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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of State Life Insurance Corporation of Pakistan

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of State Life Insurance Corporation of Pakistan (“the Corporation”) as at June 30, 2020 and the related unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement and notes to the unconsolidated condensed interim financial statements for the six-months period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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Emphasis of Matters

We draw attention to the following:

- Note 1.4 to the interim financial statements that explains that the Presidential Order dated April 06, 2016 in respect of State Life (Reorganization and Conversion) Ordinance, 2016 was issued by Government of Pakistan Ministry of Law and Justice to provide for the re-organization and conversion of the State Life Insurance Corporation of Pakistan into a Public Limited Company. As a consequence of reorganization and conversion, the Corporation is not expected to continue as a going concern. The Company that will be formed shall be taking over the business, functions, contracts, policies, proceedings, undertakings, assets, liabilities, etc. of the Corporation at a specific date, which is uncertain. Since there will be no change in operational activities of the Corporation pursuant to change in legal structure, no adjustments are expected to the carrying values of the assets and liabilities.
- Note 18.1.1 to the interim financial statements that describes the chargeability of sales tax on premium by provincial revenue authority.

Our conclusion is not modified in respect of the above matters.

Other Matters

- The figures of the unconsolidated condensed interim statement of comprehensive income for the three-months period ended June 30, 2020 and June 30, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended June 30, 2020.

The engagement partners on the audit resulting in this independent auditor's report is **Muhammad Khalid Aziz and Zulfikar Ali Causer**.

Yours truly



Grant Thornton Anjum Rahman
Chartered Accountants



BDO Ebrahim & Co
Chartered Accountants

Karachi
Date: August 31, 2020

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
-----Rupees in '000-----			
Assets			
Property and equipment	3	844,164	920,235
Investment properties	4	3,485,683	3,375,167
Investment in subsidiaries		318,901	318,901
Investments			
Equity securities	5	78,450,643	91,592,105
Government securities	6	786,751,182	674,943,342
Debt securities	7	3,897,968	3,042,398
Mutual funds	8	7,143,821	7,987,521
Loans secured against life insurance policies		115,255,784	111,873,885
Insurance / reinsurance receivables	9	25,040,629	26,301,325
Other loans and receivables	10	47,426,913	42,681,211
Taxation - payments less provision		4,031,461	3,875,690
Prepayments	11	52,382	64,539
Cash and bank	12	27,571,016	91,859,786
Total Assets		1,100,270,547	1,058,836,105
Equity and Liabilities			
Capital and reserves attributable to Corporation's equity holders			
Ordinary share capital		4,300,000	4,300,000
Ledger account C & D		3,354,350	2,207,145
Reserves	13	245,043	7,043
Unappropriated profit		1,935,316	1,284,882
Capital contributed to statutory fund		(650,000)	(650,000)
Total Equity		9,184,709	7,149,070
Liabilities			
Insurance liabilities	14	1,057,864,469	1,016,711,293
Retirement benefit obligations		6,424,751	4,722,072
Deferred capital grant		43,066	44,714
Deferred taxation	15	838,167	636,015
Premium received in advance		8,858,386	10,632,410
Insurance / reinsurance payables	16	439,707	480,184
Other creditors and accruals	17	16,617,292	18,460,347
Total Liabilities		1,091,085,838	1,051,687,035
Total Equity and Liabilities		1,100,270,547	1,058,836,105
Contingencies and commitments	18		

The annexed notes 1 to 37 form an integral part of these unconsolidated condensed interim financial statements.


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CHAIRMAN
Riaz Ahmad Memon


DIRECTOR
Iftikhar-ul-Hussain Shah


DIRECTOR
M. Saadullah Khan


CHIEF FINANCIAL OFFICER
Muhammad Rashid

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2020

	Note	Six-months period ended		Three-months period ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
-----Rupees in '000 -----					
Premium revenue		37,086,426	40,468,299	14,388,905	19,808,297
Premium ceded to reinsurers		(69,350)	(71,548)	(39,100)	(44,407)
Net premium revenue	19	37,017,076	40,396,751	14,349,805	19,763,890
Investment income	20	42,568,373	35,025,699	21,556,227	14,905,082
Net realized fair value gain / (loss) on financial assets	21	196,095	(17,715)	196,095	(17,715)
Net fair value loss on financial assets at fair value through profit or loss	22	(15,194,622)	(10,841,059)	13,111,943	(14,390,579)
Net rental income	23	234,833	315,371	40,159	172,917
Other income	24	8,316,535	7,636,487	4,241,445	7,084,192
		36,121,214	32,118,783	39,145,869	7,753,897
Net Income		73,138,290	72,515,534	53,495,674	27,517,787
Insurance benefits	25	(23,230,599)	(25,264,671)	(10,156,444)	(15,097,318)
Recoveries from reinsurers	25	8,313	12,706	7,746	(5,771)
Claim related expenses		(2,921)	-	(2,921)	-
Net Insurance Benefits		(23,225,207)	(25,251,965)	(10,151,619)	(15,103,089)
Net Change in Insurance Liabilities (other than outstanding claims)		(38,646,802)	(35,934,405)	(37,192,421)	(6,684,846)
Acquisition expenses	26	(4,357,079)	(5,064,759)	(1,966,259)	(2,762,748)
Marketing and administration expenses	27	(4,197,117)	(4,109,422)	(2,241,176)	(2,150,841)
Other expenses	28	(110,602)	(163,850)	(55,766)	(89,958)
Total Expenses		(47,311,600)	(45,272,436)	(41,455,622)	(11,688,393)
Profit before tax for the period		2,601,483	1,991,133	1,888,433	726,305
Income tax expense	29	(565,844)	(577,977)	(358,716)	(215,754)
Profit after tax for the period		2,035,639	1,413,156	1,529,717	510,551
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		2,035,639	1,413,156	1,529,717	510,551
Earnings (after tax) per share - Rupees	30	47.34	39.74	35.57	14.14

The annexed notes 1 to 37 form an integral part of these unconsolidated condensed interim financial statements.

