion in 2007, an 18 percent increase over 2006, which was a notable performance considering the difficult macro conditions in the country.

The Company was restructured during 2006 to meet the challenges of the future, recruiting tried and tested professionals at senior level and investing in training and skills development. The most significant change was the recognition and assessment of each branch and procurement centre as a distinct "profit centre", thereby inculcating in staff the cardinal business principle that increased sales need to generate a commensurate rise in profits as well as excellence in service standards. As a result, business expanded in 2007 with the Company posting a substantial profit of LKR 525 million.

Two new products were launched during the year 2007 – Awaranaya, a pre-emptive insurance against burglaries and a Directors and Officers Liability Insurance, to address the potential liability of directors under the new Companies Act No. 07 of 2007.





Janashakthi has always recognised and harnessed the power of technology in running its operations, such as the introduction of a Document Management System and the implementation of a Workflow Management System. It was the first company to have an on line branch network, introduced SMS transactions and also developed an in-house integrated life and general insurance software.

The passion for innovation is another unique "competency" which drives the organisation. Some of the firsts to Janashakthi's credit are a vehicle tracking & immobilisation system, 12 months zero interest instalment scheme, 15 days grace period, highest ever no claim bonus, hospital cash benefit for passengers and the ground breaking life time hospitalisation benefit through the Janashakthi Life Unlimited policy.




4.2 Products and Services



Upon identifying diversified customer needs and expectations, the Company has developed a range of solutions to deliver customer satisfaction. These products have been carefully developed with consumer insights gained from internal and/or external research.

Life Insurance Products

Product	Description
	This is a unique product that provides life time hospitalization cover beyond maturity.
	In the event of death or disability of the policyholder, Janashakthi Loan Guard ensures that valuable assets are still in the possession of loved ones without the burden of settling debts.
<i>Lakshmi</i>	This is a unique product, which offers regular periodic advance payments with the policyholder receiving returns before the maturity of the policy.
<i>Gitanjali</i>	The life cover triples during the policy span while the original premium payment remains constant. Furthermore, the product offers a higher return on maturity.
SHILPASHAKTHI	Shilpashakthi provides financial security and support for both secondary and tertiary education.
<i>Jeevan Vandana</i>	The policy spans 50 years from the day the child is born.
	A comprehensive retirement plan, which provides for a comfortable retirement. The uniqueness of this product is that there is a minimum guarantee for accumulation of funds.
	The product targets lower income segments. This is an over the counter insurance product, providing LKR 100,000 accident cover at LKR 200 per annum.

General Insurance

Product	Description
	The company's flagship brand, Janashakthi Full Option is the highest revenue contributor to the organization.
	Janashakthi Awaranaya, Sri Lanka's first and only Home and Business insurance product, equipped with a burglar alarm system.
	The only stand-alone child critical illness policy in Sri Lanka.

Product	Description
	Janashakthi Pay Direct Card allows policyholders to be hospitalized without the burden of making cash deposits, and allows the patient to walk out without making payment for the cover that he/she is entitled to under this product.
	The Company successfully executed e-Insurance, for Marine Insurance,

4.3 Properties

Type of Property	Address/ Location	Existing Use	Extent	Book Value As at 31 March 2008 LKR Mn
Freehold Buildings	Blake Road, Borella	Investment Property	6,311 Square Feet	85.00
Freehold Land	D S Senanayake Veediya, Kandy	Investment Property	57 Perches	108.00
Freehold Land & Building	Sumner Place, Borella	Investment Property	33.75 Perches 5,210 Square Feet	106.00
Freehold Land *	D S Senanayake Mawatha, Borella	Investment Property	12.65 Perches	48.70
Freehold Land & Building	Katuwana Road, Homagama	Investment Property	68.19 Perches 7,400 Square Feet	15.00
Leasehold Land	Anuradhapura	Investment Property	30 Acres	25.00
Freehold Land & Building	D S Senanayake Veediya, Kandy	Branch Office	12.5 Perches 4,148 Square Feet	42.00
Freehold Land & Building	Kurunegala Town	Branch Office	20.8 perches 7,174 Square Feet	43.63
Freehold Land	Ihaladiggala, Galewela, Matale District	Investment Property	46 Acres, 3 Roods, 3 Perches	22.60
Leasehold Land & Building	Muttiah Road, Colombo 2	Investment Property	1 Acre, 21.9 Perches	792.50

- * The Company has executed an Agreement to sell the property at D S Senanayake Mawatha, Borella (containing in extent 12.65 perches) to an independent third party for LKR 48.7 Mn.

There are no Mortgages, charges or any other encumbrances over the above mentioned properties as at 31 March 2008 other than the Agreement to sell mentioned above.

The Directors' and/or Promoters' involvement in transactions relating to the acquisition or disposal of the properties listed above as at 31 December 2007 are detailed out in the note number 33 of the financial statements on page No..... of this prospectus.

The property at Homagama was acquired on 06 February 2008 from Janashakthi Finance and Investments Limited for a sum of LKR 15 Mn. Mr Prakash Schaffter, Ms Manjula Mathews and Mr Ramesh Schaffter are also Directors of Janashakthi Finance and Investments Limited. Mr Ravi Liyanage, General Manager – Sales & Marketing of Janashakthi Insurance Company Limited is also a Director of Janashakthi Finance and Investments Limited.

The property at Anuradhapura has been leased from Espalier Futures Ltd which has common Directors.

4.4 Patents, Trade Marks and Brands owned by the Company

As at the date of this Prospectus the Company has no registered patents and trade marks.

As at the date of this Prospectus the Company owns the following **Brands** which are pending registration:

Janashakthi Full Option (Sinhala/Tamil/English)
Janaratha Full Option (Sinhala/Tamil/ English)
Jeevan Vandana (Sinhala/English)
Lakshimi (Sinhala/English)
Suwashakthi (Sinhala/English)
Gitanjali (Sinhala/English)
Janashakthi Life Unlimited (Sinhala/Tamil/ English)
Janashakthi Prathamadara (Sinhala/English)
Janashakthi Vishrama (Sinhala/English)
Podu Janashakthi (Sinhala/English)
Janashakthi Insurance Bond (English)
Loan Guard
Panchayudaya
Awaranaya

The following trade marks are owned by Schaffters (Pvt) Limited

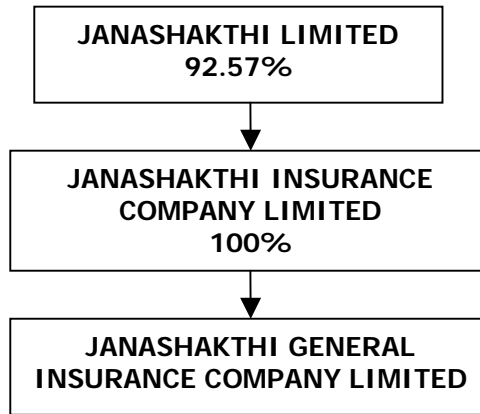
1. Janashakthi Logo (Lamp)
2. Janashakthi Logo (Line)

Mr Prakash Schaffter and Mr Ramesh Schaffter are common directors of Janashakthi Insurance Company Limited and Schaffters (Pvt) Limited, which is owned by P A Schaffter and R Schaffter.

4.5 Dependence on Key Customers and Suppliers

The Company does not depend on any key customers or suppliers due to the nature of the insurance business. At present the Company has 200,000 active life and 335,000 general policies in operation.

4.6 Group Structure



Janashakthi Limited the parent company owns 92.57% stake (305,493,372 shares) in Janashakthi Insurance Company Limited. Janashakthi Insurance Company Limited owns 100% stake (5,000,000 shares) in Janashakthi General Insurance Company Limited.

