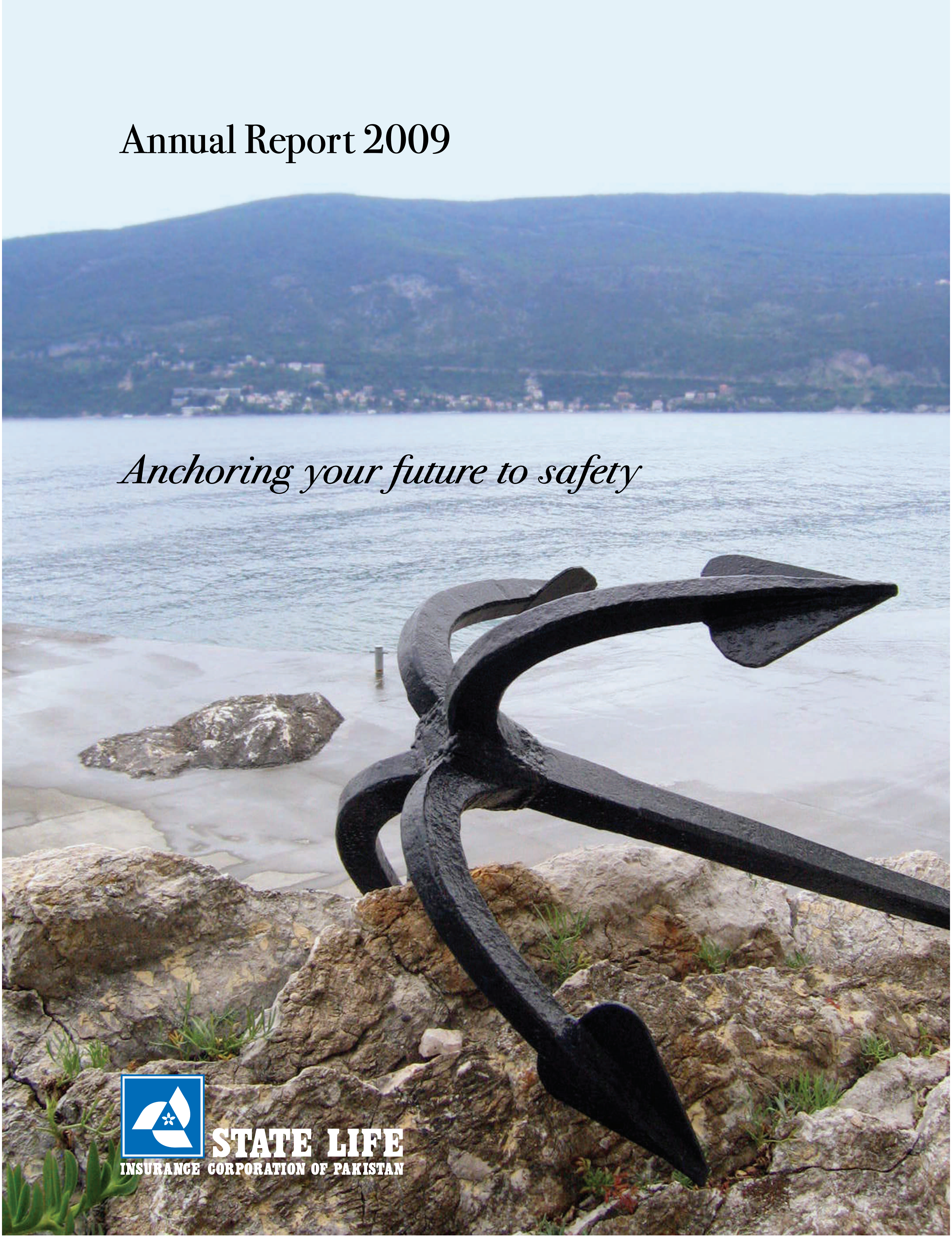
Annual Report 2009



Anchoring your future to safety

STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

37th Annual Report
2009

STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

Principal Office, State Life Building No. 9,
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E-mail: edpgs@statelife.com.pk Website: www.statelife.com.pk

Contents

Corporate Information

BOARD OF DIRECTORS

Mr. Shahid Aziz Siddiqi		Chairman
Mr. Qamar Zaman Chaudhry	Up to 18-09-2009	Director
Mr. Shafqat Naghmi	From 18-09-2009 to 24-03-2010	Director
Mrs. Spenta Kandawalla		Director
Mr. Aslam Faruque		Director
Mr. Amin Qasim Dada		Director
Mr. Rasheed Y.Chinoy		Director
Syed A.Wahab Mehdi		Director
Syed Hur Riahi Gardezi		Director
Mr. Shahid Rahim Shaikh	From 30-03-2010	Director

SECRETARY BOARD

Mr. Akbar Ali Hussain

BOARD AUDIT COMMITTEE

Syed Hur Riahi Gardezi	Chairman
Mrs. Spenta Kandawala	Member
Mr. Aslam Faruque	Member
Mr. Rasheed Y.Chinoy	Member
Syed A.Wahab Mehdi	Member
Mr. Abdul Hafeez Shaikh	Secretary

AUDITORS

PAKISTAN
M/s. Anjum Asim Shahid Rahman,
Chartered Accountants

M/s. Riaz Ahmad & Company,
Chartered Accountants

GULF COUNTRIES
M/s. Sajjad Haider & Co.,
Chartered Accountants

APPOINTED ACTUARY

Mr. Shujaat Siddiqui
MA, FIA, FPSA,

PRINCIPAL OFFICE

State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi-75530
Telephones: 99202800-9 UAN 111-111-888 Fax: 99202820
E-mail: edpgs@statelife.com.pk Website: www.statelife.com.pk

Management

CHAIRMAN
Mr. Shahid Aziz Siddiqi

EXECUTIVE DIRECTORS

Syed Arshad Ali	
Ms. Nargis Ghaloo	Up to 16-11-2009
Mr. Muhammad Yahya	
Mr. Allah Rakha Aasi	
Mr. Shoaib Mir Memon	

DIVISIONAL HEADS
(Principal Office)

Mr. Ansar Hussain	Investment
Mr. Sohail Hashmi	Research & Analysis
Mr. Sher Ali Khan	Special Projects under Chairman Sectt.
Mr. Muhammad Izqar Khan	Finance & Accounts
Dr. Muhammad Yousuf Khan	P&GS
Mr. Abdul Hafeez Shaikh	Internal Audit & Compliance
Mr. Saleem Khaliq	I.T.
Mr. Shahrukh Subzwari	Actuarial
Mr. Nadeem Bessey	Group & Pension
Mr. M.Yahya Chamadia	Policyholders Services (I&E)
Mr. S.H.Kazmi	Marketing (Individual Life)
Mr. Nabil Ghafoorzada	Real Estate (Project Maintenance)
Mr. Nasim ul Haque	Real Estate (Management)
Mr. Shahid Aziz Khan	Legal Affairs
Mr. Faisal Mumtaz	Policyholders Services

CHIEF MEDICAL OFFICER
Dr. Mrs. Ghazala Nafees

INDIVIDUAL LIFE

Regional Chiefs

Mr. Abdul Sattar Abro	Southern Region - Karachi
Ch. Madad Ali Anjum	Central Region - Lahore
Raja Zafar Ali Shan	Northern Region -Islamabad
Mr. Maqsood A.Choudhry	Multan Region - Multan

Zonal Chief
Gulf Countries

Mr. Khalid Mehmood Shahid	Gulf Zone, UAE-Dubai

ZONAL HEADS
Southern Region

Mr. M.Khalid Shaikh	Karachi Zone (Southern)
Mr. Dur Muhammad Baladi	Hyderabad Zone
Mr. Riaz Ahmed Arain	Mirpur Khas Zone
Mr. Iqbal A.Gill	Sukkur Zone
Mr. Mohsin Abbas	Karachi Zone (Central)
Mr. Kanaya Lal Shaheen	Quetta Zone
Mr. M.Saeed Khan	Karachi Zone (Eastern)
Mr. Ghulam Rasool Abro	Larkana Zone

Multan Region

Mr. Tahir Ahmed Khan	Multan Zone
Mr. Riaz Ahmed Shahzad Bodla	Rahim Yar Khan Zone
Mr. Z.M.Kamran Shamsi	Bahawalpur Zone
Ch. Akhtar Hussain	Sahiwal Zone
Mr. M.Ramzan Shahid	Dera Ghazi Khan Zone

Central Region

Mr. Najamul Hassan	Gujranwala Zone
Mr. M.Dawood Nasir	Lahore Zone (Western)
Mr. R.N.Shikrani	Faisalabad Zone
Mr. Mumtaz A. Choudhry	Lahore Zone (Central)
Mr. S.M.Iqbal Qureshi	Sialkot Zone
Mr. M.Tahir Cheema	Sargodha Zone

Northern Region

Mr. Azhar Hussain	Rawalpindi Zone
Mr. Khalid Mansoor	Islamabad Zone
Ch. M.Ejaz	Peshawar Zone
Mr. Muhammad Saeed	Swat Zone
Ch. Abdul Nasir	Gujrat Zone
Mr. M.Yousuf Farooqi	Mirpur (AK) Zone
Mr. Mehmood H. Malik	Abbottabad Zone

GROUP LIFE
Zonal Heads

Mr. Sultan Masood Naqi	Karachi Zone
Mr. Fakhar Abbass	Lahore Zone
Mr. M.A.A.Kazmi	Rawalpindi Zone
Mr. Tahir Majeed	Peshawar Zone

Core Values

OBJECTIVES

- To run life insurance business on sound lines.
- To provide more efficient services to the policyholders.
- To maximize the return to the policyholders by economizing expenses and increasing the yield on investment.
- To make life insurance a more effective mean of mobilizing national savings.
- To widen the area of operation of life insurance and making it available to as large section of the population as possible, extending it from the comparatively more affluent sections of society to the common man in towns and villages.
- To use the policyholders' fund in the wider interest of the community.

MISSION STATEMENT

To remain the leading insurer in the country by extending the benefits of life insurance to all sections of society and meeting our commitments to our policyholders and the nation.

QUALITY POLICY

To ensure satisfaction of our valued policyholders in processing new business, providing after sales service and optimizing return on Life Fund through a quality culture and to maintain our position as the leading life insurer in Pakistan.

Chairman's review

I feel pleasure in presenting the 37th Annual Report of State Life Insurance Corporation of Pakistan, together with the audited accounts for the year ended December 31, 2009 prepared in terms of Article 30 of the Life Insurance (Nationalization) Order, 1972, (President's Order No.10 of 1972).

Accounts for the year 2009 are prepared on the accounting formats in accordance with the accounting regulations issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 938 dated December 12, 2002 under the Insurance Ordinance 2000.

1. OVERALL PERFORMANCE:

During the period under review, State Life Insurance Corporation performed exceptionally well in its core business operation despite of over all economic recession. An overview of overall performance of State Life Insurance Corporation during the year 2009 as compared to 2008 is given hereunder:

1.1 Total Income of the State Life Insurance Corporation increased to Rs. 49,914 million as against Rs.41,830 million in the preceding year, registering an increase of 19%.

1.2 Management expenses for the year 2009 were Rs.11,633 million as compared to Rs. 8,000 million in 2008 showing an increase of 45%. Overall expense ratio for the year 2009 was 41% as against 35% for the year 2008.

1.3 Payments to policyholders in the year 2009 were Rs. 15,724 million as against Rs. 12,779 million in 2008, being an increase of 23%. Claims are mainly increased due to maturity of the old policies.

1.4 Total amount of statutory funds of the State Life Insurance Corporation in 2009 was Rs.199,445 million as against Rs. 177,459 million in 2008, showing an increase of 12%.

2. BUSINESS PORTFOLIO WISE PERFORMANCE:

2.1 INDIVIDUAL LIFE BUSINESS - PAKISTAN'S OPERATIONS:

First year premium income under Individual Life policies, during the year 2009 was a record Rs.6,975 million as compared to Rs. 4,982 million in the year 2008, resulting in an increase of 40%. Renewal premium was Rs.16,936 million in 2009 whereas Rs.13,428 million was in 2008, resulting in an increase of 26%.

2.2 INDIVIDUAL LIFE BUSINESS - OVERSEAS OPERATIONS:

First year premium income under Individual Life policies, during the year 2009 was Rs.250 million as compared to Rs.199 million in the year 2008, being an increase of 26%. Renewal premium was Rs. 839 million as compared to Rs. 642 million in 2008, showing an increase of 31%.

2.3 GROUP LIFE BUSINESS:

Premium under Group Life policies during the year 2009 was Rs.3,560 million as compared to Rs. 3,564 million in the year 2008.

2.4 REAL ESTATE:

During the year 2009 net operating income from Real Estate portfolio was Rs. 274 million as against Rs. 342 million in 2008, being a decrease of (20%). This decrease is mainly due to recession in the economy of the country. The recession caused down sizing of multinationals to cut down on expenses. This reduction has increased the vacant space of State Life Buildings thus reducing income.

2.5 INVESTMENT:

Net investment income including capital gains during the year 2009 was Rs. 21,271 million as compared to Rs. 18,791 million in 2008, showing an increase of 13%.

3. BUSINESS SUPPORTING ACTIVITIES:

3.1 Training and development of manpower is the prime focus of a dynamic and progressive organization. State Life has the privilege of having the largest distribution network. Corporation has a continued training and development program to have a strong and trained field force and always makes endeavors by creating new employment opportunities for youths to join the corporation's field force by arranging seminars, workshops and by imparting training and conducting special courses. During 2009, State Life continued with its practice of imparting training to field workers and to other employees. As well as specialized courses viz: Foundation Course, Management Orientation Study Course and Marketing Management Series were also conducted by the Field Manpower Development Department (FMD) for field workers. Further, computer trainings were also provided to the field executives and employees of the Corporation.

3.2 The primary purpose of the Policyholders Services Division is to provide quality service to the policyholders of the Corporation. In this regard, measures were taken at all the zonal offices to improve the services such as prompt settlement of claims and handling of complaints of policyholders or their successors on priority basis. These steps not only have increased the level of customer satisfaction but have also contributed towards the retention of our existing policyholders.

Apart from above, various computer programs and soft modules are continuously being introduced for the Zonal/Regional management to eliminate unnecessary paper work, thus reducing the time span required for providing such services.

3.3 Advertising plays a very significant role in business development specially in large commercial organizations like State Life. In a scenario where a large cross section of population is still without life insurance or in fact unaware of the benefits of life insurance, the need of aggressive advertising cannot be ignored. The management of State Life is fully aware of advertising needs of the Corporation and has provided adequate funds and support to Corporate Communications Department (CCD) to implement its multimedia advertising programme in the year under review. In 2009, after long interval, State Life has produced a Corporate TV Commercial in the line of our old popular TVC "Aay Khuda Meray Abbu Salamat Rahain". This commercial had been extensively telecasted from popular terrestrial and satellite TV channels. Apart from this press campaigns on Corporate Image Building, Bonus Announcement to Policyholders, Business Achievements, Recognition to Marketing Force etc., has also been launched on national and regional newspapers. Radio being the most popular medium of publicity specially in the rural and sub urban areas has also been fully utilized. Specially produced Radio Programmes in Urdu and regional languages have been broadcasted from Radio Pakistan and popular FM Channels. In 2009, as corporate social responsibility, state life also sponsored some major sports and philanthropic events for corporate image building.

4. INSURER FINANCIAL STRENGTH RATING:

4.1 In 2009, a strategic decision was taken to obtain Insurer Financial Strength (IFS) rating for State Life. This task was assigned to the Pakistan Credit Rating Agency (PACRA). It is a matter of satisfaction for State Life that it has been assigned Insurer Financial Strength (IFS) rating of "AAA". The rating denotes State Life's exceptionally strong capacity to meet policyholder and contract obligations. The rating reflects State Life's leading position in life insurance business in Pakistan, its extensive distribution network, good management quality, comprehensive information system and growing business volumes. The rating also represents State Life's robust financial profile emanating from its sound investment portfolio and prudent system of risk management.

4.2 A rating of "AAA" is the highest possible for an insurer to achieve and State Life stands alone in the life insurance industry to have been assigned this rating.

5. THE FUTURE

5.1 Unit linked life insurance products were introduced in Pakistan with the entry of private sector life insurers. With increasing consumer awareness, the market for these products has been growing in the country. State Life also plans to enter this line of business. With the implementation of IT infrastructure enhancements, which is in hand, State Life would be in a position to enter this market segment also.

5.2 Takaful insurance is another line of business which offers bright prospects in the future. The Takaful rules were finalized by the Government in 2005. Presently, existing insurers are not permitted to carry on Takaful business. If and when the rules are amended, State Life would actively consider commencing Takaful operations.

5.3 Bancassurance is an alternate distribution channel to sell life insurance products through banks. This line of insurance business ensures wide coverage at lesser cost. State Life is already doing some bancassurance business on a corporate group basis while the marketing of individual life policies through bancassurance is in its final planning stage. In this connection a Bancassurance cell under a qualified and experienced General Manager has already started operating in the Marketing Division. When this business takes off successfully, it is expected that it would bring an all round improvement in the financial performance of State Life besides providing a new avenue for business growth.

5.4 As part of implementation of IT Strategy of State Life, an integrated software solution pertaining to Core Insurance Business Applications and ERP (Enterprise Resource Planning) has been acquired. Existing hardware and communication infrastructure is also being enhanced. Upon its implementation; it would be possible to provide centralized on-line processing facilities for Policy Holder Services, Marketing and other business functions of the Corporation. It is envisaged that it would result in effective management information system, better customer service and healthy growth in business.

6. ACTUARIAL VALUATION

As per 23rd actuarial valuation as at 31st December 2009, the actuarial surplus arising during the inter-valuation period was Rs.15,586.85 million. The details of bonuses declared are stated as an appendix.

7. AUDITORS

The accounts for the year ended 31st December, 2009 were jointly audited by a panel of auditors comprising of (i) M/s. Riaz Ahmad & Company, Chartered Accountants, Karachi and (ii) M/s. Anjum Asim Shahid Rahman, Chartered Accountants, Karachi. The accounts of Gulf Countries were audited by M/s. Sajjad Haider & Co., Chartered Accountants, Dubai, UAE.

8. NOTE OF APPRECIATION

I am pleased to place on record deep appreciation on behalf of the Board of Directors as well as on my own behalf, of the efforts made by the all tiers of the sales force and devotion to duty of the staff and officers for the overall betterment of the Corporation.

Karachi,
19th April, 2010

(Shahid Aziz Siddiqi)
Chairman

Actuarial Valuation

Appendix

as at December 31, 2009

The bonus rates declared are as under:

A. PAKISTAN RUPEE POLICIES

I. Whole Life and Endowment Assurance

Subject to the Notes, for with profit Whole Life and Endowment policies in force for the full sum assured as at 31st December 2009:

a. Reversionary bonuses per thousand sum assured per annum (2008 figures are given for comparison).

	2008			2009		
	For first five policy years Rs.	From 6th policy year to 16th policy year Rs.	From 17th policy year onwards Rs.	For first five policy years Rs.	From 6th policy year to 16th Policy year Rs.	From 17th policy year onwards Rs.
Whole Life	60	110	150	60	110	150
Endowments						
Term:						
20 years and over	50	94	130	50	94	130
15 to 19 years inclusive	35	81	81	35	81	81
14 years and less	20	66	–	20	66	–

b. **Interim Bonus** will be allowed till the next Actuarial Valuation at the rates mentioned in I(a) above, subject to "C" below.

c. **Terminal Bonus** will be paid on claims by death or maturity in 2010, where more than 10 years' premiums have been paid. The rate will be Rs 50 per thousand sum assured for each year's premium paid in excess of 10 years subject to a maximum of Rs 1,000 (same as 2008 valuation) per thousand sum assured.

d. **Special Terminal Bonus** will be paid on claims by maturity in 2010, where a Family Income Benefit (FIB) is in force at maturity as a supplementary contract, or as a built-in benefit, and has been in force for more than 10 years. The rate will be Rs 10 per thousand basic sum assured under the policy for each year in excess of 10 years that the FIB has been in force, subject to a maximum of Rs 200 per thousand basic sum assured (same as 2008 valuation).

e. **Loyalty Terminal Bonus** will be paid on claims by death or maturity in 2010 to policies with risk year 1990 or earlier (same as 2008 valuation). The rate will be Rs. 200 per thousand sum assured.