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CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

M. Saadullah Khan

Muhammad Rashid

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2020

	Six-months period ended	
	June 30, 2020	June 30, 2019
	Note	-----Rupees in '000-----
Operating Cash Flows		
(a) Underwriting activities		
Insurance Premiums received	38,210,318	44,091,335
Reinsurance premiums paid	(109,826)	(263,516)
Claims paid	(7,296,939)	(15,872,390)
Surrenders paid	(13,430,208)	(12,177,099)
Reinsurance and other recoveries received	2,921	156,690
Commissions paid	(5,769,246)	(8,530,960)
Other underwriting payments	(921,930)	(870,496)
Net cash flow generated from underwriting activities	10,685,090	6,533,564
(b) Other operating activities		
Income tax paid	(519,462)	(525,835)
General management expenses paid	(2,326,062)	(5,114,131)
Loans advanced	(2,628,069)	(3,681,240)
Loan repayments received	(59,319)	831,260
Other operating payments	(1,486,585)	(730,920)
Net cash flow used in other operating activities	(7,019,497)	(9,220,866)
Total cash flow generated from / (used in) operating activities	3,665,593	(2,687,302)
Investment Activities		
Profit / return received	38,195,966	27,188,851
Dividends received	2,309,874	2,668,163
Rentals received	528,034	1,305,381
Payments for investments	(146,464,659)	(83,761,257)
Proceeds from disposal of investments	38,159,659	37,668,425
Fixed capital expenditure	(125,444)	(101,579)
Proceeds from sale of property and equipment	-	-
Total cash flow used in investing activities	(67,396,570)	(15,032,016)
Finance Activities		
Dividend paid	-	(713,609)
Total cash flow from financing activities	-	(713,609)
Net cash flow from all activities	(63,730,977)	(18,432,927)
Cash and cash equivalents at beginning of the period	80,810,075	27,616,698
Cash and cash equivalents at end of the period	17,079,098	9,183,771
Reconciliation to Profit and Loss Account		
Operating cash flows	3,665,593	(3,400,911)
Depreciation expense	(57,095)	(53,840)
Investment income	35,471,214	32,118,783
Amortization/capitalization	285,606	313,816
Allocation of surplus	-	(100,000)
Non cash adjustments (APL)	(2,385,667)	(3,393,075)
Decrease in assets other than cash	4,446,884	4,471,490
Decrease in liabilities other than running finance	(39,187,528)	(29,030,647)
Other adjustments	(1,350,573)	-
	888,434	925,616
Ledger account C & D	1,147,205	487,540
Profit after taxation	2,035,639	1,413,156

The annexed notes 1 to 37 form an integral part of these unconsolidated condensed interim financial statements.


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CHAIRMAN
Riaz Ahmad Memon


DIRECTOR
Ifkhar-ul-Hussain Shah


DIRECTOR
M. Saeedullah Khan


CHIEF FINANCIAL OFFICER
Muhammad Rashid

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2020

	Attributable to equity holders of the Corporation				
	Share capital	Capital contributed to statutory fund	Revenue reserves		Unappropriated profit
			General reserves	Ledger account C & D [Refer Note]	
			-----Rupees in '000-----		
Balance as at January 01, 2019	3,500,000	(100,000)	507,043	1,257,718	5,878,376
Total comprehensive income for the period	-	-	-	487,540	1,413,156
Transfer to general reserve	-	100,000	-	(100,000)	-
Dividend for the year ended December 31, 2018	-	-	-	-	-
Transfer for the issuance of share capital	500,000	-	(500,000)	-	(713,609)
Balance as at June 30, 2019	4,000,000	-	7,043	1,645,258	6,577,923
Balance as at January 01, 2020	4,300,000	(650,000)	7,043	2,207,145	7,149,070
Total comprehensive income for the period	-	-	-	-	2,035,639
Surplus for the period retained in statutory funds-net of tax	-	-	-	1,147,205	-
Transfer to general reserve	-	-	238,000	-	(238,000)
Balance as at June 30, 2020	4,300,000	(650,000)	245,043	3,354,350	9,184,709

Note: This includes balances maintained in accordance with the requirements of Section 35 of the Insurance Ordinance, 2000 read with Rule 14 of the Insurance Rules, 2017 (previously the SEC Insurance Rules, 2002) to meet solvency margins, which are mandatorily maintained for the carry on of the life insurance business.

The annexed notes 1 to 37 form an integral part of these unconsolidated condensed interim financial statements.

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CHAIRMAN

Riaz Ahmad Memon


DIRECTOR
Hafidat-ul-Hussain Shah


DIRECTOR
M. Saeedullah Khan


CHIEF FINANCIAL OFFICER
Muhammad Rashid

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 State Life Insurance Corporation of Pakistan (the Corporation) was incorporated in Pakistan on November 01, 1972 under the Life Insurance Nationalization Order, 1972 (LINO). The Corporation's principal office is located at State Life Building No. 9, Dr. Ziauddin Ahmad Road, Karachi. It operates in Pakistan through 33 zones for individual life business, 4 zones for group life business and in the gulf countries {comprising United Arab Emirates (UAE) and Kuwait} through zonal office located at Dubai (UAE).
- 1.2 The Corporation is engaged in the life insurance, health and accident insurance business. The brief description is defined in the note 3 of the unconsolidated financial statement for the year ended December 31, 2019.
- 1.3 The Corporation was issued the certificate of authorization for commencement of Window Takaful Operation under rule 6 of the Takaful rules, 2012 by Securities Exchange Commission of Pakistan (SECP) vide letter no. 0097, dated September 22, 2016. However, the Corporation is in the process of launching the Window Takaful Operations at the reporting date i.e. June 30, 2020. For the purpose of carrying on the takaful business, the Corporation has formed an Individual Family Participant Takaful Fund (IFPTF) on August 18, 2017 under the Waqf deed and cede Rs. 1 million to the IFPTF. The Waqf deed governs the relationship of Corporation and participants for management of takaful operations.
- 1.4 The Presidential Order dated April 06, 2016 in respect of State Life (Reorganization and Conversion) Ordinance, 2016 was issued by Government of Pakistan Ministry of Law and Justice to provide for the reorganization and conversion of the Corporation into a Public Limited Company. After the commencement of this Ordinance, the Federal Government established a Company namely, State Life Insurance Company Limited under the repealed Companies Ordinance, 1984 (XLVII of 1984) with the objective of taking over the business, functions, contracts, policies, proceedings, undertakings, assets, liabilities, etc. of the Corporation on fulfillment of the statutory requirements. The National Assembly converted the said Ordinance into Bill for the conversion of State Life Insurance Corporation of Pakistan to State Life Insurance Company Limited and sent the Bill to Senate for approval and the Senate, instead of passing the Bill, proposed few amendments in the Bill. For the consideration of the proposed amendments the matter was moved to National Assembly Standing Committee on Commerce and the matter is still pending with that Committee.