4.7 Litigation, Disputes and Contingent Liabilities

There are no material Contingent Liabilities or legal, arbitration or mediation proceedings pending against the Company as at 31 March 2008 that would materially affect the current financial position or future operations or profits of the Company other than those arising in the normal course of conducting Insurance Business.

The Company was not involved in any legal, arbitration or mediation proceedings in the recent past which had any significant effects on the Company's financial position or profitability other than those which arose in the normal course of conducting Insurance Business.

A statement pertaining to the pending litigations and contingent liabilities of the Company as at 31 December 2007 is set out under Note 35 to the financial statements on page of this Prospectus.

As at date there are no penalties imposed by any regulatory or statutory authorities against the Company.

4.8 Loans, Overdrafts & other Borrowings and material indebtedness

Name of Institution	Description	Amount Outstanding as at 31 March 2008 LKR
Capital Alliance	Obligation to Repurchase Government Securities	296,502,809.68
First Capital Treasuries	Obligation to Repurchase Government Securities	557,674,373.75
People's Bank	Block Loan	22,000,000.00
Commercial Bank	Bank Overdrafts	255,091,688.46
HSBC	Bank Overdrafts	74,698,660.87
	Total	1,205,967,533.76

There are no leasing, lease purchase or hire purchase commitments as at 31 March 2008 other than the lease rental payable on the leasehold properties mentioned in clause 4.3 above, which amounts to LKR 8.3 Mn per month.

There are no guarantees outstanding or other material contingent liabilities as at 31 March 2008 other than those arising in the normal course of Insurance Business. A statement pertaining to the contingent liabilities of the Company as at 31 December 2007 is set out under Note 35 to the financial statements on page of this Prospectus.

Mortgages and Charges on the assets of the Company as at 31 March 2008 are described below:-

Asset	Type of Security	Institution/Creditor
Fixed Deposits to the value of LKR 23 Mn	Collateral for Divipiyasa Housing Loan	State Mortgage and Investment Bank
Treasury Bonds to the value of LKR 1,015 Mn	Collateral against Repurchase obligations	First Capital Treasuries Limited
Treasury Bonds to the value of LKR 124 Mn	Collateral against Overdraft facilities	Commercial Bank and HSBC
Treasury Bonds to the value of LKR 536 Mn	Collateral against Repurchase obligations	Capital Alliance Limited

4.9 Investments as at 31 March 2008

Type of Investment	Non-Life Insurance LKR	Life Insurance LKR	Total LKR
Placements with Banks and Financial Institutions	34,980,224	23,996,084	58,976,308
Treasury Bonds	1,124,652,273	1,715,450,232	2,840,102,505
Reverse Repurchase Agreements	497,206,268	182,808,940	680,015,208
Investments in Equity Securities – Quoted	61,184,760	28,726,060	89,910,820
Corporate Debts	976,753,445	691,467,450	1,668,220,895
Investment Properties	714,808,099	465,519,401	1,180,327,500
Total	3,409,585,069	3,107,968,167	6,517,553,236

4.10 Management Agreements

There are no Management Agreements in place as at the date of this prospectus and at present no such Agreements are under consideration.

4.11 Research and Development

The Company has not incurred any specific expenditure on research and development over the last three years. New products are generated by the sales and marketing teams, the cost of which are not expensed separately.

5. FUTURE DIRECTION, PROSPECTS AND PLANS

The Company is a leader in the insurance industry and its performance over the last 10 years is an indication of the organizations' capabilities. The company will forge ahead with the competencies that it has gained over the past decade, which in turn the company believes, will provide the shareholders with a superior return.

The Company will further develop the sales of its motor product, through aggressive marketing campaigns across the island, both in the mass media and through sales promotion campaigns in order to maintain steady growth and a significant share of the market increasing brand visibility and recognition. The biggest challenge is to differentiate the product from competitors, to position the Company as innovators and offer attractive and beneficial products as in the case of the flagship Full Option brand. The Company will resolutely pursue this unwavering objective during 2008.

The Company will be identifying specific sales teams within the Company to target specific business segments, rather than having the sales force selling a complete basket of varied products. These teams will be trained in these respective product segments to cater to the needs of customers, by providing a more focused approach. The Company also undertook a Brand Equity and a Usage and Attitude Study, findings of which will be used to guide the sales and marketing for the coming year.

The Company is conscious of the need for continuous improvement in service standards. There will be a significant upgrading of services at the call center, front office and other related areas. Service standards are reviewed on an ongoing basis with emphasis on customer satisfaction and continuous research and audits will be conducted to ascertain the customer perspective.

The Company is committed to providing "world class" financial solutions and services to its valued customers through developing the competency and skills of its professional sales force to international standards. Everyone of the staff will be professionally equipped to meet evolving customer expectations and the challenges of tomorrow within a dynamic and vibrant industry. Therefore the company will continue to invest heavily in the continuous development and training of its staff.

The Marketing strategy for the coming year will be two-pronged. The Company is changing the way of selling insurance to make it more focused, while continuously innovating and developing new products. The Company's focus for next year is to consolidate the branch network that has been created via a very aggressive and well thought out distribution strategy centered around a large dedicated and committed sales force. The Company will also utilize continuous consumer insight building research activities as a basis on which a number of new products will be launched in the coming year. The Company believes that these new products will be a major catalyst for growth. Janashakthi expects the market to continue to be competitive in 2008, with smaller players continuing to compete on pricing. However, the Company is confident that it will be able to successfully face the challenges in the coming years.

Future Plans with regard to General Insurance Business

Market Development

- To consolidate 110 branches of the Company increasing the sales force from 1,000 individuals to 1,500 and 2,000 in 2008/2009 to enhance, reach and service levels through an aggressive personal selling strategy.

- Consolidate the current bancassurance tie-up with ICICI bank and explore possibilities of tying up with more commercial banks in 2008/2009.
- To consolidate current tie-ups with finance and leasing companies via sharing company extra-net to enhance greater volume and value expansion whilst exploring opportunities to tie-up with new leasing and finance institutions.
- Plans to tie-up with brokers / agents to explore overseas opportunities in particular in the Maldives and the Middle-East.
- To expand web enabled solutions in the areas of motor, travel, marine, health and householders insurance enabling potential policyholders to buy insurance through the web.

Product Development

- Constant research based new product development to enhance motor, non-motor, marine and other categories in general business.
- To explore opportunities of value enhancement of existing portfolio through leasing / banking and other products and services. Flagship brand Janashakthi Full Option to be reviewed in order to provide innovative value additions. Also to exploit technology to add greater value for the flagship brand with a view of attracting higher revenues and market share.

Penetration

- To establish a team of professionals to re-evaluate current customer protection levels/asset ownership and enhance/upgrade, thereby increasing revenues. Highly focused and planned cross selling activities between motor, non-motor and life customers to build on current loyalty levels.

Future plans with regard to Life Insurance Business

Market Development

- To build on the strength of the current branches by expanding current sales force from 2,000 to 2,500 to 3,000 in years 2008 and 2009 respectively.
- Using the manpower expansion to reach new geographical areas through aggressive personal selling.
- To reach ICICI customer base via bancassurance and identify additional banks for similar services.
- To expand corporate / group sales to aggressively promote group life and annuity schemes to the corporate sector.
- Expand web enabled life insurance solutions to high net-worth customers and penetrate lower income groups in the country with specific short-term product offers.

Product Development

- To enhance the current life portfolio based on consumer insights and market research, in particular in investment based life insurance. To focus also on child insurance and health insurance categories.
- To develop co-brand products with existing Janashakthi Insurance Company Limited - ICICI bank tie-up and potential bancassurance tie-ups.

- To develop short-term products to lower income groups and develop insurance solutions to emerging segments.
Eg: Women in the workforce, migrant workers and professionals.

