

Protect What Matters Most



STATE LIFE

INSURANCE CORPORATION OF PAKISTAN

Principal Office:

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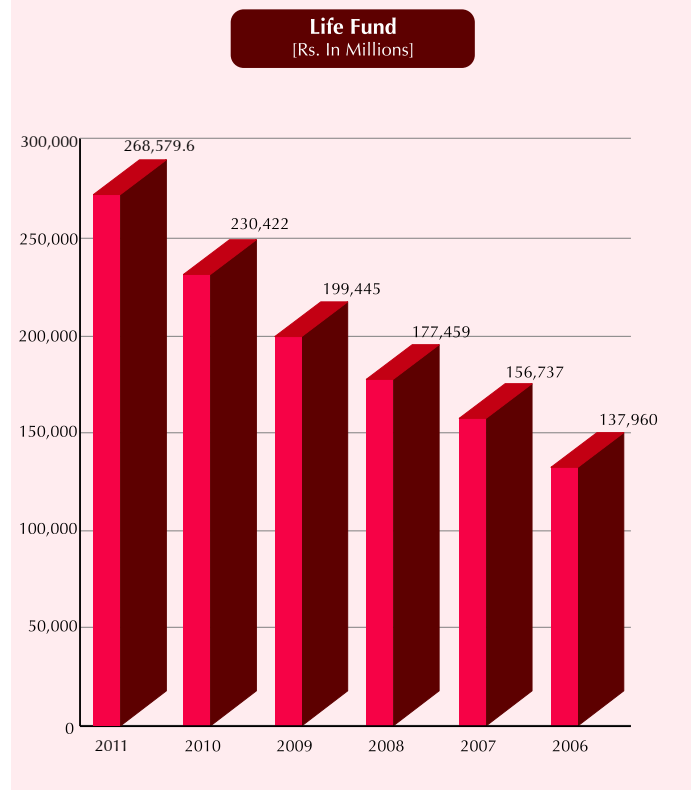
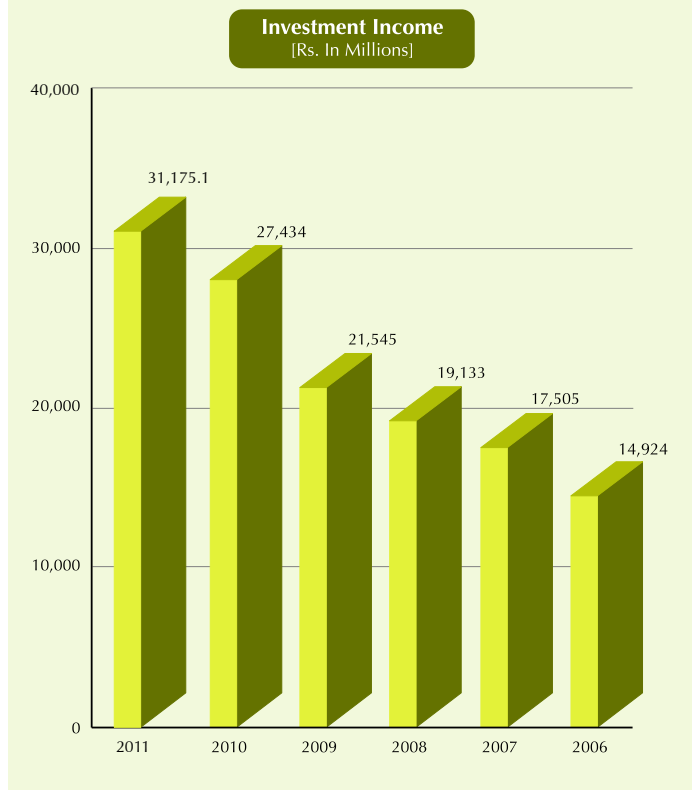
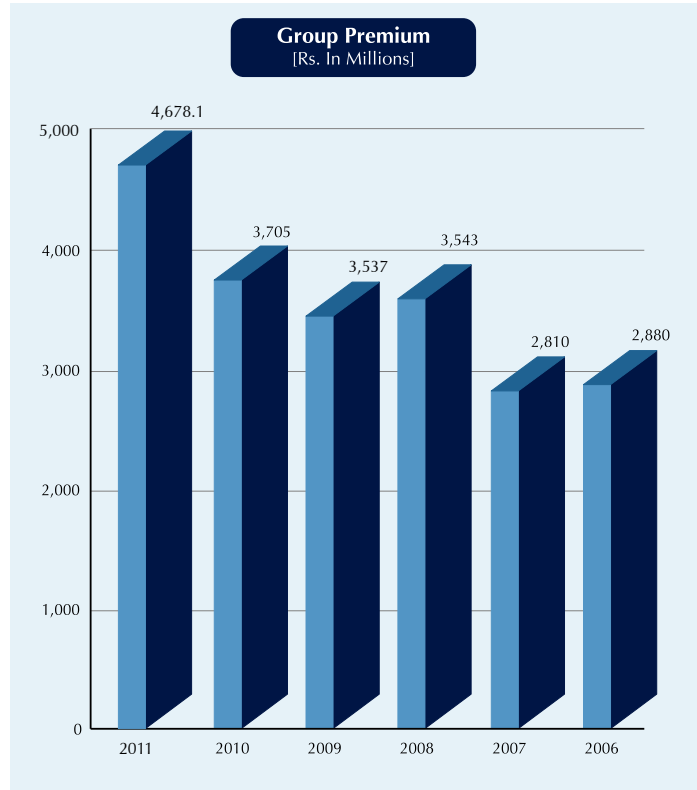
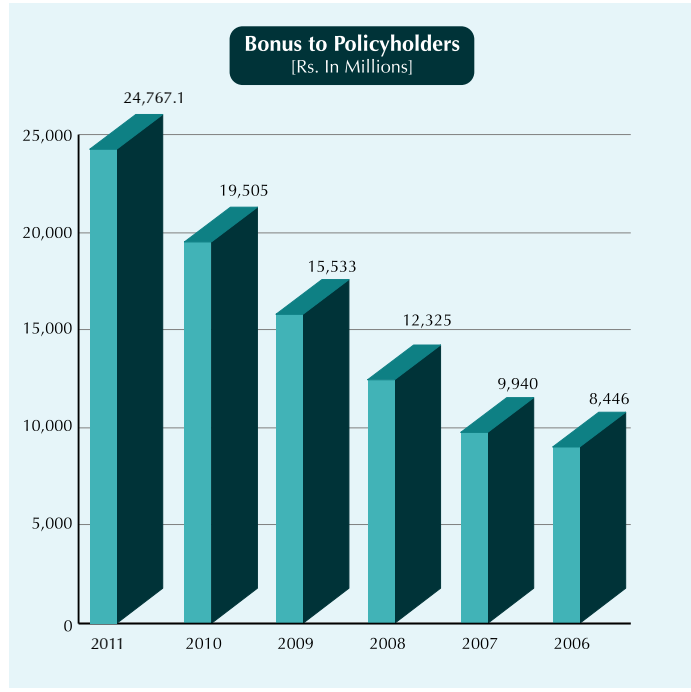
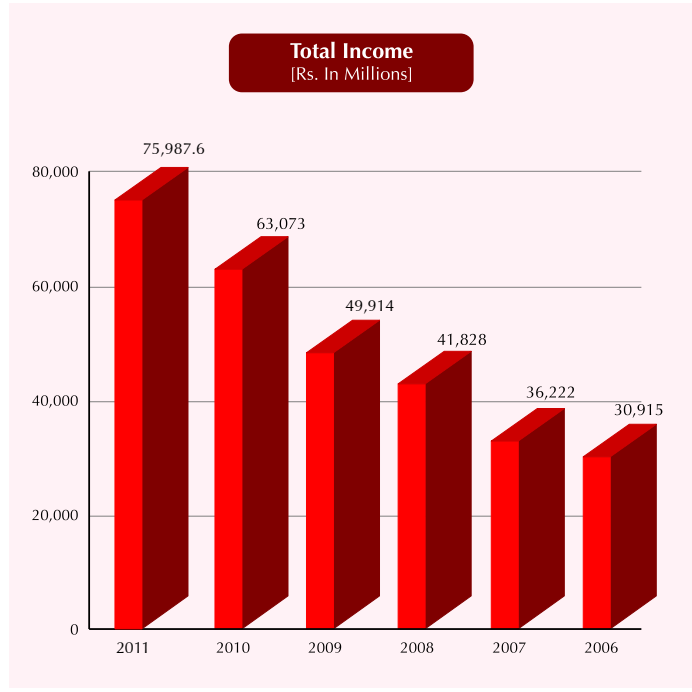
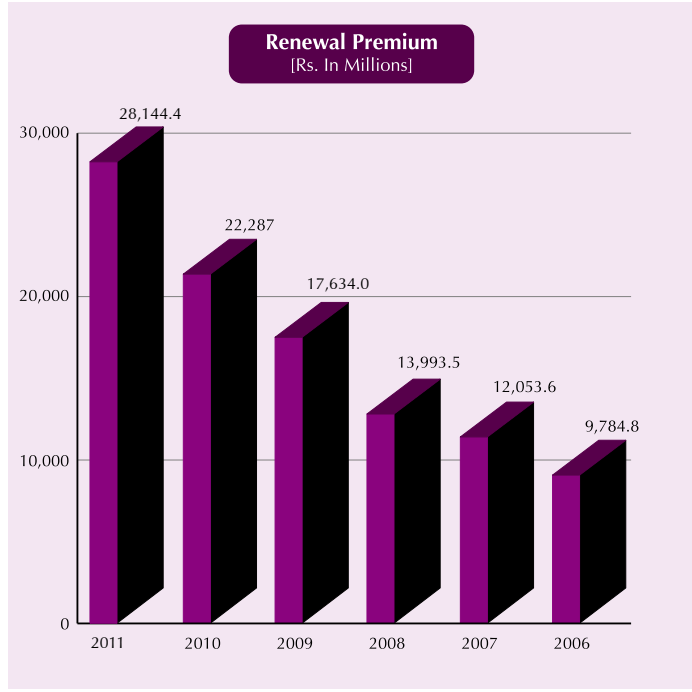
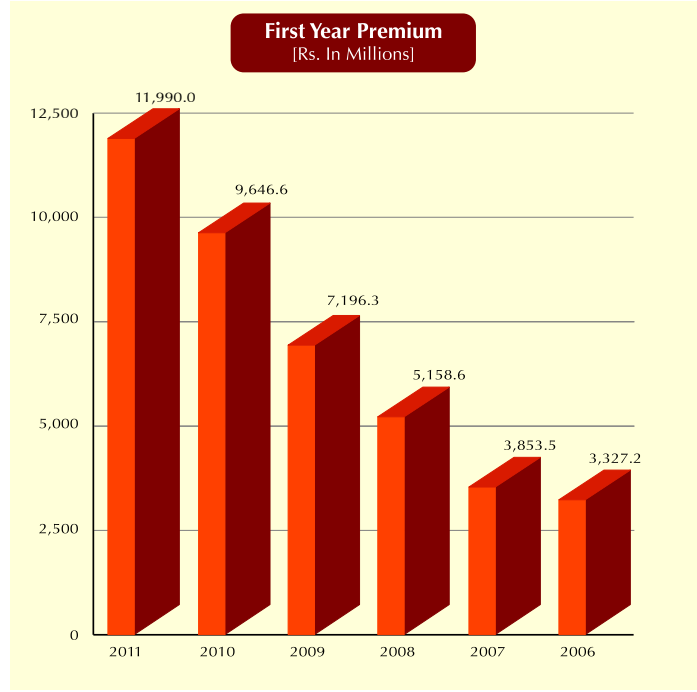
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STATE LIFE

