

CONDENSED INTERIM
FINANCIAL INFORMATION OF
STATE LIFE INSURANCE CORPORATION
OF PAKISTAN
FOR THE SIX MONTHS PERIOD ENDED
JUNE 30, 2017

Directors' Report to the Shareholders

I am pleased to present the Directors' Report and Chairman's Review of State Life Insurance Corporation of Pakistan together with the condensed interim financial information (un-audited) for the half year ended 30th June 2017.

OPERATING AND FINANCIAL PERFORMANCE:

During the period under review, financial performance of the Corporation remained satisfactory. An overview of the performance of State Life during the half year 2017 as compared to half year 2016 is given hereunder:

- 1.1 Total Income of the State Life increased to Rs. 65,806 million in half year 2017 as against Rs. 63,734 million in the preceding half year, registering an increase of 3.2%
- 1.2 Management expenses for the half year 2017 were Rs.10,266 million as compared to Rs. 10,202 million in half year 2016 showing an increase of 0.6%. Overall management expense ratio to total premium income for the half 2017 was 30.86% as against 31.27% for the half year 2016.
- 1.3 Payments to policyholders in the half year 2017 were Rs.18,543 million as against Rs. 16,079 million in the corresponding period 2016, showing an increase of 15.30%.
- 1.4 Total amount of statutory funds at the end of half year 2017 was Rs.649,824 million as against Rs. 563,168 million in the corresponding period 2016, showing an increase of 15.40%.
- 1.5 The basic and diluted Earnings Per Share (EPS) for the half year 2017 is Rs. 20.07 as compared to Rs. 21.82 in the same period last year.

2. BUSINESS PORTFOLIO WISE PERFORMANCE:

2.1 INDIVIDUAL LIFE BUSINESS – PAKISTAN'S OPERATIONS:

First year gross premium income under Individual Life policies, during the half year 2017 is Rs. 5,861 million as compared to Rs. 6,020 million in the last year corresponding period, resulting a decrease of 3%. Gross renewal premium was Rs. 22,996 million in half year 2017 whereas it was Rs. 22,407 million in the corresponding period of 2016, resulting in an increase of 3%.

2.2 INDIVIDUAL LIFE BUSINESS – OVERSEAS OPERATIONS:

First year gross premium income under Individual Life policies, during the half year 2017 was Rs.119 million as compared to Rs. 150 million in the last corresponding period 2016, showing a decrease of 21%. Gross renewal premium in half year 2017 was Rs. 484 million

as compared to Rs. 706 million in corresponding period of 2016, showing a decrease of 31%.

2.3 GROUP LIFE BUSINESS:

Gross premium under Group Life policies during the half year 2017 was Rs. 2,180 million as compared to Rs. 3,190 million in the half year 2016, showing a decrease of 32%.

2.4 HEALTH INSURANCE BUSINESS:

Gross premium under Health Insurance policies during the half year 2017 was Rs.1,629 million as compared to Rs. 150 million in the preceding period 2016, showing an increase of 987%, mainly due to health insurance policies undertaken for the Prime Minister's National Health Insurance Program and Sehat Sahulat Program of the Government of KPK.

2.5 REAL ESTATE:

In the half year 2017, Real Estate Division (RED) performed satisfactorily in the context of Real Estate Management, breakup of rental income and expenses are stated hereunder:

	<u>Rs. in million</u>		
	Half Year		<u>Inc/(Dec)</u>
	<u>2017</u>	<u>2016</u>	
Rental Income	515	544	(29)
Expenses	264	292	(28)
Net	251	252	(1)

2.6 INVESTMENT:

Net investment income including capital gains during the half year 2017 was Rs. 32,593 million as compared to Rs. 30,908 million in 2016, showing an increase of 5%.

3. FUTURE OUTLOOK:

Prime Minister's National Health Insurance Program (PMNHIP)

The Prime Minister's National Health Insurance Program is a milestone towards social welfare reforms. The scheme aims to cover around 3.1 million families below the poverty line. The coverage includes secondary care of Rs. 50,000/- and priority treatment care of Rs. 250,000/- per family per annum. The scheme is expected to massively impact the quality of health care available to the poor. During 2016, PMNHIP commenced in Islamabad, Muzaffarabad, Quetta, Kotli, Baltistan Loralai, Lasbela and Rahim Yar Khan.

KPK Sehat Sahulat Program:

The Sehat Sahulat Program was initially launched in four districts of KP namely Chitral, Malakand, Mardan and Kohat but has expanded to the whole province of KP. The scheme aimed at supporting the development of social health protection schemes in Khyber Pakhtunkhwa. It will provide coverage up to Rs. 30,000/- for covered disease / treatment per individual for up to seven members in a family per annum and tertiary benefit of Rs. 300,000. Around 1.4 million households were covered under the scheme so far.

Family Takaful

Takaful insurance is another line of business which offers Shariah approved risk coverage through Family Takaful and has bright prospects in the future. The Takaful rules were published by the Securities and Exchange Commission of Pakistan (SECP) in 2005. In 2012, the SECP issued revised Takaful rules allowing Conventional Insurers to initiate window Takaful operations. State Life's Board has also granted approval for initiating Takaful insurance and State Life has been granted license to start Takaful Window Operations in September 2016 from the SECP. It is anticipated that by the mid of September 2017, State Life will be formally able to start Takaful Operations.

Bancassurance

Bancassurance is an alternate distribution channel to sell life insurance products through banks. This line of insurance business ensures wide coverage at lesser cost. During the last quarter of 2012, this channel started its operations after State Life signed an agreement with the United Bank Limited, and in 2013, also signed agreements with First Women Bank Limited and Bank Alfalah. Further for procurement of Bancassurance business, State Life has also signed Agreement with, National Bank of Pakistan, Samba Bank and Silk Bank. The Division is vigorously pursuing its expansion plans for optimal market penetration. In this regard, the negotiations with more banks are underway. Bolstered with State Life's reputation in the market, its Bancassurance channel is steadily showing sustainable growth and will undoubtedly contribute significant all-round improvement in the financial performance of State Life in coming years while providing a new avenue for business growth.

Information Technology

IT Division of State Life works with vision to "Achieve organizational goals through the use of information & Communication Technology (ICT) and to improve productivity and efficiency of process within the organization and enhance delivery of services to all stakeholder". Besides routine IT operations, State Life putting extensive efforts for implementation of newly evolved IT Strategy which includes: Implementation of Pre-packaged Software Solution for Core Businesses & supporting functions and deployment of New ICT infrastructure. It will ensure efficiency in business operations and improve service delivery to all stakeholders.

The successful implementation of IT Strategy will ensure provision of all mandated services online, more efficiently and effectively to all stakeholders including: Policy holders, field staff, senior management and regulators. The ongoing efforts will strengthen internal processes of State Life and facilitate its policyholders by providing them better service delivery mechanism.

4 NOTE OF APPRECIATION

We are pleased to place on record the deep appreciation on behalf of the Board of Directors for the efforts made by all the tiers of the field force and devotion to duty of the staff and officers for the overall performance of the Corporation. May our future efforts continue to contribute to the nation's wellbeing in the economic and fiscal fields.

For and on behalf of the Board of Directors



(Naveed Kamran Baloch)
Chairman

Karachi

Date: 30 AUGUST, 2017

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block-C, Lakson Square
Building No. 1
Sarwar Shaheed Road
Karachi - 75350

Riaz Ahmad & Company
Chartered Accountants
108-109, 1st Floor, Park Avenue
Block 6, P.E.C.H.S.
Shahrah-e-Faisal
Karachi - 75400

REVIEW REPORT TO THE MEMBERS OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN

We have reviewed the accompanying:

- condensed interim balance sheet;
- condensed interim profit and loss account;
- condensed interim statement of comprehensive income;
- condensed interim statement of changes in equity;
- condensed interim statement of cash flows;
- condensed interim revenue account;
- condensed interim statement of premiums;
- condensed interim statement of claims;
- condensed interim statement of expenses; and
- condensed interim statement of investment income

together with the explanatory notes of **State Life Insurance Corporation of Pakistan** (“the Corporation”) as at and for the six months period ended June 30, 2017 (here-in-after referred to as the “condensed interim financial information”). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standards on Review Engagements 2410, “Review of Interim financial information performed by the Independent Auditor of the Entity”. A review of interim financial information 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 the International Standard 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 condensed interim financial information as at and for the six months period ended June 30, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

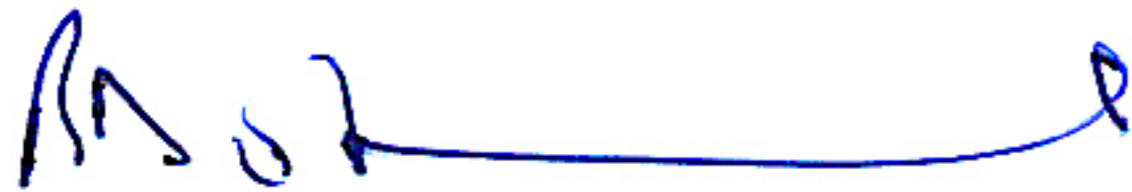


Emphasis of matter

Without modifying our conclusion, we draw attention to the contents as detailed in note 1.3 to the condensed interim financial information. As a consequence of the corporatization, the Corporation is not expected to continue as a going concern. The Company 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.

Other matters

The figures for the quarters ended June 30, 2017 and June 30, 2016 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.