Penetration

- To penetrate the large and lucrative base of Motor insurance policy holders to cross sell life insurance products.
- To carry out periodic reviews of life insurance needs in order to upgrade protection levels and thereby increase the premium generated to the Company.

The assumptions are based on historical trends and the future plans evolved by the Company using studies and data related to the market and the Company. The risks attached to the future plans mainly depend on the macro economic environment and on disposal income, inflation, interest rates and the general performance of the market and the industry.

The future plans do not foresee any significant capital expenditure and such plans could be implemented using internally generated funds.

6. THE INSURANCE INDUSTRY IN SRI LANKA

Industry Trend and Sensitivities

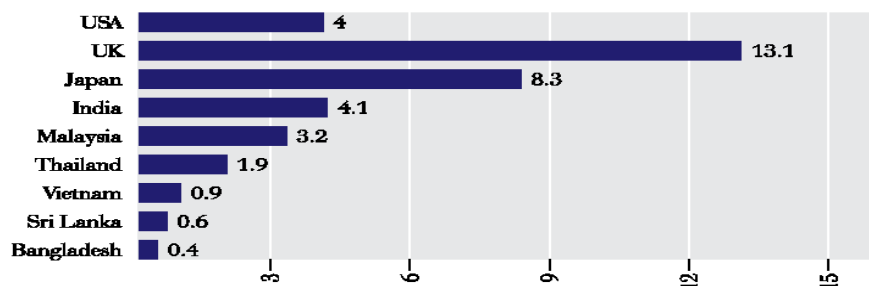
The country’s Insurance industry, comprising of 14 players continued to stay robust, growing at an estimated rate of approximately 15% in 2007, despite a challenging macro environment. The General Insurance market grew by 16% in 2006 while Life Insurance premiums were up by 15.5%. The industry has been resilient and has registered growth despite the many challenges.

The Industry statistics demonstrate that it will be a hard battle for survival for small players as insurance giants try and consolidate to sustain growth while aggressively pursuing their portfolios.

The insurance companies accounted for 2.9% of the total assets of the financial system and grew by 2.1% to LKR 107.3 billion during 2006. The industry was heavily concentrated with over 65% of the assets with the two largest firms.

The number of life insurance policies as a percentage of the insurable population had increased marginally from 22.8% in 2005 to 24.3% in 2006. While this is an encouraging trend, insurance penetration in Sri Lanka remains low in the context of an ageing population and consumers looking for new ways to assure their financial security.

Life Insurance Penetration 2006 - Sri Lanka vs. Other Countries



Graph 1
Source: Swiss Re
Source: IBSL and Janashakthi Insurance Company Limited Annual Report 2007

The paid up share capital of insurance companies was increased to Rupees one hundred million (LKR100,000,000) for each class of insurance business from the requirement of Rupees twenty five million (LKR25,000,000) for life insurance and Rupees fifty million (LKR50,000,000) for general insurance .

Industry performance and contribution to the national economy

Premium Income (in millions LKR)

	2001	2002	2003	2004	2005	2006
Long Term Insurance	7,494	8,682	10,613	12,518	14,814	17,104
General Insurance	9,366	11,599	13,534	17,037	22,410	25,931
Total Premium Income	16,860	20,281	24,147	29,555	37,224	43,035
Total Premium as a % of GDP	1.20	1.28	1.37	1.52	1.58	1.54
Growth Rate	13.39	20.29	19.06	22.40	25.94	15.61

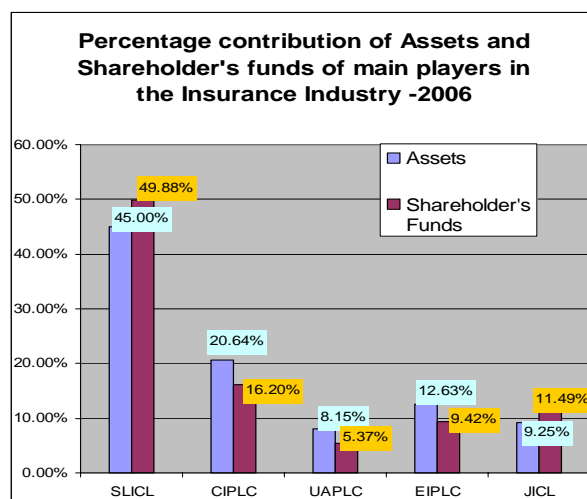
Table 1

Source: IBSL

The contribution of the insurance sector to the economy showed an increasing trend when analyzing the statistics for the five year period from 2001 to 2006. In 2006 the contribution of the insurance industry to the national economy was 1.54% of total Gross Domestic Production. The industry growth rate based on total premium income was at 15.61% in 2006 demonstrating a decrease compared to the growth in 2005.

Total Assets and Shareholders' Funds of Insurance Companies

The total assets in insurance companies for the year 2006 amounted to LKR 117.7 billion. The total assets of the long term insurance business was LKR 72.1 billion while the total assets of the general insurance business was LKR 45.6 billion. Total Shareholders' Funds of insurance companies as at 31 December 2006 was LKR 18.2 billion.



Graph 2

Source: IBSL

SLICL: Sri Lanka Insurance Corporation Limited

CIPLC: Ceylinco Insurance PLC

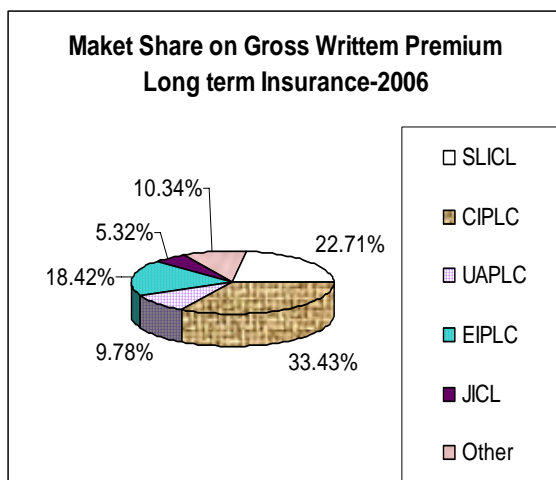
UAPLC: Union Assurance PLC

EIPLC: Eagle Insurance PLC

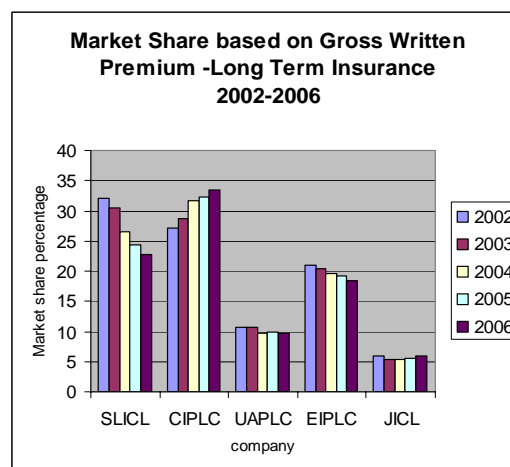
JICL: Janashkthi Insurance Company Limited

The five main players of the insurance industry accounts for 92% of the total assets and 96% of total shareholder's funds of which Janashakthi Insurance Company Limited contributes 9.25% of total assets and 11.49% of shareholders' funds of the industry. Small players such as Co-operative Insurance Company, Asian Alliance, HNB Assurance, Amana Takaful, Life Insurance Corporation, Seemasahitha Sanasa Rakshanan Samagama, ABC insurance in total contribute 7.6% and 4% respectively to the assets and shareholders funds.