Under the new scheme all the assets, liabilities, contracts, policies, proceedings and undertakings of the Corporation shall stand transferred to and vest in the Company on a specific date which is uncertain. Accordingly, the Corporation is not expected to continue as going concern. Since there will be no change in operational activities of the Corporation pursuant to change in aforesaid legal structure, no adjustments are expected to the carrying amount of assets and liabilities.

2 BASIS OF PREPARATION

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual unconsolidated financial statements and should be read in conjunction with the Corporation's annual unconsolidated financial statements for the year ended December 31, 2019.

The figures in the unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity together with the relevant notes to the unconsolidated condensed interim financial statements for the six-months period ended June 30, 2020 are not audited. Further, the figures for the three-months period ended June 30, 2020 and 2019 in the unconsolidated condensed interim statement of comprehensive income have also not been reviewed by the auditors.

These unconsolidated condensed interim financial statements does not include all the information and disclosures required in the annual unconsolidated financial statements, accordingly, these unconsolidated condensed interim financial statements should be read in conjunction with the Corporation's annual unconsolidated financial statements as at and for the year ended December 31, 2019.

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2020

2.1 STATEMENT OF COMPLIANCE

The unconsolidated condensed interim financial statements of the Corporation has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of;

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting and Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

In case requirements differ, the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 have been followed.

2.2 BASIS OF MEASUREMENT

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except the certain investments which are carried at fair value and the obligations under policy holder liability and certain employee benefits that are measured at present value. Accrual basis of accounting has been used except for cash flow statement.

2.3 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Corporation are unclear. The Corporation is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Corporation will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, policy holders, partners and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

2.4 FINANCIAL RISK MANAGEMENT / JUDGEMENT AND ESTIMATES

The financial risk management objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements of the Corporation for the year ended December 31, 2019. In preparing this unconsolidated condensed interim financial statements, the management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Corporation's and the key sources of estimation uncertainty are the same as those that applied to the annual unconsolidated financial statements for the year ended December 31, 2019.

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

These unconsolidated condensed interim financial statements are prepared and presented in Pakistani Rupees, which is the Corporation's functional and presentation currency.

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
 NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
 FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2020

2.6 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

2.6.1 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current period

The Corporation has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current period.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 14 'Regulatory Deferral accounts'	July 1, 2019
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 01, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 01, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Adoption of the above standard have no significant effect on the amounts for the period ended June 30, 2020.

2.6.2 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Corporation

There are no such new standards, amendments to published standards and interpretations that would be relevant but not yet effective.

2.6.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts' - amendments to IFRS-17	January 01, 2023
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

3. PROPERTY AND EQUIPMENT

Operating fixed assets

Net book value as at the beginning of the period / year
 Additions / adjustments during the period / year
 Disposal during the period / year
 Net depreciation charge during the period / year
 Net book value as at the end of the period / year

June 30, 2020 (Un-audited)	December 31,2019 (Audited)
-----Rupees in '000 -----	
920,235	881,423
3,609	137,659
(23,793)	-
(55,887)	(98,847)
<u>844,164</u>	<u>920,235</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2020

	June 30, 2020 (Un-audited)	December 31,2019 (Audited)
	-----Rupees in '000 -----	
4 INVESTMENT PROPERTIES		
Investment Properties	1,768,776	1,773,618
Less : Provision for impairment in value of investment property	(895)	(895)
	1,767,881	1,772,723
Capital work-in-progress	1,717,802	1,602,444
	3,485,683	3,375,167

4.1 The market value of the investment properties, owned by the Corporation as determined by the independent valuers on yearly basis, amounted to Rs. 50,459 million (2019: Rs. 50,459 million).

5 INVESTMENTS IN EQUITY SECURITIES

	June 30 2020 (Un-audited)			December 31 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	-----Rupees in '000-----					
Fair value through profit or loss						
Related parties						
Listed shares	3,517,424	-	17,946,967	3,439,097	-	18,307,249
Unlisted shares	5,000	-	5,000	5,000	-	5,000
Others						
Listed shares	25,913,184		60,439,582	24,798,121	-	73,221,583
Unlisted shares	275,897	(218,573)	57,324	275,897	(218,575)	57,322
Unlisted preference shares	5,513	(3,743)	1,770	3,743	(2,792)	951
	<u>29,717,018</u>	<u>(222,316)</u>	<u>78,450,643</u>	<u>28,521,858</u>	<u>(221,367)</u>	<u>91,592,105</u>

6 INVESTMENTS IN GOVERNMENT SECURITIES

	June 30, 2020(Un-audited)				December 31, 2019 (Audited)
	Maturity Year	Effective Yield (%)	Amortized Cost	Principal Repayment	Carrying Value
	-----Rupees in '000-----				
<i>Held to maturity</i>					
Pakistan Investment Bond					
3 year Pakistan Investment Bonds	2021 - 2022	7.06% - 7.34%	133,785,570	141,805,510	133,785,570
5 year Pakistan Investment Bonds	2021 -2024	7.05% -7.98%	111,342,476	114,300,000	111,342,476
10 year Pakistan Investment Bonds	2020 - 2029	7.11% - 8.63%	405,810,490	402,937,590	405,810,490
15 year Pakistan Investment Bonds	2021 -2035	7.13% -9.61%	24,668,147	24,370,000	24,668,147
20 year Pakistan Investment Bonds	2024 - 2039	7.76% - 9.93%	33,550,812	33,900,000	33,550,812
30 year Pakistan Investment Bonds	2036 - 2038	9.75% - 9.86%	37,653,908	40,050,000	37,653,908
Islamic Republic of Pakistan Bonds			8,105,041	-	8,105,041
			<u>754,916,444</u>	<u>757,363,100</u>	<u>754,916,444</u>
Treasury Bills					
Treasury Bills	2020	7.73% - 14.17%	31,794,738	32,600,000	31,794,738
Other					
Sukuk Bonds			40,000	40,000	40,000
			<u>786,751,182</u>	<u>790,003,100</u>	<u>786,751,182</u>
					<u>674,943,342</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2020

7 INVESTMENTS IN DEBT SECURITIES

Note	June 30 2020 (Un-audited)			December 31 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
-----Rupees in '000-----						
<i>Held to maturity</i>						
Debtures	7,573	(7,573)	-	7,573	(7,573)	-
Foreign fixed income securities	3,897,968	-	3,897,968	3,042,398	-	3,042,398
	<u>3,905,541</u>	<u>(7,573)</u>	<u>3,897,968</u>	<u>3,049,971</u>	<u>(7,573)</u>	<u>3,042,398</u>

- 7.1 Debtures include an amount of Rs. 7.573 million (December 31, 2019: Rs. 7.573 million) pertaining to those companies which are in liquidation process since 1974. Further, a court case is in process against the Colony Textile Mills Limited against debenture loan amounting to Rs. 0.678 million (December 31, 2019: Rs. 0.678 million). The Corporation had made full provision against these debtures.