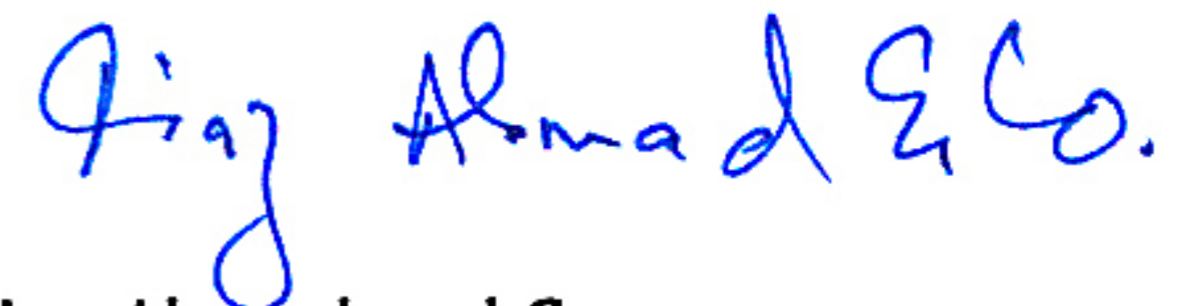
BDO Ebrahim & Co.
Chartered Accountants

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Name of the engagement partner:
Zulfikar Ali Causer

Karachi

Dated: **30 AUG 2017**



Riaz Ahmad and Company
Chartered Accountants

Name of the engagement partner:
Muhammad Waqas


STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2017


Note	Shareholders' Fund	Statutory Funds					(Rupees in '000) Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful Fund	June 30, 2017	December 31, 2016
		Unaudited					Audited	
Share capital and reserves								
	4,000,000	-	-	-	-	-	4,000,000	4,000,000
	Issued, subscribed and paid up share capital	-	-	-	-	-	3,000,000	3,000,000
5	3,000,000	-	-	-	-	-	602,004	1,212,261
	Accumulated surplus	-	-	-	-	-	-	(450,000)
	Capital contributed to statutory fund	-	-	-	-	-	-	-
	General reserve	-	-	-	-	-	307,043	185,817
	307,043	-	-	-	-	-	307,043	185,817
	Net shareholders' equity	-	-	-	-	-	3,909,047	3,948,078
	3,909,047	-	-	-	-	-	3,909,047	3,948,078
Balance of statutory fund								
	Balance of statutory funds - including policyholders' liabilities Rs. 594,698 million (December 31, 2016: Rs. 509,073 million)	-	635,426,885	13,255,012	301,887	740,018	-	649,723,802
6 & 7	-	635,426,885	13,255,012	301,887	740,018	-	100,000	614,076,736
	Operator sub-fund	-	-	-	-	100,000	100,000	100,000
	-	635,426,885	13,255,012	301,887	740,018	100,000	649,823,802	614,176,736
Deferred liabilities								
	Staff retirement benefits	-	3,643,573	16,035	-	-	3,659,608	3,401,871
	Deferred capital grant	-	-	-	24,887	-	24,887	26,710
	-	3,643,573	16,035	-	24,887	-	3,684,495	3,428,581
Creditors and accruals								
	Outstanding claims	-	13,613,707	162,490	-	958,392	-	14,734,589
	Premium received in advance	-	7,088,152	160,785	-	1,276,174	-	8,525,111
	Amounts due to other insurers / reinsurers	-	237,531	-	-	-	-	237,531
	Amount due to agents	-	1,484,162	33,503	-	-	-	1,517,665
	Accrued expenses	-	2,248,686	7,309	107	6,403	-	2,262,505
	Inter - fund balances	383,349	-	195,134	65,944	8,237	-	652,664
8	493,634	4,491,300	29,326	686	32,213	-	-	5,047,159
	Others	-	-	-	-	-	-	-
	876,983	29,163,538	588,547	66,737	2,281,419	-	32,977,224	38,257,995
	876,983	668,233,996	13,859,594	368,624	3,046,324	100,000	686,485,521	655,863,312
	Total liabilities	876,983	668,233,996	13,859,594	368,624	3,046,324	100,000	686,485,521
	Total equity and liabilities	4,786,030	668,233,996	13,859,594	368,624	3,046,324	100,000	690,394,568
	Contingencies and commitments	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information


CHAIRMAN
Naveed Kamran Baloch


DIRECTOR
Saad Amanullah


DIRECTOR
Shafqaat Ahmed


CHIEF FINANCIAL OFFICER
Muhammad Rashid

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2017

Note	Shareholders' Fund	Statutory Funds				(Rupees in '000) Aggregate		
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful Fund	June 30, 2017	December 31, 2016
		Unaudited						Audited
Cash and bank deposits								
Cash and others	-	32,336	445	-	42	-	32,823	119,591
Current and other accounts	-	2,481,586	690,006	11,704	38,345	100,000	3,321,641	14,109,585
Deposits maturing within 12 months	104	3,033,923	1,149,366	-	-	-	4,183,393	16,968,185
Fixed deposits maturing after 12 months	-	1,710	154,084	-	-	-	155,794	151,262
	104	5,549,555	1,993,901	11,704	38,387	100,000	7,693,651	31,348,623
Loans secured against life insurance policies	-	73,180,819	1,202,124	-	-	-	74,382,943	62,802,588
Loans secured against other assets								
To employees	524,662	2,643	-	-	-	-	527,305	481,151
To agents	18,551	6,140	-	-	-	-	24,691	24,640
Others	-	2,655	-	-	-	-	2,655	2,661
	543,213	11,438	-	-	-	-	554,651	508,452
Unsecured loans								
To employees	257,682	-	-	-	-	-	257,682	250,243
To agents	64,639	812	-	-	-	-	65,451	44,697
	322,321	812	-	-	-	-	323,133	294,940
Investment properties	10							
Cost	-	4,898,410	-	-	-	-	4,898,410	4,839,440
Less: Provision for impairment in value	-	(687)	-	-	-	-	(687)	(687)
Less: Accumulated depreciation	-	(1,900,018)	-	-	-	-	(1,900,018)	(1,863,819)
	-	2,997,705	-	-	-	-	2,997,705	2,974,934
Investments	11							
Government securities	3,167,401	515,004,502	9,458,199	310,152	2,857,231	-	530,797,485	481,726,124
Other fixed income securities	-	7,574	804,777	-	-	-	812,351	810,818
Listed equities and mutual funds	-	31,332,806	-	-	-	-	31,332,806	31,072,812
Unlisted equities and mutual funds	-	870,680	-	-	-	-	870,680	870,680
Holding in subsidiary companies	-	241,609	-	-	-	-	241,609	241,609
Less: Provision for diminution in value	-	(274,549)	-	-	-	-	(274,549)	(274,549)
	3,167,401	547,182,622	10,262,976	310,152	2,857,231	-	563,780,382	514,447,494

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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2017


Note	Shareholders' Fund	Statutory Funds					(Rupees in '000) Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful Fund	June 30, 2017	December 31, 2016
		Unaudited					Audited	
Current assets - others								
	-	5,189,852	36,879	32,855	8,090	-	5,267,676	15,278,857
Premiums due but unpaid	-	270,674	1,486	-	-	-	272,160	222,057
Amounts due from other insurers / reinsurers	-	208	-	-	-	-	208	208
Agents balances	-	1,019,046	132,006	-	-	-	1,151,052	877,328
Investment income due but outstanding	106,252	24,935,818	205,963	10,770	17,221	-	25,276,024	24,089,424
Investment income accrued	646,739	3,972,577	-	3,140	-	-	4,622,456	3,484,304
Taxation - payments less provision	-	388,202	6,799	-	52,360	-	447,361	411,559
Prepayments	-	652,664	-	-	-	-	652,664	512,999
Inter - fund balances	-	2,526,968	11,155	3	6,940	-	2,545,066	2,103,574
Sundry receivables	-	45,508	-	-	151	-	45,659	45,039
Others	752,991	39,001,517	394,288	46,768	84,762	-	40,280,326	47,025,349
Fixed assets - tangible								
	-	1,477,994	29,489	-	86,393	-	1,593,876	1,570,873
Furniture, fixtures, office equipment, computers and vehicles	-	(1,168,466)	(23,184)	-	(20,449)	-	(1,212,099)	(1,161,863)
Less: Accumulated depreciation	-	309,528	6,305	-	65,944	-	381,777	409,010
Total assets	4,786,030	668,233,996	13,859,594	368,624	3,046,324	100,000	690,394,568	659,811,390

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information


CHAIRMAN
Naved Kamran Baloch


DIRECTOR
Saad Amanullah


DIRECTOR
Shafqaat Ahmed


CHIEF FINANCIAL OFFICER
Muhammad Rashid


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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017


	Note	Half year ended		(Rupees in '000) Quarter ended	
		June 30,	June 30,	June 30,	June 30,
		2017	2016	2017	2016
Investment income not attributable to statutory funds					
Return on Government securities		140,501	138,781	72,938	54,905
Interest income on loans and advances to employees / agents		11,905	7,803	4,406	5,737
Interest income on bank deposits		4,040	1	75	-
Net investment income		156,446	146,585	77,419	60,642
Expenses not attributable to statutory funds		-	-	-	-
Surplus appropriated to shareholders' fund	6.1	742,896	814,523	192,464	407,262
Profit before tax		899,342	961,108	269,883	467,904
Taxation	13	(297,339)	(306,588)	(108,501)	(153,294)
Profit after tax		602,003	654,520	161,382	314,610
Earnings per share - basic and diluted		20.07	21.82	5.38	10.49

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information


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CHIEF FINANCIAL OFFICER
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**STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**


	Half year ended		(Rupees in '000) Quarter ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Profit after tax for the period	602,003	654,520	161,382	314,610
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>602,003</u>	<u>654,520</u>	<u>161,382</u>	<u>314,610</u>

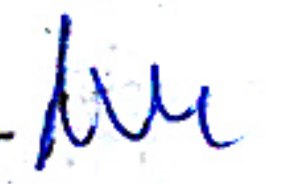
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DIRECTOR
Shafqat Ahmed


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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

(Rupees in '000)