Market Share of Long term Insurance



Graph 3



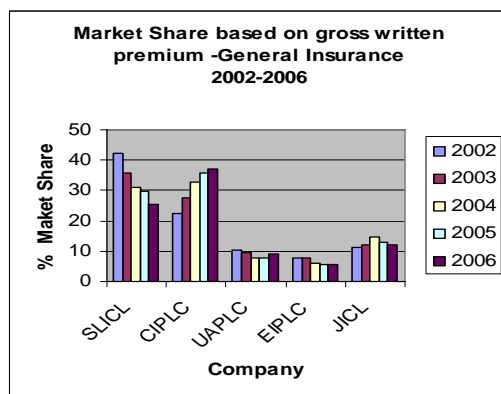
Graph 4

	2002	% increase	2003	% increase	2004	% increase	2005	% increase	2006
SLICL	32.12	-5%	30.52	-13%	26.62	-9%	24.32	-7%	22.71
CIPLC	27.18	5%	28.67	10%	31.65	2%	32.36	3%	33.43
UAPLC	10.76	-1%	10.63	-9%	9.66	2%	9.86	-1%	9.78
EIPLC	21.05	-3%	20.45	-4%	19.67	-3%	19.12	-4%	18.42
JICL	3.95	-1%	3.92	9%	4.26	10%	4.67	14%	5.32

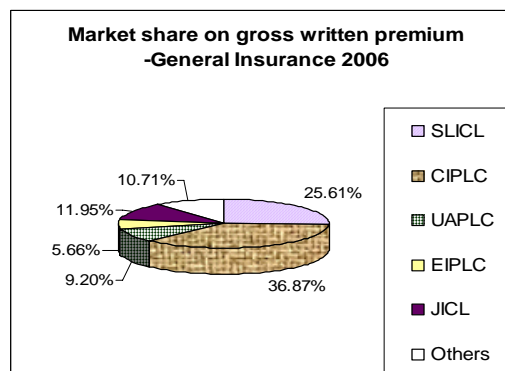
Table 2

Source: IBSL

Market share of General Insurance



Graph 5



Graph 6

	2002	% increase	2003	% increase	2004	% increase	2005	% increase	2006
SLICL	42.44	-15%	35.95	13%	31.13	-4%	29.81	-14%	26.00
NICL	3.08	-38%	1.88	87%	0.24	-95%	0.01	0%	0.01
CIPLC	22.48	22%	27.50	19%	32.76	9%	35.85	3%	36.87
UAPLC	10.51	-11%	9.35	-18%	7.65	0.4%	7.68	19%	9.20
EIPLC	7.84	1%	7.93	-21%	6.21	-13%	5.40	4%	5.66
JICL	8.17	27%	10.40	38%	14.34	-11%	12.73	-6%	11.95

Table 3

Source: IBSL

7. DIRECTORS

7.1 The details of the Board of Directors of the Company are as follows: -

Name & Address	Age	Other Directorships
Mr W T Ellawala Chairman 15/6, 25 th Lane Colombo 03.	71	C W Mackie PLC Maersk Lanka (pvt) Limited Ceylon Trading Co Ltd,
Mr C T A Schaffter Deputy Chairman 15/1, Ekanayake Avenue, Nugegoda	78	Janashakthi Limited
Mr Prakash Schaffter Managing Director 15 M, Ekanayake Avenue, Nugegoda	41	Janashakthi Limited Janashakthi Finance and Investment Limited Espalier Futures Limited Schaffters (Pvt) Limited
Mr L.C.R de C Wijetunge 1, Charles Avenue Colombo 03	70	Chairman - Emeritus of Nestle Lanka Ltd, Lion Brewery Ceylon Ltd, Union Residencies (Pvt) Ltd, Attidiya Wet Park Development. Belvoir Education Foundation Hunter & Co Ltd, East India (Pvt) Ltd Joseph Frazer Memorial Hospital
Mr Eardley Perera 32/7, Railway Avenue Colombo 5	63	M & E (Pvt) Limited Superbrand Private Limited &Brand (Private) Limited Keells Food Products PLC
Deshamanya Dr Nihal Jinasena 9, Gampaha Road Ja-Ela Ekala	67	Jinasena Group of Companies Jinasena Limited Jinasena New Technology Holding Jinasena Engineering Holding (Pvt) Limited Jinasena Properties Handrookanda (Pvt)Limited Loadstar (Pvt)Limited
Ms Anushya Coomaraswamy 60/10, Shanthi Lane Battaramulla	55	Printcare PLC
Mr Ramesh Schaffter 15 B, Ekanayake Avenue Nugegoda	38	Janashakthi Limited Espalier Futures Limited Schaffters (Pvt) Limited
Ms Manjula Mathews 15 A, Ekanayake Avenue Nugegoda	40	Janashakthi Finance and Investment Limited Janashakthi Limited Kshathriya Group of Companies

Mr. W.T. Ellawala- Chairman

Mr. W.T. Ellawala is a highly respected business leader who holds key positions on the Boards of several major companies. He is the Chairman of the Sri Lanka Society of Rubber Industry, and the past Chairman of the Colombo Rubber Traders' Association. He is also a Member of the Committee of the Ceylon Chamber of Commerce and Chairman of the Chamber's Advisory Council. He is a Honorary Member of the Colombo Tea Traders'

Association. Mr. Ellawala was the former Advisor to the Ministry of Ports & Shipping and has served as a Consultant on Sea transport at UN-ESCAP in Bangkok

Mr. C T A Schaffter- Deputy Chairman

Mr. C T A Schaffter was instrumental in the founding of the Company, and counts more than 50 years in the Insurance Industry. He has contributed immensely to the development of the Insurance Industry in Sri Lanka, and has been an active member of numerous industry related forums and committees. He also played a key role in setting up several other well-known companies in the Insurance Industry, and has served on the management of those companies as well.

Mr. Prakash Schaffter – Managing Director

Mr. Prakash Schaffter was appointed to the post of Managing Director of the Company in September 2006 and now has the task of leading Janashakthi into the future. He is a Fellow of the Chartered Insurance Institute and has over 20 years experience in the industry. He also has a thorough knowledge of insurance practices in several countries. Mr. Schaffter also holds a Bachelor's Degree in Political Science from the University of London, and an MBA from University of Cambridge. He is a Member of the Executive Committee of the Insurance Association of Sri Lanka (IASL). He has played an important role in the Company's progress from the inception of Janashakthi Insurance Company Limited, and was appointed Deputy General Manager Finance and Administration in 1995. He was promoted to General Manager three years later. In 1998 he took up the key post of Director/General Manager and has now taken on full responsibility as Managing Director.

Mr. L C R de C Wijetunge

Mr. Wijetunge is a well-known business personality, having served in a number of companies in leadership positions. He is the President of the Swiss Business Circle (Colombo), and serves as an Advisor to the Monetary Policy Committee of the Central Bank of Sri Lanka.

Mr. Eardley Perera

Mr. Eardley Perera is a Chartered Marketer and Graduate of the Chartered Institute of Marketing. He also had management training in Sweden, U.K., South Korea, Philippines and Singapore. He is currently the Non Executive Chairman of M & E (Pvt) Ltd, and a Director of Keells Food Products PLC and two consultancy companies – Sting Consultants and &Brand. He is also a member of the Board of Study of the Postgraduate Institute of Management, University of Sri Jayawardhanapura.

