

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	Note	March 31, 2023 (Un-audited) -----Rupees in '000-----	December 31, 2022 (Audited)
Assets			
Property and equipment	3	995,465	1,033,492
Investment properties	4	3,549,156	3,573,082
Investment in subsidiaries		323,618	323,618
Investments			
Equity securities	5	84,614,648	77,799,314
Government securities	6	1,064,517,370	1,133,671,503
Debt securities	7	13,481,506	10,763,786
Mutual funds	8	6,574,413	7,169,767
Loans secured against life insurance policies		175,347,978	171,822,531
Insurance / reinsurance receivables	9	108,347,172	78,092,696
Loans and other receivables	10	59,934,030	65,281,569
Taxation - payments less provision		3,325,647	3,544,796
Prepayments	11	63,862	66,105
Cash and bank	12	136,945,683	48,345,441
Total Assets		1,658,020,549	1,601,487,700
Equity and Liabilities			
Capital and reserves attributable to Corporation's equity holders			
Ordinary share capital		6,200,000	6,200,000
Ledger account C & D		21,557,456	18,190,546
Reserves	13	808,314	808,314
Unappropriated profit		3,073,407	2,113,605
Capital contributed to statutory fund		-	100,000
Total Equity		31,639,177	27,412,465
Liabilities			
Insurance liabilities	14	1,579,827,330	1,522,008,512
Retirement benefit obligations		6,502,392	6,113,662
Deferred capital grant		5,705	26,692
Deferred taxation	15	10,868,562	9,210,234
Premium received in advance		5,089,636	5,326,067
Insurance / reinsurance payables	16	1,051,603	1,154,322
Other creditors and accruals	17	23,036,144	30,235,746
Total Liabilities		1,626,381,373	1,574,075,235
Total Equity and Liabilities		1,658,020,549	1,601,487,700
Contingencies and commitments	18		



CHAIRMAN

Shoalb Javed Hussain



DIRECTOR

Anwar Mansoor Khan



DIRECTOR

Humayun Bashir



CHIEF FINANCIAL OFFICER

Muhammad Rashid

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

	Note	Three-months period ended	
		Mar 31, 2023	Mar 31, 2022
		Rupees in '000	
Premium revenue		62,749,276	60,501,036
Premium ceded to reinsurers		(192,944)	(198,828)
Net premium revenue	19	62,556,332	60,302,208
Investment income	20	32,395,831	26,249,019
Net realized fair value gain / (loss) on financial assets	21	673,336	97,169
Net fair value loss on financial assets at fair value through profit or loss	22	(4,118,251)	493,272
Net rental income	23	395,882	212,098
Other income	24	17,647,758	4,938,816
		46,994,555	31,990,375
Net Income		109,550,888	92,292,583
Insurance benefits		(51,786,325)	(29,028,879)
Recoveries from reinsurers		101,347	94,609
Claim related expenses		(3,381)	(2,794)
Net Insurance Benefits	25	(51,688,359)	(28,937,064)
Net Change in Insurance Liabilities (other than outstanding claims)		(44,499,795)	(54,592,120)
Acquisition expenses	26	(3,501,567)	(3,139,252)
Marketing and administration expenses	27	(3,307,781)	(2,497,401)
Other expenses	28	(92,207)	(63,443)
Total Expenses		(51,401,350)	(60,292,216)
Profit before tax for the period		6,461,179	3,063,303
Income tax expense	29	(2,134,467)	(890,637)
Profit after tax for the period		4,326,712	2,172,666
Other comprehensive income		-	-
Total comprehensive income for the period		4,326,712	2,172,666
Earnings (after tax) per share - Rupees	30	69.79	44.34


CHAIRMAN

Shoaib Javed Hussain


DIRECTOR

Anwar Mansoor Khan


DIRECTOR

Humayun Baster


CHIEF FINANCIAL OFFICER


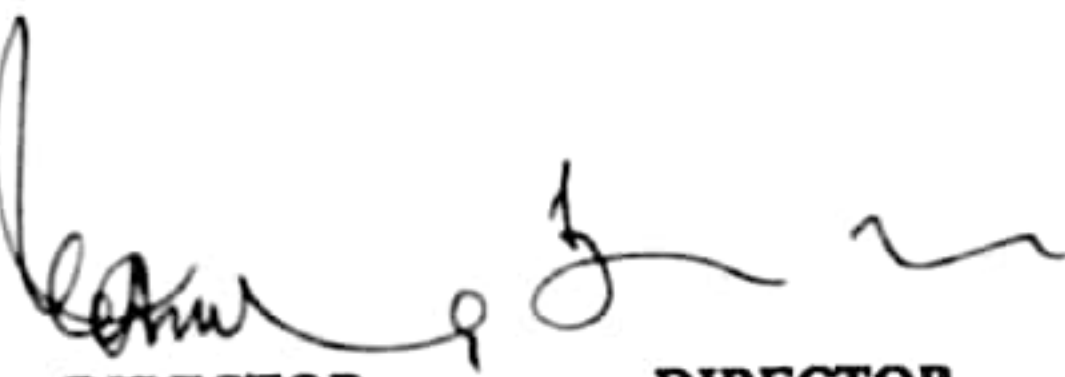


Muhammad Rashid

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

Three-months period ended
 Mar 31, 2023 Mar 31, 2022
 -----Rupees in '000-----

Operating Cash Flows

(a) Underwriting activities		
Insurance Premiums received	31,861,803	76,248,666
Reinsurance premiums paid	(295,662)	(158,380)
Claims paid	(25,315,827)	(15,549,274)
Surrenders paid	(13,154,856)	(7,374,930)
Reinsurance and other recoveries received	137,535	94,846
Commissions paid	(6,051,384)	(5,311,108)
Other underwriting payments	(826,000)	(914,770)
Net cash flow generated from underwriting activities	(13,644,392)	47,035,050
b) Other operating activities		
Income tax paid	(256,989)	(199,607)
General management expenses paid	(6,813,281)	(2,128,974)
Loans advanced	(4,050,858)	(17,578,205)
Loan repayments received	6,924,573	4,111,187
Other operating payments	4,717,035	170,376,000
Net cash flow used in other operating activities	520,480	(15,625,223)
Total cash flow used in operating activities	(13,123,912)	31,409,827
Investment Activities		
Profit / return received	30,321,009	21,507,480
Dividends received	1,764,051	2,533,237
Rentals received	380,828	883,328
Payments for investments	(62,202,207)	(132,298,245)
Proceeds from disposal of investments	124,189,478	1,313,911
Fixed capital expenditure	(19,545)	(23,219)
Proceeds from sale of property and equipment	-	-
Total cash flow used in investing activities	94,433,615	(106,083,508)
Finance Activities		
Dividend paid	-	-
Total cash flow from financing activities	-	-
Net cash flow from all activities	81,309,703	(74,673,681)
Cash and cash equivalents at beginning of the period	44,702,252	101,002,031
Cash and cash equivalents at end of the period	126,011,955	26,328,350
Reconciliation to Profit and Loss Account		
Operating cash flows	(13,123,912)	31,409,827
Depreciation expense	(40,266)	(37,636)
Investment income	47,156,527	31,990,375
Amortization/capitalization	(73,682)	138,507
Allocation of surplus	(100,000)	-
Non cash adjustments (APL)	(6,274,962)	(2,067,294)
Inc/(Dec) in assets other than cash	29,089,142	960,179
Inc/(Dec) in liabilities other than running finance	(6,248,013)	(5,033,111)
Net change in insurance liabilities	(44,499,795)	(54,592,120)
Other adjustments	(1,558,328)	(596,061,000)
	4,326,712	2,172,666
Ledger account C & D	-	-
Profit after taxation	4,326,712	2,172,666

			
CHAIRMAN	DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER
Shoaib Javed Hussain	Anwar Mansoor Khan	Humayun Bashir	Muhammad Rashid

**STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023**

	Attributable to equity holders of the Corporation					Total
	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, 2022	4,900,000	100,000	4,725	8,544,917	1,923,866	15,473,508
Total comprehensive income for the period	-	-	-	-	2,172,666	2,172,666
Surplus for the period retained in statutory funds-net of tax	-	-	-	1,553,528	(1,553,528)	-
Transfer to general reserve	-	-	303,580	-	(303,580)	-
Dividend for the year ended December 31 2022	-	-	-	-	-	-
Balance as at March 31, 2022	4,900,000	100,000	308,305	10,098,445	2,239,424	17,646,174
Balance as at January 01, 2023	6,200,000	100,000	808,314	18,190,546	2,113,605	27,412,465
Total comprehensive income for the period	-	-	-	-	4,326,712	4,326,712
Surplus for the period retained in statutory funds-net of tax	-	-	-	3,366,910	(3,366,910)	-
Transfer to general reserve	-	-	-	-	-	-
Capital contributed to statutory fund	-	(100,000)	-	-	-	(100,000)
Balance as at March 31, 2023	6,200,000	-	808,314	21,557,456	3,073,407	31,639,177

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.


CHAIRMAN
Shoaib Javed Hussain


DIRECTOR
Anwar Mansoor Khan


DIRECTOR
Humayun Bashir


CHIEF FINANCIAL OFFICER
Muhammad Rashid

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

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 37 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 and takaful business. The brief description is defined in the note 3 of the unconsolidated financial statement for the year ended December 31, 2022.
- 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 vide letter no. 0097, dated September 22, 2016. 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 ceded Rs. 1 million to the IFPTF. The Waqf deed governs the relationship of Corporation and participants for management of takaful operations. The Corporation launched the Window Takaful Operations on January 28, 2021.
- 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, 2022.

The figures in the unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and condensed interim unconsolidated statement of changes in equity together with the relevant notes to the unconsolidated condensed interim financial statements for the three-months period ended March 31, 2023 are not audited. Further, the figures for the three-months period ended March 31, 2023 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

**STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023**

unconsolidated financial statements as at and for the year ended December 31, 2022.

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 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, 2022. 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, 2022.

2.4 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.

Standards, amendments and interpretations to the published standards that may be relevant to the Corporation and adopted in the current year

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

Standard or Interpretation	Effective Date (Annual period beginning on or after)
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Subsidiary as a First-time Adopter (Amendment to IFRS 1)	January 1, 2022
Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) January 1, 2022

Adoption of the above standards have no significant effect on the amounts for the period ended December 31, 2022.

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

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual period beginning on or after)
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative—Accounting Policies	January 1, 2023
Sale and leaseback transactions (Amendments to IFRS 16)	January 1, 2024

The Corporation is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Corporation.

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	Effective Date (Annual period beginning on or after)
IFRS 17 Insurance Contract (Amendment to Insurance Contract)	January 1, 2023
IFRS 1 'First-time adoption of International Financial Reporting Standard'	January 1, 2024

3. PROPERTY AND EQUIPMENT

Operating fixed assets

	March 31, 2023 (Un-audited)	December 31,2022 (Audited)
	-----Rupees in '000 -----	
Net book value as at the beginning of the period	1,033,492	881,186
Additions / adjustments during the period	17,506	304,747
Disposal during the period	(348)	(14,668)
Net depreciation charge during the period / year	<u>(55,185)</u>	<u>(137,773)</u>
Net book value as at the end of the period / year	<u>995,465</u>	<u>1,033,492</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
-----Rupees in '000-----		
4 INVESTMENT PROPERTIES		
Net book value as at the beginning of the period	3,573,082	3,222,331
Additions / adjustments during the period	2,038	25,514
Disposal during the period	-	-
Net depreciation charged during the period	(25,964)	(72,312)
Less: Provision for impairment in value	-	(2,715)
	3,549,156	3,172,818
Capital work-in-progress	-	400,264
	3,549,156	3,573,082

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.109,582 million (2022: Rs.109,582 million).

5 INVESTMENTS IN EQUITY SECURITIES

	March 31 2023 (Un-audited)			December 31 2022 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
-----Rupees in '000-----						
Fair value through profit or loss account						
Related parties						
Listed shares	3,531,054	-	16,062,792	3,531,054	-	15,684,413
Unlisted shares	5,000	-	5,000	5,000	-	5,000
Others						
Listed shares	41,711,349		68,478,517	31,378,679		62,044,839
Unlisted shares	279,425	(212,295)	67,129	276,097	(212,295)	63,802
Unlisted preference shares	3,743	(2,533)	1,210	3,743	(2,483)	1,260
	45,530,570	(214,828)	84,614,648	35,194,573	(214,778)	77,799,314

6 INVESTMENTS IN GOVERNMENT SECURITIES

	Maturity Year	Effective Yield (%)	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
			Amortized Cost	Principal Repayment	Carrying Value	Carrying Value
-----Rupees in '000-----						
<i>Held to maturity</i>						
Pakistan Investment Bond						
3 year Pakistan Investment Bonds	2023 - 2025	18.94% - 21.44%	101,048,483	109,500,000	101,048,483	67,234,614
5 year Pakistan Investment Bonds	2023 - 2027	15.31% - 21.41%	233,269,272	246,075,000	233,269,272	232,657,424
10 year Pakistan Investment Bonds	2024 - 2030	15.12% - 20.62%	432,350,237	447,833,300	432,350,237	432,458,978
15 year Pakistan Investment Bonds	2023 - 2035	15.25% - 21.43%	115,334,172	113,377,100	115,334,172	115,332,892
20 year Pakistan Investment Bonds	2024 - 2039	15.10% - 21.18%	70,682,848	69,461,000	70,682,848	70,655,625
30 year Pakistan Investment Bonds	2036 - 2038	15.11% - 15.16%	37,771,188	40,050,000	37,771,188	37,766,082
Islamic Republic of Pakistan Bonds			18,581,620	-	18,581,620	14,700,870
			1,009,037,821	1,026,296,400	1,009,037,821	970,806,485
Treasury Bills						
Treasury Bills	2023	19.80% - 21.45%	54,968,029	55,755,000	54,968,029	162,353,685
Other						
Sukuk Bonds	2027	15.30% - 21.45%	511,520	513,600	511,520	511,333
			1,064,517,370	1,082,565,000	1,064,517,370	1,133,671,503

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

7 INVESTMENT IN DEBT SECURITIES

Note	March 31 2023 (Un-audited)			December 31 2022 (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	13,481,506	-	13,481,506	10,763,786	-	10,763,786
	<u>13,489,079</u>	<u>(7,573)</u>	<u>13,481,506</u>	<u>10,771,359</u>	<u>(7,573)</u>	<u>10,763,786</u>

7.1 Debtures include an amount of Rs. 7.573 million (December 31, 2022: 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 debture loan amounting to Rs. 0.678 million (December 31, 2022: Rs. 0.678 million). The Corporation had made full provision against these debtures.

8 INVESTMENT IN MUTUAL FUNDS

	March 31 2023 (Un-audited)			December 31 2022 (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	3,282,446	-	5,054,589	3,282,447	-	5,613,601
<i>Unlisted</i>						
Close end mutual fund	594,190	-	1,519,824	594,190	-	1,556,166
	<u>3,876,637</u>	<u>-</u>	<u>6,574,413</u>	<u>3,876,637</u>	<u>-</u>	<u>7,169,767</u>

9 INSURANCE / REINSURANCE RECEIVABLES

Unsecured and considered good

Due from insurance contract holders
Less: provision for impairment of receivables from
Insurance contract holders
Due from other insurers / reinsurers
Less: provision for impairment of due from other
insurers / reinsurers

Note	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
	Rupees in '000	
	107,687,796	77,397,131
	-	-
	659,377	695,565
	<u>-</u>	<u>-</u>
	<u>108,347,172</u>	<u>78,092,696</u>

10 LOANS AND OTHER RECEIVABLES

Accrued investment income
Loans to agents
Loans to employees
Advance to contractors & security deposit
Other receivables
Deposit against bank guarantee

	57,258,370	58,152,076
	89,365	86,441
	1,218,227	936,969
	427,397	379,491
	492,971	5,278,892
	447,701	447,701
	<u>59,934,030</u>	<u>65,281,569</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
	-----Rupees in '000 -----	
11 PREPAYMENTS	Note	
Prepaid rent	43,220	42,011
Prepaid miscellaneous expenses	20,642	24,094
	<u>63,862</u>	<u>66,105</u>
12 CASH AND BANK		
<i>Cash and Cash Equivalent</i>		
- Cash in hand	34,744	644
- Cash in transit	81,631	3,207,642
- Policy & Revenue stamps, Bond papers		9,608
	116,375	3,217,894
Cash at bank		
- Current accounts	19,069,682	30,399,795
- Savings accounts	106,825,898	11,084,563
- Fixed deposits maturing after 12 months	10,933,728	3,643,189
	<u>136,945,683</u>	<u>48,345,441</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	34,744	644
- Cash in transit	81,631	3,207,642
- Policy & Revenue stamps, Bond papers		9,608
	116,375	3,217,894
Cash at bank		
- Current accounts	19,069,682	30,399,795
- Savings accounts	106,825,898	11,084,563
	<u>126,011,955</u>	<u>44,702,252</u>
12.2 These carry mark-up ranging from 14.50% to 19.25% (2022: 9.00% to 15.10%) per annum.		
	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
	-----Rupees in '000 -----	
13 RESERVES		
Revenue reserves		
General reserve	808,314	808,314
14 INSURANCE LIABILITIES		
Reported outstanding claims (including claims in payment)	131,986,448	118,667,425
Incurred but not reported claims	7,749,208	7,672,373
Investment Component of Unit Linked and Account Value Policies	328,444	300,962
Liabilities under Individual Conventional Insurance Contracts	1,431,528,413	1,385,674,040
Liabilities under group insurance contracts (other than investment linked)	7,293,951	8,285,685
Other insurance liabilities	940,866	1,408,027
	<u>1,579,827,330</u>	<u>1,522,008,512</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
15 DEFERRED TAXATION	-----Rupees in '000-----	
Deferred tax credit arising in respect of On retained balance on Ledger Account D	<u>10,868,562</u>	<u>9,210,234</u>
	-----Rupees in '000-----	
	Balance as at January 1, 2023	Recognized in statement of comprehensive income
	Recognized in Other Comprehensive Income	Balance as at March 31, 2023
Defer credit arising in respect of On Retained Balance on Ledger Account D	9,210,234	1,658,328
	-	10,868,562
	-----Rupees in '000-----	
	Balance as at January 1, 2022	Recognized in statement of comprehensive income
	Recognized in Other Comprehensive Income	Balance as at December 31, 2022
Defer credit arising in respect of On Retained Balance on Ledger Account D	3,489,579	5,720,655
	-	9,210,234
	-----Rupees in '000-----	
16 INSURANCE / REINSURANCE PAYABLES	-----Rupees in '000-----	
Due to other insurers / reinsurers	<u>1,051,603</u>	<u>1,154,322</u>
17 OTHER CREDITORS AND ACCRUALS		
Agents commission payable	2,439,386	5,815,203
Accrued expenses	12,696,035	13,012,469
Other liabilities	7,900,724	11,408,074
	<u>23,036,144</u>	<u>30,235,746</u>
18 CONTINGENCIES AND COMMITMENTS		
18.1 Contingencies		

There is no change in the status of contingencies as reported in note 23.1 to the annual unconsolidated financial statements of the Corporation for the year ended 31 December, 2022, except specified below:-

18.1.1 The Corporation had filed nine appeals on different issues before 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.

Out of nine appeals, Sindh High Court vide judgement dated November 24, 2020 decided four appeals against the Corporation. Corporation has filed CPLAs before the Honorable Supreme Court of Pakistan against judgement of the Sindh High Court. Honourable Supreme Court of Pakistan has granted leave to appeal in Civil Petitions filed by the Corporation. Management of the Corporation and its tax advisor are confident that ultimate outcome of these

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

matters will be in favour of the Corporation. Remaining five appeals have been decided by the Sindh High Court in favour of the Corporation vide orders dated March 28, 2023.

18.1.2 According to the Sindh Sales Tax on Services Act 2011, sales tax is payable on premium of life and health insurance policies written in the province of Sindh. The Punjab and Baluchistan Revenue Authorities have also introduced sales tax on life and health insurance premium effective from November 01, 2018 and July 03, 2015 respectively.

This being a collective issue of the industry, the Insurance Association of Pakistan (IAP) has actively taken up the matter with the provincial revenue authorities for the exemption on sales tax. The industry's main contention is that life insurance is not a service, but in fact, in sum and substance, a contingent contract under which payment is made on occurrence of an event, specified in the terms of contract or policy and thus is a financial arrangement. Superior courts in foreign jurisdiction have held that insurance is not a service.

In this relation, the legal advisors have also opined that an insurance contract is essentially a financial transaction, which is unrelated to the sale of any identifiable consumer goods or service, and as such, in leading jurisdictions, it has been widely held that insurance is not a service and hence, does not fall within the scope of taxability under the provincial sales tax laws.

Subsequently, life insurance companies collectively filed Constitutional Petitions (CPs) before Hon'ble High Courts of Lahore (writ petition no. 55421/ 2019) and Sindh (C.P. No. D.7677 of 2019) against the levy of sales tax on life and health insurance in Punjab and levy of sales tax on life insurance in Sindh respectively that are pending adjudication. As far as Baluchistan Revenue Authority (BRA) is concerned, no notice or communication has been received by the Corporation in this respect and hence, no petition was filed before any court.

The Hon'ble LHC in its order dated October 03, 2019 has restrained Punjab Revenue Authority (PRA) from taking any coercive measures against applicants. The Corporation has filed another petition at Hon'ble LHC against impugned show cause notice no. PRA/LIFE/PREMIUM/SLCP /1592 issued by the PRA on October 02, 2019. The Hon'ble LHC, in its order dated December 15, 2021, has directed that no final order shall be passed in pursuance of the impugned show cause by PRA and shall not take any coercive measures. This and the connected petitions are then disposed of accordingly.

The Hon'ble SHC, in its interim order dated December 02, 2019, directed that the request of the petitioners, seeking exemption in terms of Section 10 of the Sindh Sales Tax Act, 2011, shall be considered by the Sindh Revenue Board (SRB), in accordance with the law.

Sindh Revenue Board (SRB) vide notification No.3-4/13/2020 dated June 22, 2020, has exempted life insurance from levy of service tax up to June 30, 2020 subject to the condition that person providing insurance services commences depositing the amount of Sindh sales tax due on such services from July, 2020 onwards. The exemption to health insurance has been extended by the SRB up to June 30, 2023, through notification no. SRB-3-4/19/2022 dated June 28, 2022.

Through the Khyber Pakhtunkhwa Finance Act, 2021, the exemption in respect of the sales tax on services of life and health insurance in the province of Khyber Pakhtunkhwa (KP) has been withdrawn from July 01, 2021. As a consequence, life insurance is taxable at the rate of 15% and health insurance is taxable at a reduced rate of 1% without any input tax adjustment. This withdrawal of the exemption was intimated by Khyber Pakhtunkhwa Revenue Authority (KPRA) on July 29, 2021 vide letter no. F. No. 7(10)/KPRA/ADC(HQ)/2021/12114. In reply, the Corporation most respectfully requested KPRA to exempt the levy of sales tax on life and health insurance vide letter no. F&A/KPRA/ST/47 Dated: 9th August, 2021. Moreover, on October 05, 2021, the Corporation sent a letter to the Ministry of Finance, Government of KP, in which the Corporation requested to allow the permanent exemption from sales tax on services under Khyber Pakhtunkhwa Sales Tax on Services Act, 2013. Consequently, the Government of Khyber Pakhtunkhwa has allowed the exemption on health insurance premium vide notification dated 10th August, 2022. However, the exemption related to life insurance is yet to be decided.

In view of the opinion of legal advisor the Corporation has calculated estimated aggregated amount of sales tax liability amounting to Rs.6,454.70 million (December 31, 2022: Rs. 5,985.72 million), which is calculated based on risk premium and excluding the investment amount allocated to policies.

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

		March 31, 2023 (Un-audited)	March 31, 2022 (Un-audited)
19	NET PREMIUM REVENUE		
		-----Rupees in '000-----	
	Gross Premiums		
	Regular premium individual policies		
	First year	2,935,380	2,477,283
	Second year renewal	2,250,000	2,139,010
	Subsequent year renewal	22,365,806	19,318,381
	Group policies with cash values	6,926	-
	Group policies without cash values	42,897,978	43,475,125
	Less: experience refund	<u>(7,706,813)</u>	<u>(6,908,763)</u>
	Total Gross Premiums	62,749,276	60,501,036
	Less: Reinsurance Premiums Ceded		
	On individual life First year business - Ceded	(68,456)	(75,170)
	On individual life Second year business - Ceded	(7,362)	(7,151)
	On individual life Renewal business - Ceded	(32,482)	(29,245)
	On group policies - Ceded	(84,644)	(87,262)
		<u>(192,944)</u>	<u>(198,828)</u>
	Net Premium revenue	62,556,332	60,302,208
20	INVESTMENT INCOME		
	Income from equity securities		
	<i>Fair value through profit or loss</i>		
	- Dividend income	2,456,173	2,647,035
	Income from government and debt securities		
	<i>Held to maturity</i>		
	- Return on government and debt securities	29,939,658	23,601,984
		<u>32,395,831</u>	<u>26,249,019</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	<u>673,336</u>	<u>97,169</u>
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	(4,096,918)	507,674
	Investment related expenses	<u>(21,334)</u>	<u>(14,402)</u>
		<u>(4,118,251)</u>	<u>493,272</u>
23	NET RENTAL INCOME		
	Rental income	557,854	385,224
	Less: Expenses of investment property	<u>(161,972)</u>	<u>(173,125)</u>
		395,882	212,098
24	OTHER INCOME		
	Return on bank balances	2,476,905	1,556,558
	Return on loans to employees	12,630	10,993
	Return on loans to policyholders	6,274,962	2,825,456
	Exchange gain on revaluation	8,862,377	524,301
	Miscellaneous income	20,882	21,508
		<u>17,647,758</u>	<u>4,938,816</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

		March 31, 2023 (Un-audited)	March 31, 2022 (Un-audited)
		-----Rupees in '000 -----	
25	NET INSURANCE BENEFITS		
	Gross Claims		
	Claims under individual policies		
	- by death	1,990,651	2,230,790
	- by insured event other than death	70,834	71,035
	- by maturity	4,914,220	3,305,661
	- by surrender	13,154,856	7,374,930
	- annuity payments	2,348	2,478
	Total gross individual policy claims	20,132,909	12,984,894
	Claims under group policies		
	- by death	2,088,286	2,026,023
	- by insured event other than death	29,564,621	14,017,846
	- by maturity	509,200	-
	- by surrender	-	116
	- annuity payments	-	-
	- experience premium refund	-	-
	Total gross policy claims	31,653,416	16,043,985
	Total Gross Claims	51,786,325	29,028,879
	Less: Reinsurance Recoveries		
	-on individual life claims	(6,458)	(2,993)
	-on group life claims	(94,889)	(91,616)
		(101,347)	(94,609)
	Claim related expenses	3,381	2,794
	Net insurance benefit	51,688,359	28,937,064
26	ACQUISITION EXPENSES		
	Remuneration to insurance intermediaries on individual policies:		
	- commission to agent on first year premiums	1,414,734	1,240,494
	- commission to agent on second year premiums	268,358	259,335
	- commission to agent on subsequent renewal premiums	862,158	777,650
	- other benefits to insurance intermediaries	129,193	140,846
	- branch overhead	514,710	438,600
	Remuneration to insurance intermediaries on group policies:		
	- commission	392	1,155
	- other benefits to insurance intermediaries	-	-
	Other acquisition costs		
	- Stamp duty and medical fee	312,023	281,172
		3,501,567	3,139,252
27	MARKETING AND ADMINISTRATION EXPENSES		
	Employee benefit cost	2,408,487	1,992,676
	Travelling expenses	57,383	48,354
	Advertisement and sales promotion	18,773	3,112
	Balance carry forward	2,484,643	2,044,142

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

		March 31, 2023 (Un-audited)	March 31, 2022 (Un-audited)
	Note	—Rupees in '000—	
<i>Balance brought forward</i>		2,484,643	2,044,142
Printing and stationery		17,039	12,332
Depreciation		39,446	36,800
Rent, rates and taxes		92,252	73,410
Legal and professional charges - business related		576,539	238,663
Electricity, gas and water		37,223	37,660
Office repair and maintenance		5,093	3,622
Bank charges		8,010	7,576
Postages, telegrams and telephone charges		20,729	22,780
Appointed Actuary fees		1,582	1,939
Training expense		12,725	5,977
Annual Supervision fees SECP		12,500	12,500
		<u>3,307,781</u>	<u>2,497,401</u>
27.1 Employee benefit cost			
Salaries, allowances and other benefits		1,974,750	1,811,487
Charges for post employment benefit		433,737	181,189
		<u>2,408,487</u>	<u>1,992,676</u>
28 OTHER EXPENSES			
Auditors' remuneration	28.1	5,341	2,900
Revenue stamps		6,072	6,188
Insurance charges		32,627	20,026
Office maintenance		17,924	15,995
Entertainment		4,422	8,488
Miscellaneous		25,821	9,846
		<u>92,207</u>	<u>63,443</u>
29 INCOME TAX EXPENSE			
For the period			
Current		476,139	295,835
Deferred		1,658,328	594,802
		<u>2,134,467</u>	<u>890,637</u>
30 EARNINGS PER SHARE			
Profit (after tax) for the period		4,326,712	2,172,666
Weighted average outstanding number of ordinary shares as at period end		62,000	49,000
Earnings per share (Rupees)		<u>69.79</u>	<u>44.34</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023

31 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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 executive directors are disclosed in the relevant notes.

Terms and conditions of transactions with related parties

Transactions with related parties are carried out at the agreed terms as approved by the Board of Directors. 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:

Note	March 31, 2023 (Un-audited) ----- Rupees in '000 -----	December 31, 2022 (Audited)
Profit oriented state-controlled entities		
common ownership		
Investment in shares - State Bank of Pakistan	3,221	3,221
PIBs deposited with State Bank of Pakistan	501,500	501,500
Subsidiaries		
Alpha Insurance Company Limited (95.15% holding)		
Rental income received	-	3,769
Group insurance	-	203
Staff retirement fund		
Contribution to provident fund	352	1,530
Contribution to pension fund	122,511	399,064
Contribution to funded gratuity	335	1,154
Expense charged for pension fund	295,333	1,374,656
Transactions with associated companies		
- common directorship		
Dividend received during the year		
Pakistan Reinsurance Company Limited (24.41 % of holding)	-	146,464
Fauji Fertilizer Company Limited	368,057	1,592,575
Sui Northern Gas Pipelines Company Limited	-	206,124
Security Papers Limited	-	50,225
Pak Data Communication	-	5,491
Pak Cables Limited	-	22,602
Shahtaj Sugar Mills Limited	-	3,785
Wah-Nobel Chemicals Limited	-	4,310
Reinsurance premium ceded		
Pakistan Reinsurance Company Limited	-	265,310

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023





	Note	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
----- Rupees in '000 -----			
Balances with related parties - common directorship			
Investment in units:		200,000	175,105
NIT Islamic Equity Fund			
Balances with related parties Retirement benefit obligation - <i>Restated</i>		6,502,392	6,113,662
Balances with related parties - common directorship			
Reinsurance payable			
Reinsurance payable - PRCL		-	-
Investment in shares:			
Fauji Fertilizer Company Limited		11,680,834	11,533,611
Sui Southern Gas Company Limited		556,173	532,494
Sui Northern Gas Pipelines Company Limited		1,074,316	1,031,992
Alpha Insurance Company Limited		298,818	298,818
Pakistan Cables Limited		271,822	311,013
Security Papers Limited		460,363	469,856
Shahtaj Sugar Mills Limited		38,954	27,743
Pak Data Communication Limited		54,458	52,152
Premier Insurance Company Limited		42,154	33,997
Pakistan Reinsurance Company Limited		1,687,270	1,507,119
Arabian Sea Country Club Limited		5,000	5,000
PICIC Insurance Limited		2,688	3,156
Nina Industries Limited		4,500	4,500
Mirpurkhas Sugar Mills Ltd.		51,327	39,719
State Life Abdullah Haroon Road Property (Private) Limited (Subsidiary Company) (100% holding) - net of provision		24,700	24,700
State Life Lackie Road Property (Private) Limited (Subsidiary Company) (100% holding) - net of provision		-	-
Wah-Nobel Chemicals Ltd		137,062	137,062

32 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorized for issue on 29 MAY 2023 by the Board of Directors of the Corporation.

33 GENERAL

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

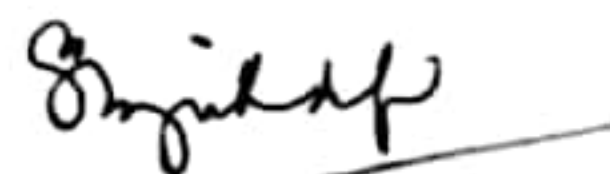
CHAIRMAN **DIRECTOR** **DIRECTOR** **CHIEF FINANCIAL OFFICER**
Shoab Javed Hussain **Anwar Mansoor Khan** **Humayun Bashir** **Muhammad Rashid**

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 March 31, 2023 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 of the Corporation

Dated: May 29, 2023

Statement of Directors

(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 financial statements of the State Life Insurance Corporation of Pakistan for the three months ended March 31, 2023, set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, and any rules made there under;
- b. State Life Insurance Corporation of Pakistan has at all times in the period complied with the provisions of the Insurance Ordinance and the Insurance Rules made there under relating to paid-up-capital, solvency and re-insurance / retakaful arrangements; and
- c. As at March 31, 2023, State Life Insurance Corporation of Pakistan continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to paid-up-capital, solvency and reinsurance / retakaful arrangements.


Section 52 (2) (C)

- d. 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
Shoalb Javed Hussain


DIRECTOR
Anwar Mansoor Khan


DIRECTOR
Humayun Bashir


CHIEF FINANCIAL OFFICER
Muhammad Rashid