	Issued, subscribed and paid up share capital	Accumulated profit	Reserve for takaful window operation	Capital contributed to statutory fund	General reserve	Net shareholders' equity
Balance as at January 1, 2016	3,000,000	1,047,949	181,022	-		4,228,971
Transactions with owners recorded directly in equity						
Dividend paid	-	(897,045)	-	-	-	(897,045)
Transferred to BESOS from profit of the year ended December 31, 2015*	-	(46,110)	-	-	-	(46,110)
Transferred from takaful window operation reserve**	-	-	(81,022)	-	81,022	-
Transferred to general reserves**	-	(104,794)	-	-	104,794	-
	-	(1,047,949)	(81,022)	-	185,816	(943,155)
Total comprehensive income for the period ended June 30, 2016						
Profit for the period	-	654,520	-	-	-	654,520
Other comprehensive income for the period	-	-	-	-	-	-
	-	654,520	-	-	-	654,520
Balance as at June 30, 2016	<u>3,000,000</u>	<u>654,520</u>	<u>100,000</u>	<u>-</u>	<u>185,816</u>	<u>3,940,336</u>
Balance as at January 1, 2017	3,000,000	1,212,261	-	(450,000)	185,817	3,948,078
Transactions with owners recorded directly in equity						
Dividend paid	-	(1,037,695)	-	-	-	(1,037,695)
Transferred to BESOS from profit of the year ended December 31, 2016*	-	(53,339)	-	-	-	(53,339)
Capital withdrawn from statutory fund	-	-	-	450,000	-	450,000
Transferred to general reserves***	-	(121,226)	-	-	121,226	-
	-	(1,212,260)	-	450,000	121,226	(641,034)
Total comprehensive income for the period ended June 30, 2017						
Profit for the period	-	602,003	-	-	-	602,003
Other comprehensive income for the period	-	-	-	-	-	-
	-	602,003	-	-	-	602,003
Balance as at June 30, 2017	<u>3,000,000</u>	<u>602,004</u>	<u>-</u>	<u>-</u>	<u>307,043</u>	<u>3,909,047</u>

* This represents the amount set aside for shareholders on account of dividend payable to BESOS trust.

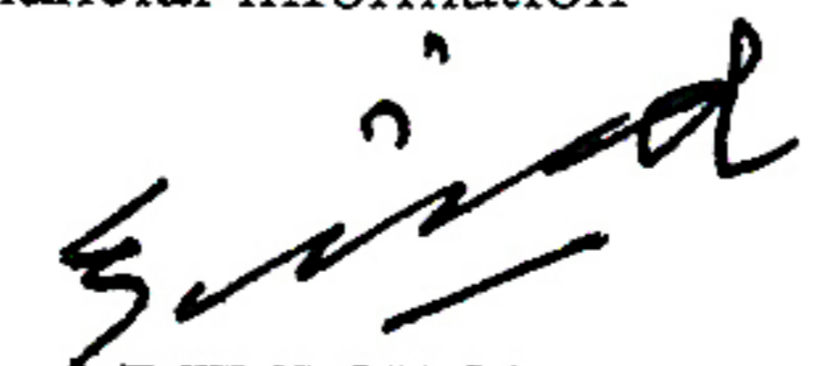
** This represents the amount transferred as per Board of Directors resolution dated May 24, 2016.


*** This represents the amount transferred as per Board of Directors resolution dated May 29, 2017.

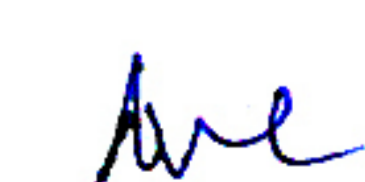
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CHAIRMAN
Naveed Kamran Baloch


DIRECTOR
Saad Amanullah


DIRECTOR
Shafqaat Ahmed


CHIEF FINANCIAL OFFICER
Muhammed Rashid



STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

Note	Shareholders' Fund	Statutory Funds				(Rupees in '000) Aggregate		
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful	June 30, 2017	June 30, 2016
OPERATING ACTIVITIES								
a) Underwriting activities								
Premiums received	-	40,738,243	886,119	27,297	2,003,561	-	43,655,220	32,447,792
Reinsurance premium paid	-	(26,053)	(10,361)	-	-	-	(36,414)	(173,957)
Claims paid	-	(10,880,308)	(178,420)	(24,281)	(464,733)	-	(11,547,742)	(12,163,873)
Surrenders paid	-	(8,222,064)	(368,164)	-	-	-	(8,590,228)	(7,174,753)
Reinsurance and other recoveries received	-	(1)	8,451	-	-	-	8,450	171,742
Commissions paid	-	(8,978,107)	(122,245)	-	-	-	(9,100,352)	(8,826,881)
Other underwriting payments	-	(1,067,925)	(22,569)	-	-	-	(1,090,494)	(1,161,562)
Net cash flows generated from underwriting activities	-	11,563,785	192,811	3,016	1,538,828	-	13,298,440	3,118,508
b) Other operating activities								
Income tax paid	-	(1,434,769)	-	(1,098)	-	-	(1,435,867)	(680,028)
General management expenses paid	-	(4,123,966)	(139,126)	(585)	(284,566)	-	(4,548,243)	(4,323,118)
Loans advanced	-	(13,372,035)	(40,848)	-	-	-	(13,412,883)	(5,420,071)
Loan repayments received	(74,423)	3,750,809	-	-	-	-	3,676,386	3,650,329
Other payments on operating assets	377,572	(565,811)	(17,286)	(3,735)	(181,336)	-	(390,596)	(479,659)
Net cash (used in) / generated from other operating activities	303,149	(15,745,772)	(197,260)	(5,418)	(465,902)	-	(16,111,203)	(7,252,547)
Total cash flows (used in) / generated from all operating activities	303,149	(4,181,987)	(4,449)	(2,402)	1,072,926	-	(2,812,763)	(4,134,039)
INVESTING ACTIVITIES								
Profit received	161,147	25,868,705	64,676	16,026	67,244	-	26,177,798	23,062,595
Dividend received	-	3,286,063	510	-	-	-	3,286,573	4,091,296
Rentals received	-	522,341	-	-	-	-	522,341	499,546
Payments for investments	(1,279,262)	(46,969,771)	(4,532)	(17,917)	(1,414,099)	-	(49,685,581)	(47,397,443)
Proceeds from disposal of investments	-	25,138	-	-	-	-	25,138	5,565,158
Fixed capital expenditure	-	(73,654)	(88)	-	(8,365)	-	(82,107)	(128,995)
Proceeds from disposal of fixed assets	-	132	-	-	-	-	132	10,432
Total cash flows (used in) / generated from investing activities	(1,118,115)	(17,341,046)	60,566	(1,891)	(1,355,220)	-	(19,755,706)	(14,297,411)

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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

(Rupees in '000)
Aggregate

Note	Shareholders' Fund	Statutory Funds				Family Takaful	Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund		June 30, 2017	June 30, 2016
FINANCING ACTIVITIES								
6.1	742,896	(736,044)	(6,852)	-	-	-	-	-
	-	-	-	-	(450,000)	-	(450,000)	-
	450,000	-	-	-	-	-	450,000	-
	(1,091,034)	-	-	-	-	-	(1,091,034)	(897,044)
	101,862	(736,044)	(6,852)	-	(450,000)	-	(1,091,034)	(897,044)
	(713,104)	(22,259,077)	49,265	(4,293)	(732,294)	-	(23,659,503)	(19,328,494)
	713,208	27,806,922	1,790,552	15,997	770,682	100,000	31,197,361	26,418,641
	104	5,547,845	1,839,817	11,704	38,388	100,000	7,537,858	7,090,147

Reconciliation to profit and loss account


Operating cash flows	303,149	(4,181,987)	(4,449)	(2,402)	1,072,926	-	(2,812,763)	(4,134,039)
Depreciation expense	-	(48,388)	(1,672)	-	(8,289)	-	(58,349)	(65,198)
Investment income and rental income	156,446	32,120,191	232,534	16,164	67,214	-	32,592,549	31,160,819
Amortization / capitalisation / adjustments	-	251,983	658	-	-	-	252,641	289,387
6.1 Surplus allocation	742,896	(736,044)	(6,852)	-	(450,000)	-	(450,000)	-
Non-cash adjustment	-	(1,721,043)	(36,334)	-	-	-	(1,757,377)	(1,864,367)
Increase in assets other than cash	(222,916)	3,856,973	(201,323)	(22,311)	39,205	-	3,449,628	4,313,445
Increase in liabilities other than running finance	(377,572)	6,201,091	155,473	3,737	(949,989)	-	5,032,740	7,446,450
Profit after tax	602,003	35,742,776	138,035	(4,812)	(228,933)	-	36,249,069	37,146,497

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information


CHAIRMAN
Naveed Kamran Baloch


DIRECTOR
Saad Amanullah


DIRECTOR
Snafqaat Ahmed


CHIEF FINANCIAL OFFICER
Muhammad Rashid

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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM REVENUE ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

(Rupees in '000)