Deshamanya Dr. Nihal Jinasena

Dr. Jinasena is an eminent industrialist and the Chairman and Managing Director of the Jinasena Group of Companies. He has been a Member of the Securities & Exchange Commission of Sri Lanka and the Insurance Board of Sri Lanka. He was formerly Chairman of DFCC Bank and DFCC Vardhana Bank. He was an active member of the Presidential Task Force on Science & Technology, Presidential Commission on Trade & Tariffs, and the Task Force to Rebuild the Nation (TAFREN). He was the Chairman of the Sahanaya Institute of Mental Health, and the past Chairman of the Foundry Development and Services Institute. Dr. Jinasena holds a B. Tech Degree in Mechanical Engineering and was bestowed an Honorary Doctorate by Loughborough University in UK. He is a Chartered Engineer and a Fellow of the Institute of Engineers, Sri Lanka. He recently received the prestigious National Award of "Deshamanya"

Ms. Anusha Coomaraswamy

Ms. Coomaraswamy is a Fellow of the Chartered Institute of Management Accountants, UK, and of the Institute of Chartered Accountants of Sri Lanka. She served as Group Finance Director of John Keells Holdings and has over 20 years experience in senior management positions in the private sector. Ms. Coomaraswamy served as an Advisor to the Ministry of Finance, as Chairperson of the Public Utilities Commission and as a member of the Public Enterprise Reform Commission. She is a member of the Urgent Issues Task Force of the Institute of Chartered Accountants of Sri Lanka, and the Taxation Subcommittee of the Ceylon Chamber of Commerce.

Mr. Ramesh Schaffter

Mr. Ramesh Schaffter has been associated with the Company since its inception. He serves as Secretary to the Board since 1994. In 2004 he was also appointed a Member of the Board. He has over 15 years experience in Finance and Marketing, and is an Associate Member of the Chartered Institute of Management Accountants. He is also a Member of the Board of several group companies.

Ms. Manjula Mathews

Ms. Mathews brings to the board over 18 years of experience in the fields of Finance and Marketing both in Sri Lanka and United Kingdom. She is currently the Managing Director of the listed conglomerate Kshatriya Holdings PLC. Prior to taking up her current appointment, she served as the Finance Director of Janashakthi Insurance Company Ltd and as the Managing Director of the Montessori Workshop (Pvt) Ltd,- an export-oriented company, which is now a part of the Kshatriya Group of Companies. Ms Mathews is an Associate Member of the Chartered Institute of Management Accountants (UK) and holds a Masters Degree in Business Administration from the University of Cambridge, U.K.

7.2 Directors' Shareholdings in the Company

Name	No. of shares as at 31 March 2008
Mr W T Ellawala – Chairman	Nil
Mr C T A Schaffter - Deputy Chairman	12
Mr Prakash Schaffter – Managing Director	Nil
Mr L C R de C Wijetunge	Nil
Mr Eardley Perera	Nil
Deshamanya Dr Nihal Jinasena	Nil
Ms Anushya Coomaraswamy	Nil
Mr Ramesh Schaffter	Nil
Ms Manjula Mathews	Nil

The sales/transfers and purchases of shares made by the Directors during the period between 01 April 2007 to 31 March 2008 are given below:

Name of Director	Transaction	No. of Shares	Price per share LKR	Transaction Date
Mrs Manjula Mathews	Transfer of shares to Janshakthi Limited	11,000,012	40	30.11.2007
Mr Ramesh Schaffter	Transfer of shares to Janshakthi Limited	11,000,012	40	30.11.2007
Mr Prakash Schaffter	Transfer of shares to Janshakthi Limited	11,000,012	40	30.11.2007

7.3 Directors' Interest

The Directors' interests in the contracts with the Company are disclosed under note 33 of the financial statements on page of this Prospectus.

The Directors' interests in assets acquired, disposed or leased by the Company during the past two years preceding the issue are disclosed in Section 4.3 of this Prospectus and in note number 33 of the financial statements.

It is not proposed that the directors will hold any interest in any asset proposed to be acquired, disposed or leased by the Company in the two years succeeding the issue.

7.4 Directors' Remuneration

The remuneration of the directors for the year ended 31 December 2007 is stated in Note 29 of the financial statements on page of this Prospectus.

The aggregate emoluments paid to directors during the financial year ended 31 December 2007 was LKR 620,000.

The aggregate emoluments including bonus and/ or profit sharing payments payable to Directors of the company for the financial year ending 31 December 2008 is estimated at LKR 750,000.

No Director of the Company is or was involved in any of the following events:

- a) A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- b) A conviction for fraud, misappropriation or breach of trust or any other similar offence the CSE considers a disqualification; or
- c) The subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment advisor, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

7.5 Corporate Governance Practices

The Concept

Corporate Governance can be defined as the manner in which a corporate entity directs and controls its common affairs with respect to all stakeholders. There is no single model or set of structures which manifest the concept of good Corporate Governance. It is in effect the rules and regulations that govern the relationship between all stakeholders in the governing system.

As awareness of good corporate governance grows throughout the world and especially in Sri Lanka, Janashakthi Insurance Company Limited remains firm in its commitment that this company must continue to maintain and enhance its reputation as one of the finest corporate citizens in this country.

Composition of the Board

The Board of Directors of the Company comprises nine Directors, including a Non-Executive Chairman, one Executive Director, and seven Non- Executive Directors.

Out of the nine Directors five Directors are Independent Directors, namely Mr W T Ellawala (Chairman), Mr Eardley Perera, Deshamanya Dr Nihal Jinasena, Ms Anushya Coomaraswamy and Mr L C R de C Wijetunge. All Directors, including the Managing Director/Chief Executive Officer, are well qualified, experienced professionals with an intimate knowledge of the insurance industry and the business environment of the country.

Detailed individual profiles of each member of the Board including the Independent Directors are provided in Section 7.1 of this prospectus.

The prime responsibility of the Board is to establish goals for the Company, provide strategic direction and guidance to the corporate management team. The General Management Committee which is a sub-committee of the Board, monitors the performance of the company against set targets and reports to the Board.

Sub Committees

In order to ensure a sound system of Corporate Governance throughout the Company in all of its numerous short term and long term activities, the Board has instituted and set up a series of committees at Board and at management level to monitor, review and enhance accountability and control across the range of activities of the organization.

These Sub-Committees oversee the following areas:

- » General Management
- » Audit
- » General Technical
- » Life Insurance Technical
- » Investment

General Management Committee

Members:

- Mr. Prakash Schaffter (Managing Director)
- Ms. Dayalanie Abeygunawardena – General Manager - Insurance
- Mr. Gamini Pieris – Deputy General Manager – Management Information Systems
- Mr. Bertal Pinto-Jayawardene – General Manager – Finance & Planning

Mr. Ravi Liyanage – General Manager – Sales & Marketing

The Board has delegated administrative, financial and operational control of the activities of the Company to the General Management Committee.

The committee meets once in every two weeks and lays down limits of authority for decision making. Where it is required, the approval of the Board is obtained by submission of board papers. The Board subsequently ratifies all major decisions of the committee.

Board Audit Committee

Members:

Mr. W. T. Ellawala – Independent non-executive Chairman

Dr. N. Jinasena - Independent non-executive Director

Ms. A. Coomaraswamy - Independent non-executive Director

Mr. P. A. Schaffter – Managing Director

The Audit Committee is comprised of three Non-Executive Directors of the Board, headed by the Chairman of the Company. This committee is a reflection of the great emphasis that the Board places on internal control systems and procedures. The Audit Committee closely examines all internal audit reports and ensures appropriate follow up action is taken on the comments and recommendations made in these reports.

Technical Committees

The Board has appointed two separate Technical Committees to provide advice on all technical aspect of operations and ensure compliance with tariffs and industry norms. These committees keep the Board updated on the latest market information and trends, provide guidance on the pricing policies of the company's products and keep the company abreast of pricing reviews.