8 INVESTMENT IN MUTUAL FUNDS

	June 30 2020 (Un-audited)			December 31 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
-----Rupees in '000-----						
<i>Fair value through profit or loss</i>						
<i>Listed</i>						
Open ended mutual fund	3,015,481	-	5,423,226	3,015,482	-	5,924,802
<i>Unlisted</i>						
Close end mutual fund	861,156	-	1,720,595	861,155	-	2,062,719
	<u>3,876,637</u>	<u>-</u>	<u>7,143,821</u>	<u>3,876,637</u>	<u>-</u>	<u>7,987,521</u>

9 INSURANCE / REINSURANCE RECEIVABLES

Unsecured and considered good

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
Due from insurance contract holders	24,666,156	25,932,244
Less: provision for impairment of receivables from Insurance contract holders	-	-
Due from other insurers / reinsurers	374,473	369,081
Less: provision for impairment of due from other insurers / reinsurers	-	-
	<u>25,040,629</u>	<u>26,301,325</u>

10 OTHER LOANS AND RECEIVABLES

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
Accrued investment income	41,918,433	38,712,693
Loans to agents	168,834	81,604
Loans to employees	924,858	953,037
Advance to contractors & security deposit	357,422	355,831
Other receivables	4,057,366	2,578,046
	<u>47,426,913</u>	<u>42,681,211</u>

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	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	-----Rupees in '000 -----	
11 PREPAYMENTS	Note -----	
Prepaid rent	3,362	4,421
Prepaid miscellaneous expenses	49,020	60,118
	<u>52,382</u>	<u>64,539</u>
12 CASH AND BANK		
<i>Cash and Cash Equivalent</i>		
- Cash in hand	4,886	1,422
- Cash in transit	4	252,822
- Policy & Revenue stamps, Bond papers	24,726	14,751
	29,616	268,995
Cash at bank		
- Current accounts	7,330,015	15,901,274
- Savings accounts	9,719,467	64,639,806
- Fixed deposits maturing after 12 months	10,491,918	11,049,711
	<u>27,571,016</u>	<u>91,859,786</u>
12.1 Cash and cash equivalent include the following for the purposes of the cash flow statement:		
<i>Cash and cash equivalent</i>		
- Cash in hand	4,886	1,422
- Cash in transit	4	252,822
- Policy & Revenue stamps, Bond papers	24,726	14,751
	29,616	268,995
Cash at bank		
- Current accounts	7,330,015	15,901,274
- Savings accounts	9,719,467	64,639,806
	<u>17,079,098</u>	<u>80,810,075</u>
12.2 These carry mark-up ranging from 7.50% to 12.60% (2019: 8% to 12.55%) per annum.		
	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	-----Rupees in '000 -----	
13 RESERVES		
Revenue reserves		
General reserve	245,043	7,043
14 INSURANCE LIABILITIES		
Reported outstanding claims (including claims in payment)	25,659,495	23,153,121
Incurred but not reported claims	4,039,402	3,965,610
Liabilities under individual conventional insurance contracts	1,026,735,368	987,760,099
Liabilities under group insurance contracts (other than investment linked)	1,197,693	1,603,253
Other insurance liabilities	232,511	229,210
	<u>1,057,864,469</u>	<u>1,016,711,293</u>

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		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Note	-----Rupees in '000 -----	
15 DEFERRED TAXATION			
Deferred tax credit arising in respect of On retained balance on Ledger Account D	15.1	<u>838,167</u>	<u>636,015</u>
		Balance as at January 1, 2020	Balance as at June 30, 2020
		Recognised in statement of comprehensive income	Recognised in Other Comprehensive Income
		-----Rupees in '000-----	
15.1			
<i>Defer credit arising in respect of</i> On Retained balance on Ledger Account D		<u>636,015</u>	<u>838,167</u>
		Recognised in statement of comprehensive income	Recognised in Other Comprehensive Income
		-----Rupees in '000-----	
<i>Defer credit arising in respect of</i> On Retained balance on Ledger Account D		<u>472,871</u>	<u>636,015</u>
		Balance as at January 1, 2019	Balance as at December 31, 2019
		Recognised in statement of comprehensive income	Recognised in Other Comprehensive Income
		-----Rupees in '000-----	
16 INSURANCE / REINSURANCE PAYABLES			
Due to other insurers / reinsurers		<u>439,707</u>	<u>480,184</u>
17 OTHER CREDITORS AND ACCRUALS			
Agents commission payable		1,667,945	4,002,039
Accrued expenses		6,067,211	5,835,026
Other liabilities		8,882,136	8,623,282
		<u>16,617,292</u>	<u>18,460,347</u>
18 CONTINGENCIES AND COMMITMENTS			
18.1 Contingencies			
There are no material changes in the status of contingencies as same reported in note 23.1 to the annual unconsolidated financial statements of the Corporation for the year ended December 31, 2019, excepts specified below:			
18.1.1	With reference to the contingency disclosed in note 23.1.13 of the annual unconsolidated financial statements. In view of the opinion of the legal advisor and pending adjudication of the petitions filed, the Corporation has neither billed its policy holders nor recognized the contingent liability for sales tax in Sindh, Punjab and Balochistan which calculated on the basis of the risk premium and excluding the investment amount allocated to policies as per the opinion of the legal advisors, aggregated to Rs. 1,103.08 million in its books of account. The management contends that should the administrative efforts fail, the amount will be charged to the policyholders.		
18.2 Commitments			
The Corporation is committed in respect of capital expenditure contract aggregating to Rs. 273 million (December 31, 2019: Rs. 388 million). There were no other commitments as at the reporting date.			

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		June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
	Note	-----Rupees in '000 -----	
19	NET PREMIUM REVENUE		
	Gross Premiums		
	Regular premium individual policies		
	First year	3,156,677	3,980,089
	Second year renewal	2,891,073	3,533,230
	Subsequent year renewal	26,887,521	27,230,936
	Group policies with cash values	4,355	-
	Group policies without cash values	9,084,246	6,841,690
	Less: experience refund	<u>(4,937,446)</u>	<u>(1,117,646)</u>
	Total Gross Premiums	37,086,426	40,468,299
	Less: Reinsurance Premiums Ceded		
	On individual life first year business	(7,415)	(9,877)
	On individual life second year business	(7,401)	(10,007)
	On individual life renewal business	(54,534)	(51,664)
		<u>(69,350)</u>	<u>(71,548)</u>
	Net Premium revenue	<u>37,017,076</u>	<u>40,396,751</u>
20	INVESTMENT INCOME		
	Income from equity securities		
	<i>Fair value through profit or loss</i>		
	- Dividend income	2,309,874	2,810,895
	Income from government and debt securities		
	<i>Held to maturity</i>		
	- Return on government and debt securities	40,258,499	32,214,804
		<u>42,568,373</u>	<u>35,025,699</u>
21	NET REALISED FAIR VALUE GAIN / (LOSS) ON FINANCIAL ASSETS		
	<i>Fair value through profit or loss</i>		
	Realised gain / (loss) on equity securities	196,095	(17,715)
22	NET FAIR VALUE LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Net unrealised loss on investments at fair value through profit or loss	(15,168,310)	(10,809,156)
	Investment related expenses	(26,312)	(31,903)
		<u>(15,194,622)</u>	<u>(10,841,059)</u>
23	NET RENTAL INCOME		
	Rental income	528,035	597,280
	Less: Expenses of investment property	(293,202)	(281,909)
		<u>234,833</u>	<u>315,371</u>
24	OTHER INCOME		
	Return on bank balances	1,238,365	1,154,019
	Return on loans to employees	21,985	23,387
	Return on loans to policyholders	5,155,823	3,367,062
	Exchange gain on revaluation	1,854,858	3,017,977
	Miscellaneous income	45,504	74,042
		<u>8,316,535</u>	<u>7,636,487</u>

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		June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
		-----Rupees in '000 -----	
25	NET INSURANCE BENEFITS		
	Gross Claims		
	Claims under individual policies		
	- by death	2,451,117	3,425,264
	- by insured event other than death	123,384	174,213
	- by maturity	4,027,492	4,835,686
	- by surrender	13,430,208	11,959,461
	- annuity payments	1,929	8,227
	Total gross individual policy claims	20,034,130	20,402,851
	Claims under group policies		
	- by death	995,752	1,454,932
	- by insured event other than death	2,200,577	3,403,995
	- by maturity	-	-
	- by surrender	26	889
	- annuity payments	114	2,004
	Total gross policy claims	3,196,469	4,861,820
	Total Gross Claims	23,230,599	25,264,671
	Less: Reinsurance Recoveries		
	- on individual life claims	(8,313)	(15,269)
	- on group life claims	-	2,563
		(8,313)	(12,706)
	Net insurance benefits	23,222,286	25,251,965
26	ACQUISITION EXPENSES		
	Remuneration to insurance intermediaries on individual policies:		
	- commission to agent on first year premiums	1,467,821	1,914,596
	- commission to agent on second year premiums	357,218	448,188
	- commission to agent on subsequent renewal premiums	1,086,250	1,115,823
	- other benefits to insurance intermediaries	522,631	683,719
	- branch overhead	531,794	590,517
	Remuneration to insurance intermediaries on group policies:		
	- commission	757	1,388
	- other benefits to insurance intermediaries	470	966
	Other acquisition costs		
	- Stamp duty and medical fee	390,138	309,562
		4,357,079	5,064,759
27	MARKETING AND ADMINISTRATION EXPENSES		
	Employee benefit cost	27.1 3,251,133	3,118,781
	Travelling expenses	91,136	145,403
	Advertisement and sales promotion	4,528	19,418
	<i>Balance carry forward</i>	3,346,797	3,283,602

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	June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
	-----Rupees in '000 -----	
<i>Balance brought forward</i>	3,346,797	3,283,602
Printing and stationery	22,798	59,893
Depreciation	55,887	52,793
Rent, rates and taxes	80,055	136,505
Legal and professional charges - business related	214,802	70,701
Electricity, gas and water	380,295	400,348
Office repair and maintenance	6,577	15,938
Bank charges	20,162	18,362
Postages, telegrams and telephone charges	41,312	42,848
Appointed Actuary fees	3,432	3,432
Annual Supervision fees SECP	25,000	25,000
	<u>4,197,117</u>	<u>4,109,422</u>
27.1 Employee benefit cost		
Salaries, allowances and other benefits	2,341,209	2,390,695
Charges for post employment benefit	909,924	728,086
	<u>3,251,133</u>	<u>3,118,781</u>
28 OTHER EXPENSES		
Auditors' remuneration	28.1 5,414	3,183
Training expense	10,430	15,221
Revenue stamps	10,677	6,647
Insurance charges	31,362	34,223
Office maintenance	32,305	36,859
Other rent, rates and taxes	10,557	15,795
Miscellaneous	9,857	51,922
	<u>110,602</u>	<u>163,850</u>
28.1 Auditors' remuneration		
Business within Pakistan		
<i>Half yearly review fee</i>		
BDO Ebrahim & Co.	1,025	1,025
Grant Thornton Anjum Rahman	1,025	1,025
	2,050	2,050
<i>Half yearly review out of pocket expenses</i>		
BDO Ebrahim & Co.	375	375
Grant Thornton Anjum Rahman	375	375
	750	750
Business outside Pakistan		
Nabeel AL-Saie Public Accountants	2,614	383
	<u>5,414</u>	<u>3,183</u>

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		June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
		-----Rupees in '000 -----	
29	INCOME TAX EXPENSE		
	For the period		
	Current	363,692	378,836
	Deferred	202,152	199,141
		<u>565,844</u>	<u>577,977</u>
30	EARNINGS PER SHARE		
	Profit (after tax) for the period	2,035,639	1,413,156
	Weighted average outstanding number of ordinary shares as at period end	<u>43,000</u>	<u>35,556</u>
	Earnings per share (Rupees)	<u>47.34</u>	<u>39.74</u>

31 **FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying values of all financial assets and liabilities reflected in the unconsolidated condensed interim financial statements are appropriate to their fair values except for non-trading investments. Fair value is determined on the basis of the objective evidence at each reporting date.

31.1 **Carrying amount versus fair value**

The following table compares the carrying amounts and fair values of the Corporation's financial assets and financial liabilities as at June 30, 2020.

	Note	As at June 30, 2020 (Un-audited)		As at December 31, 2019 (Audited)	
		Carrying amount -----Rupees in '000 -----	Fair value	Carrying amount -----Rupees in '000 -----	Fair value
Financial assets					
Investment in subsidiaries		318,901	318,901	318,901	318,901
Investments					
Equity securities	5	78,450,643	78,450,643	91,592,105	91,592,105
Government securities	6	786,751,182	829,829,073	674,943,342	674,943,342
Debt securities	7	3,897,968	3,897,968	3,042,398	3,042,398
Mutual funds	8	7,143,821	7,143,821	7,987,521	7,987,521
Loans secured against life insurance policies		115,255,784	115,255,784	111,873,885	111,873,885
Insurance / reinsurance receivables	9	25,040,629	25,040,629	26,301,325	26,301,325
Other loans and receivables	10	45,975,798	45,975,798	41,290,739	41,290,739
Cash and bank	12	27,571,016	27,571,016	91,859,786	91,859,786
		<u>1,090,405,742</u>	<u>1,133,483,633</u>	<u>1,049,210,002</u>	<u>1,049,210,002</u>
Financial liabilities					
Insurance liabilities	14	1,057,864,469	1,057,864,469	1,016,711,293	1,016,711,293
Insurance / reinsurance payables	16	439,707	439,707	480,184	480,184
Other creditors and accruals	17	16,617,292	16,617,292	18,460,347	18,460,347
		<u>1,074,921,468</u>	<u>1,074,921,468</u>	<u>1,035,651,824</u>	<u>1,035,651,824</u>

31.2 **Fair value hierarchy**

The level in the fair value hierarchy within which the asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Assets and liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses assets measured at the end of the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised:

	As at June 30, 2020	Level 1	Level 2	Level 3
-----Rupees in '000-----				
Financial Assets at carrying value				
Other fixed income securities	790,649,150	-	790,649,150	-
Listed equity securities and mutual fund units	83,809,775	83,809,775	-	-
Unlisted equity securities and mutual fund units	1,784,690	-	-	1,784,690
Holding in subsidiary companies	318,901	-	-	318,901
	<u>876,562,516</u>	<u>83,809,775</u>	<u>790,649,150</u>	<u>2,103,591</u>

	As at December 31, 2019	Level 1	Level 2	Level 3
-----Rupees in '000-----				
Financial Assets at carrying value				
Other fixed income securities	677,985,740	-	677,985,740	-
Listed equity securities and mutual fund units	97,453,634	97,453,634	-	-
Unlisted equity securities and mutual fund units	2,125,992	-	-	2,125,992
Holding in subsidiary companies	318,901	-	-	318,901
	<u>777,884,267</u>	<u>97,453,634</u>	<u>677,985,740</u>	<u>2,444,893</u>

Carrying values of all other financial assets and liabilities approximate their fair value.

31.3 Transfers during the period

During the period to June 30, 2020:

- There were no transfers between Level 1 and Level 2 fair value measurements.
- There were no transfers into or out of Level 3 fair value measurements.

31.4 Valuation techniques

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock exchange.
- Unlisted equity securities are carried at cost.
- Investments in subsidiary companies are being carried at cost.

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32 SEGMENTAL INFORMATION

32.1 Revenue account by statutory fund

For the period ended June 30, 2020

	Statutory Funds				Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance		Family Takaful
	----- Rs in '000 -----					
Income						
Premium less reinsurances	33,419,026	582,582	4,355	3,011,114	-	37,017,077
Rental income from investment property	234,833	-	-	-	-	234,833
Net investment income	32,457,163	2,359,719	21,592	830,301	6,090	35,674,865
Total net income	66,111,022	2,942,301	25,947	3,841,415	6,090	72,926,775
Insurance benefits and expenditures						
Insurance benefits, including bonuses, net of reinsurance recoveries	20,358,808	666,945	8,586	2,190,868	-	23,225,207
Management expenses less recoveries	8,192,550	157,755	187	301,126	10,900	8,662,518
Total insurance benefits and expenditure	28,551,358	824,700	8,773	2,491,994	10,900	31,887,725
Excess of income over insurance benefits and expenditures	37,559,664	2,117,601	17,174	1,349,421	(4,810)	41,039,050
Net change in insurance liabilities (other than outstanding claims)	(36,552,434)	(2,091,067)	(3,301)	-	-	(38,646,802)
Surplus/(deficit before tax)	74,112,098	4,208,668	20,475	1,349,421	(4,810)	79,685,852
Movement in policyholders' liabilities	(36,552,434)	(2,091,067)	(3,301)	-	-	(38,646,802)
Transfers to and from shareholders' fund						
- Surplus appropriated to shareholders' fund	(1,016,357)	(26,534)	-	-	-	(1,042,891)
- Capital returned to shareholders' fund	-	-	-	-	-	-
Balance of statutory fund at beginning of the period	970,544,043	22,784,919	365,981	2,647,351	59,038	996,401,332
Balance of statutory fund at end of the period	1,007,087,350	24,875,986	383,155	3,996,772	54,228	1,036,397,491

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	Revenue Account by Statutory Fund				Aggregate	
	Statutory Funds					
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful	2019
	Rs in '000					
Income						
Premium less reinsurance	36,781,583	666,669	-	2,948,498	-	40,396,750
Rental income from investment property	315,371	-	-	-	-	315,371
Net investment income	27,856,667	3,543,007	19,491	208,772	6,147	31,634,084
Total net income	64,953,621	4,209,676	19,491	3,157,270	6,147	72,346,205
Insurance benefits and expenditures						
Insurance benefits, including bonuses, net of reinsurance recoveries	22,270,464	699,008	16,655	2,265,838	-	25,251,965
Management expenses less recoveries	8,940,393	181,209	76	205,216	8,485	9,335,379
Total insurance benefits and expenditure	31,210,857	880,217	16,731	2,471,054	8,485	34,587,344
Excess of income over insurance benefits and expenditures	33,742,764	3,329,459	2,760	686,216	(2,338)	37,758,861
Net change in insurance liabilities (other than outstanding claims)	(32,631,912)	(3,302,551)	3,897	(3,841)	-	(35,934,407)
Surplus/(deficit before tax)	1,110,852	26,908	6,657	682,375	(2,338)	1,824,454
Movement in policyholders' liabilities						
Transfers to and from shareholders' fund	32,631,912	3,302,551	(3,897)	3,841	-	35,934,407
- Surplus appropriated to shareholders' fund	(1,110,857)	(26,907)	-	-	-	(1,137,764)
- Capital returned to shareholders' fund	-	-	-	(100,000)	-	(100,000)
- Capital contributions from shareholders' fund	-	-	-	-	-	-
Net transfer to/from shareholders' fund	(1,110,857)	(26,907)	-	(100,000)	-	(1,237,764)
Balance of statutory fund at beginning of the period	852,937,911	18,936,539	314,328	1,553,694	70,787	873,813,259
Balance of statutory fund at end of the period	884,458,961	22,212,184	317,088	2,039,910	68,449	910,334,356

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32.2 Segmental results by line of business

Income	Statutory Funds			Accidental and Health Insurance	Family Takaful	Aggregate 2020
	Pakistan Life Fund	Overseas Life Fund	Pension Fund			
Gross premium						
- First year	3,103,385	53,292	-	-	-	3,156,677
- Second year	2,817,705	73,368	-	-	-	2,891,073
- Subsequent year renewal	26,411,930	475,591	-	-	-	26,887,521
Group policies with cash value	-	-	4,355	-	-	4,355
Group policies without cash value	1,141,892	-	-	7,942,354	-	9,084,246
Less: experience premium refund	(6,206)	-	-	(4,931,240)	-	(4,937,446)
Total gross premiums	33,468,706	602,251	4,355	3,011,114	-	37,086,426
Less: reinsurance premiums ceded						
On individual life first year business	6,640	775	-	-	-	7,415
On individual life second year business	7,401	-	-	-	-	7,401
On individual life renewal business	35,640	18,894	-	-	-	54,534
	49,681	19,669	-	-	-	69,350
Net Premiums	33,419,026	582,582	4,355	3,011,114	-	37,017,076
Rental income from investment property	234,833	-	-	-	-	234,833
Net investment income	32,457,163	2,359,719	21,592	830,301	6,090	35,674,865
Total net income	66,111,022	2,942,301	25,947	3,841,415	6,090	72,926,775
Insurance benefits and expenditures						
Claims, including bonuses, net of reinsurance recoveries	20,358,808	666,945	8,586	2,190,868	-	23,225,207
Management expenses less recoveries	8,192,550	157,755	187	301,126	10,900	8,662,518
Total insurance benefits and expenditures	28,551,358	824,700	8,773	2,491,994	10,900	31,887,725
Excess of income over insurance benefits	37,559,664	2,117,601	17,174	1,349,421	(4,810)	41,039,050
Add: Policyholder liabilities at the beginning of period	970,544,043	22,784,919	365,981	2,647,351	59,038	996,401,332
Less: Policyholder liabilities at the end of period	(934,618,503)	(18,611,913)	(177,692)	(51,518)	54,228	(953,405,398)
Surplus/(deficit) before tax	73,485,204	6,290,607	205,463	3,945,254	108,456	84,034,984

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Segmental results by line of business

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
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FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2020

	Statutory Funds				Accidental And Health Insurance Fund	Family Takaful	Aggregate 2019
	Pakistan Life Fund	Overseas Life Fund	Pension Fund				
Income							
Gross premium							
- First year	3,913,983	66,106	-	-	-	-	3,980,089
- Second year	3,422,260	110,970	-	-	-	-	3,533,230
- Subsequent year renewal	26,719,894	511,042	-	-	-	-	27,230,936
Group policies without cash value	2,775,545	-	-	4,066,144	-	-	6,841,690
Less: experience refund	-	-	-	(1,117,646)	-	-	(1,117,646)
Total gross premiums	36,831,682	688,118	-	2,948,498	-	-	40,468,299
Less: reinsurance premiums ceded							
On individual life first year business	(9,120)	(757)	-	-	-	-	(9,877)
On individual life second year business	(10,007)	-	-	-	-	-	(10,007)
On individual life renewal business	(30,972)	(20,692)	-	-	-	-	(51,664)
	(50,099)	(21,449)	-	-	-	-	(71,548)
Net premiums	36,781,583	666,669	-	2,948,498	-	-	40,396,751
Rental income from investment property	315,371	-	-	-	-	-	315,371
Net investment income	27,856,667	3,543,007	19,491	208,772	6,147	-	31,634,084
Total net income	64,953,621	4,209,676	19,491	3,157,270	6,147	-	72,346,205
Insurance benefits and expenditures							
Claims, including bonuses, net of reinsurance recoveries	22,270,464	699,008	16,655	2,265,838	-	-	25,251,965
Management expenses less recoveries	8,940,393	181,209	76	205,216	8,485	-	9,335,379
Total insurance benefits and expenditures	31,210,857	880,217	16,731	2,471,054	8,485	-	34,587,344
Excess of income over insurance benefits	33,742,764	3,329,459	2,760	686,216	(2,338)	-	37,758,861
Add : Policyholder liabilities at the beginning of period	852,937,911	18,936,539	314,328	1,553,694	70,787	-	873,813,259
Less : Policyholder liabilities at the end of period	(885,569,823)	(22,239,091)	(317,088)	(2,139,910)	(68,449)	-	(910,334,361)
Surplus/(deficit) before tax	1,110,852	26,907	-	100,000	-	-	1,237,759

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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2020

32.3 Segment Statement of Financial Position

Note	As at June 30, 2020 (Un-audited)		As at December 31, 2019 (Audited)	
	Statutory Funds	Shareholders Fund	Statutory Funds	Shareholders Fund
	-----Rs in '000-----		-----Rs in '000-----	
3	844,164	-	920,235	-
4	3,485,683	-	3,375,167	-
	318,901	-	318,901	-
5	873,294,072	2,949,542	774,615,824	2,949,542
	115,255,784	-	111,873,885	-
9	25,040,629	-	26,301,325	-
10	47,392,519	34,394	42,646,817	34,394
	4,031,461	-	3,875,690	-
11	52,382	-	64,539	-
12	27,570,954	62	91,859,724	62
Total assets	1,097,286,549	2,983,998	1,055,852,107	2,983,998
	1,057,864,469	1,057,864,469	1,016,711,293	1,016,711,293
14	6,424,751	-	4,722,072	-
	43,066	-	44,714	-
15	-	838,167	-	636,015
	8,858,386	-	10,632,410	-
16	439,707	-	480,184	-
17	16,617,292	-	17,910,836	-
Total Liabilities	1,090,247,671	838,167	1,050,501,509	1,185,526
	1,091,085,838	1,091,085,838	1,051,687,035	1,051,687,035

33	MOVEMENT IN INVESTMENTS		MOVEMENT IN INVESTMENTS	
	Held to Maturity	Fair value through profit or loss	Held to Maturity	Fair value through profit or loss
	-----Rs in '000-----		-----Rs in '000-----	
At beginning of previous year	677,985,740	99,579,626	642,563,367	95,684,165
Additions	143,638,392	1,279,016	188,595,082	171,210
Disposals (sale and redemptions)	(37,506,000)	(95,868)	(155,806,419)	(1,700)
Amortization of premium	6,531,018	-	2,633,710	-
Provision created during the period / year	-	-	-	(45,635)
Unrealised fair value (loss) / gain	-	(15,168,310)	-	3,771,586
	790,649,150	85,594,464	677,985,740	99,579,626
	876,243,614	876,243,614	777,565,366	777,565,366

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
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34 RELATED PARTY TRANSACTIONS

The Corporation has related party relationships with provident fund, pension fund scheme, gratuity fund, state owned profit oriented entities and its key management personnel. Transactions with related parties are made at arms length prices. There have been no guarantees provided or received for any related party receivables or payables. Other material transactions and balances with related parties are given below:

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	-----Rupees in '000-----	
Profit oriented state-controlled entities		
-common ownership		
Investment in shares - State Bank of Pakistan	3,221	3,221
PIB deposited with State Bank of Pakistan	485,000	410,000
Subsidiaries		
Rental income received	1,877	2,610
Staff retirement fund		
Contribution to provident fund	1,921	5,114
Contribution to pension fund	243,573	485,862
Contribution to funded gratuity fund	1,645	4,791
Expense charged to pension fund	488,731	1,028,889
Transactions with associated companies		
Dividend received during the period / year Pakistan Reinsurance Company Limited	146,464	256,313
Balances with related parties - common directorship		
Investment in units : National Islamic Equity Trust	200,000	200,000
Balances with related parties		
Retirement benefit obligations	6,424,751	4,722,072
Balances with related parties - common directorship		
Investment in shares:		
Fauji Fertilizer Company Limited	12,851,604	11,772,827
Sui Southern Gas Company Limited	770,441	1,242,870
Sui Northern Gas Pipelines Company Limited	1,500,579	2,093,391
Alpha Insurance Company Limited (<i>Subsidiary Company</i>)	298,818	298,818
Pakistan Cables Limited	268,437	326,474
Security Papers Limited	712,945	575,077
Shahtaj Sugar Mills Limited	84,775	65,767
Pak Data Communication Limited	36,793	36,272
Premier Insurance Company Limited	27,373	32,300
Pakistan Reinsurance Company Limited	1,666,033	2,153,759
Arabian Sea Country Club Limited	5,000	5,000
PICIC Insurance Limited	2,766	4,013
Nina Industries Limited	4,500	4,500
State Life Abdullah Haroon Road Property (Private) Limited (<i>Subsidiary Company</i>)	26,182	26,182
State Life Lackie Road Property (Private) Limited (<i>Subsidiary Company</i>)	12,910	12,910

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
 NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
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35 CORRESPONDING FIGURES

Previous year figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in the unconsolidated condensed interim financial statements. For better presentation, reclassification made in the financial statements were as follows:

<u>Reclassification from</u>	<u>Reclassification to</u>	<u>Rupees '000</u>
Statement of comprehensive income		
<u>Marketing And Administration Expenses</u>		
Legal and professional charges - business related	<u>Marketing And Administration Expenses</u> Annual Supervision fees SECP	25,000
Legal and professional charges - business related	Appointed Actuary fees	3,432
Miscellaneous expense	Office repair and maintenance	8,577
<u>Other Expenses</u>		
Miscellaneous expense	Revenue stamps	6,647
Miscellaneous expense	Insurance charges	34,223
Miscellaneous expense	Office maintenance	36,859
Miscellaneous expense	Other rent, rates and taxes	15,795
<u>Marketing And Administration Expenses</u>		
Miscellaneous expense	<u>Other Expenses</u> Training expense	15,221
Miscellaneous expense	Miscellaneous expense	161
<u>Cash and bank</u>		
Cash in hand	<u>Cash and bank</u> Policy & Revenue stamps, Bond papers	14,751
<u>Statement of comprehensive income</u>		
Insurance benefits	Premium revenue	1,117,646

36 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorized for issue on **31 AUG 2020** by the Board of Directors of the Corporation.

37 GENERAL

Figures in these unconsolidated condensed interim financial statements have been rounded off to nearest thousand of Rupees unless otherwise stated.



CHAIRMAN

Riaz Ahmad Memon



DIRECTOR

Mikhar-ul-Hussain Shah



DIRECTOR

M. Saeedallah Khan



CHIEF FINANCIAL OFFICER

Muhammad Rashid

Statement of Directors

(As per the requirement of Section 46(6) and Section 52(2) (C)
of the Insurance Ordinance, 2000)

Section 46 (6)

- a. In our opinion the financial statements of State Life Insurance Corporation of Pakistan for the period ended June 30, 2020, set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 and any rules made thereunder;
- b. State Life Insurance Corporation of Pakistan has at all times in the year complied with the provisions of the Insurance Ordinance and the rules made thereunder relating to paid-up-capital, solvency and re-insurance arrangements; and
- c. As at June 30, 2020, State Life Insurance Corporation of Pakistan continues to be in compliance with the provisions of the Insurance Ordinance and the rules made thereunder relating to paid-up-capital, solvency and reinsurance arrangements.

Section 52 (2) (C)

In our opinion, each statutory fund of the State Life Insurance Corporation of Pakistan complies with the solvency requirements of the Insurance Ordinance, 2000, and the Insurance Rules, 2017.


CHAIRMAN
Riaz Ahmad Memon


DIRECTOR
Ifikhar-ul-Hussain Shah


DIRECTOR
M. Saiedullah Khan


CHIEF FINANCIAL OFFICER
Muhammad Rashid

Statement by the Appointed Actuary

required under Section 52(2) (a) & (b) of the Insurance Ordinance, 2000

In my opinion,

- a. The policyholders liabilities / technical liabilities included in the balance sheet of State Life Insurance Corporation of Pakistan as at June 30, 2020 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and

- b. Each statutory fund of State Life Insurance Corporation of Pakistan complies with the solvency requirements of the Insurance Ordinance, 2000.



(Shujaat Siddiqui)

Appointed Actuary of the Corporation
MA, FIA, FPSA

Dated: 31-08-2020