Notes:

1. Jeevan Sathi and Shadabad policies will be treated as Endowment policies.
2. Big Deal policies will receive bonuses on 25% of the sum assured only.
3. For Whole Life by limited payments, bonuses will be allowed at the same rate as for Whole Life. The bonuses are admissible even after the completion of premium paying period for each year the policy has been in force for full sum assured.

II. Anticipated Endowment Assurance

For with profits Anticipated Endowments/Three Stage/Three Payment policies (excluding Sada Bahar Plan) in force for the full sum assured as at 31st December 2009:

a. Reversionary bonuses per thousand sum assured per annum would be as per the following schedule (2008 figures are given for comparison).

	2008			2009		
	For first five policy years Rs.	From 6th policy year to 16th policy year Rs.	From 17th policy year onwards Rs.	For first five policy years Rs.	From 6th policy year to 16th Policy year Rs.	From 17th policy year onwards Rs.
Term:						
20 years and over	35	69	100	35	69	100
15 to 19 years inclusive	25	59	59	25	59	59
14 years and less	19	53	–	19	53	–

b. **Interim Bonus** will be allowed till the next Actuarial Valuation at the rates mentioned in II (a) above, subject to "C" below.

c. **Terminal Bonus** will not be paid on these policies.

d. **Special Terminal Bonus** as mentioned in I (d) above, will be paid on cases having Family Income Benefit supplementary contract. The Special Terminal Bonus will be calculated on the basic sum assured under the policy, and not on the residual survival benefit.

e. **Loyalty Terminal Bonus** as mentioned in I (e) above, will be paid on claims by death or maturity in 2010 to policies with risk year 1990 or earlier. The Loyalty Terminal Bonus will be calculated on the basic sum assured under the policy, and not on the residual survival benefit.

f. If the policyholder lets a Survival Benefit remain with State Life, a Special Reversionary Bonus will be added six months after the due date of the Survival Benefit. For Survival Benefits falling due in 2010, which the policyholder opts to leave, Special Reversionary Bonuses will be allowed as follows (same as 2008 valuation).

Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs. 1000 Survival Benefit	Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs. 1000 Survival Benefit
20 years	Rs. 3,165	9 years	Rs. 1,005
18 years	Rs. 2,765	8 years	Rs. 845
16 years	Rs. 2,350	7 years	Rs. 695
14 years	Rs. 1,940	6 years	Rs. 555
12 years	Rs. 1,545	5 years	Rs. 420
10 years	Rs. 1,175	4 years	Rs. 300

Note: Policies under Family Pension Plan (Table 12) will not be eligible for Special Reversionary Bonuses.

III. Sada-Bahar Plan

Sada-Bahar Plan was launched during 2006. For policies in force for the full sum assured as at 31st December 2009:

a. Reversionary bonuses per thousand sum assured per annum would be as per following schedule (2008 figures are given for comparison):

	2008	2009
	For first five policy years Rs.	For first five policy years Rs.
Term:		
20 years and over	44	44
15 to 19 years inclusive	31	31
14 years and less	24	24

b. Interim Bonus will be allowed till the next Actuarial Valuation at the rates mentioned in III (a) above, subject to “C” below.

IV. Super (Table 72), Sunehri (Table 73) & Shehnai (Table 77) policies

a. Bonuses under these policies are credited to the policy after the policy has acquired an Adjusted Opening Cash Value. The bonus is credited on the Adjusted Opening Cash Value and not on minimum guaranteed surrender value. Bonuses will be credited at the end of the policy year. These bonuses are payable when the Cash Value under the policy is payable.

b. The rate of bonus is Rs. 105 per thousand per annum of the Adjusted Opening Cash Value. This bonus rate will be allowed till the next valuation.

c. Reversionary, Terminal or any other bonus declared as a result of this valuation will not be payable under these policies. However, bonus mentioned under “VII” below, if applicable, will be allowed.

V. Personal Pension Scheme (Table 71)

a. Bonuses under Personal Pension Scheme where “pension is being paid” will be allowed on Pension Payments. Pension payments will be increased by bonus from the policy anniversary falling in the year 2010. This increase will also be available on pension payments commencing in 2010.

b. The rate of bonus is Rs 80 per thousand per annum of the pension payments.

c. Reversionary, Terminal or any other bonuses declared as a result of this valuation, will not be payable under these policies.

VI. Specified Major Surgical Benefit

a. Specified Major Surgical Benefit was announced for the first time in 1992 actuarial valuation. This benefit has been retained in 2009 valuation. This benefit is available to all with-profit policies, which have been in full force as at 31st December 2009 and have been continuously in force for at least five complete policy years at the date of surgery. The maximum benefit for such policies is Rs 250,000. However, if the with-profit policies have been in full force as at 31st December 2009 and have been continuously in force for at least ten complete policy years at the date of surgery then the maximum benefits for these policies will be Rs 500,000.

b. Under such policies, if the life assured undergoes specified major surgery during the inter-valuation period i.e. from 1st January 2010 to 31st December 2010 on account of a specified dread disease, the Corporation would pay 50% of the basic sum assured (in case of Anticipated Endowment plans, 50% of the remaining sum assured after deducting any due survival benefit(s)), subject to above given maximum amounts. The amount payable will be adjusted against future survival benefit payments, maturity or death claims.

c. If the insured is covered under more than one policy, the maximum amount paid on all the policies together will depend on the number of years the policies have been continuously in full force. For policies that have been continuously in full force for at least five years but less than 10 years, the maximum benefit paid under all such policies together will be limited to Rs 250,000. For policies that are continuously in full force for at least ten years, the maximum benefit payable under each policy is limited to Rs 500,000 or 50% of the sum assured, whichever is less.

d. The specified surgeries and all other related conditions are the same as those announced in 2008 bonus declaration.

VII. Family Income Benefits Where Life Assured Has Died

Family Income Benefit to heirs or nominees of deceased life assureds will be increased by 7.5% from policy anniversaries in the year 2011 under with profit policies.

Note: The percentage increase will be allowed on the actual benefit paid on policy anniversaries (including any prior increases) in the year 2010.

VIII. Terminal/Loyalty Terminal Bonus for (with-profit tables/plans) paid-up policies

a. Terminal Bonus on Whole Life and Endowment type paid-up policies will be paid on claims by death or maturity in 2010, where the policy has been on the books for more than 10 years. The rate will be Rs 50 per thousand paid-up sum assured for each year in excess of 10 years subject to a maximum of Rs 1,000 per thousand paid-up sum assured. Jeevan Sathi and Shadabad policies will be treated as Endowment policies.

b. The above terminal bonus will also be paid to Anticipated Endowment paid-up policies on claims by death only. No terminal bonus will be paid to anticipated endowment policies on claims by maturity in 2010.

c. Loyalty Terminal Bonus on Whole Life and Endowment type paid-up policies will be paid on claims by death or maturity in 2010 to policies with risk year 1990 or earlier. The rate will be Rs. 200 per thousand paid-up sum assured. Jeevan Sathi and Shadabad policies will be treated as Endowment policies.

d. The above Loyalty Terminal Bonus will also be paid to Anticipated Endowment paid-up policies on claims by death or maturity in 2010 to policies with risk year 1990 or earlier.

Note: Terminal/Loyalty Terminal Bonus for paid-up policies will be calculated on the paid-up sum assured and not on the basic sum assured.

IX. East West Mutual etc.

Policies issued by the East West Mutual, Grand Mutual, I.G.I., Pakistan Mutual, Standard and Union Insurance and former East Pakistani companies will not get Terminal Bonuses, Special Terminal Bonuses, Loyalty Terminal Bonuses and Specified Major Surgical Benefit.

B. POLICIES EXPRESSED IN UAE DIRHAM AND US DOLLAR

a. Policies expressed in UAE Dirham:

Reversionary bonuses per thousand sum insured per annum (2008 figures are given for comparison).

	2008		2009	
	For first five policy years Dh	From sixth policy year onwards Dh	For first five policy years Dh	From sixth policy year onwardd Dh
Whole Life	21	39	21	39
Endowments				
Term:				
20 years and over	17	33	17	33
15 to 19 years inclusive	10	24	10	24
14 years and less	5	17	5	17
Anticipated Endowments				
Term:				
20 years and over	8	26	8	26
15 to 19 years inclusive	5	18	5	18
14 years and less	3	14	3	14

b. Policies expressed in US Dollar:

Reversionary bonuses per thousand sum insured per annum (2008 figures are given for comparison).

	2008		2009	
	For first five policy years $	From sixth policy year onwards $	For first five policy years $	From sixth policy year onwardd $
Whole Life	23	42	23	42
Endowments				
Term:				
20 years and over	17	33	17	33
15 to 19 years inclusive	10	23	10	23
14 years and less	5	16	5	16
Anticipated Endowments				
Term:				
20 years and over	8	24	8	24
15 to 19 years inclusive	5	17	5	17
14 years and less	3	13	3	13

c. Interim Bonus on death and maturity claims will be allowed till the next bonus declaration, at the rates mentioned in B(a) and B(b) above.

d. Family Income Benefit to heirs or nominees of deceased lives assured will be increased by 4% from policy anniversaries in the year 2011 under with profit policies.

Note: The percentage increase will be allowed on the actual benefit paid on policy anniversaries (including any prior increases) in the year 2010.

C. NO SURRENDER VALUE OF BONUSES UNTIL THREE YEARS' PREMIUMS HAVE BEEN PAID

The Surrender Value of Reversionary Bonuses on an in force policy will be payable if at least one of the following two conditions has been fulfilled:

(i) The policyholder has actually paid at least three full years' premiums

(ii) The policy has completed at least three policy years.

However, these conditions will be waived in case of Single Premium policies. These conditions will also be waived in the case of a death claim and all bonuses whether declared or interim will be payable. Also, in the case of a death claim in the first three policy years, where the premiums are in arrears, in order to determine whether the policy could have been kept in force, surrender values of bonuses will be taken into account.

"Actual payment" means payment in cash/pay order/bank draft/cheque after it has been realized.

CAUTION:

Terminal, Special Terminal, Loyalty Terminal Bonuses and the Specified Major Surgical Benefits are especially sensitive to the future surplus of State Life. Hence, no indication can or should be given of Terminal, Special Terminal, Loyalty Terminal Bonuses and Specified Major Surgical Benefit, if any, which may be allowed after the year 2010.

Auditors' Report

to the Member of State Life Insurance Corporation of Pakistan

We have audited the annexed financial statements comprising of:

i) balance sheet;
ii) profit and loss account;
iii) statement of changes in equity;
iv) cash flow statement;
v) revenue account;
vi) statement of premiums;
vii) statement of claims;
viii) statement of expenses; and
ix) statement of investment income

of the State Life Insurance Corporation of Pakistan (the Corporation) as at December 31, 2009 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Corporation's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the Approved Accounting Standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit. These statements constitute consolidation of all the accounting statements on the Corporation basis and Statements of International Business Operations in United Arab Emirates (other currencies) audited by Sajjad Haider & Co., Chartered Accountants. The financial statements of the Corporation for the year ended December 31, 2008 were audited by Riaz Ahmad and Company, Chartered Accountants and Avais Hyder Liaquat Nauman, Chartered Accountants who had expressed a qualified opinion regarding non-recognition of receivable from Employees' Pension Fund and impairment loss on doubtful balance of 'Premium due but Unpaid' in their report dated April 29, 2009. These matters have been resolved during the year.

Except as discussed in paragraphs (1) and (2) below, we conducted our audit in accordance with the Auditing Standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion and, after due verification we report that:

1. Securities and Exchange Commission (Insurance) Rules, 2002, require subsequent remeasurment of available-for-sale investments at lower of cost or market value where the market value is to be taken as lower if the fall is other than temporary. The Corporation follows the accounting policy to determine the "lower of cost or market value" on aggregate portfolio basis (refer note 4.13 to the financial statements), which practice, in our view is not in conformity with the aforesaid Rules. Further, as allowed by the Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 3/2009 dated February 16, 2009, the Corporation as at December 31, 2008 considered impairment of Rs. 7,958 million in certain available for sale securities as temporary, which was to be recognized in next calendar year after adjustment of subsequent price fluctuations. However, the Corporation did not follow the requirements of the aforesaid circular. As at December 31, 2009, market value of certain available-for-sale investments was lower than the cost by Rs. 3,317.532 million for which no impairment has been recorded in the accompanying financial statements. Moreover, the certificates of investment of Rs. 100 million

invested with First Dawood Investment Bank Limited were overdue since January 13, 2009 and are doubtful of recovery, for which impairment has not been recorded in the accompanying financial statements. In the absence of required actuarial calculations, we are unable to ascertain the financial impacts on reported surplus, profit, policyholders' liabilities, statutory funds and equity.

2. The Corporation signed a 'Fund Management Agreement' with Bureau of Emigration and Overseas Employment ("the Bureau") in the previous years to retain and invest the refundable premiums pertaining to various emigrants and to provide the Bureau with the agreed returns thereon. As at December 31, 2009 the outstanding amount held under the said agreement was Rs. 1,029.028 million on which the Corporation provided the agreed return of Rs. 123.624 million during the year. The outstanding amount has been wrongly grouped in claims payable in the accompanying financial statements. During the year, the Corporation obtained specific legal opinion as to its legal capacity to manage the aforesaid fund on behalf of the Bureau, according to which, such fund management is not authorized by the mandate of the Corporation under the Life Insurance (Nationalization) Order, 1972. The impact of this non-compliance on the amounts reported in the accompanying financial statements cannot presently be determined.

a) proper books of accounts have been kept by the Corporation as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

b) except for the effects of matter stated in paragraph (2) above, the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Corporation and are further in accordance with accounting policies consistently applied;

c) except for the effects of adjustments, if any, as might have been determined to be necessary, had we been able to satisfy ourselves in respect of the matters stated in the preceding paragraphs (1) and (2) to the financial statements together with the notes thereon present fairly, in all material respects, the state of the Corporation's affairs as at December 31, 2009 in accordance with Approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

d) the apportionment of assets, liabilities, revenue and expenses between funds has been performed in accordance with the advice of the appointed actuary; and

e) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Corporation and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Riaz Ahmad & Company
Chartered Accountants

Anjum Asim Shahid Rahman
Chartered Accountants

Name of the engagement partner:
Muhammad Kamran Nasir

Name of the engagement partner:
Shahzada Saleem Chughtai

Date: 19th April, 2010

Karachi

Balance Sheet
as at December 31, 2009

(Rupees in '000)

	Note	Share Holder's Fund	Statutory Funds: Pakistan Life Fund	Statutory Funds: Overseas Life Fund	Statutory Funds: Pension Fund	Aggregate 2009	Aggregate 2008
Share capital and reserves							
Authorised share capital		1,500,000	-	-	-	1,500,000	1,500,000
Issued, subscribed and paid up share capital	5	1,100,000	-	-	-	1,100,000	1,100,000
Accumulated surplus		318,769	-	-	-	318,769	96,216
Net shareholders' equity		1,418,769	-	-	-	1,418,769	1,196,216
Balance of statutory fund - including policy holders' liabilities Rs. 197,039 million (2008: Rs. 174,720 million)		-	194,924,804	4,371,951	148,530	199,445,285	177,459,130
Deferred liabilities							
Staff retirement benefits	6	-	1,258,945	10,453	-	1,269,398	1,117,668
Creditors and accruals							
Outstanding claims		-	9,209,643	85,725	-	9,295,368	7,745,006
Premium received in advance		-	2,461,916	60,013	-	2,521,929	2,477,923
Amounts due to other insurers/reinsurers		-	99,183	26,594	-	125,777	72,130
Amount due to agents		-	1,595,588	54,691	-	1,650,279	1,168,152
Accrued expenses		-	969,669	23,939	49	993,657	756,918
Inter - fund balances		-	291,403	33,224	-	324,627	216,923
Others		-	619,098	21,190	6	640,294	907,561
		-	15,246,500	305,376	55	15,551,931	13,344,613
Total liabilities		-	211,430,249	4,687,780	148,585	216,266,614	191,921,411
Total equity and liabilities		1,418,769	211,430,249	4,687,780	148,585	217,685,383	193,117,627
Contingencies and commitments	7						

The annexed notes from 1 to 30 form an integral part of these financial statements.

Shahid Aziz Siddiqi	Syed Hur Riahi Gardezi	Mrs. Spenta Kandawalla	Allah Rakha Aasi
Chairman	Director	Director	Executive Director (Finance and Accounts)

Balance Sheet

as at December 31, 2009

(Rupees in '000)

	Note	Share	Statutory Funds			Aggregate	
		Holder's Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Cash and bank deposits	8						
Cash and others		-	54,038	-	-	54,038	111,326
Current and other accounts		-	2,336,230	212,284	6,692	2,555,206	2,458,967
Deposits maturing within 12 months		282,713	10,238,696	462,955	-	10,984,364	14,335,724
Fixed deposits maturing after 12 months		-	1,810	1,349,074	-	1,350,884	1,270,482
		282,713	12,630,774	2,024,313	6,692	14,944,492	18,176,499
Loans secured against life insurance policies	9	-	15,638,145	407,407	-	16,045,552	13,268,010
Loans secured against other assets							
To employees		196,862	19,488	-	-	216,350	205,721
To agents		8,508	5,889	-	-	14,397	14,030
Others		-	814	-	-	814	2,661
		205,370	26,191	-	-	231,561	222,412
Unsecured loans							
To employees		93,820	-	-	-	93,820	88,592
To agents		29,704	913	-	-	30,617	22,810
		123,524	913	-	-	124,437	111,402
Investment properties	10						
Cost		-	3,940,848	-	-	3,940,848	3,755,612
Less: Provision for impairment in value		-	(603)	-	-	(603)	(603)
Less: Accumulated depreciation		-	(1,401,862)	-	-	(1,401,862)	(1,317,780)
		-	2,538,383	-	-	2,538,383	2,437,229
Investments	11						
Government securities		444,586	144,209,245	902,920	130,161	145,686,912	126,187,660
Other fixed income securities		66,000	3,496,365	1,035,676	-	4,598,041	1,335,470
Listed equities		-	22,770,257	75,914	-	22,846,171	22,343,773
Unlisted equities		-	1,683,795	-	-	1,683,795	1,690,218
Holding in subsidiary companies		-	164,148	-	-	164,148	62,952
Less: Provision for diminution in value		-	(243,606)	-	-	(243,606)	(195,945)
		510,586	172,080,204	2,014,510	130,161	174,735,461	151,424,128
Current assets - others							
Premiums due but unpaid		-	4,194,886	132,839	6,329	4,334,054	4,590,163
Amounts due from other insurers/reinsurers		-	94,458	-	-	94,458	52,287
Agents balances		-	208	-	-	208	208
Investment income due but outstanding		-	100,186	40,453	-	140,639	182,609
Investment income accrued		-	1,991,013	58,422	2,479	2,051,914	1,759,262
Taxation - payments less provision		-	1,041,766	-	-	1,041,766	49,969
Prepayments		-	307,850	3,807	-	311,657	275,714
Inter - fund balances		296,576	25,127	-	2,924	324,627	216,923
Sundry receivables	12	-	588,315	912	-	589,227	210,036
Others		-	18,778	-	-	18,778	16,300
		296,576	8,362,587	236,433	11,732	8,907,328	7,353,471
Fixed assets - tangible	13						
Furniture, fixtures, office equipment, computers and vehicles		-	707,094	12,216	-	719,310	652,778
Less: Accumulated depreciation		-	(554,042)	(7,099)	-	(561,141)	(528,302)
		-	153,052	5,117	-	158,169	124,476
Total assets		1,418,769	211,430,249	4,687,780	148,585	217,685,383	193,117,627

The annexed notes from 1 to 30 form an integral part of these financial statements.