1. General Insurance

2. Life Insurance

General Technical Committee

Ms. Dayalanie Abeygunawardena - General Manager (Insurance)

Mr. Shelton Seneviratne - Deputy General Manager (Life & BSD)

Ms. Shani Ranasinghe - Deputy General Manager (Insurance) HO

Mr. Hemanthe Dambadeniya - Senior Manager (Survey Dept)

Ms. Premila Thambar - Senior Manager (Non Motor Claims Dept)

Mr. Thusitha Nandasiri - Manager - Broker Servicing Dept

Ms. Lakshmi Thenuwara - Assistant Manager - Non Motor Claims Dept

Ms. K G Yamuna - Senior Manager - Branch Servicing Dept

Mr. Shehan Motha - Senior Manager - Technical Dept

Mr. Indrajee Goonatilleke - Manager - Technical Dept

Ms. Pushpakanthi Gunasekera - Manager - Reinsurance Dept

Mr. Sarath Deveraja - Manager - Full Option Dept

Ms. Preethi Abeysekera - Assistant General Manager - Legal Dept

Mr. S. Thananchayan - Assistant General Manager - Full Option Dept

Mr. Marlon Peter - Assistant General Manager - Auto Centre

Mr. Darrel de Silva - Insurance Consultant

Life Technical Committee

Mrs. Dayalanie Abeygunawardena - General Manager (Insurance)
Mr. Shelton Seneviratne - Deputy General Manager (Life)
Mr. D. De Silva - Insurance Consultant
Ms. Dilicia Weliwita - Manager (Life)
Ms. Sriyoni Mendis - Manager (Life Claims)
Mr. Jayantha Halloluwa - Senior Assistant Manager - Life Underwriting
Ms. D. Fernando - Assistant Manager - Policy Servicing
Mr. S. Dharmakeerthi - Assistant Manager - Group Underwriting
Mr. S. Karunachandra - Assistant Manager - Life Underwriting

Investment Committee

Members:

Mr. Ramesh Schaffter - Director
Mr. Bertal Pinto-Jayawardena - General Manager (Finance and Planning)
Mr. P. Pavalachandran - Senior Manager (Finance)

This committee has the responsibility of setting guidelines for investment of the company's assets and finances, ensuring that all investments earn the optimum return to the company and comply with all statutory requirements.

Remuneration Committee

Members:

Dr. N. Jinasena - Independent non-executive Director
Ms. A. Coomaraswamy - Independent non-executive Director
Mr. Eardley Perera – Independent non-executive Director

The Remuneration Committee commenced functioning from 1 June 2008. This committee will recommend to the Board of Directors of the Company the remuneration payable to the executive Directors and the Chief Executive Officer/Managing Director of the Company. The Board of Directors will make the final determination upon consideration of such recommendations. Prior to the appointment of the Remuneration Committee the matters pertaining to the remuneration was determined by the Board of Directors of the Company.

Internal Auditors

MSL Audits have been appointed as the Company's Internal Auditors. The Internal Audit is carried out with a quarterly reporting cycle. The Audits cover each Quarter in rotation, all the principal activities of the Company. The reports are reviewed by the General Management Committee and thereafter submitted to the Board Audit Committee for review of issues raised and follow up actions that have been initiated.

8. MANAGEMENT AND HUMAN RESOURCES

8.1 Details of Senior Management

Prakash Anand Schaffter
Chief Executive Officer

Academic Qualifications

Bachelor's Degree in Political Science, University of London
Masters in Business Administration, University of Cambridge

Professional Qualifications

Fellow of the Chartered Insurance Institute, UK

Career History

Managing Director, Janashakthi Insurance Company Ltd -2006 to –date
Director/General Manager, Janashakthi Insurance Company Ltd -1996-2006
Deputy General Manager, Janashakthi Insurance Company Ltd -1995-1996
Director, Acland Insurance Broker -1992-1995
Insurance Officer –General Accident Insurance Corporation, UK -1989-1990

The Chief Executive Officer is not and was not involved in any of the following events:

- a) A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- b) A conviction for fraud, misappropriation or breach of trust or any other similar offence which the Exchange considers a disqualification; or
- c) The subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment advisor, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity

Mrs Dayalanie Abeygunawardena
General Manager – Insurance

Mrs Abeygunawardena is a Chartered Insurer and Associate of the Chartered Insurance Institute of London counting more than 18 years experience in General Insurance. She has followed the Comprehensive Reinsurance and Reinsurance Accounting course conducted by Commercial Union in UK and Engineering and Fire Course at Munich Re. (Germany). She has wide experience in the field of reinsurance including several familiarization visits to Reinsurance Companies in Switzerland, Singapore and Malaysia.

Mr Ravi Liyanage
General Manager – Sales and Marketing

Mr Liyanage counts over 10 years experience in the field of marketing in both local and multinational companies. He holds a Bachelor of Science Degree (BSC) from the University of Colombo and a Master of Business Administration (MBA) from the University of Sri Jayawardenapura. He also possesses a Postgraduate Diploma in Marketing from

Chartered Institute of Marketing (CIM) of United Kingdom and a Diploma in Insurance Marketing from the Life Underwriting Training Council (LUTC) of USA.

He is an accredited lecturer for Life Insurance Marketing Research Association (LIMRA) of USA and conducts CIM lectures in Sri Lanka.

He was awarded the prestigious Chartered Marketer of the year 2002 award from the Chartered Institute of Marketing (CIM) UK.

Mr Bertal Pinto-Jayawardena
General Manager - Finance & Planning

Mr Pinto Jayawardena is a Fellow Member of the Institute of Chartered Accountants, an Associate Member of the Institute of Chartered Management Accountants, UK and a Member of the Institute of Management, UK. He has been a prize winner at both ICASL and CIMA, UK examinations and counts over 20 years of professional experience in Finance, Management and Banking.

He received his professional training at KPMG Ford Rhodes Thornton & Co, where he eventually served as a Senior Manager. Thereafter, he served at Standard Chartered Bank, Sri Lanka as Head of Finance and Administration. More recently, he was Head of Finance, MIS and Risk Management at Peoples Bank.

He has received extensive training and development exposure in UK, UAE, India, Malaysia and China. He had been assigned on secondment to Peat Marwick Mitchell in Zambia while at Ford Rhodes Thornton & Co. He has also received a Diploma in Risk Management from a Scholarship programme sponsored by the Swedish International Development Agency which was conducted in Sweden with a follow up advanced programme in Tanzania. He has also received training exposure in Strategic Senior Management of Life Insurance in Japan and has been admitted to the foundation for the Advancement of Life Insurance around the world.

He has been a Member of the Council of CIMA Sri Lanka. He has also served as a speaker and panellists at numerous seminars organized by ICASL, CIMA Sri Lanka and the Central Bank of Sri Lanka.

Mr B Gamini Peiris
Deputy General Manager – Management Information Systems

Mr Gamini Peiris is an Associate of the Institute of Chartered Accountants of Sri Lanka and also holds a Bachelor's Degree in Commerce (Hons). He has over 20 years of post qualifying (locally and overseas) experience in construction, trading, manufacturing and insurance sectors in the finance & accounting and general administration fields.

Ms S D N Ranasinghe
Deputy General Manager – Insurance

Ms Shani Ranasinghe is an Associate Member of the Chartered Insurance Institute (UK). She has been associated with Janashakthi Insurance since its inception and counts over 12 years of experience in underwriting, claims and marketing.

Mr S A S Seneviratna
Deputy General Manager – Life Insurance & Branch Servicing

Mr Shelton Seneviratna is an Associate Member of the Chartered Insurance Institute (UK) and holds a Bachelor's Degree in Science (Hons). He is a Fellow of the Australian, New

Zealand Institute of Insurance and Finance – ANZIF (Fellow) Chartered Insurance Practitioner.