INSURANCE CORPORATION OF PAKISTAN

Financial Highlights





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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 means 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

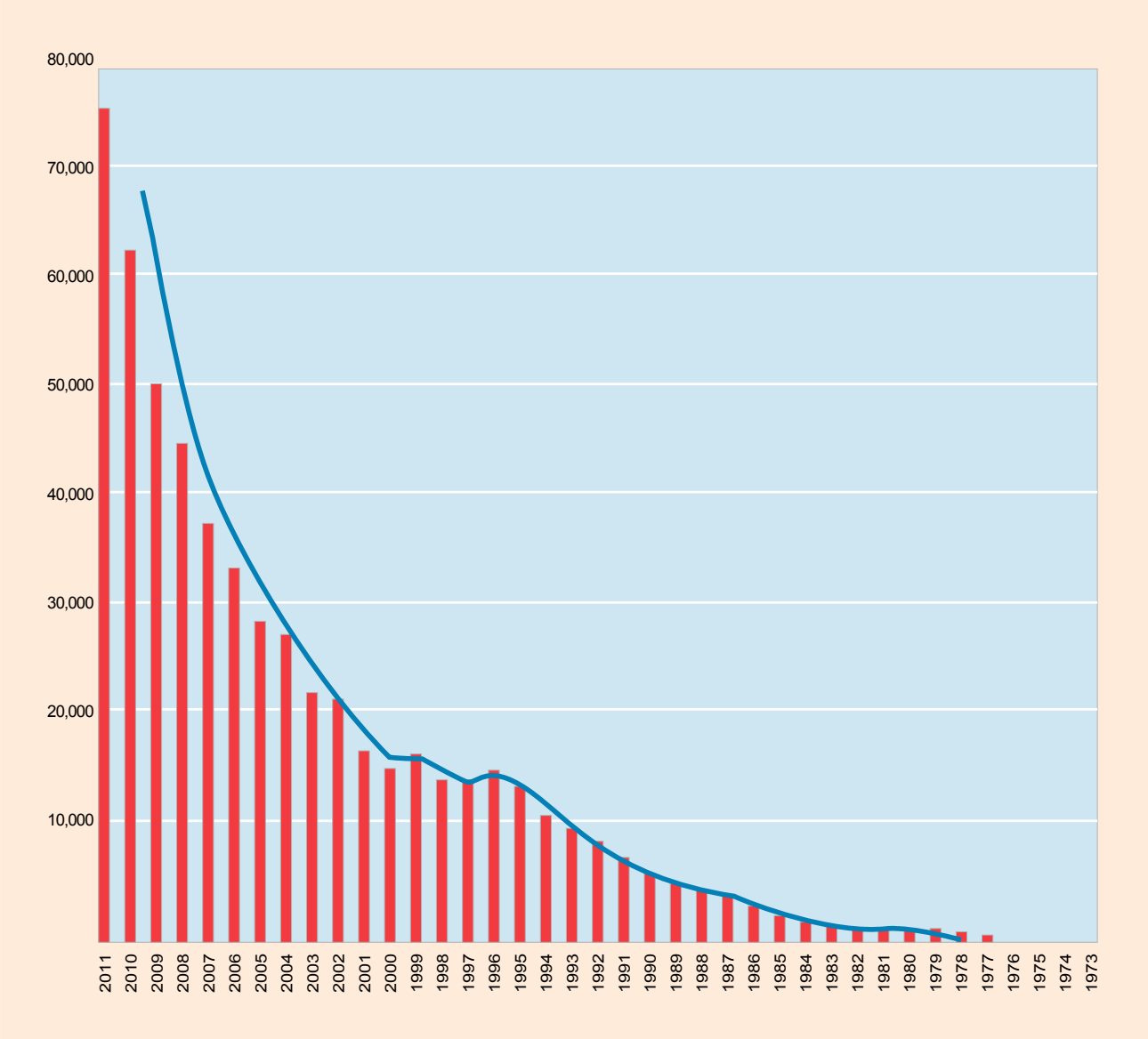
To ensure satisfaction of our valued policyholders in processing new business, providing after sales services and optimizing return on Life Fund through a quality culture and to maintain our position as the leading life insurer in Pakistan.





SLIC Journey to Success

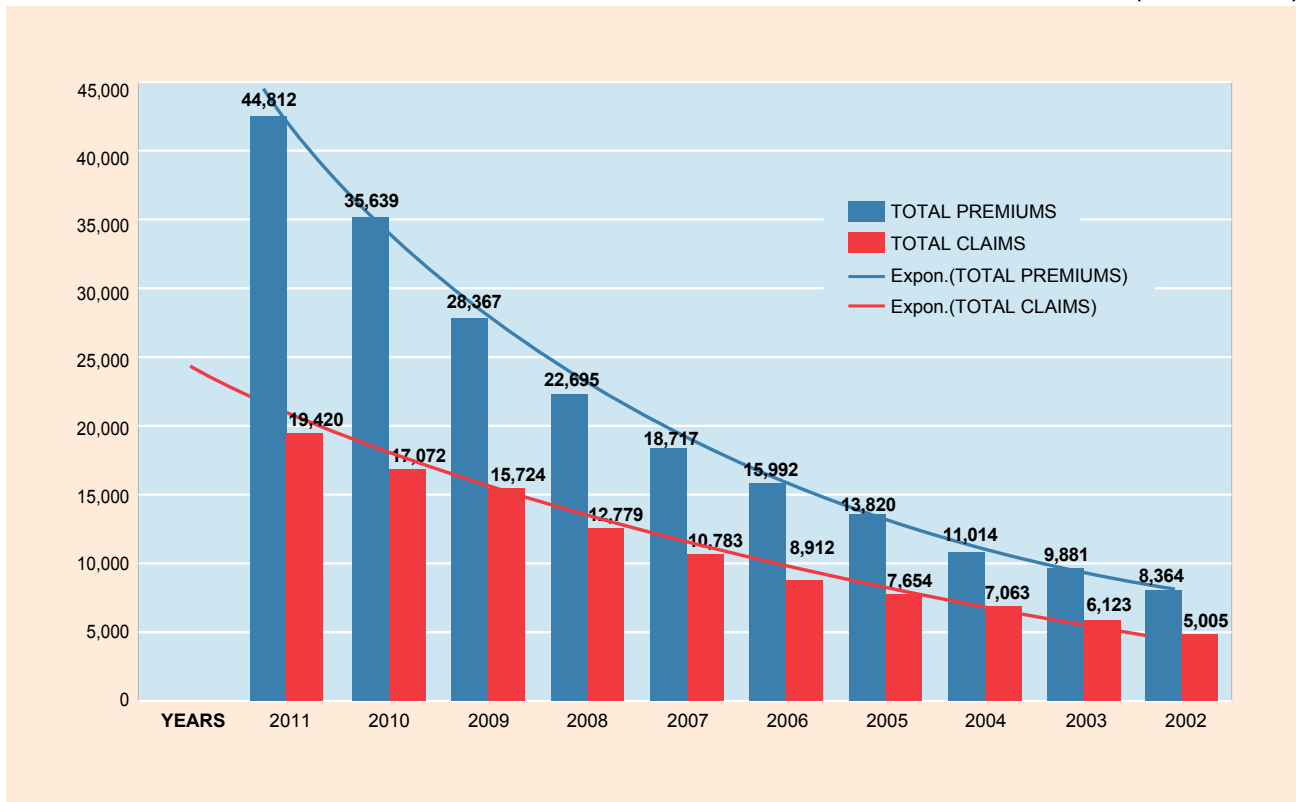
Total Income
(RS. IN MILLIONS)





Total Premiums vs. Total Claims (2002-2011)

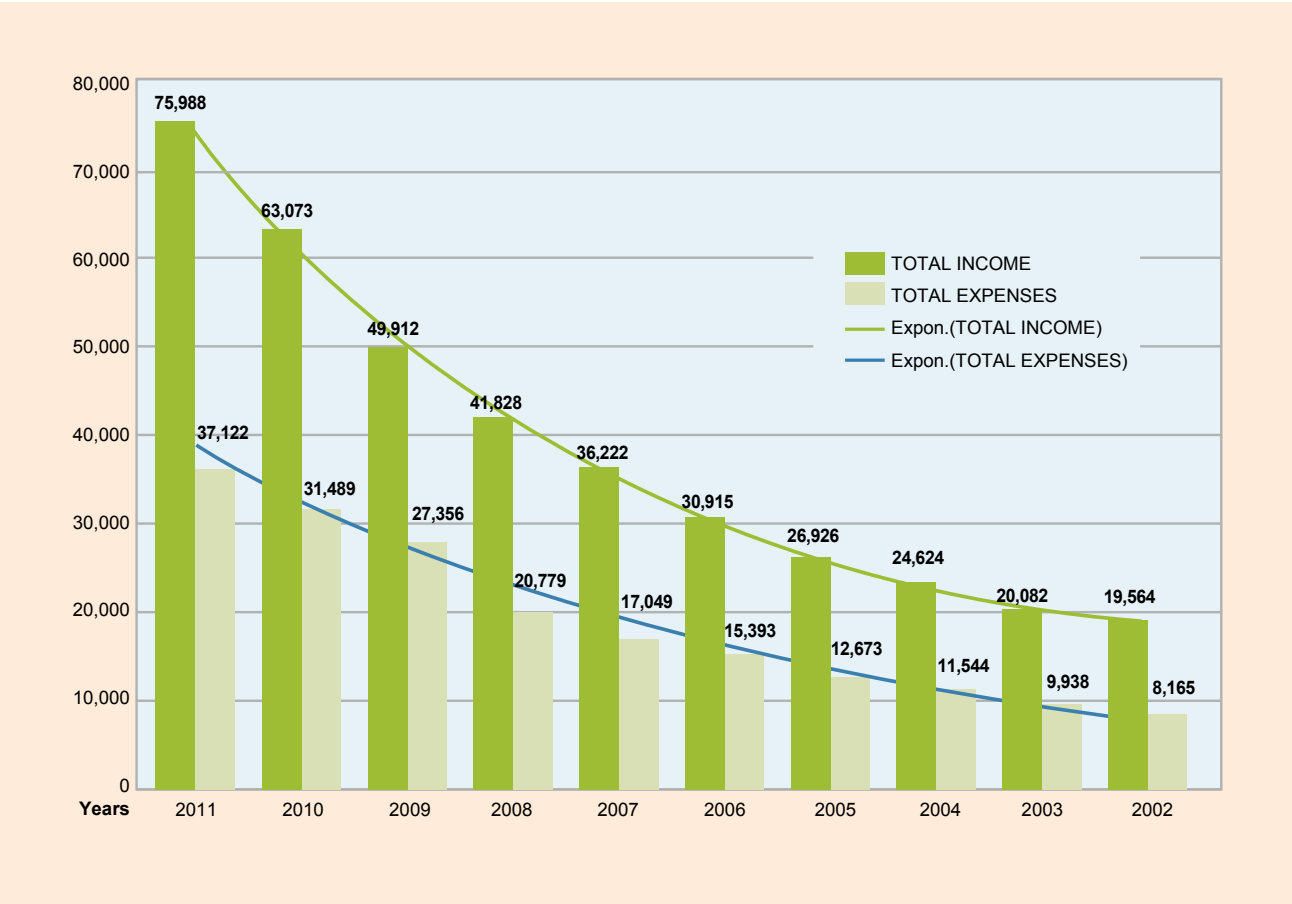
(RS. IN MILLIONS)





Total Income vs. Total Expenses (2002-2011)

(RS. IN MILLIONS)





Human Resource

1. SLIC Human Resource Management (HRM) is the strategic and coherent approach to management, its most valued asset. The people working there who individually and collectively contribute to the achievement of the objectives of the business. SLIC Personnel and General Services Division, Principal Office (i.e. Personnel Division, General Services Department, Medical Division and Staff Training Department) monitors and supports activities of P&GS in all four Regions and 26 Zones, G&P at PO and G&P Zones across Pakistan.
2. The HR policies provide SLIC with a mechanism to manage risk by staying up to date with current trends in employment standards and legislation. SLIC HR policies are framed in a manner to achieve the Corporation vision and the human resource helping the Corporation or work towards it at all levels to be benefitted and at the same time without deviating from their main objective both development side and non development side of Corporation.
3. SLIC Human Resource Policies are established systems of codified decisions to support administrative personnel functions, performance management, employee relations and resource planning. State Life Employees (Service) Regulation 1973 embeds all the HR Policies and Procedures related to its employees which encompass the following areas:

Health, Safety and Security, Selection and Placement, Wage, Salary and Benefits, Leaves and Attendance, Loans and Advances, Move Over/up-gradation, Promotion, Special Pay and Allowances, Fixation of Pay, General Conduct and Discipline and Travelling Expenses.
4. SLIC Human Resources policies also cover Post Retirement Benefits of its Employees (i.e. Pension, Gratuity, Provident Funds, Compulsory Group Insurance, Voluntary Group Insurance and Medical Facilities for Officers).
5. The established policies help SLIC to demonstrate, both internally and externally, that it meets requirements for diversity, ethics and training as well as its commitments in relation to Collective Bargaining Agents of Unionized Staff, regulation and corporate governance. The established HR Policies set out obligations, standards of behavior and document disciplinary procedures, which is the standard approach to meeting these obligations. SLIC HR Policies are also very effective in supporting and building the desired organizational culture.

Policyholder Satisfaction

High quality policyholder service is an integral part of State Life's philosophy and it is our constant endeavor to provide greater services with wider accessibility.

Our corporate slogan is "Policyholder First". We always emphasize on providing the best quality service to our policyholders. We continuously develop and improve policyholder service oriented culture within State Life.

We understand that our commitment to satisfying policyholder needs must be fulfilled with a professional and ethical framework hence knowing our policyholders and their needs is the key to our business success, our managers are well equipped and well trained to provide the most efficient and personalized services to our policyholders.

Besides, we also feel that well updated IT infrastructure is one of the most important tools to provide best services to policyholders. State Life is continuously upgrading its IT infrastructure in line with modern technology in order to have efficient operations and speedy services for policyholders.

We shall continue to look forward to maintain high-level policyholder satisfaction through improvement of strength and values.



Corporate Information

BOARD OF DIRECTORS

Mr. Shahid Aziz Siddiqi
Chairman

Mr. Kamran Ali Qureshi
Director

Mr. Husain Lawai
Director

Mr. Farooq Hadi
Director

Mr. Wazir Ali Khoja
Director

Mr. Nihal Anwar
Director

Mr. Tufail Shaikh
Director

Mr. Furqan A. Shaikh
Director

SECRETARY BOARD

Mr. Akbar Ali Hussain

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,

EXECUTIVE COMMITTEE

Mr. Shahid Aziz Siddiqi
Chairman

Mr. Kamran Ali Qureshi
Member

Mr. Husain Lawai
Member

Mr. Wazir Ali Khoja
Member

Mr. Tufail Shaikh
Member

Mr. Akbar Ali Hussain
Secretary

BOARD AUDIT COMMITTEE

Mr. Husain Lawai
Chairperson

Mr. Farooq Hadi
Member

Mr. Wazir Ali Khoja
Member

Mr. Nihal Anwar
Member

Mr. Altaf Ahmed Shaikh
Secretary

SOCIAL RESPONSIBILITY COMMITTEE

Mr. Shahid Aziz Siddiqi
Chairman

Mr. Nihal Anwar
Member

Mr. Tufail Shaikh
Member

Mr. Furqan A. Shaikh
Member

Mr. Akbar Ali Hussain
Secretary

HUMAN RESOURCES COMMITTEE

Mr. Shahid Aziz Siddiqi
Chairman

Mr. Kamran Ali Qureshi
Member

Mr. Farooq Hadi
Member

Mr. Wazir Ali Khoja
Member

Mr. Furqan A. Shaikh
Member

Mr. Abdul Hafeez Shaikh
Member/Secretary

REAL ESTATE AND INVESTMENT COMMITTEE

Mr. Shahid Aziz Siddiqi
Chairman

Mr. Husain Lawai
Member

Mr. Wazir Ali Khoja
Member

Mr. Nihal Anwar
Member

Mr. Mohsin S. Haqqani
Member

Mr. Attaullah A. Rasheed
Member

Lt.Col.(R) Mohsin Ali Shah
Secretary

PRINCIPAL OFFICE

State Life Building No. 9,
Dr.Ziauddin Ahmed Road,
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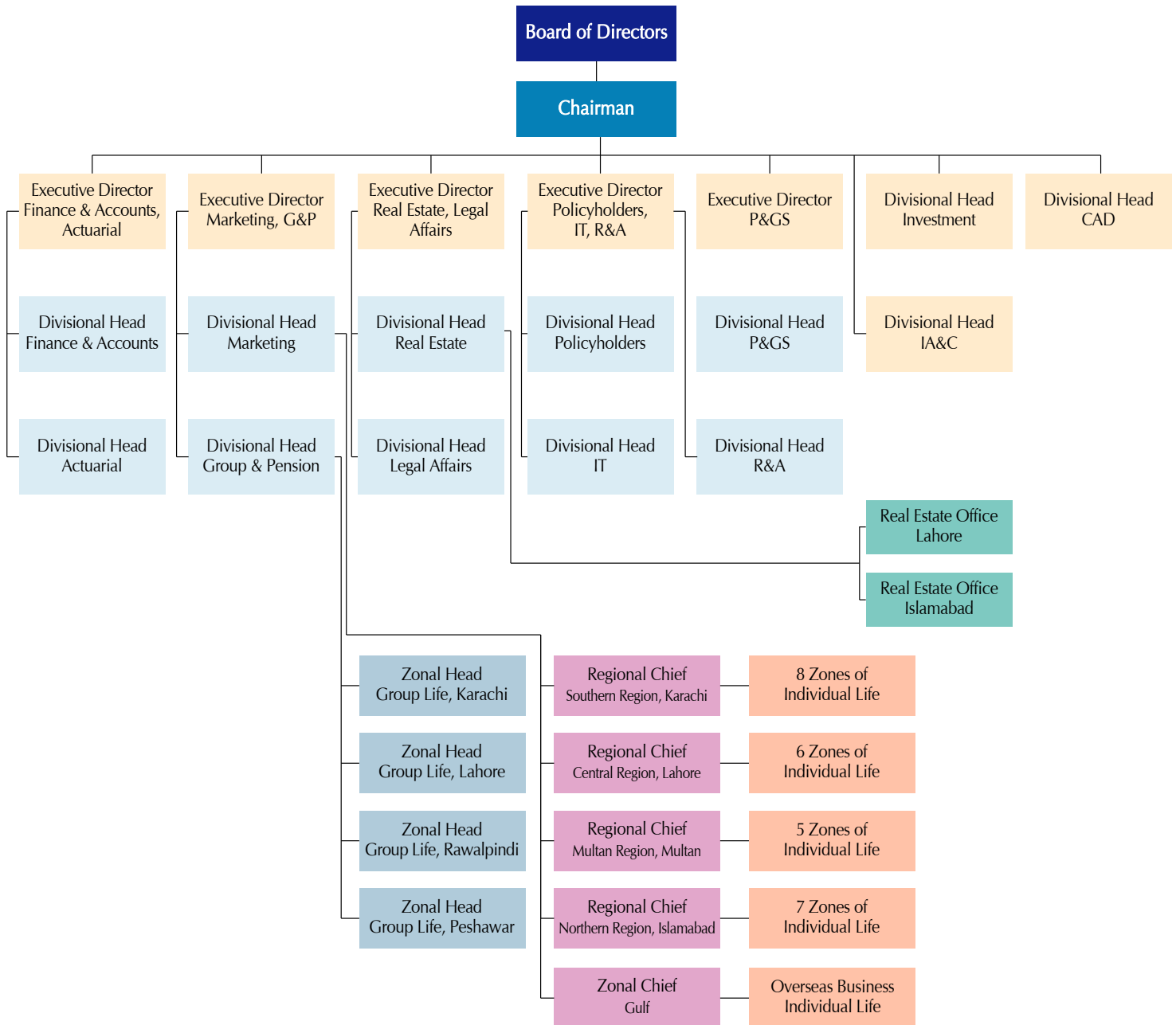
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Website: www.statelife.com.pk



Organogram of the Corporation





Management

CHAIRMAN

Mr. Shahid Aziz Siddiqi

EXECUTIVE DIRECTORS

Syed Arshad Ali

Mr. Muhammad Yahya

Ms. Yasmeen Saud

Mr. Shoaib Mir Memon

Mr. Malik Asrar Hussain

Mr. Abdul Hafeez Shaikh

DIVISIONAL HEADS

(Principal Office)

Mr. Ansar Hussain

Mr. Sher Ali Khan

Mr. Muhammad Izqar Khan

Dr. M. Yousuf Khan

Mr. Abdul Hafeez Shaikh

Lt. Col (R) Mohsin Ali Shah

Mr. Akbar Ali Hussain

Mr. Nadeem Bessey

Mr. M. Yahya Chamadia

Mr. Saleem Khaliq

Mr. Muhammad Rashid

Mr. Ataullah A. Rasheed

Mr. Faisal Mumtaz

Investment

Legal Affairs Division

Marketing

Research & Analysis

Internal Audit & Compliance

Real Estate

Corporate Affairs

Group & Pension

Policyholders Services

I.T.

Finance & Accounts

P&GS

Actuarial

CHIEF MEDICAL OFFICER

Dr. Mrs. Ghazala Nafees



INDIVIDUAL LIFE

REGIONAL CHIEFS

Mr. S.H. Raza	Southern Region - Karachi
Chaudhry Madad Ali Anjum	Central Region - Lahore
Mr. Maqsood A. Chaudhry	Northern Region - Islamabad
Mr. Tahir Ahmed Khan	Multan Region - Multan

Bancassurance

Mr. Muhammad Izqar Khan	General Manager
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ZONAL CHIEF

Gulf Countries

Mr. Khalid Mehmood Shahid	Gulf Zone, UAE-Dubai
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ZONAL HEADS

Southern Region

Mr. M. Iqbal Gill	Karachi Zone (Southern)
Mr. Gian Chand	Karachi Zone (Eastern)
Mr. M. Khalid Shaikh	Karachi Zone (Central)
Mr. Dur Muhammad Baladi	Hyderabad Zone
Mr. Zahoor A. Bhatti	Mirpurkhas Zone
Syed Saghir Abid Rizvi	Sukkur Zone
Mr. Abdul Mannan Shaikh	Larkana Zone
Mr. Kanaya Lal Shaheen	Quetta Zone

Central Region

Mr. Najmul Hasan	Lahore Zone (Central)
Mr. Muhammad Dawood Nasir	Lahore Zone (Western)
Mr. Muhammad Ramzan Shahid	Faisalabad zone
Mr. Tahir Mehmood Cheema	Sargodha Zone
Chaudhry Sarfraz Ahmad	Gujranwala Zone
Mr. Zulfiqar A. Gillani	Sialkot Zone

Northern Region

Mr. Azhar Hussain	Rawalpindi Zone
Mr. Muhammad Yousuf Farooqi	Mirpur (AK) Zone
Mr. Khalid Mansoor	Islamabad Zone
Chaudhry Muhammad Ejaz	Peshawar zone
Mr. Abdul Sattar Javed	Abbottabad Zone
Mr. Namaish Khan	Swat Zone
Chaudhry Abdul Nasir	Gujrat Zone

Multan Region

Chaudhry Akhtar Hussain	Multan Zone
Chaudhry Muhammad Ashraf	Sahiwal Zone
Mr. Muhammad Anwar Shahid	Rahim Yar Khan Zone
Mr. Mukhtar H. Awan	Dera Ghazi Khan Zone
Mr. Z. M. Kamran Shamsi	Bahawalpur Zone

GROUP LIFE

ZONAL HEADS

Mr. Sultan Masood Naqi	Karachi Zone
Mr. Shoaib Khan	Lahore Zone
Mr. M. Abbas Kazmi	Rawalpindi Zone
Mr. Tahir Majeed	Peshawar Zone



Chairman's Review

I feel pleasure in presenting the 39th Annual Report of State Life Insurance Corporation of Pakistan, together with the audited accounts for the year ended December 31, 2011 prepared in terms of Article 30 of the Life Insurance (Nationalization) Order, 1972, (President's Order No.10 of 1972).

Accounts for the year 2011 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. An overview of the overall performance of State Life Insurance Corporation during the year 2011 as compared to 2010 is hereunder:

- 1.1 Total Income of the State Life Insurance Corporation of Pakistan increased to Rs.75,988 million in 2011 as against Rs.63,073 million in the preceding year, registering an increase of 20.5%.
- 1.2 Management expenses for the year 2011 were Rs.17,702 million as compared to Rs.14,417 million in 2010 showing an increase of 23%. Overall expense ratio for the year 2011 was 39% as against 40% for the year 2010.
- 1.3 Payments to policyholders in the year 2011 were Rs.19,420 million as against Rs.17,072 million in 2010, showing an increase of 14%.
- 1.4 Total amount of statutory funds of the State Life Insurance Corporation in 2011 was Rs.268,580 million as against Rs. 230,421 million in 2010, showing an increase of 17%.

2. BUSINESS PORTFOLIO WISE PERFORMANCE

2.1 Individual Life Business - Pakistan's Operations

First year Gross premium income under Individual Life policies, during the year 2011 was Rs.11,656 million as compared to Rs. 9,378 million in the year 2010, resulting in an increase of 24%. Gross Renewal Premium was Rs.27,264 million in 2011 whereas Rs.21,492 million was in 2010, resulting in an increase of 27%.

2.2 Individual Life Business - Overseas Operations

First year Gross premium income under Individual Life policies, during the year 2011 was Rs.353 million as compared to Rs.292 million in the year 2010, being an increase of 21%. Gross Renewal premium in 2011 was Rs.990 million as compared to Rs.910 million in 2010, showing an increase of 9%.

2.3 Group Life Business

Gross premium under Group Life policies during the year 2011 was Rs.4,772 million as compared to Rs.3,769 million in the year 2010, showing an increase of 27%.



2.4 Real Estate

In the year 2011 Real Estate Division (RED) performed better in the context of Real Estate Management with net increase in overall rental income, reduction in expenditure together with 4% reduction in vacant spaces i.e. from 21% to 17% . The Division got mutated five properties at Lahore pending since promulgation of LINO. Presently mutation of two properties is at final stages of endorsement related formalities by Revenue Department Punjab. Standing Committees on Commerce both, in Senate and National Assembly, appreciated the performance of SLIC Real Estate Management during two separate presentations given by SLIC. RED did well in timely completion of Gujranwala Building Project by adding a 53rd building in SLIC properties together with completion of grey structure of Islamabad project. Additionally, RED has got approved provisional PCIs from Department Working Party (DWP) for construction of new buildings at Rahim Yar Khan, Sialkot and Gujranwala and approval of SLIC Project Monitoring Unit (PMU).

2.5 Investment

Net investment income including capital gains during the year 2011 was Rs. 30,861 million as compared to Rs. 27,095 million in 2010, showing an increase of 14%.

3. BUSINESS SUPPORTING ACTIVITIES

3.1 Training plays an important role in the development of manpower/human resources and success of an organization. State Life Insurance Corporation, a dynamic and leading public sector Corporation, is maintaining the largest marketing network in the Insurance Industry the country and is continuously providing training for improving marketing skills of its manpower by arranging seminars and imparting various regular training courses. Region wise detail of the courses conducted in the year 2011 by Field Manpower Development (FMD) department is as under:

Region	Foundation Course		M.O.S.C Course		M.M.S Course		Total	
	Courses	Participants	Courses	Participants	Courses	Participants	Courses	Participants
South	56	1,128	36	593	3	54	95	1,775
Central	57	1,800	36	1,315	4	72	97	3,187
Multan	41	1,401	30	1,209	4	143	75	2,753
North	54	1,677	17	504	3	62	74	2,243
Total	208	6,006	119	3,621	14	331	341	9,958

The above training figures clearly indicate that State Life Insurance Corporation of Pakistan is committed to improving the skills of its manpower/human resources to ensure their success in the field of life insurance and to make them productive and proud members of the society.

3.2 The primary purpose of the Policyholders Services Division is to render quality service to the policyholders of the Corporation. In this regard, measures were taken at the zonal office level to improve services such as quality underwriting, 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. New and improved online access makes it quick, simple and secure to view and make policy related transactions. Policyholders can, register for online access, download forms, view policy status, make request for change in address, nomination and more.



3.3 Advertising plays a very significant role in business development especially in large commercial organizations like State Life. In a situation where a large cross section of population is still without life insurance or unaware of the benefits of life insurance, the need for aggressive advertising cannot be understated. The management of State Life, fully aware of advertising needs of the Corporation has provided adequate funds and support to the Corporate Communications Department (CCD) to implement its multimedia advertising programme in consultation with the Marketing Division in the year under review. In 2011, CCD organized the Chairman's interviews/briefings on different prominent TV channels/nationwide and English newspapers with an intention to highlight the robust business and growth.

Furthermore, different multimedia campaigns were extensively aired on various terrestrial and satellite TV channels. Apart from these campaigns; Corporate Image Building, Popular Life Insurance plans, Bonus Announcement to Policyholders, Business Achievements, Recognition to Marketing Force etc., have also been launched on national and regional newspapers. Radio being the most popular medium of publicity especially in the rural and suburban 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 2011, under the slot of corporate social responsibility; State Life also sponsored some major sports and philanthropic events for corporate image building.

3.4 In the year 2011 we recruited 47,953 new Sales Representatives and provided the job opportunities. Our Field Force count numbers 142,400 (Sales Representatives/Sales Officers and Sales Managers) who all are serving the country to provide protection with savings.

Bancassurance is the selling of insurance products through banks distribution channels. State Life does not offer any individual policies through banks as yet. State life Insurance Corporation of Pakistan has signed its first Bancassurance Agency Agreement with UBL. State Life shall start selling individual life policies through UBL by the end of June 2012.

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 distributions 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. State Life retains this rating in 2011.

4.2 "AAA" is the highest possible financial rating for an insurer to achieve and State Life stands alone in the life insurance industry at "AAA" 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 customer 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 published by the Securities and Exchange Commission of Pakistan (SECP) in 2005. Presently, the SECP is in the process of amending these rules and has issued draft rules in this regard in which the restriction placed on the conventional insurers from carrying out Takaful business has been lifted. As and when the amended rules come into existence, 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 has almost been finalized. State Life has already signed an agreement with the United Bank Limited in this regard and is currently in the process of negotiating with other banks. When this business takes off successfully, it is expected that it would further improve 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 related ERP (Enterprise Resource Planning) software is being implemented. The initial phases comprising implementation of Core Insurance Business applications have been completed and the UAT (Users Acceptance Testing) phase is underway. A state-of-the-art Data Centre (Tier-2Plus level) is being established to facilitate real time online services on a 24/7 basis to Policy Holders Services, Marketing and other business functions of State Life. The implementation of ERP and completion of Data Center will result in better customer services, more effective MIS and healthy business growth in the Corporation.
- 5.5 As per the decision of the BoD, State Life has commenced the Health Insurance business, after the approval of Securities and Exchange Commission of Pakistan (SECP) and established 'Health and Accident Insurance Statutory Fund' with an amount of Rs. 350 million granted by Government of Pakistan.

State Life has entered into an agreement with Benazir Income Support Programme (BISP) to provide health insurance in-patient hospitalization facilities to 319,000 enrolled members comprising of 43,783 families of BISP in Faisalabad district. The same scheme will be launched in Badin, Nowshera and Quetta districts for an estimated 988,578 enrolled members of BISP.

This is an entirely new dimension for State Life, we intend to expand our Health Insurance operation beyond the scope of BISP and to launch the commercial health insurance plans in corporate sectors by initiating requisites capacity building measures for Health Insurance Division.

6. ACTUARIAL VALUATION

As per the 25th actuarial valuation as at 31st December 2011, the actuarial surplus arising during the inter-valuation period was Rs. 26,426 million. The details of bonuses declared are stated as an appendix.



7. DIVIDEND

Total dividend for the year 2011 is Rs. 520.223 million (2010: Rs. 406.878 million) in which Rs. 457.796 (2010: Rs. 358.053 million) is payable to the Government of Pakistan after deduction of Rs. 62.427 million (2010: Rs. 48.825) share of dividend of Benazir Employees Stock Option Scheme (BESOS) but the same will be adjusted for increase in paid up capital of the Corporation as allowed by the Ministry of Finance vide its Memo No. 4(1)/CF-III/91-92-252 dated April 3, 2012.

8. AUDITORS

The accounts for the year ended 31st December 2011 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, and UAE.

9. NOTE OF APPRECIATION

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

Karachi,
Date: 30th April 2012

(Shahid Aziz Siddiqi)
Chairman



Actuarial Valuation

Appendix

as at December 31, 2011

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 2011:

- a. Reversionary bonuses per thousand sum assured per annum (2010 figures are given for comparison).

	2010			2011		
	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 2012, where more than 10 years' premiums have been paid. The rate has been increased from Rs.50 per thousand sum assured to Rs. 60 per thousand sum assured for each year's premium paid in excess of 10 years subject to a maximum of Rs. 1200 per thousand sum assured.
- d. Special Terminal Bonus will be paid on claims by maturity in 2012, 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 2010 valuation).
- e. Loyalty Terminal Bonus will be paid on claims by death or maturity in 2012 to policies with risk year 1992 or earlier. The rate will be Rs.200 per thousand sum assured (same as 2010 valuation).

Notes:

- Jeevan Sathi and Shadabad policies will be treated as Endowment policies.
- Big Deal policies will receive bonuses on 25% of the sum assured only.
- 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 2011:

- a. Reversionary bonuses per thousand sum assured per annum (2010 figures are given for comparison).



	2010			2011		
	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 2012 to policies with risk year 1992 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 2012, which the policyholder opts to leave, Special Reversionary Bonuses will be allowed as follows (same as 2010 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 2011:

- (a) Reversionary bonuses per thousand sum assured per annum would be as per following schedule (2010 figures are given for comparison):

	2010	2011	
	For first five policy years Rs.	For first five policy years Rs.	From 6th policy year to 16th policy year Rs.
Term:			
20 years and over	44	44	86
15 to 19 years inclusive	31	31	74
14 years and less	24	24	66



- b. Interim Bonus will be allowed till the next Actuarial Valuation at the rates mentioned in III (a) above, subject to "C" below.
- c. Special Reversionary Bonus will also be paid to all policies under this plan whose Survival Benefits have fallen due on or before 2012 subject to the rates and conditions mentioned in II (f) above.

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 bonuses declared as a result of this valuation will not be payable under these policies. However, bonus mentioned under "VIII" below, if applicable, will be allowed.

V. Committee Policy (Table 79)

- a. Investment Return under this policy is credited to the policy after the policy has acquired an Adjusted Opening Cash Value. The return is credited on the Adjusted Opening Cash Value and not on minimum guaranteed surrender value. This return will be credited at the end of each quarter. These returns are payable when the Cash Value under the policy is payable.
- c. The credit rate for each of the quarters falling due in 2012 shall be calculated at 10.3% per annum of the Adjusted Opening Cash Value.

(Note: This rate shall be subject to review every six months.)

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

VI. 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 2012. This increase will also be available on pension payments commencing in 2012.
- 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.

VII. 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 2011 valuation. This benefit is available to all with-profit policies, which have been in full force as at 31st December 2011 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 2011 and have been continuously in force for at least ten complete policy years at the date of surgery then the maximum benefit 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 2012 to 31st December 2012 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 2010 bonus declaration.



VIII. Family Income Benefits Where Life Assured Has Died

Family Income Benefit to heirs or nominees of deceased life assured will be increased by 7.5% from policy anniversaries in the year 2013 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 2012.

IX. Terminal/Loyalty Terminal Bonus for (with profit Tables/Plans) paid-up policies

- Terminal Bonus on Whole Life and Endowment paid-up policies will be paid on claims by death or maturity in 2012, where the policy has been on the books for more than 10 years. The rate will be Rs. 60 per thousand paid-up sum assured for each year in excess of 10 years subject to a maximum of Rs. 1200 per thousand paid-up sum assured. Jeevan Sathi and Shadabad policies will be treated as Endowment policies.
- 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 2012.
- Loyalty Terminal Bonus on Whole Life and Endowment paid up policies will be paid on claims by death or maturity in 2012 to policies with risk year 1992 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.
- Loyalty Terminal bonus as mentioned above will also be paid to Anticipated Endowment paid-up policies on claims by death or maturity in 2012.

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

X. 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

- Policies expressed in UAE Dirham:

Reversionary bonuses per thousand sum insured per annum (2010 figures are given for comparison).

	2010		2011	
	For first five policy years Dh	From sixth policy year onwards Dh	For first five policy years Dh	From sixth policy year onward 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 (2010 figures are given for comparison).

	2010		2011	
	For first five policy years \$	From sixth policy year onwards \$	For first five policy years \$	From sixth policy year onwards \$
Whole Life Endowments	23	42	23	42
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. Terminal Bonus. A new Terminal Bonus is being introduced this year. Terminal Bonus will be paid on claims by death or maturity in 2012, where more than 10 years' premiums have been paid. The rate will be USD/AED 5 per thousand sum assured for each year's premium paid in excess of 10 years subject to a maximum of USD/AED 100 per thousand sum assured. This bonus shall only be payable on Whole Life and Endowment policies and not Anticipated Endowment policies.
- e. Family Income Benefit to heirs or nominees of deceased lives assured will be increased by 4% from policy anniversaries in the year 2013 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 2012.

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

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, the surrender value 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 2012.



Operating and Financial Data

Rs. in Millions

Financial Position

Balance Sheet

	2011	2010	2009	2008	2007	2006
ASSETS						
Cash and Banks	30,426	25,522	14,944	18,176	11,719	14,332
Loans secured against life insurance policies	22,596	19,057	16,046	13,268	11,114	8,972
Loans to employee and field force	422	406	356	334	332	324
Investment properties	2,917	2,734	2,538	2,437	2,331	2,338
Investment in securities	223,486	192,539	174,735	151,424	137,342	118,025
Current assets and others	13,610	11,001	8,907	7,353	6,914	5,397
Fixed assets	250	219	158	124	69	61
Total assets	293,707	251,478	217,685	193,118	169,821	149,449
EQUITY AND LIABILITIES						
Issued, subscribed and paid up capital	1,100	1,100	1,100	1,100	900	900
Reserve and surplus	520	407	319	96	231	283
Policy holders liability	268,580	230,422	199,445	177,459	156,737	137,960
Employees retirement benefit	1,466	1,424	1,269	1,118	1,029	1,035
Government grant for health insurance fund	362	-	-	-	-	-
Creditors and accruals	21,679	18,126	15,552	13,345	10,925	9,271
Total equity and liability	293,707	251,478	217,685	193,118	169,821	149,449
OPERATING AND FINANCIAL TRENDS						
Profit and Loss						
Net Investment Income	125	112	107	94	84	80
Surplus appropriated	661	499	390	352	257	229
Profit before Tax	786	611	496	446	340	309
Taxation	265	204	178	150	110	26
Profit After Tax	520	407	319	296	231	283
Revenue Account						
Premium net of Reinsurance	44,812	35,639	28,367	22,695	18,717	15,992
Net Investment Income	31,050	27,323	21,438	19,039	17,420	14,842
Total Inflow	75,863	62,961	49,805	41,734	36,137	30,834
Total Outflow	37,119	31,486	27,354	20,777	17,048	15,392
Increase Policyholders liability	37,137	30,994	22,319	19,303	18,697	14,712
Surplus before Tax	1,606	482	132	1,654	392	730
Taxation	75	-	(75)	117	(55)	29
Surplus after Tax	1,681	482	57	1,771	338	701
Surplus transfer to P&L	661	499	390	352	257	229
Cash Flows						
Operating activities	8,815	4,470	366	2,690	391	2,120
Investing activities	(3,631)	6,780	(3,582)	3,174	(3,186)	(1,913)
Financing activities	(358)	(319)	(96)	200	-	-
Cash and cash equivalents at the end of the year	29,350	24,525	13,594	16,906	10,842	13,636



Financial Ratios

	2011	2010	2009	2008	2007	2006
Profitability						
Profit before tax / Gross Premium	1.74%	1.70%	1.74%	1.95%	1.81%	1.92%
Profit before tax / Net Premium	1.75%	1.71%	1.75%	1.97%	1.82%	1.93%
Profit after tax / Gross Premium	1.16%	1.14%	1.12%	1.30%	1.22%	1.76%
Profit after tax / Net Premium	1.16%	1.14%	1.12%	1.31%	1.23%	1.77%
Net Claims / Net Premium (IL)	37.87%	41.90%	48.13%	49.18%	50.18%	49.96%
Net Claims / Net Premium (GL)	90.26%	99.63%	107.05%	94.81%	99.68%	82.00%
Net Commission / Net Premium (IL)	28.34%	28.65%	27.32%	25.73%	23.63%	24.59%
Net Commission / Net Premium (GL)	0.10%	0.13%	0.09%	0.08%	0.11%	0.12%
Area Managers Costs / Net Premium (IL)	3.76%	3.53%	3.36%	3.55%	3.06%	3.47%
Acquisition Cost / Net Premium (IL)	33.81%	33.78%	32.32%	30.84%	28.23%	29.47%
Administrative Expenses / Net Premium	9.14%	9.97%	12.56%	9.15%	9.51%	16.21%
Return to Shareholders						
Return on Equity	33.27%	27.81%	24.38%	25.46%	19.93%	25.50%
Earnings per Share (Pre Tax)	Rs 71.41	55.53	45.12	40.56	37.83	34.30
Earnings per Share (After Tax)	Rs 47.29	36.99	28.98	26.93	25.61	31.41
Return on Assets	0.19%	0.17%	0.16%	0.16%	0.14%	0.20%
Paid up Capital / Total Assets	0.37%	0.44%	0.51%	0.57%	0.53%	0.60%
Market Value						
Face Value per Share	Rs 100	100	100	100	100	100
Break-up value per Share	Rs 147.29	136.99	128.98	126.93	125.61	131.41
Cash Dividend per Share	Rs 47.29	36.99	28.98	26.93	25.61	31.41
Dividend Yield	47.29%	36.99%	28.98%	26.93%	25.61%	31.41%
Dividend Payout	100%	100%	100%	100%	100%	100%



Vertical Analysis

Balance Sheet

	2011		2010		2009		2008		2007		2006	
	Rs. in Millions	%	Rs. in Millions	%	Rs. in Millions	%	Rs. in Millions	%	Rs. in Millions	%	Rs. in Millions	%
ASSETS												
Cash and Banks	30,426	10.36%	25,522	10.15%	14,944	6.87%	18,176	9.41%	11,719	6.90%	14,332	9.59%
Loans secured against life insurance policies	22,596	7.69%	19,057	7.58%	16,046	7.37%	13,268	6.87%	11,114	6.54%	8,972	6.00%
Loans to employee and field force	422	0.14%	406	0.16%	356	0.16%	334	0.17%	332	0.20%	324	0.22%
Investment properties	2,917	0.99%	2,734	1.09%	2,538	1.17%	2,437	1.26%	2,331	1.37%	2,338	1.56%
Investment in securities	223,486	76.09%	192,539	76.56%	174,735	80.27%	151,424	78.41%	137,342	80.87%	118,025	78.97%
Current assets and others	13,610	4.63%	11,001	4.37%	8,907	4.09%	7,353	3.81%	6,914	4.07%	5,397	3.61%
Fixed assets	250	0.09%	219	0.09%	158	0.07%	124	0.06%	69	0.04%	61	0.04%
Total assets	293,707	100%	251,478	100%	217,685	100%	193,118	100%	169,821	100%	149,449	100%
EQUITY AND LIABILITIES												
Issued, subscribed and paid up capital	1,100	0.37%	1,100	0.44%	1,100	0.51%	1,100	0.57%	900	0.53%	900	0.60%
Reserve and surplus	520	0.18%	407	0.16%	319	0.15%	96	0.05%	231	0.14%	283	0.19%
Policy holders liability	268,580	91.44%	230,422	91.63%	199,445	91.62%	177,459	91.89%	156,737	92.30%	137,960	92.31%
Employees retirement benefit	1,466	0.50%	1,424	0.57%	1,269	0.58%	1,118	0.58%	1,029	0.61%	1,035	0.69%
Government grant for health insurance fund	362	0.12%	-	-	-	-	-	-	-	-	-	-
Creditors and accruals	21,679	7.38%	18,126	7.21%	15,552	7.14%	13,345	6.91%	10,925	6.43%	9,271	6.20%
Total equity and liability	293,707	100.00%	251,478	100%	217,685	100%	193,118	100%	169,821	100%	149,449	100%
OPERATING AND FINANCIAL TRENDS												
Profit and Loss												
Net Investment Income	125	16%	112	18%	107	22%	94	21%	84	25%	80	26%
Surplus appropriated	661	84%	499	82%	390	78%	352	79%	257	75%	229	74%
Profit before Tax	786	100%	611	100%	496	100%	446	100%	340	100%	309	100%
Taxation	265	34%	204	33%	178	36%	150	34%	110	32%	26	8%
Profit After Tax	520	66%	407	67%	319	64%	296	66%	231	68%	283	92%
Revenue Account												
Premium net of Reinsurance	44,812	59%	35,639	57%	28,367	57%	22,695	54%	18,717	52%	15,992	52%
Net Investment Income	31,050	41%	27,323	43%	21,438	43%	19,039	46%	17,420	48%	14,842	48%
Total Inflow	75,863	100%	62,961	100%	49,805	100%	41,734	100%	36,137	100%	30,834	100%
Total Outflow	37,119	49%	31,486	50%	27,354	54.92%	20,777	49.78%	17,048	47.18%	15,392	49.92%
Increase Policyholders liability	37,137	49%	30,994	49%	22,319	44.81%	19,303	46.25%	18,697	51.74%	14,712	47.71%
Taxation	75	0.10%	-	-	75	0.15%	117	0.28%	55	0.15%	29	0.09%
Surplus after Tax	1,681	2%	482	1%	57	0.09%	1,771	4.24%	337	0.93%	701	2.27%



Horizontal Analysis

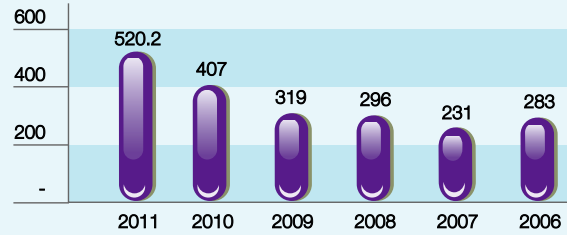
Balance Sheet

	Rs. in Millions						% increase / decrease over preceding year					
	2011	2010	2009	2008	2007	2006	2011	2010	2009	2008	2007	2006
ASSETS												
Cash and Banks	30,426	25,522	14,944	18,176	11,719	14,332	19%	71%	-18%	55%	-18%	0%
Loans secured against life insurance policies	22,596	19,057	16,046	13,268	11,114	8,972	19%	19%	21%	19%	24%	20%
Loans to employee and field force	422	406	356	334	332	324	4%	14%	7%	1%	2%	11%
Investment properties	2,917	2,734	2,538	2,437	2,331	2,338	7%	8%	4%	5%	0%	1%
Investment in securities	223,486	192,539	174,735	151,424	137,342	118,025	16%	10%	15%	10%	16%	16%
Current assets and others	13,610	11,001	8,907	7,353	6,914	5,397	24%	24%	21%	6%	28%	-6%
Fixed assets	250	219	158	124	69	61	14%	39%	27%	79%	14%	-4%
Total assets	293,707	251,478	217,685	193,118	169,821	149,449						
EQUITY AND LIABILITIES												
Issued, subscribed and paid up capital	1,100	1,100	1,100	1,100	900	900	0%	0%	0%	22%	0%	0%
Reserve and surplus	520	407	319	96	231	283	28%	28%	231%	-58%	-18%	110%
Policy holders liability	268,580	230,422	199,445	177,459	156,737	137,960	17%	16%	12%	13%	14%	12%
Employees retirement benefit	1,466	1,424	1,269	1,118	1,029	1,035	3%	12%	14%	9%	-1%	1029%
Government grant for health insurance fund	362	-	-	-	-	-	100%	-	-	-	-	-
Creditors and accruals	21,679	18,126	15,552	13,345	10,925	9,271	20%	17%	17%	22%	18%	14%
Total equity and liability	293,707	251,478	217,685	193,118	169,821	149,449						
OPERATING AND FINANCIAL TRENDS												
Profit and Loss												
Net Investment Income	125	112	107	94	84	80	12%	4%	14%	12%	4%	10%
Surplus appropriated	661	499	390	352	257	229	32%	28%	11%	37%	12%	30%
Profit before Tax	786	611	496	446	340	309	29%	23%	11%	31%	10%	24%
Taxation	265	204	178	150	110	26	30%	15%	18%	36%	322%	-77%
Profit After Tax	520	407	319	296	231	283	28%	28%	8%	28%	-18%	110%
Revenue Account												
Premium net of Reinsurance	44,812	35,639	28,367	22,695	18,717	15,992	26%	26%	25%	21%	17%	16%
Net Investment Income	31,050	27,323	21,438	19,039	17,420	14,842	14%	27%	13%	9%	17%	14%
Total Inflow	75,863	62,961	49,805	41,734	36,137	30,834	20%	26%	19%	15%	17%	15%
Total Outflow	37,119	31,486	27,354	20,777	17,048	15,392	18%	15%	32%	22%	11%	21%
Increase Policyholders liability	37,137	30,994	22,319	19,303	18,697	14,712	20%	39%	16%	3%	27%	5%
Taxation	75	-	75	117	55	29	100%	-100%	-36%	113%	90%	-20%
Surplus after Tax	1,681	482	57	1,771	338	701	249%	749%	-97%	426%	-52%	265%

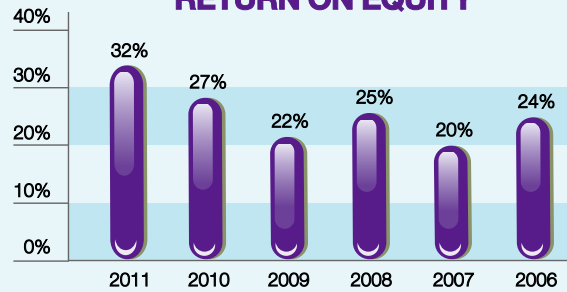


(Rs. in Millions)

PROFIT AFTER TAXATION



RETURN ON EQUITY



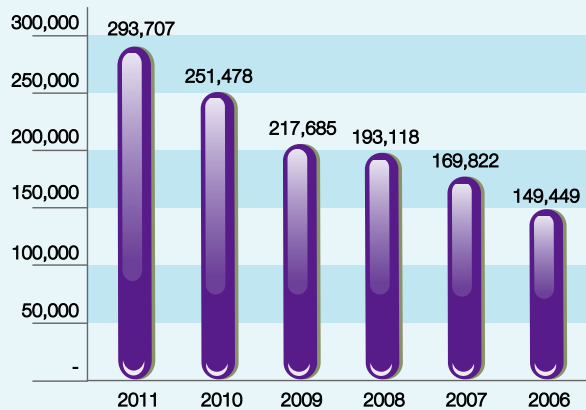
EARNING PER SHARE

(Rupees)



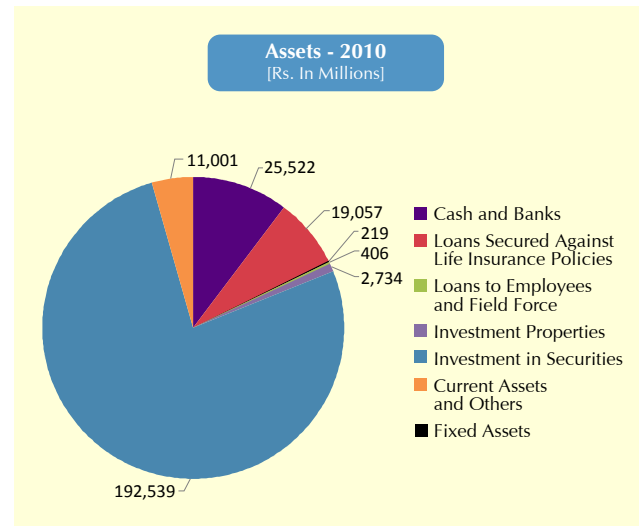
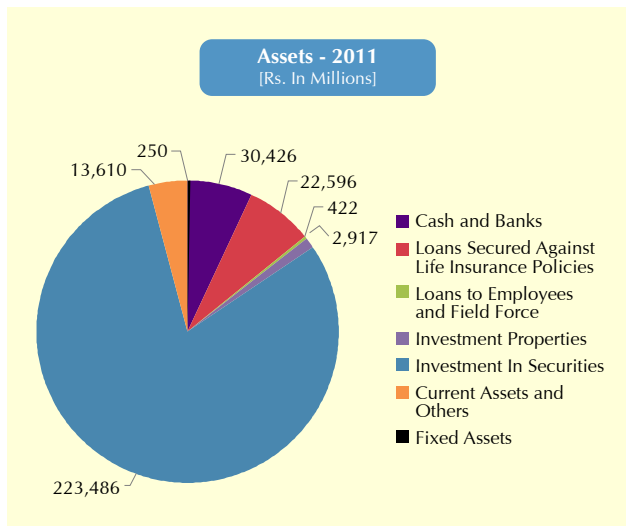
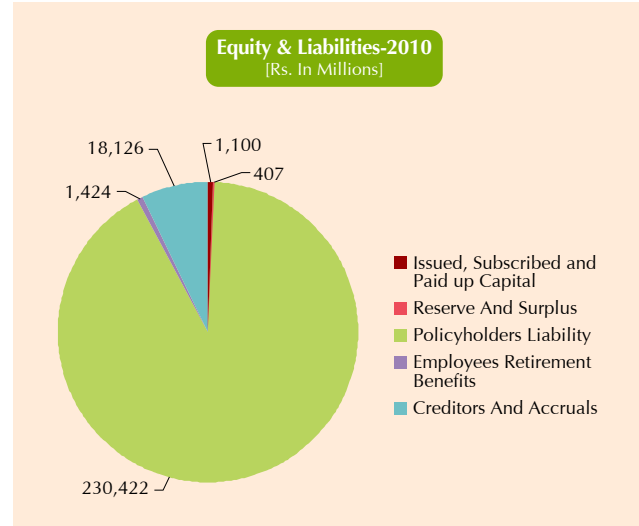
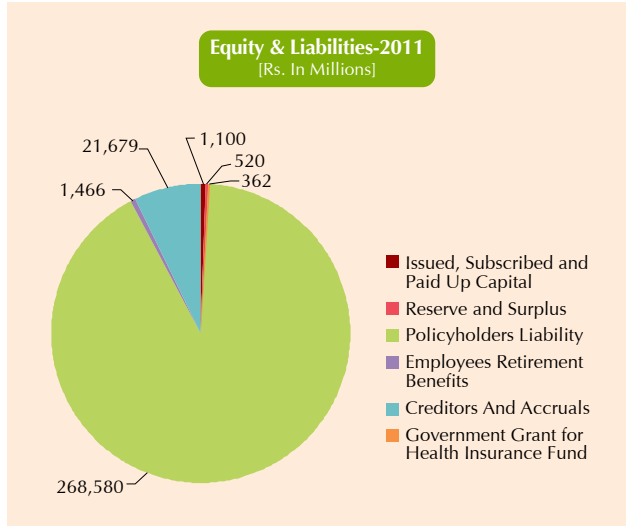
(Rs. in Millions)

ASSETS





Balance Sheet Composition



The background of the entire page is a solid blue color with a repeating pattern of stylized, light blue flowers. Each flower has five petals and a central circular dot. The flowers are arranged in a grid-like pattern, with each flower overlapping slightly with its neighbors.

FINANCIAL STATEMENTS



Auditors' Report

to the Members 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, 2011 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 including Statements of International Business Operations in United Arab Emirates - other currencies (Overseas Life Fund) audited by Sajjad Haider & Co., Chartered Accountants.

Except as discussed in paragraph (1) 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. 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 profit commission payable to the Bureau against the insurance policy issued in respect of the Emigrants, and to provide the Bureau with the agreed returns thereon. As at December 31, 2011 total outstanding amount held under the said agreement was Rs.724.522 million (2010: Rs. 872.657 million) on which the Corporation provided the agreed return of Rs. 34.700 million (2010: Rs. 114.300 million). In year 2009, the Corporation obtained a 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. Accordingly, the Corporation took-up this matter with the Bureau as a result of which the Bureau issued a notice dated April 20, 2011 to the Corporation to terminate the agreement that would become effective on expiry of one year from its date. 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 (1) 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 matter stated in the preceding paragraph (1) above, 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, 2011 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.

We draw attention to note 5.5 to the financial statements which interalia states that pursuant to the decision of Honorable Supreme Court of Pakistan dated February 09, 2011, the Corporation has restored the Employees' Pension Scheme, 1984 in these financial statements, which was frozen with effect from December 31, 1999. The pension liabilities and related provision have been estimated and recorded as at December 31, 2011 in accordance with the independent actuarial valuation. Further, based upon a specific legal advice, plan assets of Employees' Contributory Provident Fund and Officers' Gratuity Fund having fair value of Rs. 427.625 million and Rs.248.958 million respectively would also be transferred to the Employees' Pension Fund. These plan assets represent the contributions made by the Corporation to such Funds with effect from January 01, 2000 in substitution of the Employees' Pension Fund, which to this extent would stand transferred to the Employees' Pension Fund. However, approvals from the Trustees of the Employees' Contributory Provident Fund and Officers' Gratuity Fund for such transfer of plan assets are yet to be obtained, which process, the management believes, will be completed subsequent to the date of authorization for issue of these financial statements.

Our opinion is not qualified in respect of this matter.

Riaz Ahmad & Company
Chartered Accountants
Name of the engagement partner:
Muhammad Kamran Nasir

Anjum Asim Shahid Rahman
Chartered Accountants
Name of the engagement partner:
Shahzada Saleem Chughtai

Date: 30 April 2012
Karachi



Balance Sheet

as at December 31, 2011

(Rupees in '000)

Note	Shareholders' Fund	Statutory Funds			Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	2011	2010
Share capital and reserves						
	1,500,000	-	-	-	1,500,000	1,500,000
Authorised share capital						
Issued, subscribed and paid up share capital	4 1,100,000	-	-	-	1,100,000	1,100,000
Accumulated surplus	520,223	-	-	-	520,223	406,878
Net shareholders' equity	1,620,223	-	-	-	1,620,223	1,506,878
Balance of statutory funds-including policyholders' liabilities Rs. 265,170 million (2010: Rs. 228,033 million)						
	-	262,453,975	5,932,953	192,663	268,579,591	230,421,529
Deferred liabilities						
Staff retirement benefits	5 -	1,448,908	17,443	-	1,466,351	1,423,531
Government grant for health insurance fund	6 362,056	-	-	-	362,056	-
	362,056	1,448,908	17,443	-	1,828,407	1,423,531
Creditors and accruals						
Outstanding claims	7 -	10,218,369	133,241	-	10,351,610	9,220,065
Premium received in advance	-	4,037,367	82,145	-	4,119,512	3,124,205
Amounts due to other insurers/reinsurers	-	185,881	44,577	-	230,458	128,045
Amount due to agents	-	2,830,371	74,000	-	2,904,371	2,330,317
Accrued expenses	-	1,661,077	31,180	139	1,692,396	1,393,998
Inter - fund balances	-	187,630	64,703	12,866	265,199	270,447
Others	8 48,825	2,049,721	16,239	611	2,115,396	1,659,034
	48,825	21,170,416	446,085	13,616	21,678,942	18,126,111
Total liabilities	410,881	285,073,299	6,396,481	206,279	292,086,940	249,971,171
Total equity and liabilities	2,031,104	285,073,299	6,396,481	206,279	293,707,163	251,478,049
Contingencies and commitments	9					

The annexed notes from 1 to 33 form an integral part of these financial statements.

Shahid Aziz Siddiqi
Chairman

Farooq Hadi
Director

Wazir Ali Khoja
Director

Yasmeen Saud
Executive Director (Finance and Accounts)



Balance Sheet

as at December 31, 2011

(Rupees in '000)

Note	Shareholders' Fund	Statutory Funds			Aggregate		
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	2011	2010	
Cash and bank deposits	10						
Cash and others	-	203,081	-	-	203,081	84,852	
Current and other accounts	-	4,065,952	455,030	3,737	4,524,719	4,082,285	
Deposits maturing within 12 months	74,594	24,255,703	291,907	-	24,622,204	20,357,410	
Fixed deposits maturing after 12 months	-	1,800	1,073,879	-	1,075,679	997,543	
	74,594	28,526,536	1,820,816	3,737	30,425,683	25,522,090	
Loans secured against life insurance policies	11	-	22,070,055	525,861	-	22,595,916	19,056,632
Loans secured against other assets							
To employees	238,556	9,769	-	-	248,325	244,565	
To agents	13,337	5,576	-	-	18,913	13,748	
Others	-	954	-	-	954	1,055	
	251,893	16,299	-	-	268,192	259,368	
Unsecured loans							
To employees	115,647	-	-	-	115,647	114,667	
To agents	37,718	827	-	-	38,545	32,344	
	153,365	827	-	-	154,192	147,011	
Investment properties	12						
Cost	-	4,430,699	-	-	4,430,699	4,189,519	
Less: Provision for impairment in value	-	(600)	-	-	(600)	(600)	
Less: Accumulated depreciation	-	(1,512,660)	-	-	(1,512,660)	(1,455,039)	
	-	2,917,439	-	-	2,917,439	2,733,880	
Investments	13						
Government securities	1,286,053	190,064,029	2,929,205	172,078	194,451,365	164,137,999	
Other fixed income securities	-	3,070,803	838,873	-	3,909,676	4,073,630	
Listed equities and mutual fund	-	24,071,092	-	-	24,071,092	23,115,973	
Unlisted equities and mutual fund	-	1,191,485	-	-	1,191,485	1,303,691	
Holding in subsidiary companies	-	141,609	-	-	141,609	137,148	
Less: Provision for diminution in value	-	(279,417)	-	-	(279,417)	(229,446)	
	1,286,053	218,259,601	3,768,078	172,078	223,485,810	192,538,995	
Current assets - others							
Premiums due but unpaid	-	6,681,779	158,852	24,742	6,865,373	5,392,682	
Amounts due from other insurers/reinsurers	-	156,212	-	-	156,212	98,411	
Agents balances	-	208	-	-	208	211	
Investment income due but outstanding	-	270,401	55,100	-	325,501	157,206	
Investment income accrued	-	3,852,755	47,028	5,721	3,905,504	3,048,806	
Taxation - payments less provision	-	1,493,786	-	1	1,493,787	1,435,974	
Prepayments	-	342,628	9,692	-	352,320	320,280	
Inter - fund balances	265,199	-	-	-	265,199	270,447	
Sundry receivables	-	212,820	2,284	-	215,104	250,272	
Others	-	30,305	219	-	30,524	26,367	
	265,199	13,040,894	273,175	30,464	13,609,732	11,000,656	
Fixed assets - tangible	15						
Furniture, fixtures, office equipment, computers and vehicles	-	887,735	21,391	-	909,126	822,090	
Less: Accumulated depreciation	-	(646,087)	(12,840)	-	(658,927)	(602,673)	
	-	241,648	8,551	-	250,199	219,417	
Total assets		2,031,104	285,073,299	6,396,481	206,279	293,707,163	251,478,049

The annexed notes from 1 to 33 form an integral part of these financial statements.

Shahid Aziz Siddiqi
Chairman

Farooq Hadi
Director

Wazir Ali Khoja
Director

Yasmeen Saud
Executive Director (Finance and Accounts)



Profit and Loss Account

for the year ended December 31, 2011

		(Rupees in '000)	
	Note	2011	2010
Investment income not attributable to statutory funds			
Return on Government securities		98,354	89,315
Interest income on loans and advances to employees/agents		19,169	17,707
Interest income on bank deposits		10,335	7,499
Net investment income		127,858	114,521
Expenses not attributable to statutory funds		(2,923)	(2,993)
Surplus appropriated to shareholders' fund		660,646	499,350
Profit before tax		785,581	610,878
Taxation	16	(265,358)	(204,000)
Profit after tax		520,223	406,878
Earnings per share - basic and diluted	17	47.29	36.99

The annexed notes from 1 to 33 form an integral part of these financial statements.


Shahid Aziz Siddiqi
 Chairman


Farooq Hadi
 Director


Wazir Ali Khoja
 Director


Yasmeen Saud
 Executive Director (Finance and Accounts)