Note	Statutory Funds					Aggregate			
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful	Half year ended		Quarter ended	
						June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Income									
Premium less reinsurance	30,987,565	592,841	3,889	1,628,711	-	33,213,006	32,573,474	13,988,540	15,075,752
Rental income from investment properties	250,962	-	-	-	-	250,962	252,476	98,459	133,083
Net investment income	31,869,229	232,534	16,164	67,214	-	32,185,141	30,761,758	14,357,906	13,262,406
Total net income	63,107,756	825,375	20,053	1,695,925	-	65,649,109	63,587,708	28,444,905	28,471,241
Claims and expenditure									
Claims, including bonuses, net of reinsurance recoveries	16,749,225	482,429	24,281	1,287,045	-	18,542,980	16,079,079	9,729,883	8,598,269
Management expenses less recoveries	9,879,335	198,059	584	187,813	-	10,265,791	10,202,129	5,433,074	6,132,492
Total claims and expenditure	26,628,560	680,488	24,865	1,474,858	-	28,808,771	26,281,208	15,162,957	14,730,761
Excess of income over claims and expenditure	36,479,196	144,887	(4,812)	221,067	-	36,840,338	37,306,500	13,281,948	13,740,480
Add: Policyholders' liabilities at the beginning of the period	575,193,054	11,785,577	190,942	6,469	-	587,176,042	503,889,610	-	511,304,146
Less: Policyholders' liabilities at the end of the period	582,842,501	11,656,446	186,315	13,158	-	594,698,420	509,073,623	5,864,149	509,073,623
Surplus before tax	28,829,749	274,018	(185)	214,378	-	29,317,960	32,122,487	7,417,799	15,971,003
Tax chargeable to statutory funds									
Current period	(376)	-	-	-	-	(376)	-	(376)	-
Surplus after tax	28,829,373	274,018	(185)	214,378	-	29,317,584	32,122,487	7,417,423	15,971,003
Movement in policyholders' liabilities	6.1	7,649,447	(129,131)	(4,627)	6,689	7,522,378	5,184,013	5,864,149	(2,230,523)
Transfer from / (to) shareholders' fund									
Transfer to shareholders' fund	-	-	-	(450,000)	-	(450,000)	-	(192,464)	-
Surplus appropriated to shareholders' fund	(736,044)	(6,852)	-	-	-	(742,896)	(814,523)	-	(407,262)
Balance of statutory fund at the beginning of the period	599,684,109	13,116,977	306,699	968,951	100,000	614,176,736	526,675,676	636,734,694	549,834,435
Balance of statutory fund at the end of the period	635,426,885	13,255,012	301,887	740,018	100,000	649,823,802	563,167,653	649,823,802	563,167,653
Represented by:									
Policyholders' liabilities	582,842,501	11,656,446	186,315	13,158	-	594,698,420	509,073,623	594,698,420	509,073,623
Retained earnings attributable to policyholders	52,584,384	1,598,566	-	-	-	54,182,950	53,272,679	54,182,950	53,272,679
Retained earnings on other than participating business	-	-	115,572	726,860	-	842,432	821,351	842,432	821,351
Capital contributed by shareholders' fund	-	-	-	-	100,000	100,000	-	100,000	-
Balance of statutory fund	635,426,885	13,255,012	301,887	740,018	100,000	649,823,802	563,167,653	649,823,802	563,167,653

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information


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DIRECTOR
Shafqaat Ahmed


CHIEF FINANCIAL OFFICER
Muhammad Rashid

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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

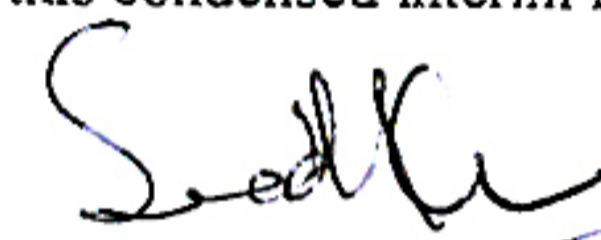
(Rupees in '000)

	Statutory Funds					Aggregate			
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful	Half year ended		Quarter ended	
						June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Gross premiums									
Regular premium individual policies *									
First year	5,861,028	118,904	-	-	-	5,979,932	6,169,302	3,107,421	3,086,527
Second year renewals	2,502,068	94,667	-	-	-	2,596,735	3,306,435	927,414	1,724,935
Subsequent year renewals	20,493,630	389,105	-	-	-	20,882,735	19,806,631	7,806,522	8,594,830
	28,856,726	602,676	-	-	-	29,459,402	29,282,368	11,841,357	13,406,292
Group policies with cash values	-	-	3,889	-	-	3,889	35,289	732	25,779
Group policies without cash values	2,176,486	-	-	1,628,711	-	3,805,197	3,304,798	2,186,219	1,680,280
Total gross premiums	31,033,212	602,676	3,889	1,628,711	-	33,268,488	32,622,455	14,028,308	15,112,351
Less: Reinsurance premiums ceded									
On individual life first year business	(10,913)	(1,165)	-	-	-	(12,078)	(10,916)	(6,804)	(9,030)
On individual life second year business	(6,557)	-	-	-	-	(6,557)	(5,564)	(4,167)	(5,564)
On individual life renewal business	(28,177)	(8,670)	-	-	-	(36,847)	(32,501)	(28,797)	(21,990)
On group policies	-	-	-	-	-	-	-	-	(15)
Total reinsurance premiums ceded	(45,647)	(9,835)	-	-	-	(55,482)	(48,981)	(39,768)	(36,599)
Net premiums	30,987,565	592,841	3,889	1,628,711	-	33,213,006	32,573,474	13,988,540	15,075,752


* Individual policies are those underwritten on an individual basis and include joint life policies underwritten as such.

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information


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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

(Rupees in '000)


	Statutory Funds				Aggregate				
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful	Half year ended		Quarter ended	
						June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Gross claims									
Claims under individual policies									
by death	2,524,321	3,460	-	1,606	-	2,529,387	2,262,855	1,412,412	1,174,031
by insured event other than death	166,067	188	-	-	-	166,255	157,184	91,505	74,692
by maturity	3,294,873	120,554	-	-	-	3,415,427	3,828,922	1,968,089	2,269,601
by surrender	8,222,064	368,164	-	-	-	8,590,228	7,174,804	4,558,748	3,824,388
annuity payment	3,649	-	-	-	-	3,649	7,603	1,499	5,628
bonus in cash	12	-	-	-	-	12	-	12	-
Total gross individual policy claims	14,210,986	492,366	-	1,606	-	14,704,958	13,431,368	8,032,265	7,348,340
Claims under group policies									
by death	2,493,643	-	24,281	-	-	2,517,924	2,497,395	903,545	1,183,388
by insured event other than death	33,213	-	-	668,287	-	701,500	63,501	409,321	53,579
by maturity	45	-	-	-	-	45	135	45	-
by surrender	690	-	-	-	-	690	-	555	-
annuity payment	623	-	-	-	-	623	1,438	346	355
experience refund	58,641	-	-	617,152	-	675,793	100,114	430,574	27,614
Total gross group policy claims	2,586,855	-	24,281	1,285,439	-	3,896,575	2,662,583	1,744,386	1,264,936
Total gross claims	16,797,841	492,366	24,281	1,287,045	-	18,601,533	16,093,951	9,776,651	8,613,276
Less: Reinsurance recoveries									
On individual life first year business claims	-	-	-	-	-	-	-	-	-
On individual life second year business claims	(4,625)	-	-	-	-	(4,625)	-	-	(135)
On individual life renewal business claims	(43,991)	(9,937)	-	-	-	(53,928)	(14,872)	(46,768)	(14,872)
On group life claims	-	-	-	-	-	-	-	-	-
On experience refund of premiums	-	-	-	-	-	-	-	-	-
Total reinsurance recoveries	(48,616)	(9,937)	-	-	-	(58,553)	(14,872)	(46,768)	(15,007)
Net claims	16,749,225	482,429	24,281	1,287,045	-	18,542,980	16,079,079	9,729,883	8,598,269

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information


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Muhammad Rashid

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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

(Rupees in '000)

Note	Statutory Funds					Aggregate			
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful	Half year ended		Quarter ended	
						June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Acquisition costs									
Remuneration to insurance intermediaries on individual policies:									
commission on first year premiums	3,617,392	62,942	-	-	-	3,680,334	3,885,701	1,798,789	2,397,989
commission on second year premiums	384,224	9,979	-	-	-	394,203	437,995	120,525	145,847
commission on subsequent renewal premiums	1,020,864	3,886	-	-	-	1,024,750	944,435	561,793	490,290
other benefits to insurance intermediaries	664,492	2,703	-	-	-	667,195	615,760	518,195	453,183
	5,686,972	79,510	-	-	-	5,766,482	5,883,891	2,999,302	3,487,309
Remuneration to insurance intermediaries on group policies:									
commission	803	-	-	-	-	803	931	498	481
other benefits to insurance intermediaries	479	-	-	-	-	479	1,114	425	1,108
	1,282	-	-	-	-	1,282	2,045	923	1,589
Branch overheads	784,464	22,047	-	-	-	806,511	883,885	412,410	416,938
Other acquisition cost									
Policy stamps and medical fee	283,461	522	-	-	-	283,983	277,679	148,725	123,685
Total acquisition cost	6,756,179	102,079	-	-	-	6,858,258	7,047,500	3,561,360	4,029,521
Administration expenses									
Salaries and other benefits	1,947,652	62,025	460	59,107	-	2,069,244	2,002,983	1,046,599	1,253,921
Traveling expenses	93,783	3,886	60	9,505	-	107,234	39,496	66,422	32,669
Auditors' remuneration	1,318	1,476	-	-	-	2,794	3,366	2,719	3,327
Legal expenses	19,213	1,307	-	74,431	-	94,951	22,712	39,658	18,053
Advertisements	4,060	624	-	2,688	-	7,372	22,832	6,557	19,902
Printing and stationery	26,053	802	-	21,430	-	48,285	45,132	35,675	36,241
Postage and telephone	31,816	3,665	-	2,133	-	37,614	47,061	27,095	37,612

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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

(Rupees in '000)


Note	Statutory Funds					Aggregate			
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful	Half Year ended		Quarter ended	
						June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Utilities	265,440	698	63	2,944	-	269,145	259,059	145,752	149,220
Training	12,890	-	-	88	-	12,978	10,915	6,371	6,910
Computer expenses	6,140	11	-	168	-	6,319	6,134	4,221	4,920
Rental	105,404	4,545	-	3,630	-	113,579	111,898	63,880	80,355
Gratuity and pension expenses	461,614	1,041	-	1,333	-	463,988	410,843	328,055	340,351
Bank charges	18,735	3,818	1	4	-	22,558	18,557	7,732	12,025
Depreciation	48,388	439	-	8,289	-	57,116	65,747	39,637	58,902
	3,042,506	84,337	584	185,750	-	3,313,177	3,066,735	1,820,373	2,054,408
Other management expenses	88,707	12,298	-	2,063	-	103,068	94,974	56,633	55,643
Gross management expenses	9,887,392	198,714	584	187,813	-	10,274,503	10,209,209	5,438,366	6,139,572
Commission from reinsurers	(8,057)	(655)	-	-	-	(8,712)	(7,080)	(5,292)	(7,080)
Management expenses recovered from / allocated to other funds	-	-	-	-	-	-	-	-	-
Net management expenses	9,879,335	198,059	584	187,813	-	10,265,791	10,202,129	5,433,074	6,132,492

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information


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Muhammad Rashid


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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

(Rupees in '000)


Note	Statutory Funds					Aggregate		Quarter ended	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful	Half year ended		June 30, 2017	June 30, 2016
						June 30, 2017	June 30, 2016		
Investment income									
On Government securities	25,565,827	125,446	16,001	59,370	-	25,766,644	24,592,593	10,762,904	9,869,837
On other fixed income securities and deposits	261,825	14,669	163	5,529	-	282,186	356,287	115,611	113,446
Dividend income	3,330,319	510	-	-	-	3,330,829	3,852,721	1,982,280	1,779,763
On loans to policyholders	2,643,394	36,334	-	-	-	2,679,728	1,864,366	1,464,860	1,472,476
On loans to employees	30	-	-	29	-	59	239	(24)	166
Others	36,727	56,856	-	2,286	-	95,869	49,272	44,706	39,408
Total	31,838,122	233,815	16,164	67,214	-	32,155,315	30,715,478	14,370,337	13,275,096
Gain on sale of investments	55,650	(623)	-	-	-	55,027	72,180	695	2,870
Investment related expenses	(24,543)	(658)	-	-	-	(25,201)	(25,900)	(13,126)	(15,560)
Net investment income	31,869,229	232,534	16,164	67,214	-	32,185,141	30,761,758	14,357,906	13,262,406

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information


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CHIEF FINANCIAL OFFICER
Muhammad Rashid

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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

- 1.1 State Life Insurance Corporation of Pakistan (the Corporation) was incorporated in Pakistan on November 1, 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), Kingdom of Saudi Arabia and Kuwait} through zonal office located at Dubai (UAE), out of which 5 new zones and 1 region started their operation subsequent to the year end.
- 1.2 The Corporation is engaged in the life insurance business and health and accident insurance business.
- 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 SECP vide letter no. 0097, dated September 22, 2016. However the Corporation is in the process of launching the Window Takaful Operations at the period end i.e. June 30, 2017.
- 1.4 The Presidential Order dated April 06, 2016 in respect of State Life (Reorganization and Conversion), 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. After the commencement of this Ordinance, the Federal Government established a Company namely, State Life Insurance Company Limited under the 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 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 amounts of assets and liabilities.

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2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information has been prepared under the historical cost convention, except that 'held to maturity' investments are stated at amortised cost and investment 'at fair value through profit or loss – held for trading' are stated at fair value and available for sale at lower of cost or market value.
- 2.2 This condensed interim financial information has been prepared in accordance with the format prescribed under repealed Securities and Exchange Commission (Insurance) Rules, 2002 {Vide SRO 938 (1)/2002 dated December 12, 2002}.
- 2.3 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements, accordingly, the condensed interim financial information should be read in conjunction with the Corporation's annual financial statements as at and for the year ended December 31, 2016.
- 2.4 This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.
- 2.5 This condensed interim financial information has been prepared and presented in Pakistan Rupees, which is the Corporations's functional and presentation currency.

2.6 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' as applicable in Pakistan, provisions of and directives issued under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, Insurance Ordinance, 2000 and repealed SEC (Insurance) Rules, 2002.

In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, Insurance Ordinance, 2000 and repealed SEC (Insurance) Rules, 2002 have been followed.

This condensed interim financial information of the Corporation has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 17 dated July 20, 2017.

During the period, Securities and Exchange Commission of Pakistan has issued Insurance Accounting Regulations, 2017 and Insurance Rules, 2017, vide its S.R.O No. 88 (I) / 2017 dated February 09, 2017 and S.R.O. No. 89 (I) / 2017 dated February 09, 2017 respectively.

These accounting regulations and rules are applicable from February 09, 2017 on every company / corporation engaged in the business of Insurance / Takaful. These accounting regulations and rules require the companies / corporations to prepare its financial statements and regulatory returns containing the particulars and formats specified in these regulations. Major impact in accordance with the format prescribed by SEC Insurance Rules, 2017 is on presentation and disclosure of financial statements as per Annexure II of SEC Insurance Rules, 2017 and on valuation of available-for-sale investments the impact of which has been disclosed in note 11.3.

The Corporation requested the Securities and Exchange Commission of Pakistan (the "Commission") vide their letter dated August 11, 2017 to grant exemption from the preparation of half yearly account for the period ended June 30, 2017 in accordance with the requirements of the aforesaid rules and regulations. In this regard, the Commission vide their letter dated August 21, 2017 has granted the exemption to the Corporation to prepare its half yearly accounts for the six months period ended June 30, 2017 in accordance with the requirements of previous rules.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and the methods of computation adopted by the Corporation in the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Corporation for the year ended December 31, 2016.

4 FINANCIAL RISK MANAGEMENT / JUDGEMENTS AND ESTIMATES

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Corporation for the year ended December 31, 2016.

In preparing this condensed interim financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at the year ended December 31, 2016.

Un-Audited June 30, 2017	Audited December 31, 2016
(Rupees in '000)	

5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017	2016		Un-Audited June 30, 2017	Audited December 31, 2016
Number of shares				
		Ordinary shares of Rs.		
<u>30,000,000</u>	<u>30,000,000</u>	100 each	<u>3,000,000</u>	<u>3,000,000</u>

6. MOVEMENT IN EQUITY OF STATUTORY FUND

6.1 Policyholders' liability

	Statutory Funds					(Rupees in '000)	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful	Aggregate	
						June 30, 2017	December 31, 2016
	-----Unaudited-----					Audited	
Balance as at the beginning of period	575,193,054	11,785,577	190,942	6,469	-	587,176,042	503,889,610
Increase / (decrease) during the period	7,649,447	(129,131)	(4,627)	6,689	-	7,522,378	83,286,432
Balance at the end of period	<u>582,842,501</u>	<u>11,656,446</u>	<u>186,315</u>	<u>13,158</u>	<u>-</u>	<u>594,698,420</u>	<u>587,176,042</u>
Retained earnings attributable to policyholders (Ledger Account A)							
Balance at the beginning of period	24,491,055	1,331,400	-	-	-	25,822,455	22,022,248
Surplus allocated in respect of the period	28,705,735	267,233	-	-	-	28,972,968	59,232,895
Bonuses allocated during the period	(612,406)	(67)	-	-	-	(612,473)	(55,432,688)
Balance at the end of period	<u>52,584,384</u>	<u>1,598,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,182,950</u>	<u>25,822,455</u>
Retained earnings on par business attributable to shareholders (Un-distributable - Ledger Account B)							
Balance at beginning of the period	-	-	-	-	-	-	-
Surplus allocated in respect of the period	736,044	6,852	-	-	-	742,896	1,518,792
Transfer to distributable profits	(736,044)	(6,852)	-	-	-	(742,896)	(1,518,792)
Balance at the end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Retained earnings on par business attributable to shareholders (Distributable-Ledger Account C)							
Balance as at beginning of the period	-	-	-	-	-	-	-
Transfer from undistributable profit	736,044	6,852	-	-	-	742,896	1,518,792
Surplus appropriated to shareholders' fund	(736,044)	(6,852)	-	-	-	(742,896)	(1,518,792)
Balance at end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Retained earnings on other than participating business (Ledger Account D)							
Balance at the beginning of period	-	-	115,757	962,482	-	1,078,239	763,818
Surplus allocated in respect of the period	-	-	(185)	(235,622)	-	(235,807)	(135,579)
Bonuses allocated during the period	-	-	-	-	-	-	-
Balance at the end of period	<u>-</u>	<u>-</u>	<u>115,572</u>	<u>726,860</u>	<u>-</u>	<u>842,432</u>	<u>628,239</u>
Capital contributed by shareholders' fund							
Balance at the beginning of period	-	-	-	450,000	100,000	550,000	-
Capital contributed during the period	-	-	-	-	-	-	550,000
Transfer to shareholders' fund	-	-	-	(450,000)	-	(450,000)	-
Balance at the end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>550,000</u>

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7 POLICYHOLDERS' LIABILITIES

	Statutory Funds					(Rupees in '000) Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful	June 30, 2017	December 31, 2016
	-----Unaudited-----						Audited
Gross of Reinsurance							
Actuarial liability relating to future events	575,454,629	11,817,093	186,315	13,158	-	587,471,195	579,737,587
Provision for outstanding reported claims payable over a period exceeding 12 months	3,493,227	4,568	-	-	-	3,497,795	3,620,333
Provision for incurred but not reported (IBNR) claims	4,390,094	23,968	-	-	-	4,414,062	4,414,357
	<u>583,337,950</u>	<u>11,845,629</u>	<u>186,315</u>	<u>13,158</u>	<u>-</u>	<u>595,383,052</u>	<u>587,772,277</u>
Net of Reinsurance							
Actuarial liability relating to future events	574,959,180	11,627,910	186,315	13,158	-	586,786,563	579,141,352
Provision for outstanding reported claims payable over a period exceeding 12 months	3,493,227	4,568	-	-	-	3,497,795	3,620,333
Provision for incurred but not reported (IBNR) claims	4,390,094	23,968	-	-	-	4,414,062	4,414,357
	<u>582,842,501</u>	<u>11,656,446</u>	<u>186,315</u>	<u>13,158</u>	<u>-</u>	<u>594,698,420</u>	<u>587,176,042</u>

8 OTHERS

This includes an amount of Rs. 3,208.737 million (December 31, 2016: Rs. 3,208.737 million) relating to amount payable to the Bureau of Emigration and Overseas Employment (the Bureau) as per S.R.O No. 4-9/2003- Emig.I dated February 16, 2007, for 'Fund Management Agreement' which was signed in the previous years to retain and invest profit commission payable to the Bureau against the insurance policy issued in respect of the Emigrants. The Bureau of Emigration served Fund Management Agreement Termination notice dated April 20, 2011 to the Corporation which was subsequently withdrawn. During the period, the Bureau, vide its letter no. BE(Coord)1(153)/2015 dated May 31, 2017, has committed to withdraw its earlier served Fund Management Agreement Termination notice dated April 20, 2011 to State Life Insurance Corporation of Pakistan. In prior year, a draft Fund Management Agreement has been submitted for approval and the revised Fund Management Agreement would clearly mention the working methodology of rate of mark up to be credited to the Bureau. Until such revised agreement is in place, mark up is being accrued at the rate of 6% per annum as per pre-existing terms. During the period, no amount has been recorded for experience profit on the outstanding balance as the information required to make such estimate was not available as at the balance sheet date.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

- 9.1.1 The proceedings under section 122(5A) of the Income Tax Ordinance, 2001 were initiated by the Additional Commissioner / Taxation Officer-D, Audit Division, Large Taxpayers Unit (LTU), Karachi for Tax Years 2003 to 2007 vide notice dated August 12, 2008 on the ground that surplus attributable to policyholders during the said years has not been paid within a period of three years from the year of its appropriation to the policyholders and this should be added back under the provision of section 34 (5) of the Income Tax Ordinance, 2001.

The Department proceeded to pass the order under section 122(5A) of the Income Tax Ordinance, 2001 for the Tax Year 2003 whereby demand of Rs. 2,126 million was raised. The Corporation challenged orders of ACIR through a Constitutional Writ Petition in October 2008 through its legal advisor alongwith application of stay order against the demand. The Honorable High Court granted stay against the demand to the Corporation through an interim order with the directive to also pay 25% of demand amount.

Further, the Fourth Schedule to the Income Tax Ordinance, 2001, restricts taxable income to that portion of actuarial surplus which is attributed to the shareholders fund by the appointed actuary. Therefore, the application of provision of section 34(5) of the Income Tax Ordinance, 2001 lacks legal sanctity. The Honourable High Court admitted the petition for regular hearing and stayed the proceedings till the judgment of the Court. In this respect, the Corporation has paid the amount of Rs. 531.562 million in June 2009 under section 137 of the Income Tax Ordinance, 2001 under the directive of the said Court. Further in 2011, the Department has adjusted Rs. 308.211 million from the refund arising in Tax Year 2010 towards outstanding tax demand for Tax Year 2003.

The Honourable High Court of Sindh has dismissed the above petition. On the dismissal of petition, the balance 75% of outstanding demand was deposited in the State Treasury and no demand for Tax Year 2003 is outstanding. However, Corporation had filed a parallel appeal before Commissioner Inland Revenue (Appeal) (CIR (A)) which has been decided in favor of the Corporation through order dated April 07, 2012 and the addition made under section 34(5) is deleted and assessment framed under section 122(5A) is annulled.

The Inland Revenue Department filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above order of CIR(A). Said departmental appeal has been dismissed by Honorable ATIR vide order dated September 21, 2016.

In 2013, the Inland Revenue Department issued a refund amounting to Rs. 1,000 million out of Rs. 2,126.2 million on July 2, 2013 after the judgement of CIR(A). The Corporation has adjusted Rs. 38.8 million against tax liability for Tax Year 2013. Further, adjustment of Rs. 210.1 million was made in 2014 against demand raised u/s 161 read with section 205 related to Tax Year 2013. The Corporation has adjusted Rs. 187 million against tax liability for Tax Year 2014 and Tax Year 2015. However, adjustment claim at Rs. 123 million from pending appeal affect against annual tax liability for Tax Year 2015 was not allowed, as a result balance refund has been increased with the same amount to Rs. 813.3 million. The Corporation has adjusted Rs. 220 million against tax liability for Tax Year 2016. Balance refund amounting to Rs. 593.3 million is pending with the Inland Revenue Department.

- 9.1.2 The Corporation has filed appeals on different issues in the Honorable High Court of Sindh contesting the decision of the ATIR for the income years 1992-1993 to 2002-2003 mainly relating to turnover tax and excess perquisites. In addition, the issue of tax rate was raised for the income years 1992-93 to 1996-97. The Inland Revenue Department added back the excess perquisites to the taxable income and tax liability was enhanced accordingly. Further, Inland Revenue Department re-opened these assessments and rectified to invoke provisions of turnover tax on the ground that the tax paid under Fourth Schedule of the Income Tax Ordinance, 2001 is less than turnover tax and hence, should be paid accordingly. The Corporation then filed aforesaid appeals on the ground that the Fourth Schedule of the Income Tax Ordinance, 2001 restricts taxable income to that portion of actuarial surplus which is attributed to the shareholders fund by the appointed Actuary.

All the appeals are still pending before Honorable High Court of Sindh, Karachi and management of the Corporation and its tax advisor are confident that ultimate outcome of these matters will be decided in favour of the Corporation and accordingly, no provision is required in this condensed interim financial information on account of these matters.

- 9.1.3 In the year 2010, the Inland Revenue Department served legal notices to the Corporation, requiring it to explain why the withholding tax has not been deducted on payments made to the policyholders on the maturity under section 151(1)(d) of the Income Tax Ordinance, 2001. Those notices were related to Tax Year 2008 and 2009.

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According to those notices, the Inland Revenue Department were of opinion that Corporation was required to withhold Income Tax on maturity claims by virtue of the said section. The Department considered that the total amount of a matured policy given to the policy holder consist of bonuses and the sum assured. The bonuses are given to the policy holder on the basis the amount of premium received during the whole term of the policy which is a form of interest or profit on debt. Hence, the Corporation u/s 151 (1)(d) is liable for deducting withholding tax at 10% on the amount of bonuses paid to policyholder on maturity. Therefore, the Inland Revenue Department raised demands of Rs. 710.124 million and Rs. 738.514 million as withholding tax for Tax Year 2008 and 2009 respectively. The Corporation had filed appeals before CIR (A) on the grounds that policy contract as a debt instrument lacks legal sanctity and the definition of debt is being misinterpreted by the tax authorities.

CIR(A) has decided the subject appeals in favor of Corporation vide order No. 27 & 28 dated September 29, 2011 on the grounds that the provisions of section 151(1)(d) of the Income Tax Ordinance, 2001 are not attracted to the payments made by way of bonus on the maturity of the policies as the same can not be construed to be interest or profit on debt.

The demand raised by the Department has not been enforced after above judgment of CIR (A), therefore, no payment was made against the demand. Inland Revenue Department has filed appeals before the ATIR against the above orders of CIR (A) which were dismissed by learned ATIR vide order No. 506-507/KB/2012 on April 17, 2014.

The Corporation has not received any intimation from Honorable High Court of Sindh or even from Large Taxpayer Unit (LTU), Karachi that any appeal against the orders of ATIR has been filed. Accordingly, no provision has been made regarding such demands in this condensed interim financial information.

- 9.1.4 Inland Revenue Department served a legal notice u/s 122 (5A) on apportionment of expenses under section 67 of the Income Tax Ordinance, 2001 to the dividend income for Tax Year 2004. The said notice was replied by Corporation but not agreed by the concerned ACIR. Subsequently amended assessment order was passed u/s 122 (5A) which resulted in tax demand of Rs. 164.88 million. The Corporation was not in agreement with said order and preferred appeal before CIR(A). Said appeal was not upheld at this forum. Next appeal was filed before ATIR. Meanwhile the Department adjusted demand amount from the pending refunds for Tax Year 2010.

Appellate Tribunal Inland Revenue (ATIR) decided the above appeal in favor of Corporation vide order No/ 925/KB/2010 dated July 24, 2012; wherein the addition made u/s 67 has been deleted.

The said issue has already been decided by the Honorable High Court of Sindh, Karachi in an other appeal on the issue reported as Commissioner (Legal) Inland Revenue v/s EFU General Insurance Ltd 2011-PTD-2042.

In the year 2013, the Inland Revenue Department filed appeal in the Honorable High Court of Sindh against the decision of ATIR in the above cases. Inland Revenue Department has passed an order u/s 124 of the Income Tax Ordinance, 2001 to give effect to the appeal Ref. Document # 11/54 dated June 24, 2014 and also issued refund of Rs. 153.75 million to the Corporation. The Corporation had adjusted Rs. 8.8 million against demand for Tax Year 2014. The refund amounting to Rs. 2.2 million is still pending with the Department. An appeal was filed by Inland Revenue Department before the High Court of Sindh, Karachi. The aforesaid appeal has also been dismissed by the High Court of Sindh, Karachi vide order dated August 30, 2016. Inland Revenue Department has filed civil appeal before Honorable Supreme Court of Pakistan against the judgement of Honorable High Court of Sindh, Karachi.

- 9.1.5 In the year 2013, Inland Revenue Department issued similar notices to Corporation regarding withholding of tax on maturity proceeds of insurance policies as described in note 9.1.3. These notices were related to Tax Year 2010 to Tax Year 2012 stating that the Department holds a similar stance as described in the said note. Reply was filed by the Corporation through authorized representative which was not accepted by the Department and order of amendment u/s 161 and 205 of the Income Tax Ordinance was passed, resulting in total demand of Rs. 1,577.456 million (Rs. 1,249.138 million as withholding tax and Rs. 328.318 million as default surcharge).

The entire principal demand of Rs. 1,249.138 million was paid under protest and without prejudice to its legal right to appeal. The Corporation then filed appeals before CIR (A) which have not been upheld. The Corporation has filed appeal before ATIR against the above order which has been decided in favour of Corporation vide consolidated order dated February 21, 2017.

Further, LTU, Karachi had also issued notice u/s 161/205 of the Income Tax Ordinance, 2001 similar to the notices issued in the previous years to invoke the section 151 (1)(d) of the Ordinance to recover withholding tax from the Corporation on the amount of bonus paid to the policyholders on the maturity of the policies during the Tax Year 2013. Reply was filed through tax consultant which was not agreed by Department and order u/s 161/205 was passed and tax demand amounting to Rs. 609.23 million including default surcharge of Rs. 99.11 million was raised which was discharged without prejudice to legal rights to appeal. Appeal was filed before CIR (A) against said order which was upheld vide order # 34 dated March 30, 2015.

Inland Revenue Department has issued refund amounting to Rs. 500 million from appeal effect of Tax Year 2013 in July, 2015. As at June 30, 2017, appeal effect amounting to Rs. 109.23 million relating to Tax Year 2013 is still pending with the Inland Revenue Department. Inland Revenue Department has filed an appeal before ATIR against the said order of the CIR (A).

The management and legal counsel are optimistic that ultimate outcome of the cases shall be decided in favor of the Corporation as ATIR has decided the appeals related to similar issue in previous years in favour of the Corporation.

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9.1.6 While assessing the income and tax liability thereon for assessment years 2000-01, 2001-02 and 2002-03, Income Tax Department, AJK disallowed excess perquisites u/s 24(i) of the Income Tax Ordinance, 1979 (repealed) as inadmissible business expense of Corporation. Disallowance of said expense increased taxable income for all the three years and tax liability was worked out accordingly which resulted in additional tax demand. The aggregate additional tax demand involved due to addition of excess perquisites to Corporation's taxable income was Rs. 12.669 million (Assessment year 2000-01 to 2002-03 Rs. 1.464 million, Rs. 9.036 million, Rs. 2.169 million respectively).

In addition, Corporation's assessments were also made at higher tax rate of 43% for assessment year 2000-01 and 2001-02 and at 45% for 2002-03 instead at 5% being entire dividend income. These assessments at higher rates also multiplied Corporation's tax liability for each assessment year.

Being aggrieved, Corporation preferred appeal before CIR(A), Mirpur-AJK against the alleged assessment orders. Corporation's appeals before CIR(A), Mirpur AJK were not upheld. Thereafter, Corporation had challenged the orders of CIR(A) before Appellate Tribunal Inland Revenue, Mirpur AJK. The learned ATIR upheld all the appeals of the Corporation vide order # ITAT/969-73 dated August 20, 2009.

Income Tax Department, AJK had filed reference against the order of ATIR-AJK before Honorable High Court of AJK. At present, Departmental references are still pending before High Court of Mirpur, Azad Jammu and Kashmir.

9.1.7 In 2015, Inland Revenue Department initiated monitoring of withholding of taxes for previous five year from Tax Year 2009 to 2013 u/s 161/205 of the Income Tax Ordinance, 2001. During the course of monitoring certain payment to insurance agents were held liable to withholding of tax u/s 233 as deemed commission for the first time. In addition payment evidence of withholding taxes under various sections of law were taken into scrutiny.

Reply filed by the Corporation were not agreed by the Department and aggregate demand amounting to Rs. 494 million was raised for all Tax Years u/s 161, 182 and 205 (Tax Year 2009: Rs. 48 million, Tax Year 2010: Rs. 58 million, Tax Year 2011: Rs. 53 million, Tax Year 2012: Rs. 258 million and Tax Year 2013: Rs. 77 million). Corporation has paid the above demand under protest and without prejudice to the legal rights to appeal.

Corporation being aggrieved preferred appeals against impugned orders of Inland Revenue Department before Commissioner Inland Revenue -Appeals. CIR (A) vide his order dated July 6, 2015 has vacated the orders passed by Deputy Commissioner Inland Revenue and has directed concerned Deputy Commissioner Inland Revenue Department to re-visit the case and pass order afresh.

Deputy Commissioner Inland Revenue on the directive of CIR (A) had issued notices afresh for Tax Year 2009 to 2013. Corporation has referred these notices to its tax consultant for compliance. Based on the reply filed by the Corporation through consultant for Tax Year 2011 to 2013, DCIR has passed rectified orders whereby previously created demand has been reduced by Rs. 31 million.

In 2016, Inland Revenue Department issued show cause notices related to monitoring of withholding taxes on similar lines for Tax Year 2014 and 2015. Reply filed by the Corporation was not agreed by the Inland Revenue Department and initial demand amounting to Rs. 450 million and Rs. 572 million was raised for the Tax Year 2014 and 2015 respectively.

On the advice of the consultant Corporation filed application for rectification of order passed by DCIR for Tax Year 2014 and 2015. In pursuance of our rectification request, DCIR has passed rectified order whereby rectified demand of Rs. 213 million and Rs. 166 million was raised for the Tax Year 2014 and 2015 respectively.

Above rectified demand has been adjusted for Tax Year 2014 from the pending refund of the Tax Year 2004 and 2012 and has paid demand amounting to Rs. 150 million for Tax Year 2015 in cash.

Being aggrieved from the order of DCIR for Tax Year 2014 and 2015, Corporation has filed an appeal before CIR (A). CIR (A) in its order dated September 19, 2016 has referred back the case to concerned DCIR for re-assessment. At present, the case is being re-assessed by DCIR.

- 9.1.8 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi has served legal notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated January 2, 2017 to the Corporation for Tax Year 2016 whereby certain issues regarding deduction claimed on account of provision for impairment in the value of investment properties, deduction claimed on account of gratuity and pension, deduction claimed on account of provision for impairment in shares, rationale for deduction of investment property related expenses, foreign tax credit u/s 103 of the Ordinance claimed in the annual tax return, taxation of dividend income as single basket income, etc were confronted. The Corporation has engaged tax consultant for responding said notice.

Subsequent to the reply filed by the Corporation through its counsel, ACIR proceeded to amend an assessment and passed an amended assessment order dated March 6, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby demand of Rs. 23.7 million was raised u/s 137 of the Income Tax Ordinance.

Since, the Corporation has pending refunds towards Inland Revenue Department, therefore; without prejudice to the legal right to appeal; the Corporation through its tax consultant in said case has requested to adjust the above demand against pending refunds.

The Corporation has filed appeal against the impugned order before CIR (A) which is pending till to date.

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9.1.9 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi has served legal notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated March 13, 2017 to the Corporation for Tax Year 2015 whereby almost similar issues as stated in note 9.1.8 were raised. Subsequent to the reply filed by the Corporation through its counsel, ACIR proceeded to amend an assessment and passed an amended assessment order dated April 13, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby demand of Rs. 163.4/ million was raised u/s 137 of the Income Tax Ordinance. In said order, ACIR has incorrectly adjusted Rs. 446.6 million against demand raised u/s 161 / 205 of the Ordinance which was actually duly discharged by the Corporation by making cash payment.

The Corporation, not in agreement with above impugned order, filed application for rectification u/s 221 dated April 24, 2017 through tax consultant which was rejected by concerned ACIR vide letter dated April 28, 2017. The Corporation has filed appeal against the impugned order before CIR (A) which is pending till to date.

9.1.10 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi has served legal notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated December 31, 2014 to the Corporation for Tax Year 2012 whereby certain issues regarding reconciliation of commission expense between cash flow statement and monthly withholding tax statements, short withholding of tax under various provisions of the Ordinance, taxation of dividend income as single basket income, provision for IBNR, etc were confronted. The tax consultant has responded said notice on behalf of the Corporation. Additional information / explanation were also called vide letters dated February 26, 2015, September 9, 2015 and January 25, 2017. Subsequent to the reply filed by the tax consultant. ACIR proceeded to amend an assessment and passed an amended assessment order dated February 2, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby outstanding refund for same year was utilized to adjust the demand of Rs. 39.3 million. After adjustment, balance refunds stands at Rs. 93.3 million.

The Corporation has filed appeal against the impugned order before CIR (A). Issue of subjecting dividend income to normal tax rate, foreign tax credit claimed u/s 103, disallowance of provision for IBNR and disallowance of amount pertaining to investment arrangement between Corporation and Bureau of Immigration and Overseas Employment has been decided by CIR (A) in favor of Corporation vide order dated May 22, 2017. However, CIR (A) has decided the issue relating to disallowance of provision for impairment in value of shares against the Corporation. Inland Revenue Department as well as Corporation has filed cross appeal before Appellate Tribunal Inland Revenue against above order of CIR (A) which is pending till to date.

9.1.11 In 1967, one of the defunct insurance company sold a property to certain persons on installments basis on certain agreed terms and conditions. However, later those vendees defaulted in payment of their installments on due dates which render the sale agreement null and void. Although these defaults were committed before Life Insurance Nationalization Order 10, 1972 came into existence, property was recorded in books of defunct insurance company at the time of Nationalization Order, which required all the assets and liabilities of defunct insurance companies to be vested in the Corporation. The matter remained pending till the vendees approached the Corporation in 2006 to execute the sale deed in their favor.

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The Corporation had taken advice from their legal advisors who are of the view that since vendees had defaulted in making payment of their installments before Nationalization Order, 1972 came into existence, the above property is the property of the Corporation and vendees are in the possession of said property as licensees.

The Corporation filed a suit for possession in respect of State Life Building 102-B, Gulberg, Lahore against vendees in the year 2007 in the Court of Civil judge, Lahore, whereas, the opponent vendee has filed a suit for specific performance. Both the suits have been clubbed and are pending for adjustment. However, management of the Corporation has not recognized the property, which has written down value of Rs. 42,000 as at the balance sheet date, in its books as the said asset does not meet the definition of property, plant and equipment as it arises from past events and its existence will be confirmed by uncertain future events not wholly within the control of the Corporation.

9.2 Commitments

The Corporation is committed in respect of capital expenditure contract aggregating to Rs. 252 million (December 31, 2016: Rs. 252 million). There were no other commitments as at the balance sheet date.

Un-Audited June 30, 2017	Audited December 31, 2016
(Rupees in '000)	

10 INVESTMENT PROPERTIES

Investment properties	2,320,614	2,342,068
Less: Provision for impairment in value	(687)	(687)
	2,319,927	2,341,381
Capital work in progress	677,778	633,553
	2,997,705	2,974,934

10.1 Investment properties

	(Rupees in '000')			
	Half year ended			
	June 30, 2017		June 30, 2016	
	Additions	Disposals	Additions	Disposals
Leasehold improvements	197	-	200	-
Buildings, roads and structures	3,761	-	2,791	-
Electric installations and fittings	10,789	-	12,681	-
Capital work in progress	44,223	-	24,006	-
	58,970	-	39,678	-

11 INVESTMENTS

Note	Statutory Funds						(Rupees in '000) Aggregate		
	Shareholders' Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	Family Takaful	June 30, 2017	December 31, 2016	
	Unaudited						Audited		
Held-to-maturity									
Government securities	11.1 & 11.2	3,167,401	515,004,502	9,458,199	310,152	2,857,231	-	530,797,485	481,726,124
Other fixed income securities		-	7,573	804,777	-	-	-	812,350	7,573
		<u>3,167,401</u>	<u>515,012,075</u>	<u>10,262,976</u>	<u>310,152</u>	<u>2,857,231</u>	<u>-</u>	<u>531,609,835</u>	<u>481,733,697</u>
Available-for-sale									
Other fixed income securities		-	-	-	-	-	-	-	803,245
Listed equity securities and mutual fund units	11.3	-	31,332,806	-	-	-	-	31,332,806	31,072,812
Unlisted equity securities and mutual fund units		-	870,680	-	-	-	-	870,680	870,680
		<u>-</u>	<u>32,203,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,203,486</u>	<u>32,746,737</u>
Holding in subsidiary companies		-	241,610	-	-	-	-	241,610	241,609
Impairment in the value of equity fixed interest securities		-	(274,549)	-	-	-	-	(274,549)	(274,549)
Total Investments - net of provision		<u>3,167,401</u>	<u>547,182,622</u>	<u>10,262,976</u>	<u>310,152</u>	<u>2,857,231</u>	<u>-</u>	<u>563,780,382</u>	<u>514,447,494</u>

11.1 Market value of the Government securities carried at amortized cost amounted to Rs. 573,829 million (December 31, 2016: Rs. 534,686 million).

11.2 Government Securities include Rs. 300 million (December 31, 2016: Rs. 300 million) placed with the State Bank of Pakistan, in accordance with section 29 of the Insurance Ordinance, 2000.

11.3 Market value of the listed equities and mutual funds held at lower of cost or market value amounted to Rs. 114,986 million (December 31, 2016: 120,172 million).

12 FIXED ASSETS

	(Rupees in '000')			
	Half year ended			
	June 30, 2017		June 30, 2016	
	Additions	Disposals	Additions	Disposals
Freehold land	-	-	-	-
Furniture and fixtures	3,648	-	10,237	2,075
Office equipment	443	25	4,096	258
Computer installations - basic	2,762	107	12,465	26
Computer installations - peripherals	162	-	567	-
Vehicles	16,123	-	56,654	713
	<u>23,138</u>	<u>132</u>	<u>84,019</u>	<u>3,072</u>

-----Unaudited-----
June 30, June 30,
2017 2016
(Rupees in '000)

13 TAXATION

Current

297,339 306,588

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14 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.

Accrual of liability in respect of the funds are made annually. Remuneration to key management personnel are determined in accordance with the terms of their employment / appointment. Certain key management personnel are also provided with free use of the Corporation maintained vehicles and post retirement benefits in accordance with their entitlement under the terms of their employment.

The related parties also comprise subsidiaries, directors, key management personnel and employees' benefits funds. The Corporation in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from chairman and executives directors are disclosed in the relevant notes.

Terms and conditions of transactions with related parties

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:

	Un-Audited June 30, 2017 (Rupees in '000)	Audited December 31, 2016
Profit oriented state-controlled entities- common ownership		
Investment in shares - State Bank of Pakistan	<u>3,221</u>	<u>3,221</u>
	Un-Audited June 30, 2017 (Rupees in '000)	Audited June 30, 2016
Subsidiaries		
Rental income received	<u>1,371</u>	<u>1,305</u>
Staff retirement fund		
Contribution to provident fund	<u>3,777</u>	<u>3,918</u>
Contribution made to pension fund	<u>189,353</u>	<u>195,892</u>
Contribution to funded gratuity	<u>69,005</u>	<u>3,067</u>
Expense charged for pension fund	<u>242,283</u>	<u>181,200</u>

	Un-Audited June 30, 2017	Un-Audited June 30, 2016
	(Rupees in '000)	
Transactions with associated companies		
Bonus shares allotted:		
Premier Insurance Company Limited	452	754
Dividend received during the period		
International Industries Limited	4,592	656
Fauji Fertilizer Company Limited	493,097	611,440
Premier Insurance Company Limited	-	3,770
Pakistan Reinsurance Company Limited	219,697	183,081
Transactions with related parties - common directorship		
Investment in units :		
National Islamic Equity Trust	200,000	200,000
	Un-Audited June 30, 2017	Audited December 31, 2016
	(Rupees in '000)	
Balances with related parties - common directorship		
Investment in shares:		
Fauji Fertilizer Company Limited	2,504,433	2,504,433
Sui Southern Gas Company Limited	552,256	552,256
Sui Northern Gas Pipelines Company Limited	210,932	210,932
Alpha Insurance Company Limited	202,518	202,518
International Industries Limited	11,399	11,399
Pakistan Cables Limited	4,521	4,521
The Hub Power Company Limited	824,279	824,279
Orix Leasing Pakistan Limited	69,257	69,257
Security Papers Limited	4,894	4,894
Shahtaj Sugar Mills Limited	6,698	6,698
Pak Data Communication Limited	13,202	13,202
Premier Insurance Company Limited	396	396
Pakistan Reinsurance Company Limited	2,400	2,400
Arabian Sea Country Club Limited	5,000	5,000

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4

	Un-Audited June 30, 2017	Audited December 31, 2016
	(Rupees in '000)	
PICIC Insurance Limited	38,982	38,982
Nina Industries Limited	20,020	20,020
State Life (Abdullah Haroon Road) Property (Private) Limited. (Subsidiary Company)	26,182	26,182
State Life (Lackie Road) Property (Private) Limited. (Subsidiary Company)	12,910	12,910

15 GENERAL

- 15.1 Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report.
- 15.2 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

16 DATE OF AUTHORISATION FOR ISSUE

This condensed financial information was approved and authorized for issue on 30 AUG 2017 by the Board of Directors of the Corporation.


CHAIRMAN DIRECTOR

Naveed Kamran Baloch


DIRECTOR

Saad Amanullah


CHIEF FINANCIAL OFFICER

Muhammad Rashid

Shafqaat Ahmed

over

Statement by the Appointed Actuary

Form LM

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

In my opinion,

- a) The policyholders liabilities included in the balance sheet of State Life Insurance Corporation of Pakistan as at June 30, 2017 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and

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



(Shujaat Siddiqui)
Appointed Actuary

Statement of Directors

Form LN


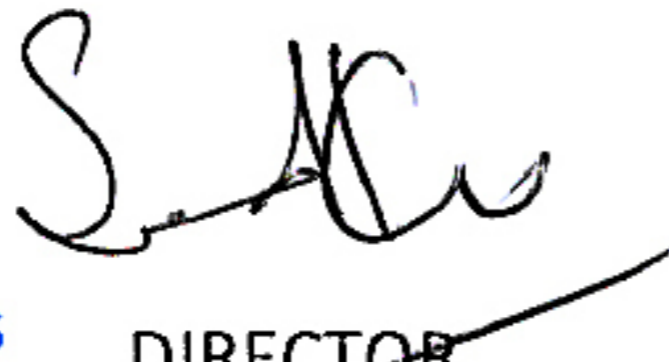


(As per requirement of Section 46(6) and Section 52(2) (C)
of the Insurance Ordinance, 2000)

Section 46 (6)

- a. In our opinion, the half year ended June 30, 2017 Condensed Interim Financial Information of State Life Insurance Corporation of Pakistan set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000, and the Insurance Rules, 2002; and
- b. State Life Insurance Corporation of Pakistan has at all times in the period complied with the provisions of the Insurance Ordinance, 2000, and the Insurance Rules, 2002, made there under relating to paid-up-capital, solvency and re-insurance arrangements; and
- c. As at June 30, 2017, State Life Insurance Corporation of Pakistan continues to be in compliance with the provisions of the Insurance Ordinance, 2000, and the Insurance Rules, 2002, made there under relating to paid-up-capital, solvency and reinsurance arrangement.

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.

 CHAIRMAN Naveed Kamran Baloch	 DIRECTOR Saad Amanullah	 DIRECTOR Shafqaat Ahmed	 CHIEF FINANCIAL OFFICER Muhammad Rashid
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