Mr S Thananchayan
Assistant General Manager – Full Option

Mr Thanachayan is Assistant General Manager to the Full Option Unit. He counts over 13 years experience in the insurance industry and holds a Bachelor of Science from the University of Jaffna.

Mr L G Munasinghe
Assistant General Manager – Human Resource Development

Mr Lalith Munasinghe, is a Chartered Engineer by Design and a Management Guru by inclination. He is a member of both the Institute of Engineers of Sri Lanka and Australia.

He graduated from the University of Moratuwa in Engineering in 1982 and also possesses a Postgraduate Diploma in Business & Financial Administration from the Institute of Chartered Accountants. He obtained a MBA from the Post Graduate Institute of Management in 1998. He is an internationally accredited Lecturer possessing many years of experience in the field of Lecturing.

He has attended many training sessions conducted by organizations of international repute and counts over 20 years of service to industry.

Mr T Vithanage
Assistant General Manager – Information Technology

Mr Thilak Vithanage obtained his first Degree in Physical Science from University of Colombo and completed his Masters in IT from the University of Wales, UK.

He started his career, as a lecturer in Computer Science in the Open University of Sri Lanka in 1984 then became the IT Manager there. He worked in Australia for period of 4 years as Systems Manager from 1994. He returned to Sri Lanka and joined Mercantile Investments Ltd as IT Manager before joining Janashakthi. He was a member of the Sri Lankan delegation at the INET'94 Internet conference and the workshop held in Pargue, Czech Republic.

Ms P K A Abeysekera
Assistant General Manager – Legal

Ms Preethie Abeysekera joined the Company in September 1995 and she heads the Legal Department. She is an Attorney-at-Law and Notary Public, Commissioner of Oaths. She counts over 30 years of service in the industry.

She was enrolled as an Attorney-at-Law in 1976 and joined the State Mortgage and Investment Bank in 1980 where she served as the Head of Legal Department between 1984 and 1995.

8.2 Human Resources

The staff strength of Janashakthi Insurance Company Ltd as at December 2007 was, 2,207 employees; the break down is as follows:

Category	No. of staff
Permanent Employees	1,982
Fixed Term contract employees	225

Janashakthi Insurance Company Ltd has two Trade Unions, Nidahas Sevaka Sangamaya with 55 employees, and Jathika Nidahas Sangamaya with 8 employees as members as at the date of this Prospectus.

9. STATED CAPITAL

The stated capital of the Company is LKR 1,100,000,440 comprising 330,000,132 fully paid ordinary shares of the Company as at 31 March 2008.

Details of twenty largest shareholders as at 31 March 2008

	NAMES	No. of shares	Percentage Held
1	Janashakthi Limited	305,493,372	92.57%
2	Free Lanka Trading Company Limited	3,000,000	0.91%
3	Chitral Hiran Mendis	1,980,000	0.60%
4	Dinesh Ambani	1,885,704	0.57%
5	Kattar Aloysius	1,500,000	0.45%
6	Jacintha Aloysius	1,500,000	0.45%
7	Mercantile Shipping Company Limited	1,200,000	0.36%
8	Pathmanathan Vijendran	942,852	0.29%
9	Alliance Finance Company Limited	600,000	0.18%
10	Leila Lakshmi Cooray	600,000	0.18%
11	Elemech Engineers (Pvt) Limited	600,000	0.18%
12	Joy Nimal Indrapala Karunaratne	600,000	0.18%
13	Laksiri Investment (Private) Limited	600,000	0.18%
14	Laksiri Setashoji Agencies (Pvt.) Ltd.	600,000	0.18%
15	Anthony Brian Carl Lourensz	600,000	0.18%
16	Kanagalingam Sriskantharajah	600,000	0.18%
17	Mahinda Bandara Herath	540,000	0.16%
18	Nissanka Wijewardena	471,420	0.14%
19	Mohamed Fareed Zulfikar Ali	300,000	0.09%
20	Walakulu Arachchige Gunatilake	300,000	0.09%

Movement in Share Capital during the last three years is given below:

	No. of Shares	LKR

As at 31 December 2005		
Authorised Share Capital	30,000,000	300,000,000
Issued Share Capital	27,500,011	275,000,110
	No. of Shares	LKR
As at 31 December 2006		
Authorised Share Capital	30,000,000	300,000,000
Issued Share Capital	27,500,011	275,000,110
As at 31 December 2007		
Stated Capital	110,000,044	1,100,000,440
Note : 01		
As at 31 March 2008		
Stated Capital	330,000,132	1,100,000,440
Note : 02		

Note 01:

The Company issued 82,500,033 Ordinary Shares as bonus shares to the holders of 27,500,011 Ordinary Shares in the Company as at 30 March 2007 in the proportion of three new Ordinary Shares for every one (3:1) existing Ordinary Share held.

	Number of shares	LKR
Authorised Capital as at 31 January 2007	30,000,000	300,000,000
Issued Capital as at 31 January 2007	27,500,011	275,000,110
Authorised Capital as at 30 March 2007	500,000,000	5,000,000,000
Shares issued under the bonus issue on 30 March 2007	82,500,033	825,000,330
Total Issued Capital as at 30 March 2007	110,000,044	1,100,000,440
Stated Capital as at 31 December 2007	110,000,044	1,100,000,440

Note 02:

The Company sub divided each ordinary share into three shares on 28 March 2008 whereby the number of shares in the Company increased to 330,000,132 as at 31 March 2008.

9.1 Shareholding Structure

The shareholding structure of the Company before the IPO is as follows:-

Names	No. of Shares	% of Ownership
Janashakthi Limited	305,493,372	92.57%
C T A Schaffter	12	
E A M Schaffter	102,000	0.03%
Others (Public)	24,404,748	7.40%
Total	330,000,132	100.0%

The shareholding structure of the Company immediately after the IPO, in the event of oversubscription option is not exercised, will be as follows:-

Names	No. of Shares	% of Ownership
Janashakthi Limited	305,493,372	88.165%
C T A Schaffter	12	
E A M Schaffter	102,000	0.029%
Other shareholders (Public)	24,404,748	7.043%
IPO investors (Public)	16,500,000	4.762%
Total	346,500,132	100.0%

The shareholding structure of the Company immediately after the IPO, in the event of oversubscription option is exercised in full will be as follows:-

Names	No of Shares	% of Ownership
Janashakthi Limited	305,493,372	84.158%
C T A Schaffter	12	
E A M Schaffter	102,000	0.028%
Other shareholders (Public)	24,404,748	6.723%
IPO investors (Public)	33,000,000	9.091%
Total	363,000,132	100.0%

9.2 Take over Offers

There have been no take-over offers by third parties in respect of the shares of the Company and no take-over offers have been made by the Company in respect of shares of a third party.

9.3 Other Securities

1. As at 31 March 2008,
 - a) the Company had not issued any non-voting shares, preference shares or any other class of shares
 - b) there are no outstanding convertible debt securities
2. There are no securities of the same or other class subscribed or sold privately in conjunction with this offering.

9.4 Free Transferability of shares

At present there are no statutory restrictions on the free transferability of the ordinary shares of the Company, save and except to the extent required for compliance with the rules and regulations imposed by the Controller of Exchange of Sri Lanka pertaining to non residents and foreign investments.

10. RISK FACTORS

Before investing in the shares of the Company, the prospective investors should carefully consider all the information contained in this Prospectus, including the risks set out below:

Types of Risks

The types of risks in the insurance industry can be broadly categorized into two areas:

1. Core Risks
2. Operational Risks

10.1 Core Risks

The Core Risks that an insurance company can face are those that arise from its day-to-day primary business activities. These can be further described as:

- ◆ Insurance Risk
- ◆ Market Risk
- ◆ Liquidity Risk
- ◆ Credit Risk
- ◆ Reputational Risk

Insurance Risk

Insurance risk is the risk of incurring a financial loss as a result of a property, casualty, life or health insurance event occurring.