Shahid Aziz Siddiqi	**Syed Hur Riahi Gardezi**	**Mrs. Spenta Kandawalla**	**Allah Rakha Aasi**
Chairman	Director	Director	Executive Director (Finance and Accounts)

Profit and Loss Account

for the year ended December 31, 2009

	Note	2009	2008
		(Rupees in '000)	
Investment income not attributable to statutory funds			
Return on Government Securities		53,085	56,223
Interest income on loans and advances to employees / agents		16,079	13,857
Interest income on bank deposits		39,994	25,694
Net investment income		109,158	95,774
Expenses not attributable to statutory funds		(2,415)	(1,951)
Surplus appropriated to share holders' fund		389,671	352,393
Profit before tax		496,414	446,216
Taxation	14	(177,645)	(150,000)
Profit after tax		318,769	296,216
Earnings per share - basic and diluted	15	28.98	26.93

The annexed notes from 1 to 30 form an integral part of these financial statements.

Shahid Aziz Siddiqi	**Syed Hur Riahi Gardezi**	**Mrs. Spenta Kandawalla**	**Allah Rakha Aasi**
Chairman	Director	Director	Executive Director (Finance and Accounts)

Statement of Changes in Equity
for the year ended December 31, 2009

	Note	Share capital	Accumulated surplus	Total
				(Rupees in '000)
Balance as at January 01, 2008		900,000	230,520	1,130,520
Shares issued against surplus	5	200,000	(200,000)	-
Dividend paid during the year		-	(230,520)	(230,520)
Profit for the year ended December 31, 2008		-	296,216	296,216
Balance as at December 31, 2008		1,100,000	96,216	1,196,216
Dividend paid during the year		-	(96,216)	(96,216)
Profit for the year ended December 31, 2009		-	318,769	318,769
Balance as at December 31, 2009		1,100,000	318,769	1,418,769

The annexed notes from 1 to 30 form an integral part of these financial statements.

Shahid Aziz Siddiqi	Syed Hur Riahi Gardezi	Mrs. Spenta Kandawalla	Allah Rakha Aasi
Chairman	Director	Director	Executive Director (Finance and Accounts)

Statement of Cash Flows

for the year ended December 31, 2009

(Rupees in '000)

	Share Holder's Fund	Statutory Funds: Pakistan Life Fund	Statutory Funds: Overseas Life Fund	Statutory Funds: Pension Fund	Aggregate: 2009	Aggregate: 2008
OPERATING ACTIVITIES						
a) Underwriting activities						
Premiums received	-	25,945,234	1,025,017	24,157	26,994,408	22,216,113
Reinsurance premium paid	-	(133,039)	(28,636)	-	(161,675)	(110,777)
Claims paid	-	(11,230,645)	(190,046)	(14,873)	(11,435,564)	(9,096,456)
Surrenders paid	-	(2,680,498)	(151,483)	-	(2,831,981)	(2,454,456)
Reinsurance and other recoveries received	-	48,092	4,057	-	52,149	6,652
Commissions paid	-	(7,299,240)	(254,964)	(18)	(7,554,222)	(5,566,552)
Net cash flow from underwriting activities	-	4,649,904	403,945	9,266	5,063,115	4,994,524
b) Other operating activities						
Income tax paid	(177,644)	(1,066,809)	-	-	(1,244,453)	(173,161)
General management expenses paid	(2,415)	(3,059,289)	(68,566)	(142)	(3,130,412)	(1,626,010)
Loans advanced	(188,974)	(341,024)	(2,643)	-	(532,641)	(685,073)
Loan repayments received	174,467	417,235	-	-	591,702	525,811
Other payments on operating assets	(103,034)	(281,782)	-	(2,924)	(387,740)	(597,409)
Other receipts in respect of operating assets	-	-	6,071	-	6,071	251,781
Net cash used in other operating activities	(297,600)	(4,331,669)	(65,138)	(3,066)	(4,697,473)	(2,304,061)
Total cash (used in) / flow from all operating activities	(297,600)	318,235	338,807	6,200	365,642	2,690,463
INVESTING ACTIVITIES						
Profit received	93,764	15,864,655	361,796	12,265	16,332,480	14,259,327
Dividends received	-	2,493,293	4,761	-	2,498,054	2,531,267
Rentals received	-	695,392	-	-	695,392	689,532
Payments for investments	(85,986)	(22,251,879)	(1,009,705)	(13,793)	(23,361,363)	(19,506,826)
Proceeds from disposal of investments	-	316,508	188,861	-	505,369	5,898,474
Fixed capital expenditure	-	(256,236)	(4,443)	-	(260,679)	(271,897)
Proceeds from disposal of fixed assets	-	7,509	1,403	-	8,912	4,682
Total cash flow from / (used in) investing activities	7,778	(3,130,758)	(457,327)	(1,528)	(3,581,835)	3,604,559
FINANCING ACTIVITIES						
Surplus appropriated to shareholders' fund	389,671	(384,498)	(5,173)	-	-	-
Dividends paid	(96,216)	-	-	-	(96,216)	(230,520)
Total cash flow from financing activities	293,455	(384,498)	(5,173)	-	(96,216)	(230,520)
Net cash flow from / (used in) all activities	3,633	(3,197,021)	(123,693)	4,672	(3,312,409)	6,064,502
Cash and cash equivalents at the beginning of the year	279,080	15,825,985	798,932	2,020	16,906,017	10,841,515
Cash and cash equivalents at the end of the year	282,713	12,628,964	675,239	6,692	13,593,608	16,906,017
Reconciliation to profit and loss account						
Operating cash flows	(297,600)	318,235	338,807	6,200	365,642	2,690,463
Depreciation expense	-	123,929	1,281	-	125,210	106,104
Provisions	-	736,847	-	-	736,847	331
Investment income	109,158	20,933,936	490,084	13,932	21,547,110	19,134,610
Amortization/capitalisation/adjustments	(16,011)	(478,178)	-	-	(494,189)	(394,702)
Surplus allocation	389,671	(384,498)	(5,173)	-	-	-
Non-cash adjustment	-	1,112,957	38,131	-	1,151,088	673,392
Increase in assets other than cash	133,551	1,068,409	28,603	1,701	1,232,264	1,316,482
(Increase) in liabilities other than running finance	-	(2,269,869)	(89,162)	(17)	(2,359,048)	(2,508,636)
Profit after tax	318,769	21,161,768	802,571	21,816	22,304,924	21,018,044

Note : The detail of cash and cash equivalents is disclosed in note 17 to the financial statements.

The annexed notes from 1 to 30 form an integral part of these financial statements.

Shahid Aziz Siddiqi	**Syed Hur Riahi Gardezi**	**Mrs. Spenta Kandawalla**	**Allah Rakha Aasi**
Chairman	Director	Director	Executive Director (Finance and Accounts)

Revenue Account
for the year ended December 31, 2009

(Rupees in '000)

	Note	Statutory Funds			Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Income						
Premium less reinsurances		27,303,133	1,040,837	22,936	28,366,906	22,695,280
Rental income from investment properties	18	274,152	-	-	274,152	341,924
Net investment income		20,659,784	490,084	13,932	21,163,800	18,696,912
Total net income		48,237,069	1,530,921	36,868	49,804,858	41,734,116
Claims and expenditure						
Claims, including bonuses, net of reinsurance recoveries		15,334,933	373,781	14,874	15,723,588	12,778,765
Management expenses less recoveries		11,280,857	349,396	178	11,630,431	7,998,487
Total claims and expenditure		26,615,790	723,177	15,052	27,354,019	20,777,252
Excess of income over claims and expenditure		21,621,279	807,744	21,816	22,450,839	20,956,864
Add: Policyholder liabilities at beginning of year	19	171,033,804	3,559,378	126,714	174,719,896	155,416,834
Less: Policyholder liabilities at end of year		192,535,868	4,357,516	145,606	197,038,990	174,719,896
Surplus before tax		119,215	9,606	2,924	131,745	1,653,802
Taxes chargeable to statutory funds						
- Current year		(75,013)	-	-	(75,013)	117,357
Surplus after tax		44,202	9,606	2,924	56,732	1,771,159
Movement in policy holder liabilities		21,502,064	798,138	18,892	22,319,094	19,303,062
Transfer to share holders' fund						
Surplus appropriated to share holders' fund		(384,498)	(5,173)	-	(389,671)	(352,393)
Balance of statutory fund at beginning of year		173,763,036	3,569,380	126,714	177,459,130	156,737,302
Balance of statutory fund at end of year		194,924,804	4,371,951	148,530	199,445,285	177,459,130
Represented by:						
Policyholder liabilities	20	192,535,868	4,357,516	145,606	197,038,990	174,719,896
Retained earnings attributable to policyholders		2,388,936	14,435	2,924	2,406,295	2,739,234
Balance of statutory fund		194,924,804	4,371,951	148,530	199,445,285	177,459,130

The annexed notes from 1 to 30 form an integral part of these financial statements.

Shahid Aziz Siddiqi	**Syed Hur Riahi Gardezi**	**Mrs. Spenta Kandawalla**	**Allah Rakha Aasi**
Chairman	Director	Director	Executive Director (Finance and Accounts)

Statement of Premiums

for the year ended December 31, 2009

(Rupees in '000)

	Statutory Funds			Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Gross premiums					
Regular premium individual policies *					
First year	6,974,688	250,453	-	7,225,141	5,181,032
Second year renewals	4,329,226	164,489	-	4,493,715	3,311,935
Subsequent year renewals	12,606,468	674,194	22,936	13,303,598	10,768,998
	23,910,382	1,089,136	22,936	25,022,454	19,261,965
Group policies without cash values	3,559,773	-	-	3,559,773	3,564,149
Total gross premiums	27,470,155	1,089,136	22,936	28,582,227	22,826,114
Less: Reinsurance premiums ceded					
On individual life first year business	(22,574)	(6,299)	-	(28,873)	(22,452)
On individual life second year business	(18,554)	-	-	(18,554)	(6,357)
On individual life renewal business	(56,908)	(42,000)	-	(98,908)	(70,098)
On group policies	(68,986)	-	-	(68,986)	(31,927)
Total reinsurance premiums ceded	(167,022)	(48,299)	-	(215,321)	(130,834)
Net premiums	27,303,133	1,040,837	22,936	28,366,906	22,695,280

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

The annexed notes from 1 to 30 form an integral part of these financial statements.

Shahid Aziz Siddiqi	**Syed Hur Riahi Gardezi**	**Mrs. Spenta Kandawalla**	**Allah Rakha Aasi**
Chairman	Director	Director	Executive Director (Finance and Accounts)

Statement of Claims

for the year ended December 31, 2009

(Rupees in '000)

	Statutory Funds			Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Gross claims					
Claims under individual policies					
-by deaths	1,509,065	26,827	-	1,535,892	1,170,275
-by insured event other than deaths	125,241	2,760	-	128,001	85,648
-by maturity	7,274,966	196,768	-	7,471,734	5,714,546
-by surrender	2,680,498	151,483	-	2,831,981	2,454,457
-annuity payment	11,058	-	-	11,058	14,220
Total gross individual policy claims	11,600,828	377,838	-	11,978,666	9,439,146
Claims under group policies					
-by deaths	3,501,525	-	14,874	3,516,399	2,853,644
-by insured event other than deaths	39,192	-	-	39,192	25,660
-by maturity	533	-	-	533	-
-annuity payment	528	-	-	528	979
-experience refund	282,589	-	-	282,589	499,409
Total gross group policy claims	3,824,367	-	14,874	3,839,241	3,379,692
Total gross claims	15,425,195	377,838	14,874	15,817,907	12,818,838
Less: Reinsurance recoveries					
-On individual life first year business claims	(9,584)	-	-	(9,584)	(18,549)
-On individual life second year business claims	2,312	-	-	2,312	(8,580)
-On individual life renewal business claims	(5,018)	(4,057)	-	(9,075)	7,352
-On group life claims	(77,972)	-	-	(77,972)	(20,296)
Total reinsurance recoveries	(90,262)	(4,057)	-	(94,319)	(40,073)
Net claims	15,334,933	373,781	14,874	15,723,588	12,778,765

The annexed notes from 1 to 30 form an integral part of these financial statements.

Shahid Aziz Siddiqi	Syed Hur Riahi Gardezi	Mrs. Spenta Kandawalla	Allah Rakha Aasi
Chairman	Director	Director	Executive Director (Finance and Accounts)

Statement of Expenses

for the year ended December 31, 2009

(Rupees in '000)

	Note	Statutory Funds Pakistan Life Fund	Statutory Funds Overseas Life Fund	Statutory Funds Pension Fund	Aggregate 2009	Aggregate 2008
Acquisition costs						
Remuneration to insurance intermediaries on individual policies:						
- commission on first year premiums		4,804,396	182,633	-	4,987,029	3,583,277
- commission on second year premiums		762,421	21,304	-	783,725	576,770
- commission on subsequent renewal premiums		532,898	31,012	-	563,910	450,956
- other benefits to insurance intermediaries		495,793	6,235	-	502,028	366,052
		6,595,508	241,184	-	6,836,692	4,977,055
Remuneration to insurance intermediaries on group policies:						
- commission		2,999	-	18	3,017	2,528
- other benefits to insurance intermediaries		309	-	-	309	210
		3,308	-	18	3,326	2,738
Branch overheads	21	819,412	15,780	-	835,192	679,220
Other acquisition cost						
Policy stamps and medical fee		358,840	2,300	-	361,140	250,245
Total acquisition cost		7,777,068	259,264	18	8,036,350	5,909,258
Administration expenses						
Salaries and other benefits		1,890,040	57,773	-	1,947,813	1,395,034
Traveling expenses		112,515	6,220	-	118,735	93,738
Auditors' remuneration	22	2,182	732	-	2,914	2,828
Legal expenses		20,431	1,372	-	21,803	10,209
Supervision fee		57,439	-	-	57,439	22,669
Advertisements		73,637	324	-	73,961	46,175
Printing and stationery		61,935	953	-	62,888	53,725
Postage and telephone		63,160	5,649	-	68,809	55,386
Utilities		178,697	501	-	179,198	142,812
Training		19,046	488	-	19,534	12,029
Computer expenses		9,729	92	-	9,821	8,349
Rental		126,005	5,747	-	131,752	120,930
Gratuity and pension expenses		70,844	1,703	-	72,547	75,160
Bank charges		14,354	3,357	160	17,871	12,707
Depreciation		40,799	1,281	-	42,080	23,980
Bad and doubtful debts		736,847	-	-	736,847	331
		3,477,660	86,192	160	3,564,012	2,076,062
Other management expenses		70,292	10,051	-	80,343	64,586
Gross management expenses		11,325,020	355,507	178	11,680,705	8,049,906
Commission from reinsurers		(38,986)	(8,873)	-	(47,859)	(49,468)
Management expenses recovered from/allocated to other funds		(5,177)	2,762	-	(2,415)	(1,951)
Net management expenses		11,280,857	349,396	178	11,630,431	7,998,487

The annexed notes from 1 to 30 form an integral part of these financial statements.

Shahid Aziz Siddiqi **Chairman**	**Syed Hur Riahi Gardezi** **Director**	**Mrs. Spenta Kandawalla** **Director**	**Allah Rakha Aasi** **Executive Director (Finance and Accounts)**

Statement of Investment Income of Statutory Funds

for the year ended December 31, 2009

(Rupees in '000)

	Note	Statutory Funds			Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Investment income						
-On Government securities		14,122,479	57,538	13,722	14,193,739	13,027,678
-On other fixed income securities and deposits		2,059,730	146,345	210	2,206,285	817,150
-Dividend income		2,414,940	4,761	-	2,419,701	2,521,941
-On loans to policy holders		1,662,022	29,671	-	1,691,693	1,308,039
-On loans to employees		1,066	-	-	1,066	1,083
-Others	23	392,337	255,041	-	647,378	764,298
Total		20,652,574	493,356	13,932	21,159,862	18,440,189
Gain/(Loss) on sale of investments		78,971	(1,119)	-	77,852	307,090
Provision for impairment in value of investments						
Shares and stocks		(54,743)	-	-	(54,743)	(30,249)
Reversal of provision		5,218	-	-	5,218	3,419
		(49,525)	-	-	(49,525)	(26,830)
Less: Investment related expenses		(22,236)	(2,153)	-	(24,389)	(23,537)
Net investment income		20,659,784	490,084	13,932	21,163,800	18,696,912

The annexed notes from 1 to 30 form an integral part of these financial statements.

Shahid Aziz Siddiqi Chairman	**Syed Hur Riahi Gardezi** Director	**Mrs. Spenta Kandawalla** Director	**Allah Rakha Aasi** Executive Director (Finance and Accounts)

Notes to the Financial Statements

for the year ended December 31, 2009

1 STATUS AND NATURE OF BUSINESS

1.1 The 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 26 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).

1.2 The corporation is engaged in the life insurance business.

2 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the format prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 {Securities and Exchange Commission (Insurance) Rules, 2002}.

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

The Securities and Exchange Commission of Pakistan (SECP) has allowed insurance companies to defer the application of International Accounting Standard - 39 (IAS 39) 'Financial Instruments: Recognition and Measurement' in respect of "available-for-sale" investments. Accordingly, the requirements of IAS 39, to the extent allowed by SECP, have not been considered in the preparation of these financial statements.

2.2 Initial application of a standard, amendment or an interpretation to an existing standard and forthcoming requirements

2.2.1 Initial application of a standard or an interpretation

The following standards, amendments and interpretations of approved accounting standards became effective during the year:

IAS 1 (Revised) 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2009) – The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity to be presented separately from owner changes in equity in a statement of comprehensive income. Further, under revised standard, an entity may present the components of profit or loss either as part of a single statement of comprehensive income or in a separate income statement. As the corporation follows the format of financial statements prescribed by the SECP through SEC (Insurance) Rules, 2002 vide its Circular No. 7 of 2003 dated August 27, 2003, the changes introduced through IAS 1 (Revised) have not been taken into consideration in preparation of these financial statements. Further, the corporation has no such items which should have been included in statement of comprehensive income.

Revised IAS 23 - 'Borrowing costs' has removed the option to expense out the borrowing costs incurred on the funds utilized for construction of qualifying assets and requires that an entity capitalize borrowing costs as part of the cost of such assets. This standard did not affect the corporation's financial statements.

IAS 27 - 'Consolidated and separate financial statements'. The amendment removed the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment is not relevant to the corporation's financial statements.

IFRS 4 - 'Insurance contracts' became effective during the year in accordance with the SECP's notification SRO 149 (1)/2009 dated February 11, 2009 and applies to insurance contracts that the corporation issues and to reinsurance contract it holds. The standard requires a test for the adequacy of recognised insurance liabilities and impairment test for reinsurance arrangements. The standard also requires elaborated disclosures regarding the amounts that arise from insurance contracts and the nature of and extent of risks arising from insurance contracts. In view of the current accounting regulations for insurance companies and the format of presentation of the financial statements as prescribed by the SECP, the adoption of the above standard did not affect the recognition and measurement of assets, liabilities, income and expense relating to insurance / reinsurance contracts entered into by the corporation, however, the standard did give rise to additional disclosures regarding such contracts which are included in note 26 to the financial statements.

IFRS 7 - 'Financial Instruments': Disclosures became effective for accounting period beginning on or after July 01, 2008. The standard requires disclosures related to financial instruments that enable users of financial statements to evaluate their significance for the entities and the nature and extent of risks arising from such financial instruments. The application of the standard did not have significant impact on the corporation's financial statements other than increase in disclosures. The new disclosures are mainly included in note 24 to the financial statements.

IFRS 8 - 'Operating Segments' – became effective for accounting period beginning on or after January 01, 2009. The corporation concluded that the operating segments determined in accordance with IFRS-8 are the same as the business segments which are being reported in accordance with the requirements of Insurance Ordinance 2000 and the SEC (Insurance) Rules 2002. Accordingly, the adoption of this standard has not resulted in any significant impact on these financial statements.

Amendments to IAS 32 - 'Financial Instruments': Presentation and IAS 1 - Presentation of Financial Statements' - Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which required retrospective application, had no impact on the corporation's financial statements.

Amendment to IFRS 2 - 'Share-based Payment - Vesting Conditions and Cancellations' clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard did not had any effect on the corporation's financial statements.

Amendment to IFRS 7 - 'Improving disclosures about Financial Instruments'- These amendments have been made to bring the disclosure requirements of IFRS 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. The amendment did not affect the corporation's financial statements.

Amendments to IAS 39 and IFRIC 9 – 'Reassessment of embedded derivatives'- Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value. The amendments are not relevant to the corporation's financial statements.

IFRIC 16 - 'Hedges of a Net Investment in a Foreign Operation' has clarified that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operations. The hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. The amendment is not relevant to the corporation's operations.

IFRIC 18 - 'Transfers of Assets from Customers' clarified the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The interpretation is not relevant to the corporation's operations.

The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for these amendments vary by standard and most became applicable during the year. These amendments however did not have an impact on the corporation's financial statements.

2.2.2 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the corporation's operations or are not expected to have significant impact on the corporation's financial statements other than increased disclosures in certain cases:

Revised IFRS 3 - 'Business Combinations' (applicable for annual periods beginning on or after July 01, 2009)

Amended IAS 27 - 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after July 01, 2009)

IAS 24 - 'Related Party Disclosures' (revised 2009) - (effective for annual periods beginning on or after January 01, 2011)

Amendments to IAS 39 - 'Financial Instruments: Recognition and Measurement - Eligible Hedged Items' (effective for annual periods beginning on or after July 01, 2009)

Amendment to IFRS 2 - 'Share-based Payment - Group Cash-settled Share-based Payment Transactions' (effective for annual periods beginning on or after January 01, 2010)

Amendment to IAS 32 - 'Financial Instruments: Presentation - Classification of Rights Issues' (effective for annual periods beginning on or after February 01, 2010)

Amendments to IFRIC 14 IAS 19 - 'The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction' (effective for annual periods beginning on or after January 01, 2011)

IFRIC 15 'Agreements for the Construction of Real Estate' (effective for annual periods beginning on or after October 01, 2009)

IFRIC 17 'Distributions of Non-cash Assets to Owners' (effective for annual periods beginning on or after July 01, 2009)

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after July 01, 2010)

The International Accounting Standards Board made certain amendments to existing standards as part of its second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the corporation's 2010 financial statements. These amendments are unlikely to have an impact on the corporation's financial statements.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies mentioned below.

The financial statements have been prepared following the accrual basis of accounting except for cash flow information.

3.1 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas where assumptions and estimates were exercised in application of accounting policies relate to:

Classification of investments

In classifying investments as "held-to-maturity" the corporation has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the corporation evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held to maturity are classified as available for sale.

Provision for outstanding claims (including IBNR)

The corporation records claims based on the sum assured or other basis set by the corporation. However, the settlement of all the claims is made based on the nature of insured event.

The provision of claims incurred but not reported (IBNR) is made on the basis of actuarial valuation. The actuarial valuation is made on the basis of past trend and pattern of reporting of claims. The actual amount of IBNR may materially differ from the actuarial estimates.

Reinsurance recoveries against outstanding claims

Re-insurance claims are accounted for on the basis of estimates of recoverable amounts which can vary upon eventual realization.

Provision for income taxes

In making the estimates for income taxes currently payable by the corporation, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Impairment - available-for-sale financial assets

The corporation determines that investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the corporation evaluates among other factors, the normal volatility in prices. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the invested industry, sector performance, changes in technology and operational and financial cash flows. The corporation tests impairment on an aggregated portfolio basis.

Impairment of other assets, including premium due but unpaid

The corporation also considers the need for impairment provision against other assets, including the premium due but unpaid and the provision required there-against. While assessing such a requirement, various factors including the delinquency in the account and financial position of the policy holder are considered.

Fixed assets, investment properties and amortisation

In making estimates of the depreciation / amortisation method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the corporation. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

The assets residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

The corporation also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might effect the carrying amounts of the respective items of fixed assets with a corresponding effect on the depreciation charge and impairment.

Staff retirement benefits

Staff retirement benefits are provided as per actuarial valuation or follow the actuarial advice which is based upon certain assumptions.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the corporation's financial statements for the year ended December 31, 2008:

4.1 Funds

The corporation maintains a shareholders' fund and three statutory funds, separately in respect of its each class of life insurance business, namely:

- Pakistan Life Fund (ordinary life);
- Overseas Life Fund (ordinary life); and
- Pension Fund

Assets, liabilities, revenues and expenses are referable to respective statutory funds or allocated to shareholder's fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between funds are made on a fair and equitable basis as considered appropriate by the Appointed Actuary.

Pakistan Life Fund (ordinary life)

Pakistan Life Fund comprises individual life business and group life business carried out in Pakistan as well as individual life Rupee business conducted outside Pakistan. Policy holder liabilities as shown in the Pakistan life fund are based on an actuarial valuation conducted by the Appointed Actuary as at the balance sheet date.

Within the Pakistan Life Fund the business can be further classified as individual life conventional business, individual universal life business, group insurance business and a small amount of annuity business. Most of the policies contain discretionary participation feature.

Overseas Life Fund (ordinary life)

The overseas life fund entirely consists of individual life conventional business. Most of the new business written under the overseas life fund contains a DPF.

The overseas life fund entirely consists of individual life conventional business carried out at UAE, Kingdom of Saudi Arabia and Kuwait through zonal office located in Dubai (UAE). Policy holder liabilities as shown in the overseas life fund are based on an actuarial valuation conducted by the Appointed Actuary as at the balance sheet date.

Exchange gains and losses on translation of currencies of Overseas Life Fund and Pakistan Life Fund (Rupee business) are taken to revenue account through statement of investment income.

Most of the new business written under the overseas life fund contains a Discretionary Participatory Features (DPF).

Pension Fund

The pension fund consists of funds on account of group pension deposit administration contracts. Policy holder liabilities as shown in the pension fund are based on an actuarial valuation conducted by the Appointed Actuary as at the balance sheet date.

4.2 Policyholders' liabilities

Policyholders' liabilities are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date. In determining the value both acquired policy values (which forms the bulk of policyholders' liabilities) as well as estimated values which will be payable against risks which the corporation underwrites are taken into account. The bases used are applied consistently from year to year.

The basic liability consists of the estimated actuarial liability against each contract, which is in force. Following elements are added to this amount:

a) any reserve required for premium;

b) reserve for incurred but not reported (IBNR) claims;

c) reserve for income benefit in course of payment; and

d) reserve for potential losses on a policy to policy basis.

4.3 Reinsurance

The corporation maintains risk premium re-insurance arrangements with Swiss Re and Munich Re-insurance. The net retention limit of the corporation for individual life is Rupees 2.5 million per policy and for group life Rs. 2 million per person of risk. Re-insurance premium is recorded as an expense evenly over the period of the re-insurance contract and is off-set against the premium income of the respective year.

The claim recoveries arising out of re-insurance contracts are off-set against the claims expenses of respective year.

4.4 Claims

The liability in respect of outstanding claims represents the ascertained value of claims incurred and reported before the end of the accounting year. Incurred but not reported (IBNR) cases are provided on the basis of actuarial advice and included in the policy holders' liabilities.

4.5 Amount due to other insurers/reinsurers

Liabilities for other insurers / reinsurers are carried at cost which is the fair value of consideration to be paid in the future for services.

4.6 Premiums due but unpaid

These are recognised at cost, which is the fair value of the consideration to be received less provision for impairment, if any.

4.7 Amount due from other insurers / reinsurers

Amount due from other insurers / reinsurers are carried at cost less provision for impairment, if any.

4.8 Acquisition costs

These are costs incurred in acquiring and maintaining insurance policies and include without limitation all forms of remuneration paid to insurance agents and certain field force staff.

4.9 Expenses of management

Expenses of management represent directly attributable expenses and indirect expenses allocated to the statutory funds.

4.10 Staff retirement benefits

Provident fund

The corporation operates a defined contribution plan, a recognized contributory provident fund scheme for all its eligible employees. For employees who have opted for the gratuity scheme, monthly contributions at the rate of 8.33% of their basic salaries are made to the fund by the corporation. However, in respect of employees who have opted for the pension scheme, no contribution is made by the corporation to the provident fund.

Gratuity fund

Officers

The corporation has established a defined contribution plan, an approved gratuity fund w.e.f. January 01, 2000 in respect of all those officers who have opted for the gratuity fund scheme after de-linking themselves from the pension fund scheme w.e.f. January 01, 2000. At the end of each month, starting from the effective date of admission of a member to the fund, the corporation makes a contribution equal to 8.33% of the member's basic salary.

Staff

The corporation also maintains an unfunded defined benefit plan for those staff members who opted for gratuity rules. On retirement, resignation, termination or on death they will be paid one months pay for each completed year of service.

Pension fund

The corporation operates a defined benefit plan, a funded pension scheme for its employees opting for the pension scheme established in 1984 and payments are made annually to the extent allowed under the Income Tax Rules, 2002 to meet the obligations there-under on the basis of actuarial valuation. Revised Pension Rules for officers, applicable simultaneously with the approved gratuity fund scheme for officers w.e.f. January 01, 2000, are in the process of approval with the Government.

Compensated absences

From the year 2002, the un-availed earned leave balance of officers is encashed to the extent of two third of the leave balance with simultaneously proceeding on leave for one third leave balances, minimum for twelve days. A policy is already in force for the staff on similar lines.

The liability in respect of employees compensated absence as at December 31, 2009 for accumulated leave balance not yet encashed amounting to Rs. 526.886 million (2008: Rs. 418.441 million) has been provided in these financial statements.

Post retirement medical benefit

The corporation provides medical facilities to its retired officers and their spouses in accordance with the service regulations. As at December 31, 2009, liability for post retirement medical benefit as advised by the Appointed Actuary is estimated at Rs. 647.767 million (2008: Rs. 598.630 million) and the same has been provided in these financial statements.

4.11 Loans secured against Life Insurance Policies

Cash loans

Loans in cash against the security of life insurance policies may be extended to the policy holders to the extent of 80% of surrender value of the respective policy, provided the policy has been in force for at least two years.

Automatic non-forfeiture provisions

(a) Automatic Premium Loans secured against surrender value of the policy may be extended to the extent of the surrender value of the respective policy, provided the policy holder has exercised Automated Premium Loan option.

(b) An advance equal to one year premium may be allowed to the policy holder only once, if the policy holder has exercised Auto Paid-up option provided the respective policy has been in force for at least two years.

4.12 Investment properties

Investment properties are accounted for under the cost model in accordance with International Accounting Standard 40, Investment Property and S.R.O. 938 dated December 12, 2002 issued by the SECP.

These are carried at cost less accumulated depreciation and impairment losses, if any. Subsequent expenditure, depreciation and gains or losses on disposal are accounted for in the same manner as of operating fixed assets.

4.13 Financial instruments

Financial assets and financial liabilities are recognised when the corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are recognised initially at cost including associated transaction costs which is the fair value of the consideration given for it.

The financial assets and financial liabilities are measured subsequently as described below:

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- held to maturity; and
- available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Held to maturity

These include held to maturity investments that are financial assets with fixed or determinable payments and fixed maturity and the corporation has a positive intent and ability to hold these investments till maturity. After Initial recognition, these are carried at amortized cost.

Available for sale

Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity investments. Investments intended to be held for indefinite period of time, which may be sold on response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. The equity securities are stated at lower of cost or market value (market value being taken at lower if the fall is other than temporary) on aggregate portfolio basis. The fixed income securities and debt securities are stated at cost less redemption. Impairment loss is recognized if the fall is other than temporary, if any.

The investments in subsidiary companies/ entities have been classified as available for sale investments and are stated at cost. Provision is made for diminution, other than temporary, in the value of investment.

As per regulation 4(3) of the Securities and Exchange Commission (Insurance) Rules, 2002 issued by the Securities and Exchange Commission of Pakistan, where the insurer control other entities as a result of investments made through statutory funds, Consolidated Published Financial Statements in respect of such entities are not required to be prepared. Accordingly, the corporation has not prepared consolidated financial statements with reference to investments made in subsidiaries.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

Derecognition

Financial assets are derecognized at the time when the corporation loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the profit and loss account immediately.

Off setting

Financial assets and liabilities are off set and the net amount is reported in the balance sheet if the corporation has a legal right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial liabilities

For the purpose of subsequent measurement, financial liabilities are measured at amortised cost using the effective interest method, which approximates to its cost.

4.14 Other assets

Stock of stationery, printed material and maintenance store in hand for investment properties etc. are valued at lower of cost or net realisable value. Cost is determined on 'first in first out' basis.

4.15 Fixed assets - tangible

These are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on straight-line method to write off the cost of assets over their expected useful lives at the rates specified in note 13 to the financial statements, after taking into account residual value, if any. The useful lives, residual values and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on fixed assets is charged on a proportionate basis.

Subsequent cost are included in the assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the corporation and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to income currently.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of fixed assets are included in current year's income and expenses respectively.

Capital work in progress is stated at cost less impairment, if any and consist of expenditure incurred and advances made in respect of fixed assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of fixed asset when they are available for use.

4.16 Revenue recognition

Premium

(a) Individual life policies

The initial premium is recognized when the policy is issued after receipt of that premium. Subsequent premiums falling due under the policy are recognized if received before expiry of the grace period, or if advanced by the corporation under the Automatic Non-Forfeiture provisions. However, premiums due in the month of December but not received by 31st December are recognized if the grace period is to expire after the next 1st January.

(b) Group life policies

The premium on group life policies is recognized on a proportionate basis.

Investment properties

Rental income is recognized on an accrual basis except where dues are more than six months old in that case income is recognized on a receipt basis, except the cases that are under litigation.

Investments

Income on government securities, term finance certificates and other fixed income securities is recognized on an accrual basis for the number of days these are held taking into account effective yield on the instruments.

Dividend income is recognized when the corporation's right to receive dividend is established.

Income on debentures is recognized at the prescribed rates, except where recovery is considered doubtful in which case the income is recognized on a receipt basis.

Capital gain / loss arising on sale of listed securities is recognized on settlement date.

Income on future transactions is taken to income as the difference between ready market purchase price and future sale at settlement of future transactions.

Income on reverse repurchase transactions is taken to income at the date of settlement.

Others

All other incomes are recognised on accrual basis.

4.17 Taxation

Current

Current taxation is based on the provisions of the Fourth Schedule to the Income Tax Ordinance, 2001.

Deferred

Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation on settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.18 Bad and doubtful debts

Known bad debts are written off and impairment loss is recognized for debts / receivables considered doubtful.

4.19 Provisions

Provisions are recognized when the corporation has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

4.20 Impairment of non financial assets

The carrying amounts of non financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

4.21 Related party transactions and transfer pricing

Transactions and contracts with the related parties are carried out at arm's length price determined in accordance with comparable uncontrolled price method.

4.22 Cash and cash equivalents

These include cash and bank and balances and deposits maturing within twelve month.

4.23 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4.24 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

4.25 Segment reporting

A business segment is a distinguishable component of the corporation that is engaged in providing services that are subject to risks and returns that are different from those of other business segments (refer note 4.1). The corporation accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002.

The corporation's business segments are reported as shareholders' fund and three statutory funds, separately in respect of each class of life insurance business.

4.26 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rate approximating those ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange which approximates those prevailing on the balance sheet date. Gains and losses on translations are taken to income currently. Non monetary items that are major in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

4.27 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the corporation's functional and presentation currency.

4.28 Level of precision

Figures in these financial statements have been rounded off to nearest thousand rupees. In narrative notes, certain figures have been rounded off to million of rupees.

5. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2009	2008		(Rupees in '000) 2009	2008
Number of shares				
11,000,000	9,000,000	Ordinary shares of Rs. 100 each	1,100,000	900,000
-	2,000,000	Issued during the year against surplus	-	200,000
11,000,000	11,000,000	As at December 31,	1,100,000	1,100,000

The Government of Pakistan is the sole shareholder. In the year 2008, 2,000,000 ordinary shares of Rs. 100 each were issued to Government of Pakistan against surplus in share holders' fund to fulfill the minimum capital requirement of AED 50 million of Government of UAE.

6 STAFF RETIREMENT BENEFITS

	(Rupees in '000) Aggregate 2009	2008
Defined benefit plans		
- Post retirement medical benefits - unfunded	647,767	598,630
- Unfunded staff gratuity	94,745	100,597
- Compensated absences	526,886	418,441
	1,269,398	1,117,668

6.1 Reconciliation of (receivable from) / payable to defined benefit plans and other benefits

(Rupees in '000)

	Note	Employees' pension fund 2009	Employees' pension fund 2008	Post retirement medical benefits 2009	Post retirement medical benefits 2008
Present value of defined benefit obligations	6.1.2	4,293,798	3,361,488	628,959	432,776
Fair value of plan assets	6.1.3	(4,307,221)	(3,472,726)	-	-
Net actuarial gains / (losses) not recognised		(486,755)	(433,530)	18,808	165,854
Net (receivable) / payable recognised as at the year-end		(500,178)	(544,768)	647,767	598,630

6.1.1 Movement in balance (receivable) / payable

	2009	2008	2009	2008
Opening balance of (receivable) / payable	(544,768)	(430,225)	598,629	553,858
Expense recognised	69,806	(57,782)	64,583	59,676
Refunds / (Contributions) during the year				
- corporation's contribution / benefits paid	(25,216)	(56,761)	(15,445)	(14,904)
Closing balance of (receivable) / payable	(500,178)	(544,768)	647,767	598,630

6.1.2 Reconciliation of the present value of the defined benefit obligation

	2009	2008	2009	2008
Present value of obligation as at 01 January	3,361,488	3,107,022	432,776	453,066
Current service cost	44,892	35,144	11,845	12,169
Interest cost	491,921	357,308	62,953	52,103
Benefit paid	(198,014)	(187,236)	(15,445)	(14,904)
Actuarial losses/(gains)	593,511	49,250	136,830	(69,658)
Present value of the defined benefit obligation	4,293,798	3,361,488	628,959	432,776

6.1.3 Changes in fair values of plan assets

	2009	2008	2009	2008
Net assets as at January 01, 2009	3,472,726	3,915,082	-	-
Expected return on plan assets	474,196	450,234	-	-
Contributions received	8,894	37,742	-	-
Increase in financial charges receivable	16,321	19,008	-	-
Benefits paid	(198,014)	(187,236)	-	-
Actuarial losses/(gains)	533,098	(762,104)	-	-
Net assets as at December 31, 2009	4,307,221	3,472,726	-	-

6.1.4 Actual return on plan assets

	2009	2008	2009	2008
Actual return on plan assets	1,007,294	(311,870)	-	-

6.1.5 Charge for defined benefit plans

The following amounts have been charged in respect of defined benefit plans and other benefits:

	2009	2008	2009	2008
Current service cost	44,892	35,144	11,845	12,169
Interest cost	491,922	357,308	62,953	52,103
Expected return on plan assets	(474,196)	(450,234)	-	-
Actuarial gain recognised	7,188	-	(10,215)	(4,596)
	69,806	(57,782)	64,583	59,676

6.2 The corporation obtained advice from the Appointed Actuary regarding the adequacy and appropriateness of the provisions made in respect of Unfunded Staff Gratuity and Compensated Absences in these financial statements. The Appointed Actuary has opined that the provisions appearing in these financial statements are estimated to be marginally higher than the actuarial estimation. The difference, being immaterial, has been ignored.

6.3 Principal actuarial assumptions

The latest actuarial valuations of the employees' pension fund and post retirement medical benefits were carried out at as at December 31, 2009 by the appointed actuary. The principal actuarial assumptions used are as follows:

(Rupees in '000)

	Employees' pension fund		Post retirement medical benefits	
	2009 (%)	2008 (%)	2009 (%)	2008 (%)
Discount rate	12.75	15.00	12.75	15.00
Expected rate of return on plan assets	12.75	15.00	-	-
Long term salary increase rate (staff only)	10.75	13.00	11.75	14
Future increase in frozen pension	11.75	14.00		
Future increase in pension (after retirement)	9.75	12.00	-	-
Pre-retirement mortality	LIC(1975-79)Ult	LIC(1975-79)Ult	LIC(1975-79)Ult	LIC(1975-79)Ult
Post-retirement mortality	PA(90)+1M/F	PA(90)+1M/F	PA(90)+1M/F	PA(90)+1M/F

The expected return on plan assets is based on the market expectations and depends on the asset portfolio of the corporation, at the beginning of the period, for returns over the entire life of the related obligation.

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 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 the tax years 2003-2007 through notice dated August 12, 2008 on the ground that surplus attributable to the policyholders during the said years has not been paid within three years from 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 petition was then filed by the corporation in October 2008 before the Honorable High Court of Sindh through its legal advisor to challenge the notice of the Additional Commissioner mainly on the ground that the proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 by the Additional Commissioner are ab-initio void, being unlawful jurisdiction. 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 Honorable High Court admitted the petition for regular hearing and stayed the proceedings till the judgement of the Court. In this respect, the corporation has paid the amount of Rs. 631.562 million under section 137 of the Income Tax Ordinance, 2001 under the directive of the said Court.

The management is confident that the ultimate outcome of these matters will be decided in the favour of the corporation and accordingly, no provision is required in financial statement for the balance demand.

7.1.2 The corporation has filed appeals against certain cases in the Honorable High Court of Sindh contesting the decision of the Income Tax Appellete Tribunal (ITAT) for the income years 1992-93 to 2001-2002 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 income tax department added back the excess perquisites to the taxable income and tax liability was enhanced accordingly. Further, Income Tax Department re-opened these assessments and rectified them 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.

The management is confident that the ultimate outcome of these matters will be decided in the favour of the corporation and accordingly, no provision is required in financial statement on account of these matters.

7.2 Commitments

There are no commitments as at the year end (2008 : Rs. 2,500 million).

8 CASH AND BANK DEPOSITS

8.1 Cash and others

(Rupees in '000)

	Share Holder's Fund	Statutory Funds: Pakistan Life Fund	Statutory Funds: Overseas Life Fund	Statutory Funds: Pension Fund	Aggregate: 2009	Aggregate: 2008
Cash in hand	-	4,584	-	-	4,584	5,039
Cash in transit	-	49,454	-	-	49,454	106,287
	-	54,038	-	-	54,038	111,326

8.2 Current and other accounts

	Share Holder's Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Current accounts	-	2,186,704	212,284	6,692	2,405,680	2,320,305
PLS accounts	-	149,526	-	-	149,526	138,662
	-	2,336,230	212,284	6,692	2,555,206	2,458,967

8.3 Deposits maturing within 12 months

	Share Holder's Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Call and SNTD						
Habib Bank Limited	713	837,754	-	-	838,467	2,472,769
United Bank Limited	-	4,000	443,086	-	447,086	479,247
Habib Metropolitan Bank Limited	-	1	-	-	1	1
National Bank of Pakistan	-	5	-	-	5	240,005
PLS Unisaver						
United Bank Limited	-	6,699,660	-	-	6,699,660	7,026,330
Term Deposit Receipts						
Barclays Bank Plc Pakistan Limited	-	-	-	-	-	100,000
Habib Bank Limited	282,000	718,000	-	-	1,000,000	-
KASB Bank Limited	-	25,000	-	-	25,000	-
National Bank of Pakistan	-	500,000	-	-	500,000	-
Special Saving Accounts						
Askari Commercial Bank Limited	-	812,362	-	-	812,362	500,418
Allied Bank of Pakistan	-	551,201	-	-	551,201	924,128
National Bank of Pakistan	-	2	-	-	2	1,004,283
KASB Bank Limited	-	24,061	-	-	24,061	313,366
Bank Al-Falah Limited	-	66,636	-	-	66,636	1,192,861
The Bank of Punjab	-	14	-	-	14	5
Others	-	-	19,869	-	19,869	82,311
	282,713	10,238,696	462,955	-	10,984,364	14,335,724

8.4 Deposits maturing after 12 months

	Share Holder's Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Others	-	840	-	-	840	840
Abroad	-	970	1,349,074	-	1,350,044	1,269,642
	-	1,810	1,349,074	-	1,350,884	1,270,482

8.4.1 There include fixed deposits equivalent to Rs. 0.583 million (2008: Rs. 0.373 million) with the Kenya Commercial Bank Limited, Kenya, Rs. 0.386 million (2008: Rs. 0.183 million) with the Bank of Ceylon and Grindlays Bank Limited, Sri Lanka, as security for policy holders and Rs. 141.332 million (2008: Rs. 85.480 million) deposited as guarantees issued to the Ministry of Economy, Dubai (UAE) against permission for doing life insurance business in UAE.

9 LOANS SECURED AGAINST LIFE INSURANCE POLICIES

(Rupees in '000)

	Share Holder's Fund	Statutory Funds			Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Cash loans	-	9,793,497	206,928	-	10,000,425	8,375,454
Automatic non-forfeiture provisions	-	5,844,648	200,479	-	6,045,127	4,892,556
	-	15,638,145	407,407	-	16,045,552	13,268,010

10 INVESTMENT PROPERTIES

(Rupees in '000)

	Note	Aggregate 2009	2008
Investment properties	10.1	2,180,797	2,160,072
Capital work in progress	10.2	358,189	277,157
		2,538,986	2,437,229

10.1 INVESTMENT PROPERTIES

(Rupees in '000)

	Cost			Depreciation/Impairment				Written down value as at Dec. 31, 2009	Depreciation Rate (%)
	As at Jan. 01, 2009	Additions/ (Disposals)	As at Dec. 31, 2009	As at Jan. 01, 2009	Adjustment	Charge for the year	As at Dec. 31, 2009		
Freehold land	273,099	70	273,169	-	-	-	-	273,169	-
Leasehold land	309,924	20,870	330,794	71,456	(605)	3,819	74,670	256,124	1 to 4.2
Leasehold improvements	7,733	4,524	12,257	5,795	2	369	6,166	6,091	5
Building, roads and structure	1,748,189	24,092	1,772,281	264,941	-	17,579	282,520	1,489,761	1
Electric installation and fittings	1,139,510	56,414 (1,766)	1,194,158	976,191	- (1,730)	64,045	1,038,506	155,652	10
	3,478,455	105,970 (1,766)	3,582,659	1,318,383	- (2,333)	85,812	1,401,862	2,180,797	

(Rupees in '000)

	Cost				Depreciation/Impairment				Written down value as at Dec. 31, 2008	Depreciation Rate (%)
	As at Jan. 01, 2008	Additions/	Transfer (Out)	As at Dec. 31, 2008	As at Jan. 01, 2008	Adjustment	Charge for the year	As at Dec. 31, 2008		
Freehold land	273,099	-	-	273,099	-	-	-	-	273,099	-
Leasehold land	309,537	387	-	309,924	67,929	(3)	3,530	71,456	238,468	1 to 4.2
Leasehold improvements	7,721	12	-	7,733	5,488	-	307	5,795	1,938	5
Building, roads and structure	1,718,628	29,561	-	1,748,189	247,459	-	17,482	264,941	1,483,248	1
Electric installation and fittings	1,060,079	83,255	(3,824)	1,139,510	916,821	(1,435)	60,805	976,191	163,319	10
	3,369,064	113,215	(3,824)	3,478,455	1,237,697	(1,438)	82,124	1,318,383	2,160,072	

10.2 This mainly represents the amount incurred for the renovation, electrical and civil works in the corporation's properties located in Islamabad and Gujranwala.

10.3 The corporation occupied approximately 22 % (2008: 21%) of the total rentable area in the buildings classified as investment properties, which is used by the corporation for administrative purpose.

10.4 The fair value of the investment properties, determined by the independent valuers, owned by the corporation is amounting to Rs. 21,681 million (2008: Rs. 22,774 million).

10.5 **The above includes:**

Title deeds of 58 plots/buildings that were taken over by the corporation under the Life Insurance (Nationalization) Order, 1972 (LINO) dated November 01, 1972 which have been transferred in the name of the corporation. The title deeds of 24 plots/buildings are still in the name of defunct insurance companies that have been merged in the corporation as per the LINO.

10.6 There are properties costing Rs. 1.704 million (2008: Rs. 1.704 million) having written down value of Rs. 0.603 million (2008: Rs. 0.603 million) to which the corporation's title is disputed. Against this, a provision of Rs. 0.603 million (2008: Rs. 0.603 million) exist for loss of assets, if any.

10.7 A plot at Rawalpindi costing Rs. 0.431 million (2008: Rs. 0.431 million) of which execution of title deed is pending due to dispute with Cantonment Board, Rawalpindi.

10.8 Plot at Mirpur (Azad Kashmir) costing Rs. 0.242 million for which execution of title deed remained unexecuted.

10.9 The above also includes Rs. 23 million (2008: Rs. 20 million) paid by the corporation to the People Media Foundation (PMF) for acquisition of ground floor measuring 13,000 sq. ft. in PMF Complex (Press Club Building) at G-8, Markaz, Islamabad. The corporation took over the possession of ground floor in July 1996, under an irrevocable General Power of Attorney, as the construction of the building was incomplete. The management of the corporation is of the opinion that under the irrevocable General Power of Attorney, the corporation is in a position to freely transfer the title of the said property in its own name.

11 INVESTMENTS

	Note	Aggregate 2009	Aggregate 2008
		(Rupees in '000)	
Government securities	11.1	145,686,912	126,187,660
Other fixed income securities	11.2	4,598,041	1,335,470
Listed equity securities	11.3	22,846,171	22,343,773
Unlisted equity securities and mutual fund units	11.4	1,683,795	1,690,218
Holding in subsidiaries	11.5	164,148	62,952
Less: Provision for diminution in value	11.6	(243,606)	(195,945)
		174,735,461	151,424,128

Details of investment portfolio are as under:

11.1 Government securities

(Rupees in '000)

	Maturity year	Effective yield	Share holder's Fund	Statutory Funds: Pakistan Life Fund	Statutory Funds: Overseas Life Fund	Statutory Funds: Pension Fund	Aggregate 2009	Aggregate 2008
Held to maturity								
Pakistan Investment Bonds								
5 Years	2011	9.66%	-	3,018,857	-	-	3,018,857	3,009,999
10 Years	2010-2019	6.32%-14.04%	339,037	59,659,237	-	78,480	60,076,754	56,889,710
15 Years	2019-2023	7.00%-14.82%	-	11,865,273	-	51,681	11,916,954	11,007,587
20 Years	2024-2028	7.99%-15.11%	-	23,341,266	-	-	23,341,266	21,099,629
30 Years	2036-2038	10.22%-15.59%	105,549	37,211,397	-	-	37,316,946	32,617,625
10 Years Defence Savings Certificates	2010	15.01%	-	803,245	-	-	803,245	698,398
Islamic Republic of Pakistan-Bonds	2036	6.875%-7.875%	-	-	902,920	-	902,920	864,712
Government Debts - TFC	2014	KIBOR + 1.75%-2%	-	8,309,970	-	-	8,309,970	-
			444,586	144,209,245	902,920	130,161	145,686,912	126,187,660

Market value of the government securities carried at amortized cost amounted to Rs. 127,916 million (2008: Rs. 97,493 million).

Government securities include Rs. 110 million (2008: Rs. 90 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.

11.2 Other fixed income securities

(Rupees in '000)

	Maturity year	Rate of Profit	Share holder's Fund	Statutory Funds: Pakistan Life Fund	Statutory Funds: Overseas Life Fund	Statutory Funds: Pension Fund	Aggregate: 2009	Aggregate: 2008
Held to maturity								
Term Finance Certificates:								
- Listed								
Orix Leasing Pakistan Limited (2nd Issue)	2011	KIBOR+1.50%	-	168,818	-	-	168,818	202,888
Pakistan Mobile Communication Limited (2nd Issue)	2013	KIBOR+1.65%	-	208,514	-	-	208,514	-
Pakistan Mobile Communication Limited (3rd Issue)	2013	KIBOR+2.85%	-	202,308	-	-	202,308	201,995
Engro Chemical Pakistan Limited	2015	KIBOR+1.55%	-	115,290	-	-	115,290	115,414
Engro Chemical Pakistan Limited	2015	KIBOR+1.55%	-	43,295	-	-	43,295	43,320
Engro Chemical Pakistan Limited	2015	KIBOR+1.55%	-	42,827	-	-	42,827	42,725
Pak Arab Fertilizer Limited	2013	KIBOR+1.50%	-	222,850	-	-	222,850	222,320
			-	1,003,902	-	-	1,003,902	828,662
- Unlisted								
Pakistan Mobile Communication Limited (4th Issue)	2010	KIBOR+1.3	-	144,111	-	-	144,111	143,708
Government Guarantee Term Finance Facility								
National Investment Trust Limited	2012	KIBOR+1.00	-	2,240,779	-	-	2,240,779	-
Certificates of Investments								
Pak Kuwait Investment	2010	12.45%	-	-	-	-	-	-
Company (Private) Limited			66,000	-	-	-	66,000	-
First Dawood Investment Bank Limited	2009	17%	-	100,000	-	-	100,000	100,000
			66,000	100,000	-	-	166,000	100,000
Debentures (Note 11.7)			-	7,573	-	-	7,573	7,573
Available for sale								
Foreign fixed income securities			-	-	1,035,676	-	1,035,676	255,527
			66,000	3,496,365	1,035,676	-	4,598,041	1,335,470

11.3 Listed equities

(Rupees in '000)

	Note	Share Holder's Fund	Statutory Funds: Pakistan Life Fund	Statutory Funds: Overseas Life Fund	Statutory Funds: Pension Fund	Aggregate: 2009	Aggregate: 2008
Available for sale							
Ordinary shares and stocks	11.3.1	-	22,746,906	75,914	-	22,822,820	22,343,773
Preference shares	11.3.2	-	23,351	-	-	23,351	-
		-	22,770,257	75,914	-	22,846,171	22,343,773

Anchoring your future to safety

11.3.1 Ordinary shares and stocks

Pakistan Life Fund Listed companies

Sector

(Rupees in '000)

	2009			2008		
	Number of shares	Book value	Market value	Number of shares	Book value	Market value
Mutual Funds - Closed End	20,261,023	327,105	220,880	20,324,260	327,294	92,999
Modarabas	27,472,733	363,764	118,794	27,472,733	363,764	116,757
Leasing Companies	12,607,286	173,817	104,176	12,607,286	173,817	222,465
Investment Banks/Cos./Securities	24,993,995	347,874	220,831	17,572,184	271,099	644,527
Commercial Banks	388,434,975	4,281,161	7,787,719	367,083,268	4,292,354	4,913,226
Insurance	91,032,474	95,442	2,419,748	89,869,656	95,443	2,427,877
Textile Spinning	7,480,700	149,015	184,671	9,798,025	150,139	177,913
Textile Weaving	780,175	8,218	2,858	780,175	8,218	1,692
Textile Composite	27,316,626	301,592	649,874	27,463,982	320,272	648,500
Woolen	647,950	7,632	8,229	647,950	7,632	34,304
Synthetic & Rayon	6,816,000	194,887	112,635	7,013,307	195,809	104,824
Jute	395,318	4,472	16,512	365,522	4,472	13,213
Sugar & Allied Industries	11,511,722	77,441	347,409	10,559,815	77,431	321,404
Cement	31,263,826	523,032	371,148	32,098,082	540,192	287,004
Tobacco	745,869	7,284	74,622	745,869	7,284	75,822
Refinery	4,057,788	171,449	673,201	4,231,626	174,896	381,190
Power Generation & Distribution	24,926,534	709,923	703,317	21,736,932	614,515	298,942
Oil & Gas Marketing Companies	66,334,595	2,686,578	5,042,027	66,315,595	2,681,057	3,200,015
Oil & Gas Exploration Companies	47,292,814	5,976,741	8,018,717	42,934,706	5,825,203	3,474,456
Engineering	2,763,917	73,370	142,237	2,755,841	73,658	139,644
Automobile Assembler	4,673,774	150,935	783,181	4,442,419	151,441	362,392
Automobile Parts & Accessories	1,858,872	38,223	112,336	1,840,265	38,223	69,349
Cable & Electrical Goods	5,201,977	63,219	161,453	4,921,722	63,219	189,028
Transport	5,517,226	48,773	78,668	5,526,317	49,173	88,473
Technology & Communication	54,890,744	1,668,952	1,022,316	57,464,284	1,688,360	966,303
Fertilizer	73,807,762	2,956,203	8,289,020	54,554,257	2,713,092	3,722,824
Pharmaceuticals	9,521,227	177,086	1,053,568	9,251,403	177,107	1,002,591
Chemicals	8,225,787	428,590	991,783	8,487,075	430,422	697,093
Paper & Board	10,312,135	279,321	775,336	10,312,135	279,321	617,518
Vanaspati & Allied Industries	200,442	1,461	2,043	200,442	1,463	2,274
Leather & Tanneries	179,192	5,690	12,327	179,192	5,690	12,537
Food & Personal Care - Products	1,509,462	413,189	2,018,057	1,325,916	413,189	1,666,399
Glass & Ceramics	550,844	8,059	2,457	469,902	7,412	1,270
Miscellaneous	2,062,437	26,408	76,757	2,113,069	121,112	190,683
		22,746,906	42,598,907		22,343,773	27,165,508

11.3.2 Preference Shares

(Rupees in '000)

	2009 Number of shares	2009 Book value	2008 Number of shares	2008 Book value
Arag Industries	771,612	3,593	771,612	3,593
Saleem Sugar Mills	1,501	150	1,501	150
Maple Leaf	268,034	2,680	268,034	2,680
Nishat Chunian	1,692,848	16,928	-	-
		23,351		6,423

11.4 Unlisted equities

(Rupees in '000)

	Note	Share Holder's Fund	Statutory Funds: Pakistan Life Fund	Statutory Funds: Overseas Life Fund	Statutory Funds: Pension Fund	Aggregate 2009	Aggregate 2008
Available for sale							
Ordinary shares and stocks	11.4.1						
- De-listed companies		-	46,505	-	-	46,505	46,505
- Un-listed companies/institutions		-	132,186	-	-	132,186	132,186
Preference shares		-	-	-	-	-	6,423
Open end mutual fund	11.4.2	-	1,505,104	-	-	1,505,104	1,505,104
		-	1,683,795	-	-	1,683,795	1,690,218

11.4.1 Ordinary shares and stocks

De-listed companies

(Rupees in '000)

	2009 Number of shares	2009 Book value	2008 Number of shares	2008 Book value
Adamjee Industries Limited	174,597	2,001	174,597	2,001
Adamjee Paper Product Limited	120,242	1,045	120,242	1,045
Akbar Textile Mills Limited	39,900	383	39,900	383
Akber Cotton Mills Limited	31,360	314	31,360	314
Allied Textile Mills Limited	72,634	792	72,634	792
Arag Industries Limited	23,963	118	23,963	118
Automotive Equipment Limited	7,800	92	7,800	92
Baluchistan Foundry Limited	84,520	421	84,520	421
Baluchistan Textile Mills Limited	27,420	267	27,420	267
Bankers Equity Limited	538,995	15,415	538,995	15,415
Bawany Industries Limited	73,774	1,415	73,774	1,415
Chemical Limited	19,544	195	19,544	195
Chemphar Limited	100	1	100	1
Dost Muhammad Textile Mills Limited	14,150	225	14,150	225
Carried Forward	1,228,999	22,684	1,228,999	22,684

(Rupees in '000)

	2009		2008	
	Number of shares	Book value	Number of shares	Book value
Brought Forward	1,228,999	22,684	1,228,999	22,684
Elmac Engineering Limited	100	1	100	1
Fullbrite Mills Limited	100	1	100	1
Ghafar Textile Mills Limited	1,000	10	1,000	10
Gillanders Limited	10,000	100	10,000	100
Grace Industries Limited	50	1	50	1
H.Sheikh M.H Limited	46,100	460	46,100	460
K R T C	6,800	-	6,800	-
Karachi Pipes Limited	20,800	416	20,800	416
Khairpur Textile Mills Limited	6,900	104	6,900	104
Kohinoor Cotton Mills Limited	33,468	324	33,468	324
Madina Textile Mills Limited	40,900	204	40,900	204
Mohib Textile Mills Limited	375,847	13,530	375,847	13,530
Northern Foundries Limited	95,050	1,001	95,050	1,001
Nowshera Engineering Limited	22,125	222	22,125	222
Ocean Industries Limited	2,000	-	2,000	-
Pak Chrome Limited	25,477	552	25,477	552
Pak Paper corporation Limited	245,644	2,441	245,644	2,441
R C D Ball Bearing Limited	58,031	371	58,031	371
Refrigerator Manufacturing Limited	192,546	1,712	192,546	1,712
Sunshine Cloth Limited	103,200	1,578	103,200	1,578
Sun Publication Limited	2,042	-	2,042	-
Synthetic Chemical Limited	81,500	793	81,500	793
		46,505		46,505
Un-listed companies / institutions				
Arabian Sea Country Club Limited	500,000	5,000	500,000	5,000
Baluchistan Fisheries Limited	20,000	200	20,000	200
Bank of Kashmir	10	-	10	-
Burma Soap Limited	2,000	20	2,000	20
Industrial Development Bank of Pakistan	78,337	8,298	78,337	8,298
Innovative Housing Finance Limited	12,673	14,800	12,673	14,800
Mercantile Enterprises Limited	100	1	100	1
Mercantile Fiber Limited	10,200	99	10,200	99
National Construction Limited	1	-	1	-
Pak Emerging Venture Limited	12,500,000	51,415	12,500,000	51,415
People Steel Mills Limited	1,998,967	19,990	1,998,967	19,990
Schon Refinery Limited	1,456,500	29,130	1,456,500	29,130
State Bank of Pakistan	29,458	3,221	29,458	3,221
Sukkar Commercial Limited	1,200	12	1,200	12
		132,186		132,186

The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on 27 August 2008. Consequent to the introduction of 'floor mechanism' by KSE, the market volume declined significantly during the period from 27 August 2008 to 15 December 2008. There were lower floors on a number of securities at 31 December 2008.

SECP vide circular No.3/2009 dated 16 February, 2009 allowed that, for the purpose of application of clause 16(1)(a) of Part A and clause 13(1)(a) of Part B to the Annexure II: "Statements required to be filed by life and non-life insurers" of the Insurance Rules 2002, where the market value of any available for sale investment as at December 31,2008 was less than cost, the fall in value might be treated as temporary and the investment valued at cost. If the fall in value of available for sale investments is treated as temporary, then twenty five percent of the difference after any adjustment / effect for price movements was to be recognized on quarterly basis during the calendar year ending on December 31, 2009. The decline in value of available for sale investment as at December 31, 2008 was to be treated as charged to profit and loss account for the purpose of distribution of dividend.

The corporation did not follow the requirements of the above mentioned circular, because based on aggregate portfolio basis the market value was considerably higher than the cost of such investment at which these are stated in these financial statements.

As at December 31, 2009 the value of certain securitites were below their cost amounting to Rs. 3,317.532 million. This prolonged and significant decline in the value of investments requires recording of impairment in the financial statements. However, the corporation has not recorded the same.

11.4.2 Open End Mutual Funds - Unlisted

(Rupees in '000)

	2009		2008	
	Number of units	Book value	Number of units	Book value
National Investment Trust Units	99,914	4,731	99,914	4,731
Pak Capital Market Fund	39,401	373	39,401	373
NIT Equity Market Opportunity Fund	17,282,218	1,500,000	17,282,218	1,500,000
		1,505,104		1,505,104

11.5 Holding in subsidiary companies

(Rupees in '000)

	% of Holding	Number of shares	Net assets value	Aggregate 2009	Aggregate 2008
Alpha Insurance Company Limited*	92.01%	27,934,843	325,229	102,518	1,322
State Life (Lackie Road) Properties (Private) Limited**	100%	248,156	1,980	11,242	11,242
State Life (Abdullah Haroon Road) Properties (Private) Limited**	100%	500,000	3,280	23,388	23,388
State Assets Management Company Limited**	90%	2,700,000	17,736	27,000	27,000
			348,225	164,148	62,952

* Net assets value is as of December 31, 2009
** Net assets value is as of June 30, 2009

Winding up process of State Assets Management Company Limited (SAMCO) has been initiated by the Board of Directors in pursuance of the instruction received from the Ministry of Commerce. Provision of Rs. 11.038 million (2008: Rs. 11.752 million) has been made against this investment.

The investments in State life (Lackie Road) Properties (Private) Limited and State Life (Abdullah Haroon Road) Properties (Private) Limited have been carried at cost amounting to Rs. 11.242 million (2008: Rs. 11.242 million) and Rs. 23.388 million (2008: Rs. 23.388 million) respectively. These are wholly owned subsidiaries of the corporation. As per the latest audited financial statements of these investee companies, the net assets value is Rs. 1.980 million (2008: Rs. 2.056 million) and Rs. 3.280 million (2008: Rs. 5.964 million) respectively. No provision for Rs. 29.370 million (2008: Rs. 26.610 million) being the difference of carrying value of the investments and net assets value of the subsidiaries has been made in the financial statements, as the management is of the view that after taking into account the revalued amount of the properties of the subsidiaries that has been carried out by an independent surveyor, the net asset value of the subsidiaries are higher than the carrying amount.

The corporation has made provision for impairment, on certain equity securities, where the investee companies were transferred to the default counter in Karachi Stock Exchange (Gurantee) Limited.

11.6 Provision for diminution in value

(Rupees in '000)

	Share Holder's Fund	Statutory Funds Pakistan Life Fund	Overseas Life Fund	Pension Fund	Aggregate 2009	2008
Other fixed income securities	-	(7,573)	-	-	(7,573)	(7,573)
Listed equities (default counter)	-	(60,928)	-	-	(60,928)	(9,101)
Unlisted equities	-	(164,067)	-	-	(164,067)	(167,519)
Holding in subsidiary companies	-	(11,038)	-	-	(11,038)	(11,752)
	-	(243,606)	-	-	(243,606)	(195,945)

11.7 Debentures

Debentures include an amount of Rs. 6.894 million (2008: Rs. 6.894 million) pertaining to those companies which are in liquidation process since 1974. Further, a court case is in process against the Colony Textile Mills Limited against debenture loan amounting to Rs. 0.678 million (2008: Rs. 0.678 million). The corporation had made full provision against these debentures.

11.8 Investments by classification

(Rupees in '000)

	Aggregate 2009	2008
Held-to-maturity		
Government securities	145,686,912	126,187,660
Other fixed income securities	3,562,365	1,079,943
	149,249,277	127,267,603
Available-for-sale		
Other fixed income securities	1,035,676	255,527
Listed equity securities	22,846,171	22,343,773
Unlisted equity securities and mutual fund units	1,683,795	1,690,218
	25,565,642	24,289,518
Holding in subsidiary companies	164,148	62,952
Less:		
Impairment in the value of equity securities	(243,606)	(195,945)
Total Investments - net of provision	174,735,461	151,424,128

11.9 An amount Rs. 1,080 million has been reclassified from 'Available For Sale' (AFS) to 'Held To Maturity' category of which was erroneously classified in AFS in previous years. However, this reclassification does not entail any financial impact as the corporation was valuing those securities on amortized cost. Further, listed preference shares amounting to Rs. 6.4 million were erroneously classified in unlisted securities in previous years these have been reclassified in listed securities. However, this reclassification does not impact the financial statements.

12 SUNDRY RECEIVABLES

		(Rupees in '000) Aggregate 2009	2008
Receivable from pension fund	6.1	500,178	135,299
Other receivables		221,819	208,237
Provision against other receivables		(132,770)	(133,500)
		89,049	74,737
		589,227	210,036

13 FIXED ASSETS - Tangible

(Rupees in '000)

2009	Cost: As at Jan. 01, 2009	Cost: Additions/ (Disposals)	Cost: As at Dec. 31, 2009	Depreciation/Impairment: As at Jan. 01, 2009	Depreciation/Impairment: Adjustment	Depreciation/Impairment: Charge for the year Additions/ (Disposals)	Depreciation/Impairment: As at Dec. 31, 2009	Written down value ast at Dec. 31, 2009	Depreciation Rate (%)
Furniture and fixtures	195,974	27,527 (2,661)	220,840	149,884	(2,450)	7,780	155,214	65,626	10
Office equipment	78,756	7,563 (1,390)	84,929	67,250	(1,116)	2,253	68,387	16,542	10 to 30
Computer installations - basic	271,446	24,978 (97)	296,327	209,732	(96)	26,147	235,783	60,544	30
Computer installations - peripheral	35,450	3,017 (51)	38,416	30,403	821	1,962	33,186	5,230	30
Vehicles	71,152	10,593 (2,947)	78,798	71,033	(3,718)	1,256	68,571	10,227	20
	652,778	73,678 (7,146)	719,310	528,302	(6,559)	39,398 -	561,141	158,169	

(Rupees in '000)

2008	Cost: As at Jan. 01, 2008	Cost: Additions/ (Disposals)	Cost: As at Dec. 31, 2008	Depreciation/Impairment: As at Jan. 01, 2008	Depreciation/Impairment: Adjustment	Depreciation/Impairment: Charge for the year Additions/ (Disposals)	Depreciation/Impairment: As at Dec. 31, 2008	Written down value ast at Dec. 31, 2008	Depreciation Rate (%)
Furniture and fixtures	197,451	18,271 (19,748)	195,974	160,680	(19,028)	8,232	149,884	46,090	10
Office equipment	82,630	4,436 (8,310)	78,756	72,640	(7,505)	2,115	67,250	11,506	10 to 30
Computer installations - basic	223,353	54,221 (6,128)	271,446	203,160	(5,500)	12,072	209,732	61,714	30
Computer installations - peripheral	31,500	4,144 (194)	35,450	29,189	(193)	1,407	30,403	5,047	30
Vehicles	70,891	307 (46)	71,152	70,780	99	154	71,033	119	20
	605,825	81,379 (34,426)	652,778	536,449	(32,127)	23,980 -	528,302	124,476	

13.1 Fixed Assets

(Rupees in '000)

	Share Holder's Fund	Statutory Funds Pakistan Life Fund	Overseas Life Fund	Pension Fund	Aggregate 2009	2008
Furniture and fixtures						
Cost	-	214,602	6,238	-	220,840	195,974
Accumulated depreciation	-	(151,544)	(3,670)	-	(155,214)	(149,884)
Book value	-	63,058	2,568	-	65,626	46,090
Office equipment						
Cost	-	83,512	1,417	-	84,929	78,756
Accumulated depreciation	-	(67,411)	(976)	-	(68,387)	(67,250)
Book value	-	16,101	441	-	16,542	11,506
Computer installations - basic						
Cost	-	293,639	2,688	-	296,327	271,446
Accumulated depreciation	-	(233,705)	(2,078)	-	(235,783)	(209,732)
Book value	-	59,934	610	-	60,544	61,714
Computer installations - peripheral						
Cost	-	38,416	-	-	38,416	35,450
Accumulated depreciation	-	(33,186)	-	-	(33,186)	(30,403)
Book value	-	5,230	-	-	5,230	5,047
Vehicles						
Cost	-	76,925	1,873	-	78,798	71,152
Accumulated depreciation	-	(68,196)	(375)	-	(68,571)	(71,033)
Book value	-	8,729	1,498	-	10,227	119
Grand Total						
Cost	-	707,094	12,216	-	719,310	652,778
Accumulated depreciation	-	(554,042)	(7,099)	-	(561,141)	(528,302)
Book value	-	153,052	5,117	-	158,169	124,476

14. TAXATION

(Rupees in '000)

	Aggregate 2009	2008
Current	177,645	150,000

14.1 Relationship between tax expense and accounting profit

	2009	2008
Profit before tax	496,414	446,216
Tax at the applicable rate @ 35% (2008: 35%)	173,745	156,176
Tax effect of capital gain being exempt	(210)	(850)
Tax effect of dividend income being taxable at lower rate	(4,664)	(5,326)
Others	8,774	-
Tax expense for the year	177,645	150,000

14.2 There were no taxable or deductible temporary differences attributable to share holders' fund. Therefore, no provision for deferred tax has been recognised.

(Rupees in '000)

15. EARNINGS PER SHARE - BASIC AND DILUTED

		2009	2008
Profit before tax		318,796	296,216
Weighted average number of ordinary shares	Numbers	11,000	11,000
Earnings per share - basic and diluted	Rupees	28.98	26.93

16. REMUNERATION TO THE CHAIRMAN AND EXECUTIVES DIRECTORS

(Rupees in '000)

	Chairman		Executive Directors		Total	
	2009	2008	2009	2008	2009	2008
Managerial remuneration	2,880	1,440	2,282	1,141	5,162	2,581
House rent	1,260	630	904	455	2,164	1,085
Utilities	144	98	114	164	258	262
Other perquisites	303	199	4,903	1,817	5,206	2,016
	4,587	2,367	8,203	3,577	12,790	5,944
Number of persons	1	1	4	5	5	6

In addition to the above, the chairman and executive directors are also entitled to corporation maintained vehicles and mobile phone facility.

17 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement cash and cash equivalents balances include the following:

(Rupees in '000)

	Share Holder's Fund	Statutory Funds: Pakistan Life Fund	Statutory Funds: Overseas Life Fund	Statutory Funds: Pension Fund	Aggregate 2009	Aggregate 2008
– Cash in hand	-	4,584	-	-	4,584	5,039
– Cash in transit	-	49,454	-	-	49,454	106,287
– Cash at bank in:						
- Current accounts	-	2,186,704	212,284	6,692	2,405,680	2,320,305
- PLS accounts	-	149,526	-	-	149,526	138,662
Deposits maturing within 12 months	282,713	10,238,696	462,955	-	10,984,364	14,335,724
	282,713	12,628,964	675,239	6,692	13,593,608	16,906,017

18 RENTAL INCOME FROM INVESTMENT PROPERTIES

(Rupees in '000)

	Statutory Funds: Pakistan Life Fund	Statutory Funds: Overseas Life Fund	Statutory Funds: Pension Fund	Aggregate 2009	Aggregate 2008
Rent received	695,391	-	-	695,391	689,532
Increase in accrued rental income	27,313	-	-	27,313	23,556
Less: Investment property related expenses	(448,552)	-	-	(448,552)	(371,164)
Net rental income from investment property	274,152	-	-	274,152	341,924

19 MOVEMENT IN EQUITY

19.1 Policy holder liability

(Rupees in '000)

	Statutory Funds			Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Balance as at beginning of the year	171,033,804	3,559,378	126,714	174,719,896	155,416,834
Increase during the year	21,502,064	798,138	18,892	22,319,094	19,303,062
Balance at end of the year	192,535,868	4,357,516	145,606	197,038,990	174,719,896

19.2 Retained earnings attributable to policy holders (Ledger Account A)

	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Balance at beginning of the year	2,729,232	10,002	-	2,739,234	1,320,468
Surplus allocated in respect of the year	14,995,441	201,738	2,924	15,200,103	13,743,331
Bonuses allocated during the year	(15,335,737)	(197,305)	-	(15,533,042)	(12,324,565)
Balance at end of the year	2,388,936	14,435	2,924	2,406,295	2,739,234

19.3 Retained earnings on par business attributable to shares holders

	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
(Undistributable - Ledger Account B)					
Balance at beginning of the year	-	-	-	-	-
Surplus allocated in respect of the year	384,498	5,173	-	389,671	352,393
Transfer to distributable profits	(384,498)	(5,173)	-	(389,671)	(352,393)
Balance at end of the year	-	-	-	-	-

19.4 Retained earnings on par business attributable to share holders Distributable-Ledger Account C)

	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Balance as at beginning of the year	-	-	-	-	-
Transfer from undistributable profit	384,498	5,173	-	389,671	352,393
Surplus appropriated to shareholder's fund	(384,498)	(5,173)	-	(389,671)	(352,393)
Balance at end of the year	-	-	-	-	-

20 POLICY HOLDER LIABILITIES

	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Actuarial liability relating to future events	189,584,484	4,340,337	145,606	194,070,427	172,034,291
Provision for outstanding reported claims payable over a period exceeding 12 months	1,459,626	3,520	-	1,463,146	1,335,982
Provision for incurred but not reported (IBNR) claims	1,491,758	13,659	-	1,505,417	1,349,623
	192,535,868	4,357,516	145,606	197,038,990	174,719,896

21 BRANCH OVERHEADS

	Pakistan Life Fund	Overseas Life Fund	Pension Fund	2009	2008
Salaries	298,327	4,825	-	303,152	254,528
Traveling expenses	187,959	366	-	188,325	185,710
Printing and stationeries	5,088	-	-	5,088	3,660
Medical expenses	21,319	1,172	-	22,491	15,550
Gratuity contribution	9,334	-	-	9,334	5,952
Group insurance contribution	1,632	65	-	1,697	1,408
Postage and telegram	20,308	672	-	20,980	16,100
Utilities	26,085	-	-	26,085	6,267
Rent	16,431	4,754	-	21,185	16,689
Prize and awards	7,207	236	-	7,443	5,394
Conference and meetings	20,153	779	-	20,932	16,833
Repairs and maintenance	1,875	-	-	1,875	1,628
Incentive bonuses	192,122	2,911	-	195,033	140,104
Persistency bonuses	11,572	-	-	11,572	9,272
Others	-	-	-	-	125
	819,412	15,780	-	835,192	679,220

22 AUDITORS' REMUNERATION

	2009	2008
	(Rupees in '000)	
Audit Fee		
Business within Pakistan		
Riaz Ahmad & Company	690	690
Avais Hyder Liaquat Nauman	-	690
Anjum Asim Shahid Rahman	690	-
	1,380	1,380
Out of Pocket Expenses		
Riaz Ahmad & Company	400	400
Avais Hyder Liaquat Nauman	-	403
Anjum Asim Shahid Rahman	402	-
	802	803
	2,182	2,183
Business Outside Pakistan		
Audit Fee		
Sajjad Hyder & Company	576	489
Out of Pocket Expenses	156	156
	732	645
	2,914	2,828

23 INVESTMENT INCOME - Others

An amount of Rs. 255.041 million (2008: Rs. 727.968 million) appearing under Overseas Life Fund represents the resultant effect of translation of income, expenses, assets and liabilities of overseas operations business to Pak Rupees.

24 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

24.1 Financial risk management, objectives and policies

The corporation is exposed to variety of financial risks: market risk (comprising interest rate risk, currency risk, and other price risk), credit risk and liquidity risk in relation to the financial statements on its balance sheet. The corporation's risk management program is geared to ensure the survival of the corporation as a going concern in the face of all sources of significant identifiable financial risks. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the corporation's financial performance.

The management has the overall responsibility for the establishment and oversight of the corporation's risk management framework and is responsible for developing risk management policies and its monitoring.

24.2 Market risk

"Market risk is the risk of adverse financial impact as a consequence of market movements of prices of financial instruments and securities. Such price movements can arise due to variation of market interest rates, currency exchange rates, industry profitability and other economic factors.

The corporation's investments are primarily in long term Government bonds. In addition, the corporation also has a significant exposure to the equity market. The corporation also invests some funds in corporate term finance certificates. Funds awaiting long term investment are kept in short duration fixed deposits with banks.

24.2.1 Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The corporation is exposed to interest rate risk since it issues insurance policies which are long term in nature. These policies are essentially backed by long term Government bonds and cash in hand.

It is the policy of the corporation to match the average duration of its investments in Government bonds with the average duration of its policy holder liabilities as much as possible but this is not always possible due to market limitations. This is because sufficient quantities of Government bonds of longer durations are not available in the market. As a result some mismatch in the average duration of the corporation's liabilities and assets is unavoidable.

As at December 31, 2009 the average duration of the corporation's investments in Government bonds and its policyholder liabilities were estimated as follows:

	Years
Average duration of Government bonds	5.37
Average duration of policyholder liabilities.	12.43

Since the average duration of the corporation's assets is shorter than the average duration of its liabilities the corporation is more vulnerable to a fall in interest rates which can result in liabilities increasing by a greater amount than the increase in the value of the assets.

The impact on its assets and liabilities of 0.5% decrease in interest rates would be as follows:

Assets invested in Government bonds	3,389,695
Policyholder liabilities	9,364,417

(Rupees in '000)

2009

	Effective yield/Mark-up rate %	Exposed to yield / interest rate risk: Maturity upto one year	Maturity from one to two year	Maturity from two to three year	Maturity from three to four year	Maturity from four to five year	Over five year	Sub total	Non - interest bearing instruments financial	Total
Financial Assets										
Fixed rate instruments										
Cash and others	-							-	54,038	54,038
Current and other accounts	-	-	-	-	-	-	-	-	2,555,206	2,555,206
Deposits maturity	0.6 - 11.25	10,984,364	1,350,884					12,335,248	-	12,335,248
Loans secured against life insurance policies	10	775,540	766,842	900,669	698,017	779,117	12,125,367	16,045,552	-	16,045,552
Loan secured against other assets	6-10	51,826	48,749	48,771	43,894	38,321	-	231,561	-	231,561
Unsecured loans	-	-	-	-	-	-	-	-	124,437	124,437
Investments	5-20	6,804,368	24,459,817	17,068,721	4,602,229	2,908,948	82,742,109	138,578,619	24,458,081	163,036,700
Premium due but not paid	-	-	-	-	-	-	-	-	4,334,054	4,334,054
Amount due from other insurers / reinsurers	-	-	-	-	-	-	-	-	94,458	94,458
Agents balances	-	-	-	-	-	-	-	-	208	208
Investment income due but outstanding	-	-	-	-	-	-	-	-	140,639	140,639
Investment income accrued	-	-	-	-	-	-	-	-	2,051,914	2,051,914
Sundry receivable	-	-	-	-	-	-	-	-	589,227	589,227
Other current assets	-	-	-	-	-	-	-	-	18,778	18,778
Floating rate instruments	-	-	-	-	-	-	-	-	-	-
Term finance certificates and government debts	Kibor+1 to 3 perecent	144,111	168,818	2,240,779	633,672	8,309,970	201,412	11,698,762	-	11,698,762
Total Financial Assets		18,760,209	26,795,110	20,258,940	5,977,812	12,036,356	95,068,888	178,889,742	34,421,040	213,310,782
Off balance sheet assets										
Financial Liabilities										
Fixed rate instruments										
Balance of Statutory Funds		-	-	-	-	-	-	-	199,445,285	199,445,285
Outstanding claims		-	-	-	-	-	-	-	9,295,368	9,295,368
Amount due to other insurers		-	-	-	-	-	-	-	125,777	125,777
Amount due to agents		-	-	-	-	-	-	-	1,650,279	1,650,279
Accrued expenses		-	-	-	-	-	-	-	993,657	993,657
Other creditors		-	-	-	-	-	-	-	640,294	640,294
Total Financial Liabilities		-	-	-	-	-	-	-	212,150,660	212,150,660
On balance sheet gap		18,760,209	26,795,110	20,258,940	5,977,812	12,036,356	95,068,888	178,889,742	(177,729,620)	1,160,122

(Rupees in '000)

2008

	Effective yield / Mark-up rate %	Exposed to yield / interest rate risk: Maturity upto one year	Maturity from one to two year	Maturity from two to three year	Maturity from three to four year	Maturity from four to five year	Over five year	Sub total	Non - interest bearing financial instruments	Total
Financial Assets										
Fixed rate instruments										
Cash and others	-	-	-	-	-	-	-	-	111,326	111,326
Current and other accounts	-	-	-	-	-	-	-	-	2,458,967	2,458,967
Deposits maturity	0.6-11.25	14,335,724	1,270,482.00	-	-	-	-	15,606,206	-	15,606,206
Loans secured against life insurance policies	10	-	13,268,010	-	-	-	-	13,268,010	-	13,268,010
Loan secured against other assets	6-10	-	222,412	-	-	-	-	222,412	-	222,412
Unsecured loans	-	-	-	-	-	-	-	-	111,402	111,402
Investments	5-20	363,100	5,494,060	24,674,020	17,370,303	4,718,477	73,930,800	126,543,187	23,908,571	150,451,758
Premium due but not paid	-	-	-	-	-	-	-	-	4,590,163	4,590,163
Amount due from other insurers / reinsurers	-	-	-	-	-	-	-	-	52,287	52,287
Agents balances	-	-	-	-	-	-	-	-	208	208
Investment income due but outstanding	-	-	-	-	-	-	-	-	182,609	182,609
Investment income accrued	-	-	-	-	-	-	-	-	1,759,262	1,759,262
Sundry receivable	-	-	-	-	-	-	-	-	210,036	210,036
Other current assets	-	-	-	-	-	-	-	-	16,300	16,300
Floating rate instruments	-	-	-	-	-	-	-	-	-	-
Term finance certificates	Kibor+1 to 3 percent	-	143,708	202,888.00	-	424,315.00	201,459.00	972,370	-	972,370
Total Financial Assets		14,698,824	20,398,672	24,876,908	17,370,303	5,142,792	74,132,259	156,612,185	33,401,131	190,013,316
Financial Liabilities										
Fixed rate instruments										
Balance of Statutory Funds		-	-	-	-	-	-	-	177,459,130	177,459,130
Outstanding claims		-	-	-	-	-	-	-	7,745,006	7,745,006
Amount due to other insurers		-	-	-	-	-	-	-	72,130	72,130
Amount due to agents		-	-	-	-	-	-	-	1,168,152	1,168,152
Accrued expenses		-	-	-	-	-	-	-	756,918	756,918
Other creditors		-	-	-	-	-	-		907,561	907,561
Total Financial Liabilities		-	-	-	-	-	-	-	188,108,897	188,108,897
On balance sheet gap		14,698,824	20,398,672	24,876,908	17,370,303	5,142,792	74,132,259	156,612,185	(154,707,766)	1,904,419

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the corporation's profit before tax and equity based upon average balances and rates:

(Rupees in '000)

	Increase/(Decrease) in basis points	Effect on profit before tax	Effect on equity
December 31, 2009	100	210	136
	(100)	(210)	(136)
December 31, 2008	100	24	16
	(100)	(24)	(16)

Interest rate risk exposures from options and guarantees embedded in insurance liabilities

The corporation's deposit administration pension contracts have certain guarantees that transfer interest rate risk to the corporation. These guarantees include a minimum guaranteed investment return of 0.375% per month on the pension funds being managed by the corporation. The pensions liabilities of the corporation are a very insignificant proportion of the overall liabilities of the corporation and historically the investment return earned on the assets backing these liabilities has never been below the amount of the guaranteed return.

24.2.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. This risk arises if there is a currency mismatch between the assets and liabilities.

All assets and liabilities of the corporation within pakistan are in pakistan rupees. This business is therefore not exposed to any currency risk.

The corporation's Overseas Life Fund undertakes business in US Dollars and UAE Dirhams. It is the policy of the corporation to ensure the maximum possible currency matching between its assets and liabilities in each currency. Historically, the UAE Dirham has remained pegged to the US Dollar, hence any inadvertent mismatch between these two currencies is not expected to entail any significant currency risk.

Carrying amounts of the corporation's foreign currency denominated assets and liabilities are as follows:

	UAE Dirhams	US Dollars
Assets	51,684,205	63,336,679
Liabilities	46,219,845	58,022,034

24.2.3 Other price risk

Other price risk is the risk that the equity prices can fluctuate due to speculative investment activity, variations in the profit outlook of industries, interest rates prevailing in the market and general market sentiment, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The corporation's listed securities are exposed to market price risk arising from uncertainties about the future value of investment securities. The corporation limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity. In addition, the corporation actively monitors the key factors that affect stock market.

24.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the corporation. The key areas of exposure to credit risk for the corporation are in relation to its investment portfolio, reinsurance program and to a lesser extent amounts due from policyholders and intermediaries.

The corporation has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The corporation only transacts with entities that are rated the equivalent to investment grade and above.

This information is supplied by independent rating agencies where available and if not available the corporation uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers.

The corporation's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Receivables consist of a large number of policyholders, spread across diverse industries and geographical areas. The corporation extends policy loans to its policy holders. These loans are entirely backed by the cash values of their policies.

The corporation does not have any significant credit risk exposure to any single counterparty or any group of counterparties. Concentration of credit did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. The corporation does not invest in derivative financial instruments.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	Note	2009	2008
		(Rupees in '000)	
Bank deposits	8	14,890,454	18,065,173
Investments	11	174,735,461	151,424,128
Premium due but unpaid		4,334,054	4,590,163
Amount due from other insurers / reinsurers		94,458	52,287
Agents balances		208	208
Loans		16,401,550	13,601,824
Accrued investment income		2,051,914	1,759,262
Investment income due but outstanding		140,639	182,609
Sundry receivables		589,227	210,036
Others		18,778	16,300
Total		213,256,743	189,901,990

Provision is made for receivables according to the corporation's policies. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no history of default.

The age analysis of receivables is as follows:

	2009	2008
	(Rupees in '000)	
Up to 1 year	4,279,476	4,468,707
1 -2 years	11,137	95,950
2 -3 years	43,441	25,506
Over 3 years	-	-
	4,334,054	4,590,163

The credit quality of the corporation's bank balances can be assessed with reference to external credit ratings as follows:

(Rupees in '000)

Bank	Rating Long term	Rating Short term	Rating agency	2009	2008
Askari Commercial Bank Limited	A1+	AA	PACRA	812,362	500,418
Bank Alfalah Limited	A1+	AA	PACRA	66,636	1,192,861
Barclays Bank Plc, Pakistan	P-1	Aa3	Moody's	-	100,000
Habib Bank Limited	A-1+	AA+	JCR-VIS	2,280,658	2,841,020
National Bank of Pakistan	A-1+	AAA	JCR-VIS	500,509	1,244,297
United Bank Limited	A-1+	AA+	JCR-VIS	10,407,820	10,701,758
The Bank of Punjab	A1+	AA-	PACRA	14	5
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	1
KASB Bank Limited	A1	A	PACRA	70,420	313,366
Kenya Commercial Bank	-	-	-	584	373
Bank of Ceylon - Srilanka	-	AA(lka)	Fitch Ratings	139	61
Grindlays Bank Limited - Srilanka	-	-	-	247	122
Allied Bank of Pakistan	A1+	AA	PACRA	667,676	982,785
Others				83,389	188,106
				14,890,454	18,065,173

(Rupees in '000)

	Rating	Rating agency	2009	2008
Term Finance Certificates:				
Orix Leasing Pakistan Limited	AA+	PACRA	168,818	202,888
Pakistan Mobile Communication Limited	AA-	PACRA	554,933	345,703
Engro Chemical Pakistan Limited	AA	PACRA	201,412	201,459
Pak Arab Fertilizer Limited	AA	JCR VIS	222,850	222,320
National Investment Trust Limited	AM2	PACRA	2,240,779	-
			3,388,792	972,370

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

(Rupees in '000)

	Amount due form other insurers/reinsurers	2009	2008
A or above	94,458	94,458	52,287

24.4 Liquidity risk

Liquidity risk is the risk that the corporation cannot meet its obligations associated with financial liabilities as they fall due.

The corporation has adopted an appropriate liquidity risk management framework for the management of the corporation's liquidity requirements. The corporation manages liquidity risk by maintaining banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The corporation is exposed to liquidity risk arising from clients on its insurance and investment contracts. The corporation maintains adequate liquid reserves to meet any eventuality arising from a catastrophe.

Liquidity management ensures that the corporation has sufficient access to funds necessary to cover insurance claims, surrenders, withdrawals and maturing liabilities. In practice, most of the corporation's assets are marketable securities which could be converted into cash when required.

The table below gives a break up of the corporation's assets and liabilities with respect to asset-liability matching allocated to various classes of policyholder liabilities:

(Rupees in '000)

	Share Holder's Fund	Statutory Funds Pakistan Life Fund	Statutory Funds Overseas Life Fund	Statutory Funds Pension Fund	Aggregate 2009	Aggregate 2008
Debts securities:						
Available for Sale						
Listed Securities	-	3,186,485	-	-	3,186,485	770,375
Un Listed Securities	66,000	8,619,851	1,035,676	-	9,721,527	565,095
Held to Maturity						
Listed Securities	-	-	-	-	-	-
Un Listed Securities	444,586	135,899,274	902,920	130,161	137,376,941	126,187,660
Equity securities:						
Available for Sale						
Listed Securities	-	22,746,908	75,914	-	22,822,822	22,343,773
Un Listed Securities	-	1,627,688	-	-	1,627,688	1,557,225
Loans and Receivables						
Insurance Receivables	328,894	15,665,250	407,407	-	16,401,551	13,601,824
Amortised cost	-	-	-	-	-	-
Reinsurance Assets	-	94,458	-	-	94,458	52,287
Cash and Cash equivalents	282,713	12,630,774	2,024,313	6,692	14,944,492	18,176,499
Other Assets	296,576	10,959,561	241,550	11,732	11,509,419	9,862,889
Total Assets	1,418,769	211,430,249	4,687,780	148,585	217,685,383	193,117,627
Liabilities						
Fixed Term	-	182,238,918	4,156,598	-	186,395,516	165,407,172
Whole of Life	-	4,278,060	164,775	-	4,442,835	4,508,969
Short Term Insurance Contracts	-	3,648,901	-	-	3,648,901	2,752,281
Riders	-	2,296,943	36,143	-	2,333,086	1,842,200
Annuities	-	73,046	-	-	73,046	82,560
Guaranteed Investment Contracts	-	-	-	145,606	145,606	126,714
Others	1,418,769	18,894,381	330,264	2,979	20,646,393	18,397,731
TOTAL	1,418,769	211,430,249	4,687,780	148,585	217,685,383	193,117,627

The following are the contractual maturities of financial liabilities other than policyholder liabilities, including estimated interest payments on an undiscounted cash flow basis:

(Rupees in '000)

2009	Carrying amount	Contractual cash flow	Upto one year	More than one year
Financial liabilities				
Outstanding claims	9,295,368	9,295,368	9,295,368	-
Amounts due to other insurers / reinsurers	125,777	125,777	125,777	-
Amount due to agents	1,650,279	1,650,279	1,650,279	-
Accrued expenses	993,665	993,665	993,665	-
Others	640,294	640,294	640,294	-
	12,705,383	12,705,383	12,705,383	-

(Rupees in '000)

2008	Carrying amount	Contractual cash flow	Upto one year	More than one year
Financial liabilities				
Outstanding claims	7,745,006	7,745,006	7,745,006	-
Amounts due to other insurers / reinsurers	72,130	72,130	72,130	-
Amount due to agents	1,168,152	1,168,152	1,168,152	-
Accrued expenses	756,918	756,918	756,918	-
Others	907,561	907,561	907,561	-
	10,649,767	10,649,767	10,649,767	-

24.5 Fair value

The fair values of all major financial assets are estimated to be not significantly different from their carrying values except for the following:

(Rupees in '000)

	2009	
	Carrying value	Fair value
Government securities	145,686,912	127,916,460
Other fixed income securities	4,598,041	4,247,680
Listed equity securities	22,846,171	42,598,907

25 CAPITAL RISK MANAGEMENT

The corporation manages its capital to ensure that it remains financially solvent while maintaining adequate financial strength to sustain business growth. It also complies with the minimum capital requirements of the SECP. The capital structure of the corporation consists of equity attributable to the Government which is the sole shareholder of the corporation and retained earnings.

The corporation is also subject to the capital requirements of the UAE where it maintains a branch office that issues insurance contracts. The corporation complied fully with the minimum capital requirements imposed by the insurance supervisory authority in the UAE.

The paid up capital of State Life is currently Rs 1,100 million.

There were no changes made to the capital base nor to the objectives, policies and processes for managing capital. Further details are given in the table below:

(Rupees in '000)

	2009
Retained earnings	318,769
Capital resources on a regulatory basis	1,100,000
Shareholders' equity	1,418,769

26 INSURANCE RISK

26.1 Insurance contracts

26.1.1 Classification

The corporation maintains three statutory funds which are as follows:

- Pakistan Life Fund
- Overseas Life Fund
- Pension Fund

Within the Pakistan Life Fund the business can be further classified as individual life conventional business, individual universal life business, group insurance business and a small amount of annuity business.

Most of the new individual life conventional policies written by the corporation contain a discretionary participation feature (DPF).

The overseas life fund entirely consists of individual life conventional business. Most of the new business written under the overseas life fund contains a DPF.

The pension fund consists of funds on account of group pension deposit administration contracts.

Considering all the three statutory funds together, the bulk of corporation business consists of individual life conventional policies. Most of the remaining business consists of group insurance business. Individual universal life business and pension fund business are relatively less significant classes of business in terms of weight of their policy liabilities. The corporation also offers some supplementary benefits attached in the form of riders to the individual life policies and the group life contracts. Each of these classes of business are described in greater detail below:

26.1.2 Contract details and measurement

The insurance contracts offered by the corporation are described below:

26.1.2.1 Individual life policies

Individual life conventional products

These are long term contracts with level annual premiums. These plans generally provide for some death benefit on death during the currency of the policy and a survival benefit either on the happening of certain contingencies or on the maturity of the policy. The premiums are payable only in the life time of the policyholder. In case of term insurance products there is no survival benefit.

Universal life policies

Under these plans a certain amount is set aside from the premium for expenses and meeting the mortality cost and the remainder of the premium is invested to earn some investment return. Investment return is allocated to these products on an annual basis keeping in view the investment earnings of the Pakistan Life Fund.

Term insurance policies

A few products of the corporation are term insurance providing benefits only in case of death benefits. Under these policies no benefit is due if the policy holder survived in the duration of the policy. The corporation sells both level term insurance and decreasing term insurance also known as mortgage protection plans.

Annuities

The corporation also has a small number of individual and group annuities on its books. Under these contracts a periodic income benefit is payable to the insured life for as long as annuitant is alive.

Supplementary riders

The corporation offers various types of supplementary riders. Some of these riders offer additional life coverage, in some cases they offer accidental death and disability benefits. The benefits can take various forms such as lump sum payment or an income benefit or waiver of premiums due under the host policy contract.

Insured event

Under the individual life insurance policies in most cases the insured event is either death or survival until the maturity date of the policy, except in case of term insurance where there is no maturity benefit. Under the annuity policies the corporation is exposed to the risk of longevity. In this case the insured event is survival of the life insured for a long duration, exceeding the period normally expected under standard mortality tables.

In case of supplementary rider the insured event is either death or just accidental death or disability whether accidental or natural or both.

Distribution channel

The individual life business of the corporation is sold through its dedicated sales force which is present all over the country. This field force is organised under a three tier system consisting of sales representatives, sales officers and sales managers. Each sales sector headed by a sector head is further grouped under nearly 500 area offices, more than a hundred sector offices, 26 zones and 4 regional offices in addition to one zone for the Gulf Region. The Gulf zone has its own marketing team of sector heads, area managers and sales force.

The individual life policy holders of the corporation come from all strata of society, with greater representation of the rural areas due to wider outreach of its field force. In most cases the new policyholders are below age of 56.

26.1.2.2 Group life policies

Basic coverage

The group life policies are generally one year renewable term insurance contracts. In most cases they provide group coverage to the employees of an employer. Sometimes the coverage is tied up with loans extended by the employer for house building or purchase of motor vehicles or other household items. In some cases group policies are issued to lending agencies such as banks to provide group coverage to their borrowers. There are also a small number of group endowment policies which provide benefits identical to individual life policies but under the umbrella of a group contract.

Supplementary coverage

In many cases the group policies also provide supplementary coverage which may include accidental or natural disability benefits and additional accidental death benefit. These riders also take the form of one year renewable term insurance policies.

Insured event

Under the group life insurance policies in most cases the insured event is either death due to any cause. In case of supplementary coverage the insured event can include accidental death or disability or natural disability.

Distribution channel

The group insurance business is sold through four group and pension zones of the corporation. Each zone has its own marketing force consisting of sector heads who are full time salaried employees of the corporation, however, some of the group business is also procured through individual life field force of the corporation.

Most of the lives covered under the group insurance consist of industrial and office workers, civil servants and employees of corporations, banks, other financial institutions etc.

26.1.2.3 Pension business

The pension portfolio of the corporation consists of group deposit administration pension contracts. These are long-term contracts providing pension benefits to the employees of the policyholder. Under these contracts the corporation does not retain any insurance risk apart from a nominal investment return guarantee. The services offered by the corporation include benefit administration, funding advice and investment of the funds.

These contracts do not transfer any significant insurance risk from the policy holder to the corporation. These are therefore by nature similar to investment contracts.

The distribution channel employed for the pension business is the same as for the group insurance business.

The target market for this business is also similar to the target market for group insurance business.

26.1.3 Reserving method

26.1.3.1 Individual life policies

The corporation values its individual life policy liabilities by a modified net level premium method. Under this method the corporation's future obligations in respect of guaranteed sums assured and declared bonuses are discounted using a conservative interest basis. The policy liabilities are calculated by deducting from this amount the discounted value of future net premiums receivable under the valued policies, using a conservative basis for calculating the net premiums.

26.1.3.2 Universal life policies

For universal life policies the amount of reserve is equal to the actual accumulated value of the portion of premiums invested in the Pakistan Life Fund after accounting for the investment return allocated to these policies.

26.1.3.3 Group life policies

Group life business consists of short duration one year renewable term insurance policies. The corporation holds an unearned premium reserve for that portion of the premium which has not yet accrued on the balance sheet date.

The corporation also holds a premium deficiency reserve for this block of business. This reserve is calculated on the basis of the unearned premium reserve. The amount of this reserve reflects the view of the Appointed Actuary regarding the eventual loss ratio expected under group insurance contracts duly accounting for the IBNR provisions. This reserve is equal to 30% of the unearned premium reserved.

26.1.3.4 Supplementary riders

For the supplementary riders attached to individual life policies the corporation holds a reserve equal to one full years premium due under these policies. On the other hand the supplementary riders attached to the group life policies are valued in the same way as the group life policies themselves.

26.1.3.5 Pension plans

The corporation holds a reserve equal to the market value of the assets backing the pension business statutory fund. Classification of the Government bonds held by this statutory fund as Held to Maturity means that they are valued on an IRR basis, which is currently more than their market value. The additional valuation arising from the adoption of IRR valuation is being held as a separately identifiable reserve within the pension statutory fund.

26.2 Reserves for outstanding claims

The corporation holds a reserve for all claims which have been reported but are still outstanding on the balance sheet date. Another estimated reserve is kept within the actuarial liability for claims which has been incurred but has not yet been reported. The pattern of time lag in reporting of claims observed in previous years is used as a means of estimating as accurately as possible the liability expected to arise from the incurred but not reported claims using the chain ladder method of estimation.

26.3 Liability adequacy test

The adequacy of liability held by the corporation has been tested using an alternative reserving method based upon realistic estimates of future mortality, expenses, lapses and investment return. Based upon the results of this test the Appointed Actuary considers that the liability being kept by the corporation is adequate.

26.4 Reinsurance contracts held

The corporation reinsures its Pakistan business under a surplus treaty arrangement. Under this arrangement any insurance risk on a particular life which exceeds the retention is automatically ceded to the reinsurer. The retention level is fixed by the corporation at a level which it considers that it can safely hold on its own account.

There is a similar surplus treaty arrangement for reinsurance of the corporation's Gulf business. The retention level of the Gulf business is fixed by the corporation which it deems to be safe for that business.

Under both these treaties the re-insurer is not under an obligation to reinsure certain high sum assured cases which exceed the obligatory limit of the re-insurer as specified in the respective treaty. Such cases are reinsured by the corporation on a facultative basis.

The reinsurers of the corporation are highly rated companies with a sound credit record.

Primarily, reinsurance assets are amounts due from reinsurers with respect to recoveries under claims and profit commission. Reinsurance recoveries are measured according to the terms and conditions of the reinsurance contracts.

Reinsurance liabilities consist of amounts due to reinsurers on account of reinsurance premiums due which are measured according to the terms of the arrangements.

The corporation assesses impairment on its reinsurance assets on a regular basis to identify any losses in recoveries. As of now, corporation's all reinsurance assets are due from re-insurers with a credit rating of "A or Above". The reinsurers maintain a sound credit history and hence no impairment provision is required for now.

26.5 Accounting estimates and judgements and process used for deciding assumptions

26.5.1 Mortality and disability

Due to nature of its business the corporation is exposed to the risk of mortality. The reserving basis utilizes a conservative estimate of mortality. The corporation carries out a continuous mortality investigation of its individual life and group life business to asses the actual level of mortality experienced by it. The results of this study are utilized to ascertain the safety margin built into its reserving basis and the mortality level to be utilized for testing the adequacy of its liability.

The corporation also has a small exposure to disability risk covered by some of its supplementary contracts. The corporation constantly monitors its disability experience and an investigation is carried out whenever it feels that there is an adequate data for arriving at credible results.

26.5.2 Investment income

Due to long term nature of its individual life policies the corporation is exposed to the risk of adverse fluctuation of interest rates. In particular a long term declining trend in the interest rates can produce a financial strain for the corporation. To some extent this risk is mitigated by the corporation's policy to match the duration of its assets with the duration of its liabilities, whenever this is possible. The reserving basis employed by the corporation for valuing its liabilities contains adequate safeguards to counter any residual interest rate risk.

The past trend in returns available on Government bonds and the relationship of these returns to other financial variables such as inflation rate and short term interest rates is constantly analysed to form an opinion regarding the investment returns expected to be earned in the future on a medium term and long term basis. These estimates are utilized in testing the adequacy of liabilities on a realistic basis.

26.5.3 Expenses

The corporation is also exposed to the risk of management expenses being beyond the permissible limits or increase in expenses at a pace faster than expected. The corporation carries out an annual expense analysis to keep track of its expenses. The results of this study are utilized in the estimation of liability under realistic assumptions to ensure the adequacy of the reserves being held.

26.6 Frequency and severity of claims

26.6.1 Frequency

Since the corporation covers a large number of lives from diverse backgrounds, which are geographically spread all over the country, the frequency of claims is normally expected to remain relatively stable over time due to the law of large numbers. However, the frequency can be affected in case there is a variation in the mortality rates experienced by the group of lives insured by the corporation. An unusual catastrophic event such as a disease epidemic, flash floods or a major earthquake can produce a sudden spike in the frequency.

26.6.2 Severity

To some extent the corporation is protected from isolated large claims because the liability for any claim exceeding its retention level is automatically passed on to the reinsurer under the existing treaty arrangements. However, there is also the risk of a large number of small claims occurring due to a catastrophic event. Exposure to catastrophic events is also dependent upon the concentration of risk.

The corporation is represented by 26 zones which are spread out all over the country. However, as the population of the country is concentrated more in the Punjab and Sindh provinces, the business distribution of the corporation naturally reflects the same pattern. Nearly 87 % of the corporation's business emanates from these two provinces.

In addition, there is also some concentration of risk due to the nature of group business. These policies are typically issued to an employer for coverage of all the persons in their employment. Normally, the employees of an employer are distributed over one or more establishments maintained by the employer's business. This produces local concentration of risk wherever such establishments happen to exist. Furthermore, a large number of such establishments can exist in a small geographical area such as an industrial zone or the business district of a major city.

26.6.3 Claims development

Any uncertainty as to the timing and amount of claims is usually resolved within a period of one year.

26.7 Sources of uncertainty in estimation of future benefit payments and premium receipts

There are many theoretical reasons giving rise to uncertainty in estimation of future benefit payments and premium receipts.

Generally, mortality rates for a large segment of the population are quite stable from year to year but mortality is dependent upon a number of factors. Unhygienic living conditions, inadequate health care facilities, prevalence of general stress in society or emergence of epidemic disease are some socio-economic reasons which may give rise to an adverse trend in mortality rates.

Life insurance also serves as a channel for savings. However, in times of economic recession the savings rate can fall. This can reflect upon the corporation in the form of lower new business growth and higher lapse rates of existing policies.

26.8 Management of insurance risk

The insurance law has laid down some minimum criteria for insurance risk management, which is mandatory for all insurers. This includes guidance regarding minimum capital requirement for insurers, requirement to submit a financial condition report on an annual basis, minimum reserving basis for the financial condition report, minimum solvency requirements and requirement to match the currency of assets and liabilities. Also the law lays down certain restrictions on the assets that may be counted as admissible assets, prescribes guidelines for valuation of assets and liabilities, prescribes reinsurance arrangements and prescribes guidelines for investment of funds.

The corporation's strategy for management of insurance risk meets the minimum standards laid down by the law in addition to certain other practices which are corporation specific.

26.8.1 Financial risk

26.8.1.1 Interest risk

The corporation values its liabilities at the rate of 3.75% per annum, which is a requirement prescribed by the SECP. However, the actual return earned by the corporation is much more than this. This large gap between the valuation discount rate and the market rate ensures that there is an adequate margin for the corporation to absorb any impact of adverse fluctuation in the interest rates.

As a further security mechanism all the guaranteed liabilities of the corporation are fully backed by the combined value of cash in hand, Government bonds and policy loans. The first two of these asset classes are by definition risk free. Also the policy loans are fully backed by the cash values of the underlying policies. Hence this asset class also does not carry any default risk.

The practice of valuing the assets Held to Maturity by the IRR method precludes any possibility of sudden changes in the investment return for which credit is taken in the accounts. This stability in the returns adds another layer of security against interest risk.

26.8.1.2 Expense risk

This is that the actual expenses of the corporation are more than the provision in its premium rates. To ensure that adequate reserves are kept for the risk of expense overrun the net premiums used by the corporation in its actuarial valuation are suitably reduced to give due allowance for the higher expense ratio of the corporation.

26.8.1.3 Mortality risk

The mortality used in the reserving basis is the mortality prescribed by the SECP, which is the EFU 1961-66 table. Due to advances in health care technology the current mortality levels are significantly lighter than the mortality rates of this table. Hence the reserving basis has adequate margins for absorbing the impact of adverse fluctuation in mortality.

26.8.1.4 Surrenders risk

The reserving basis used by the corporation does not assume any surrenders. However the corporation ensures that the reserves kept by it for each policy is more than its surrender value. This ensures that the corporation does not suffer any adverse impact in case any policies are surrendered.

26.8.1.5 Inflation risk

To a certain extent some inflation risk is already built into the reserving basis, since the average premium size and the average sum assured per policy tends to increase in line with inflation. Also at each actuarial valuation date the Appointed Actuary reviews the special provisions required to be kept as described under the heading Expense risk, keeping in view the expense level of the corporation on the valuation date. This provides a mechanism of adjusting for any unanticipated movements in the inflation rate.

26.8.1.6 Catastrophe risk

The business of the corporation is spread all over the country. However the insurance penetration rate in the country is still very low. This means for any localized segment of the population only a small proportion of the people would be covered under life insurance. The proportion covered by the corporation policies is expected to be even smaller. As a result any localized catastrophic event is not expected to have any significant impact on the corporation.

The situation is a bit different on the group insurance side where there is a higher concentration of risk because by its very nature this business often covers a large number of persons located within a restricted geographical area, such as a building or a factory premises.

This risk is somewhat mitigated due to the presence of reinsurance cover for the individual and group policies. In addition the premium rates of the corporation are designed to adequately cater for this risk. Premium deficiency reserve held by the corporation for its group business provides an extra layer of security against this risk.

26.8.1.7 Currency risk

The corporation deals in only one currency within Pakistan. Hence this risk is non-existent for the Pakistan Life.

In case of the Gulf business the corporation writes business in UAE Dirhams and US Dollars. The exchange rate parity between these two currencies is relatively stable. Also there is a high degree of matching between the assets and liabilities in these two currencies.

26.8.2 Credit risk and asset risk

Management of credit risk and asset risk deals with risks emanating from the assets side of the balance sheet.

Management of this risk has already been adequately explained under the heading “Financial risk management objectives and policies”. Hence no further explanation is deemed to be necessary.

26.8.3 Operational risk or pricing risk

The corporation utilizes industry recognized underwriting practices to ensure that only standard risks are written on standard rates. Any sub-standard risks identified during the underwriting process are charged suitable extra premiums. This ensures fair and equitable treatment between various risk categories and helps in keeping its standard rates competitive by the insurance industry standards.

This practice also protects the corporation against the risk of large number of sub-standard impaired lives accumulating on its policy portfolio, since extra premium is automatically charged commensurating with such risk.

For lives which are otherwise uninsurable, the corporation offers a special product line known as the non-declinature scheme. Individuals who are unable to obtain insurance cover due to their poor state of health can choose to obtain cover under this scheme, which by passes normal underwriting in return for a suitable extra premium.

26.9 Sensitivity analysis

Mortality rates and the discounting factor are the two most significant variables which can have an impact on the policyholder liabilities. The corporation has tested the sensitivity of its liabilities to both these variables which is as follows:

Variable	Quantum of Change	% change in liability
Increase in mortality	10%	0.34%
Decrease in mortality	10%	(0.34%)
Increase in discount rate	0.5% addition in rate	(4.73%)
Decrease in discount rate	0.5% reduction in rate	5.08%

According to the Life Insurance (Nationalisation) Order, 1972, any increase or decrease in the actuarial surplus is shared by the policyholders and the Government as the sole shareholder in the ratio of 97.5% and 2.5% respectively.

27 SEGMENT REPORTING

Class of Business wise assets, liabilities and operating results has been disclosed in the Balance Sheet and Profit and Loss account and revenue account prepared in accordance with the requirements of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002.

28 RELATED PARTY TRANSACTIONS

The corporation has related party relationships with the 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 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

The transactions with the related parties are made at normal market prices. Outstanding balances are disclosed in the respective notes. There have been no guarantees provided or received for any related party receivables or payables.

Other material transactions with related parties are given below:

	Aggregate 2009 (Rupees in '000)	Aggregate 2008 (Rupees in '000)
Profit oriented state - owned controlled entities - various		
Premium	487,549	679,608
Claims	346,347	587,357
Profit commission expenses	4,549	33,555

29 NUMBER OF EMPLOYEES

The average number of employees as at December 31 are:

	2009	2008
Permanent employees	3,579	3,444
Area managers	588	514
	4,167	3,958

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue on 19th April, 2010 by the Board of Directors of the corporation.

Shahid Aziz Siddiqi	Syed Hur Riahi Gardezi	Mrs. Spenta Kandawalla	Allah Rakha Aasi
Chairman	Director	Director	Executive Director (Finance and Accounts)

Form LM

Statement by the Appointed Actuary

required under Section 52(2) (a) & (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 has 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

Form LN

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 annual statutory accounts of the 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 year 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 31 December 2009, 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.

Shahid Aziz Siddiqi **Chairman**	**Syed Hur Riahi Gardezi** **Director**	**Mrs. Spenta Kandawalla** **Director**	**Allah Rakha Aasi** **Executive Director (Finance and Accounts)**

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Progress at a Glance since Inception

(Rupees in million)

	1973	1975	1978	1980	1983	1985	1988	1990	1993	1995
First Year Premium	48.2	49.9	80.1	110.0	227.7	340.6	678.1	846.2	918.0	2,026.3
Renewal Premium	218.9	243.6	305.4	364.5	606.4	847.4	1,515.1	2,266.5	3,283.7	3,935.1
Group Premium	49.6	60.9	114.2	163.5	293.7	346.5	879.7	642.4	930.2	1,177.5
Pension Premium	-	-	-	-	-	-	-	-	-	-
Total Premium	316.7	354.4	499.7	638.0	1,127.8	1,534.5	3,072.9	3,755.1	5,131.9	7,138.9
Investment Income	81.0	121.8	221.3	278.8	561.7	767.0	1,323.4	1,905.7	3,674.6	5,065.6
Total Income	390.5	503.7	727.2	919.5	1,690.3	2,306.6	4,405.9	5,673.7	8,814.0	12,231.4
Total Outgo	291.8	306.9	427.4	592.9	1,004.8	1,342.2	2,597.4	2,876.6	4,137.6	6,245.1
Life Fund	1,493.7	1,734.7	2,494.1	3,111.3	4,659.6	6,421.5	11,327.4	16,320.8	28,332.9	39,338.7
Yield on Life Fund (%)	6.6	8.0	10.3	10.0	13.9	13.8	13.5	13.6	15.2	14.9
Overall Expense Ratio (%)	32.6	33.2	31.3	34.0	34.4	35.6	33.8	34.9	34.0	43.4
Renewal Expense Ratio(%)	25.6	27.3	25.6	29.6	27.7	25.4	25.9	22.4	26.1	30.4
Investment Portfolio	1,400.8	1,766.2	2,511.5	3,155.3	4,690.9	6,366.6	11,139.5	15,980.3	27,600.6	37,968.8
Policy Benefits	140.8	190.8	270.6	374.5	595.6	795.6	1,560.2	1,564.6	2,391.1	3,145.7
No. of Policies in Force (Individual Life)	357,413	379,083	397,158	413,231	489,366	599,423	945,258	1,297,879	1,681,946	2,034,969
No. of Lives Covered (Group Life)	-	1,500,000	2,340,472	2,585,775	2,802,279	3,003,387	3,767,266	4,308,986	4,250,232	4,190,181
Total Business in Force (Sum Assured and Bonuses)	17,899.2	17,951.6	30,054.8	45,847.4	62,276.5	77,542.4	117,725.9	145,626.3	311,306.2	407,296.1

(Rupees in million)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Annual Compound Growth Rates (1973-2009)
1,698.2	1,489.6	1,306.1	1,275.4	1,040.7	1,123.6	1,350.0	1,797.3	2,348.0	2,805.7	3,327.2	3,853.5	5,158.6	7,196.3	14.92%
4,693.6	4,363.7	4,413.1	4,311.5	4,537.8	4,564.6	5,488.7	5,789.7	6,655.1	8,454.3	9,784.8	12,053.6	13,993.5	17,656.9	12.97%
1,266.0	1,412.9	1,244.4	1,251.0	1,102.0	1,249.3	1,518.0	2,280.7	1,996.7	2,547.9	2,865.8	2,795.7	3,532.2	3,490.8	12.54%
-	-	-	-	-	7.2	7.7	12.9	14.6	12.2	13.8	13.9	11.0	22.9	-
7,657.8	7,266.2	6,963.6	6,837.9	6,680.5	6,944.7	8,364.4	9,880.6	11,014.4	13,820.1	15,991.6	18,716.7	22,695.3	28,366.9	13.30%
5,984.3	5,901.0	5,996.0	8,406.4	7,873.2	8,491.5	11,200.0	10,201.6	13,609.8	13,105.5	14,923.8	17,505.2	19,132.7	21,544.7	16.78%
13,650.2	13,177.1	12,975.5	15,285.6	14,592.2	15,436.2	19,564.4	20,082.2	24,624.2	26,925.6	30,915.3	36,221.9	41,827.9	49,911.6	14.42%
7,355.4	7,476.5	8,450.5	8,059.5	8,745.4	8,342.3	8,164.6	9,937.8	11,543.7	12,673.2	15,393.0	17,049.4	20,779.2	27,356.4	13.44%
45,581.8	51,009.9	55,459.6	62,484.3	68,127.0	75,343.4	86,211.1	95,957.0	108,807.9	122,775.2	137,959.8	156,737.3	177,459.1	199,445.3	14.56%
15.2	13.0	11.9	15.3	12.8	12.6	14.8	11.9	14.2	12.0	12.1	12.6	12.2	12.1	-
42.5	43.2	53.6	46.1	54.0	39.9	37.8	38.6	40.7	36.3	40.5	33.4	35.1	40.7	-
35.0	38.9	56.3	44.9	57.3	36.6	33.5	35.1	33.6	27.5	33.6	9.4	11.0	18.5	-
43,084.0	48,289.3	54,017.3	59,932.9	64,829.0	74,029.2	86,203.4	96,414.6	110,488.0	124,983.7	142,158.8	161,965.8	182,874.2	205,804.1	14.87%
4,097.2	4,341.1	4,714.9	4,904.1	5,136.1	5,572.2	5,005.2	6,123.1	7,062.8	7,654.3	8,912.1	10,782.9	12,778.8	15,723.6	14.00%
2,087,919	2,092,404	2,033,388	1,963,723	1,878,139	1,806,476	1,801,919	1,849,125	1,926,254	2,044,015	2,183,783	2,348,791	2,568,698	2,895,354	5.98%
4,341,011	4,198,974	4,456,347	3,501,163	3,259,618	3,295,387	3,443,916	3,632,688	3,898,333	3,731,002	3,915,529	4,061,865	3,879,686	3,754,296	-
440,762.0	489,771.7	539,751.4	656,775.7	499,136.3	506,245.3	629,010.7	816,210.3	947,238.9	1,040,556.2	1,143,769.5	1,289,079.1	1,602,158.8	1,674,744.9	13.44%

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