This involves the risk of financial loss to the company in the event of an actual claim crystallizing and requiring a payout from the Company. A claim would be undertaken in relation to any life or general insurance coverage arising from the company's principal business activities, mainly from motor, fire, marine, health and a range of other policies underwritten.

The company is exposed to several insurance risks such as Underwriting risk, reinsurance risk, claims reserving risk.

(a) Underwriting Risk

Underwriting risk is the risk that premium will not be sufficient to cover future incurred losses.

(b) Reinsurance Risk

The Reinsurance risk is the inability of reinsurers to meet their commitments due to insufficient financial strength.

(c) Claim Reserving Risk

This refers to the risk of not providing adequate reserves to meet future obligations arising from claims in the general business and claims and maturities in the life insurance business.

Market Risk

Market Risk is risk of assets and/or liabilities being negatively affected by movements in the market. Market Risk involves changes to the company's assets and liabilities due to fluctuations in interest rates, currency exchange rates and equity prices in the market.

Liquidity Risk

Liquidity risk is being unable to meet liquidity commitments at increased cost or ultimately the inability of the Company to meet obligations that become due, because of an incapability to liquidate assets or obtain adequate funding. It includes both the risk of being unable to fund portfolio assets at appropriate maturities and rates and the risk of being unable to liquidate a position in a timely manner at reasonable prices. It can be defined in terms of maturity mismatch between assets and liabilities while at others it is defined in terms of asynchronous timing of cash inflows and cash outflows from the business.

This risk arises from short term inability to meet financial requirements which may be caused by a variety of factors in day to day business activities.

Credit Risk

Risk of incurring a financial loss due to diminished credit-worthiness (eroding credit ratings and ultimately other party default) among other parties of Janashakthi or third parties.

The creditworthiness of external parties including business partners, clients, banks etc, determines the level of Credit Risk that any company is exposed to. The financial viability of such organizations that the company has dealings with, on a frequent basis, is of paramount importance as it directly affects the financial strength of the company.

Reputational Risk

Reputation risk is the risk that a happening of a particular event or behaviour damages the operations of the business and affects the revenue stream.

A company's reputation can be one of its greatest assets when marketing its products and services, whether to existing clients or exploiting new avenues of opportunity. At the same time, any damage to the reputation of an institution or individual can have serious negative consequences. This is especially true in Sri Lanka where a vibrant media and swift inter-personal communication provides a high level of dissemination of both good and bad news.

10.2 Operational Risks

Operational risks are inherent part of Janashakthi's business operations. Operational risks and losses can result from business interruptions, bad management or fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorization, failure to comply with regulatory requirements, information technology failures or external events. The Company has designed the management of total risk to reduce it to an acceptable level, as there is no financial return for carrying operational risk.

11. STATUTORY AND OTHER GENERAL INFORMATION

11.1 Articles of Association of the Company

Extracts of the Articles of Association of the Company are set out in **Annexe II** and forms part of this Prospectus. This Prospectus and the Articles of Association of the Company will be available for inspection at the official website of the Company (www.janashakthi.com) and on the CSE web site until the Subscription List closes or upto 14 market days, which ever is later.

11.2 Working Capital

The directors are of the opinion that the working capital of the Company is sufficient for the purpose of its normal activities.

11.3 Brokerage

Brokerage at the rate of 12 cents per share (1% of the offering) will be paid in respect of the number of shares allotted on applications bearing the stamp of any bank operating in Sri Lanka or a member of the CSE or any subsidiary or branches of Merchant Bank of Sri Lanka PLC.

11.4 Cost of the Issue

The Directors estimate that the total cost of the issue including the cost of structuring and management fees, registrars fees, printing, marketing costs, brokerage commission, postage, stamp duty payable on the issue of shares, etc. will be approximately LKR 20 Mn and will be met from the funds of the Company.

11.5 Inspection of Documents

The Articles of Association of the Company, the Auditors Report, and all other documents referred to in this Prospectus may be inspected at any time during normal business hours at the Registered Office of the Company from the date hereof, until the Subscription List close or upto 14 market days, which ever is later.

11.6 Dividend

The declaration and payment of dividend will be recommended by the Board of Directors and approved by the shareholders of the company. The dividend policy will be based on a number of factors including but not limited to the company's earnings, capital requirements and financial conditions.

11.7 Material Contracts

The Company has not entered into any material contracts other than contracts entered into in the ordinary course of business.

11.8 Underwriting

The Initial Public Offering is not underwritten.

The proceeds of the issue have been earmarked for specific activities in the fields of human resources, marketing and information technology. The proceeds of the issue will be utilised to enhance these activities. In the event of an under-subscription the Company will utilise its own funds for these activities.

11.9 Post Balance Sheet Events

The Company sub divided each ordinary share into three shares on 28 March 2008 whereby the number of shares in the Company increased to 330,000,132 as at 31 March 2008.

The property at Homagama was acquired on 06 February 2008 from Janashakthi Finance and Investments Limited for a sum of LKR 15 Mn.

Ratios as at 31 December 2007

Return on Net Assets		30.73%
Net asset per share	LKR	15.45
Net asset per share (adjusted)	LKR	5.15

The Company has not paid any dividend on shares for the year ended 31 December 2007.

12 STATUTORY DECLARATION

Declaration by the Directors

We the undersigned being the Directors of Janashakthi Insurance Company Limited hereby declare and confirm that we have read the provisions of the Companies Act No.7 of 2007 relating to the issue of the Prospectus and that those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that the provisions of the CSE Listing rules and the Companies Act. No. 7 of 2007 have been complied with and after making all reasonable inquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Company have been given in the Prospectus, such representations have been made after due and careful inquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time and according to our best judgement.

We hereby further declare and confirm that as at 31 March 2008 the regulatory solvency requirements set out by the Insurance Board of Sri Lanka has been complied by the Company and that the Company has an adequate reinsurance cover.

Mr W T Ellawala (Sgd) on 31 May 2008

Mr C T A Schaffter (Sgd) on 29 May 2008

Mr Prakash Schaffter (Sgd) on 29 May 2008

Mr Eardley Perera (Sgd) on 31 May 2008

Deshamanya Dr Nihal Jinasena (Sgd) on 02 June 2008

Ms Anushya Coomaraswamy (Sgd) on 30 May 2008

Mr Ramesh Schaffter (Sgd) on 02 June 2008

Ms Manjula Mathews (Sgd) on 29 May 2008

Mr L C R de C Wijetunge (Sgd) on 30 May 2008

Declaration by the Managers to the Issue, Merchant Bank of Sri Lanka PLC

Date 02 June 2008

We Merchant Bank of Sri Lanka PLC of No 28, St. Michael's Road Colombo 3 being the Managers and Registrars to this Public Share Issue of Janashakthi Insurance Company Limited hereby declare that to the best of our knowledge and belief the prospectus constitutes full and fair disclosure of all material facts about the Issue and Janashakthi Insurance Company Ltd whose shares are being offered.

Sgd.

.....
Janaka Ratnayake
Chairman

Sgd.

.....
Lakshman Perera
Director

Declaration by the Company

Date 28 May 2008

An application has been made to the Colombo Stock Exchange for permission to deal in and for a quotation for all of the ordinary shares issued by the Company and those Ordinary Shares which are the subject of this issue. Such permission will be granted when the Company has been admitted to the official list of the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this prospectus. Admission to the official list is not to be taken as an indication of the merits of the Company or of the securities issued.

Sgd.

.....
Prakash Schaffter
Managing Director

Sgd.

.....
C T A Schaffter
Deputy Chairman

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT