



**POSTAL LIFE INSURANCE COMPANY
LIMITED (PLICL)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2023

BDO Ebrahim & Co. Chartered Accountants

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INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF POSTAL LIFE INSURANCE COMPANY LIMITED

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the annexed condensed interim statement of financial position of **POSTAL LIFE INSURANCE COMPANY LIMITED** ("the Company") as at June 30, 2023 and the related condensed interim statement of profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement, and notes to the financial statements for the six-month period then ended (herein after referred as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the half year ended June 30, 2023, is not prepared, in all material respects, in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarter ended June 30, 2023 and June 30, 2022 in the condensed interim statement of profit or loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion, as we are required to review only the cumulative figures for the six-month period ended June 30, 2023.

Advised



Emphasis of Matter

We draw attention to note 16.1 to the accompanying condensed interim financial statements which describe the contingency regarding chargeability of sales tax on premiums by provincial revenue authorities.

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

The engagement partner on the review resulting in this independent auditor's review report is Iffat Hussain.

ISLAMABAD

DATED: 18 APRIL 2024

UDIN: RR202310094N6woZOMdT

Bdo ebrahim & co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
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POSTAL LIFE INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

AS AT JUNE 30, 2023

		June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Operating fixed assets	5	11,173	13,591
Intangible assets	6	512	767
Investments in Government securities	7	3,907,664	3,930,013
Loans secured against life insurance policies		801,755	783,678
Receivable from Government of Pakistan	8	52,617,748	55,576,079
Insurance / reinsurance receivables	9	438,338	468,338
Other loans and receivables	10	18,462,275	14,277,433
Deferred taxation		2,945	7,740
Prepayments		-	288
Cash and bank	11	1,017,544	299,519
TOTAL ASSETS		77,259,954	75,357,446

EQUITY AND LIABILITIES
CAPITAL AND RESERVES ATTRIBUTABLE TO
COMPANY'S EQUITY HOLDERS

Share capital	12	4,000,000	700,000
Share deposit money	13	-	3,300,000
Ledger account attributable to policyholders' fund		923,771	863,489
Unappropriated profit		837,584	592,942
TOTAL EQUITY		5,761,355	5,456,431

LIABILITIES

Insurance liabilities	14	70,016,570	66,773,931
Other creditors and accruals	15	590,382	2,642,242
Premium received in advance		696,455	316,107
Taxation - provision less payments		184,615	160,503
Retirement benefit obligations		7,609	5,500
Insurance / reinsurance payables		2,968	2,732
TOTAL LIABILITIES		71,498,599	69,901,015

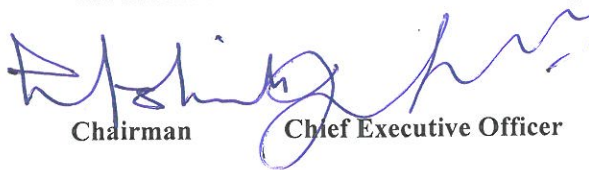




TOTAL EQUITY AND LIABILITIES

77,259,954	75,357,446
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CONTINGENCIES & COMMITMENTS

16

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

 Chairman
 Chief Executive Officer
 Director
 Director
 Chief Financial Officer

POSTAL LIFE INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

		Half Year Ended		Quarter Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Note		----- (Rupees in '000) -----			
Premium revenue		1,065,351	1,608,654	457,062	661,735
Premium ceded to reinsurers		(237)	(1,182)	(62)	(606)
Net premium revenue	17	1,065,114	1,607,472	457,000	661,129
Investment incomes	18	363,623	272,354	189,921	153,834
Return on bank balances		53,426	16,235	43,614	12,868
Return on balance of GOP		4,173,141	3,154,586	2,123,680	1,561,840
Interest income on outstanding policyholders loans		47,913	46,848	24,074	23,681
Miscellaneous		-	322	-	-
		4,638,103	3,490,345	2,381,288	1,752,223
Net income		5,703,217	5,097,817	2,838,288	2,413,352
Net insurance benefits (other than outstanding claims)	19	(4,455,605)	(3,004,042)	(2,115,454)	(1,174,463)
Net change in insurance liabilities		244,011	815,273	56,550	398,809
Acquisition expenses	20	201,548	315,125	108,209	202,223
Marketing and administration expenses	21	351,852	315,600	188,910	163,010
Other expenses	22	5,952	6,243	2,830	3,235
Total expenses		(803,363)	(1,452,241)	(356,499)	(767,277)
Profit before tax		444,249	641,535	366,335	471,612
Income tax expense	23	(139,325)	(77,128)	(122,168)	(21,693)
Profit after tax for the period		304,924	564,406	244,167	449,919
Earning per share - Rupees (Basic)	24	0.76	8.06	0.61	6.43
Earning per share - Rupees (Diluted)		0.76	1.41	0.61	0.47

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

Chairman

Chief Executive Officer

Director


Director

Chief Financial Officer

POSTAL LIFE INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

	Half Year Ended		Quarter Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----			
Profit after tax for the period	304,924	564,406	244,167	449,919
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>304,924</u>	<u>564,406</u>	<u>244,167</u>	<u>449,919</u>

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


Chairman


Chief Executive Officer


Director


Director


Chief Financial Officer

POSTAL LIFE INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

Share Capital	Revenue reserves			Total
	Issued, subscribed and paid up capital	Share deposit money	Ledger account attributable to policyholders' fund	Unappropriated profit
(Rupees in '000)				

Balance as at January 01, 2022 (Audited)

700,000

3,300,000

830,871

190,825

5,021,696

Total comprehensive income for the period
Surplus for the period in statutory funds

-

-

381,343

564,406
(381,343)

564,406
-

Balance as at June 30, 2022

700,000

3,300,000

1,212,214

373,888

5,586,102

Balance as at January 1, 2023

700,000

3,300,000

863,489

592,942

5,456,431

Transferred of share allotment
Total comprehensive income for the period
Surplus for the year in statutory funds
Balance as at June 30, 2023

3,300,000

(3,300,000)

-

-

-

-

-

60,282

304,924
(60,282)

304,924
-

4,000,000

-

923,771

837,584

5,761,355

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

Advised

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer

POSTAL LIFE INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

	Half Year Ended	
	June 30,	June 30,
	2023	2022
Note	----- (Rupees in '000) -----	

Operating Cash Flows

(a) Underwriting activities		
Insurance premium received	1,475,699	1,608,070
Claims paid	(1,456,979)	(2,710,402)
Commission paid	(12,209)	(2,258)
Marketing and administrative expenses paid	(548,173)	(389,660)
Net cash flow used in from underwriting activities	(541,662)	(1,494,250)
(b) Other operating activities		
Income tax paid	(240,450)	(40,815)
Other operating receipts / payments	977,771	691,535
Loans advanced	(6,808)	(12,403)
Loans repayments received	9,101	45,169
Net cash flow generated from other operating activities	739,614	683,486
Total cash flow generated from / (used in) all operating activities	197,952	(810,764)

Investment Activities

Profit / return received	339,008	261,247
Payment for investments in Government securities	(7,883,541)	(10,405,521)
Maturity received against investments in Government securities	8,064,606	10,622,528
Payment for investments in term deposits	-	(3,141,000)
Maturity received against investment in term deposits	-	3,141,000
Fixed capital expenditure	-	(6,435)
Total cash flow generated from / (used in) investing activities	520,073	471,818

Financing Activities

Net cash flows generated from / (used in) all activities	718,025	(338,946)
Cash and cash equivalents at the start of the period	299,519	618,504
Cash and cash equivalents at the end of the period	1,017,544	279,558

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Reconciliation to profit and loss account

Operating cash flows	197,952	(810,764)
Depreciation & amortization expense	2,606	2,036
Interest and other income	464,962	335,760
Increase in assets other than cash	1,184,483	2,410,863
Increase in liabilities other than borrowings	(1,545,078)	(1,373,489)
Profit after taxation for the period	304,924	564,406

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

Balance

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer

POSTAL LIFE INSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Postal Life Insurance Company Limited (the Company) is incorporated in Pakistan on March 10, 2020 as a public limited company under the Companies Act, 2017. The Company is registered under the Securities & Exchange Commission of Pakistan Insurance Division on August 26, 2020. SECP allowed the commencement of business with effect from January 20, 2021. The address of its registered and principal office is DG PPO, G - 8/4, Islamabad.
- 1.2 The Company is engaged in life insurance business in accordance with the requirements of the Insurance Ordinance, 2000.
- 1.3 Policyholders' portfolio of erstwhile Postal Life Insurance (PLI) Fund of Pakistan Post Office Department has been transferred to PLICL through a promissory note issued by the Government of Pakistan, Finance Division with effect from April 02, 2021.
- 1.4 In accordance with the requirement of Insurance Ordinance, 2000, the Company has established a Shareholder Fund and separate Statutory Funds in respect of each class of life insurance business. The Statutory Funds established by the Company, in accordance with the advice of Appointed Actuary are as follows:
- Post Office Insurance Fund
 - Pakistan Business Fund

2 BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2017 vide its S.R.O. 89(1)/2017 dated February 09, 2017 as applicable to life insurers.

2.2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and the Insurance Ordinance, 2000 and the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. *Revised*

In case the requirements differ, the provisions or directives of the Companies Act, 2017; the Insurance Ordinance, 2000; the Insurance Rules, 2017; and the Insurance Accounting Regulations, 2017 shall prevail.

The disclosures made in these condensed financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosure required in a full set of financial statements do not include all the information and disclosure required in a full set of financial statement and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2022.

These condensed interim financial statements are unaudited and are being submitted to shareholders in accordance with the Pakistan Stock Exchange Limited Regulations and section 237 of the Companies Act, 2017.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, certain financial assets and liabilities which are stated at fair value or amortized cost as applicable.

2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees (rounded up to thousand) which is the Company's functional and presentation currency. Amounts have been rounded off to the nearest thousand, unless otherwise stated.

2.5 Standards, interpretations of and amendments to accounting standards that have become effective during the period

There are certain new and amended standards, interpretations and amendments to the accounting and reporting standards that are mandatory for accounting periods beginning on or after January 01, 2023 but are considered not to be relevant or do not have any significant impact on the Company's condensed interim financial statements and therefore not detailed in these condensed interim financial statements.

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, interpretations and amendments to published accounting standards that are relevant to the company and adopted in the current year

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective for the dates mentioned below against the respective standard, amendments or interpretations:

Review.

Standard or interpretation	Effective date (annual periods beginning on or after)
IAS 1 - 'Presentation of financial statements' (amendments)	January 01, 2024
IFRS 7 - 'Financial Instruments: Disclosure' (amendments)	January 01, 2024
IAS 7 - 'Statement of Cash flows' (amendments)	January 01, 2024

3.2 Temporary exemption from application of IFRS 9

IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019) replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It has also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from the profit and loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Company to defer the application of IFRS 9.

3.3 Standards, interpretations of and amendments to accounting standards that have become effective during the period

There are certain new and amended standards, interpretations and amendments to the accounting and reporting standards that are mandatory for accounting periods beginning on or after January 01, 2023 but are considered not to be relevant or do not have any significant impact on the Company's condensed interim financial statements and therefore not detailed in these condensed interim financial statements.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of annual financial statements of the company for the year ended December 31, 2022.

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2022. In preparing these condensed interim financial statements, the management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the financial statements for the year ended December 31, 2022.

Refer to

June 30, December 31,
2023 2022
(Un-audited) (Audited)
----- Rupees in '000 -----

5 OPERATING FIXED ASSETS

Net book value as at the beginning of the period	13,591	10,890
Additions / (disposals) during the period	(67)	6,834
Net depreciation charged during the period	(2,351)	(4,133)
Net book value as at the end of the period	11,173	13,591

6 INTANGIBLE ASSETS

Net book value as at the beginning of the period	767	1,276
Additions during the period	-	-
Net amortization charged during the period	(255)	(509)
Net book value as at the end of the period	512	767

Amortization rate per annum 33.33% 33.33%

7 INVESTMENTS IN GOVERNMENT SECURITIES

Held to maturity

June 30, 2023 (Un-audited)				
Maturity	Effective	Amortized	Principal	Carrying
Period	Yield	Cost	Repayment	amount
Period	%	----- Rupees in '000' -----		
03 Months Market Treasury Bills	25-Jul-23	21.90 - 21.92	3,907,664	4,100,000
			3,907,664	4,043,706
			3,907,664	4,100,000
			3,907,664	4,043,706

December 31, 2022 (Audited)				
Maturity	Effective	Amortized	Principal	Carrying
Period	Yield	Cost	Repayment	amount
Period	%	----- Rupees in '000' -----		
03 Months Market Treasury Bills	Feb 09, 2023	15.51-15.69	3,930,013	4,071,000
			3,930,013	4,005,542
			3,930,013	4,071,000
			3,930,013	4,005,542

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	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
Note	----- Rupees in '000 -----	

8 RECEIVABLE FROM GOVERNMENT OF PAKISTAN

Receivable against Postal Life Fund	8.1	<u>52,617,748</u>	<u>55,576,079</u>
8.1 Opening balance - Receivable from Government of Pakistan (GoP)	8.2	55,576,079	55,576,079
Less: Policyholders liabilities paid during the period		(911,431)	-
Other Insurance Liabilities -Policyholders	15.1	<u>(2,046,900)</u>	-
Closing balance - Receivable from GoP		<u>52,617,748</u>	<u>55,576,079</u>

8.2 The Finance Division, Government of Pakistan committed to provide funds to the Company through Ministry of Communication to pay authenticated and certified claims / liabilities of the bonafied and valid insurance policies under Postal Life Insurance Scheme amounting to Rs. 48.00 billion as of October 30, 2020 and an additional amount as may be determined through actuarial valuation by the Ministry of Communication along with all interests accrued on the average outstanding balance of the principal amount. The amount assessed by the appointed actuary of the Company against the policies issued under Postal Life Insurance Scheme is estimated at Rs. 59.936 billion as of October 30, 2020.

	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
Note	----- Rupees in '000 -----	

9 INSURANCE / REINSURANCE RECEIVABLES

Due from insurance contract holder	9.1	<u>438,338</u>	<u>468,338</u>
9.1 WASA Faisalabad		25,720	25,720
Pakistan Railway Employees		282,517	282,517
Pakistan Railway Passengers		<u>130,101</u>	<u>160,101</u>
		<u>438,338</u>	<u>468,338</u>

Revised

		June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	Note	----- Rupees in '000 -----	
10 OTHER LOANS AND RECEIVABLES			
Accrued investment income		136,043	75,529
Accrued interest on bank deposits		33,669	16,142
Accrued interest on GOP Fund	10.1	17,475,379	13,302,238
Security deposit		9,519	4,328
Receivable from Pakistan Post - Premium collection	10.2	730,753	877,656
Advance to agents		651	651
Advance to employees		1,350	661
Advance to supplier		240	200
Other receivable	10.3	74,671	28
		<u>18,462,275</u>	<u>14,277,433</u>

10.1 This represent interest calculated on balance receivable from government as per the rate 15.8% (2022 11.2%) issued by ministry of finance (budget wing) through letter reference no: F.8(2)GS-I/2018-1718, dated September 27, 2023.

10.2 Receivable from Pakistan Post include amount paid by policyholders in GPOs in respect of premiums. Pakistan Post functions as collection agent of the Company as per the agreement between the parties.

10.3 It includes a security placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000 as statutory reserve / statutory deposits.

	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	----- Rupees in '000 -----	
11 CASH AND BANK		
Stamps in hand	964	964
Cash in hand	50	14
Cash at bank		
- Current account	49,192	7,025
- Saving account	967,338	291,516
	<u>1,017,544</u>	<u>299,519</u>

11.1 These carry mark-up / interest at the rate of 19.5% to 20% per annum (2022: 5.5% per annum).

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12 SHARE CAPITAL

12.1 Authorized ordinary share capital

June 30, 2023 (Un-audited) (No. of Shares in '000)	December 31, 2022 (Audited)	Ordinary shares of Rs.10 each	June 30, 2023 (Un-audited) ----- Rupees in '000 -----	December 31, 2022 (Audited)
400,000	70,000		4,000,000	700,000
<u>400,000</u>	<u>70,000</u>		<u>4,000,000</u>	<u>700,000</u>

12.2 Issued, subscribed and paid-up share capital

June 30, 2023 (Un-audited) (No. of Shares in '000)	December 31, 2022 (Audited)	Ordinary shares of Rs.10 each fully paid in cash	June 30, 2023 (Un-audited) ----- Rupees in '000 -----	December 31, 2022 (Audited)
400,000	70,000		4,000,000	700,000
<u>400,000</u>	<u>70,000</u>		<u>4,000,000</u>	<u>700,000</u>

13 SHARE DEPOSIT MONEY

Opening balance		3,300,000	3,300,000
Share deposit transferred to share capital	13.1	(3,300,000)	-
		<u>-</u>	<u>3,300,000</u>

- 13.1 It represents share deposit money received from the Government of Pakistan for issuance of ordinary share capital. The application of allotment of shares was filed with Securities Exchange Commission of Pakistan (SECP) for approval. During the period, shares have been allotted on February 01, 2023 and approved by the SECP on March 20, 2023.

Note	June 30, 2023 (Un-audited) ----- Rupees in '000 -----	December 31, 2022 (Audited)
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14 INSURANCE LIABILITIES

Incurring but not reported claims	14.1	168,533	168,531
Liabilities under individual insurance	14.2	9,091,783	6,039,347
Liabilities under group insurance	14.3	2,270,589	2,324,399
Other insurance liabilities - Technical reserves		58,485,665	58,241,654
		<u>70,016,570</u>	<u>66,773,931</u>

		June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	Note	----- Rupees in '000 -----	
14.1 Incurred but not reported claims			
Gross of reinsurance		168,533	168,531
Reinsurance credit		-	-
Net of reinsurance		<u>168,533</u>	<u>168,531</u>
14.2 Liabilities under individual insurance			
Gross of reinsurance		9,091,783	6,039,347
Reinsurance credit		-	-
Net of reinsurance		<u>9,091,783</u>	<u>6,039,347</u>
14.3 Liabilities under group insurance			
Gross of reinsurance		2,270,589	2,324,399
Reinsurance credit		-	-
Net of reinsurance		<u>2,270,589</u>	<u>2,324,399</u>
15 OTHER CREDITORS AND ACCRUALS			
Agent commission payable		321,124	272,571
Payable to vendors		2,893	348
Accrued expenses		2,536	4,629
Staff salaries & other benefits payable		70,045	134,958
Compensated absence payable		8,410	22,680
Audit fee payable		1,630	2,325
Actuarial services fee payable		8,894	5,294
Rent payable		111,802	87,799
Zakat payable		53,799	55,480
Other Insurance Liabilities -Policyholders	15.1	-	2,046,900
EOBI Payable		32	-
Other liabilities		<u>9,217</u>	<u>9,258</u>
		<u>590,382</u>	<u>2,642,242</u>

- 15.1** It represents an amount of Rs 2,046 million (2022: Rs 2,046 million) payable to Pakistan Post Office Department (PPOD) in respect of payments made to policyholders from October 2020 to April 2021. The amount has been adjusted against receivable from Government of Pakistan during the period.

Balances

16 CONTINGENCIES & COMMITMENTS

16.1 Contingencies

Punjab Sales Tax (PST): The life insurance as well as takaful operations were exempt from sales tax on services till November 01, 2018 when the Punjab Revenue Authority (PRA) withdrew exemption on both life insurance and takaful operations. However, during the year 2020, the Government of Punjab through Notification # SO(TAX)1-110/220 (COVID-19) dated April 02, 2020, levied "zero percent" tax without any input tax adjustment for life insurance, in order to provide relief to the industry for the damage caused during the pandemic outbreak. The said Notification was effective for the period from April 02, 2020 to June 30, 2020 only. Thereafter, no exemption from sales tax on services are available to life insurers under PST.

Sindh Sales Tax (SST): Similar to PRA, the Sindh Revenue Board also lifted the exemption that was initially provided vide Notification # SRB-3-4/18/2014 dated October 29, 2014, and was extended through different notifications. However, during the year 2019, SRB vide Notification # SRB-3-4/5/2019 dated May 08, 2019, restored the exemption on both life insurance and takaful business for the period from July 01, 2018, to June 2019. This exemption was further extended till June 30, 2020, through Notification # SRB-3-4/13/2020 dated June 22, 2020. Since then, no exemption is available to life insurer under SST.

Khyber Pakhtunkhwa Sales Tax (KPST): Furthermore, the Khyber Pakhtunkhwa Revenue Authority (KPRA) through Khyber Pakhtunkhwa Finance Act, 2021 has imposed sales tax on life insurance at the rate of 15% from July 01, 2021 which was previously exempt. The matter has been taken up by the IAP with KPRA explaining that 'Insurance' is a Federal subject and thus, law in respect of insurance should not be made by the Province.

The management of the Company is of the view that life insurance / takaful operation is not a service but infact is an underwriting agreement to pay to the participants in the future, a specified sum of money, either on occurrence of an identified event or upon maturity of the policy, as is also clearly identified in the definition of the term "insurance or takaful" under the Insurance Ordinance, 2000.

In view of the above, the industry through the forum of Insurance Association of Pakistan (IAP) has filed constitutive petitions in the Lahore High Court, Lahore and in the High Court of Sindh, Karachi on September 28, 2019 and November 28, 2019 against PRA and SRB respectively.

Resultantly, a stay order against any coercive actions by SRB and PRA were received from the High Court of Sindh, Karachi and Lahore High Court, Lahore on September 22, 2020 and October 03, 2019 respectively.

In view of the above, the Company is neither billing its customers the provincial sales tax for the time being nor has made any provision for the same in the books of account for the period ended June 30, 2023.

16.2 Commitments

There were no capital commitments as at the period end.

	June 30, 2023 (Un-audited)	June 30, 2022 (Un-audited)
Note	----- Rupees in '000 -----	

17 NET PREMIUM REVENUE

Gross premium

Regular premium - Individual policies

First year

26,402

33,025

Second year renewal

23,839

53,607

Subsequent year renewal

1,009,081

1,398,520

Group policies without cash value

6,029

123,501

Total Gross Premiums

1,065,351

1,608,654

Less: Reinsurance premiums ceded on individual life first year business

(237)

(1,182)

Net Premiums revenue

1,065,114

1,607,472

18 INVESTMENT INCOME

- Return on government securities

363,623

258,772

- Return on term deposit certificates

-

13,582

363,623

272,354

19 NET INSURANCE BENEFITS

Claims under individual policies

by death

185,876

228,468

by maturity

3,519,831

1,879,366

by surrender

648,798

610,315

Total gross individual policies claims

4,354,505

2,718,149

Claims under group policies

by death

101,100

285,393

by insured event other than death

-

500

Total gross group policies claims

101,100

285,893

Less: Reinsurance recoveries

-

-

Net insurance benefit expense

4,455,605

3,004,042

Review

June 30, June 30,
2023 2022
(Un-audited) (Un-audited)
----- Rupees in '000 -----

20 ACQUISITION EXPENSES

Remuneration to insurance intermediaries on individual policies:

- Commission to agent on first year premiums
- Commission to agent on subsequent renewal premiums

7,914	7,547
52,838	177,804
60,752	185,352

Other acquisition costs

- Stamp duty
- Medical fee
- Employee benefit cost
- Depreciation
- Amortization
- Travel and conveyance
- Advertisements and sales promotion
- Printing and stationery
- Rent, rates and taxes
- Electricity, gas and water
- Fees, subscription and periodicals
- Entertainment
- Vehicle running expenses
- Repair and maintenance
- Postage, telegrams and telephone
- Computer expenses
- Training and development
- Finance charges
- Miscellaneous

1,454	3,050
869	2,106
100,628	92,722
588	445
64	64
1,180	1,271
527	383
1,297	756
20,420	19,757
4,555	3,445
1,495	445
148	310
2,119	1,454
516	676
541	520
3,066	1,842
-	126
38	301
1,291	101
140,796	129,773
201,548	315,125

21 MARKETING AND ADMINISTRATIVE EXPENSES

- Employee benefit cost
- Depreciation
- Amortization
- Travel and conveyance
- Advertisements and sales promotion
- Printing and stationery
- Rent, rates and taxes

301,883	278,167
1,763	1,336
191	191
3,539	3,812
1,581	1,148
3,891	2,269
13,613	13,172

Bdweo.

June 30, **June 30,**
2023 **2022**
(Un-audited) **(Un-audited)**
----- Rupees in '000 -----

Electricity, gas and water
 Fees, subscription and periodicals
 Entertainment
 Vehicle running expenses
 Repair and maintenance
 Postage, telegrams and telephone
 Computer expenses
 Training and development
 Bank charges
 Miscellaneous

3,036	2,297
4,486	1,334
98	207
1,412	969
1,547	2,027
1,623	1,561
9,199	5,527
-	377
114	903
3,876	304
351,852	315,600

22 OTHER EXPENSES

Actuarial services
 Directors meeting fee
 Consultancy charges
 Legal and professional charges
 Auditors' remuneration

3,600	3,529
1,300	1,500
125	657
632	357
295	200
5,952	6,243

23 INCOME TAX EXPENSE

For the period
 - Current
 - Prior Year
 - Deferred

134,530	83,620
-	(6,630)
4,795	138
139,325	77,128

24 EARNING PER SHARE

Profit after tax for the year
 Weighted average number of ordinary shares
 (For basic EPS)
 Weighted average number of ordinary shares
 (For diluted EPS)
 Basic Earning per share (Rupees)
 Diluted Earning per share (Rupees)

304,924	564,406
400,000	70,000
400,000	400,000
0.76	8.06
0.76	1.41

Reviewed.

25 SEGMENTAL INFORMATION

25.1 Revenue Account by Statutory Fund

	Statutory funds		Aggregate	
	Pakistan Business Fund	Post office Business Fund	June 30, 2023 (Un-audited)	June 30, 2022 (Un-audited)
	----- Rupees in '000 -----			
Income				
Premium less reinsurances	50,004	1,015,110	1,065,114	1,607,472
Net investment income	3,257	4,221,054	4,224,311	3,203,240
Total net income	53,261	5,236,164	5,289,425	4,810,712
Insurance benefits and expenditure				
Insurance benefits including bonuses, net of reinsurance recoveries	-	4,455,605	4,455,605	3,004,042
Management expenses less recoveries	35,188	494,339	529,528	610,054
Total insurance benefits and expenditure	(35,188)	(4,949,944)	(4,985,133)	3,614,096
Surplus of income over claims and expenditure	18,073	286,220	304,292	1,196,616
Add: Policyholders' liabilities as at January 01,	6,746	58,403,439	58,410,185	55,705,868
Less: Policyholders' liabilities as at June 30,	15,293	58,638,903	58,654,196	56,521,141
Surplus for the period in statutory funds	9,526	50,756	60,282	381,343
Movement in policyholders' liabilities	8,547	235,464	244,011	815,273
Balance of statutory fund as at January 01,	126,924	59,146,750	59,273,674	56,902,484
Balance of statutory fund as at June 30,	144,996	59,432,970	59,577,967	58,099,099

As per

25.2 Segment Statement of financial position

	Statutory funds			June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	Ordinary Life				
	Shareholders' fund	Pakistan Business Fund	Post Office Business Fund		
Rupees in '000					
Operating fixed assets	11,173	-	-	11,173	13,591
Intangible assets	512	-	-	512	767
Investments in Government securities	3,872,664	35,000	-	3,907,664	3,930,013
Loans secured against life insurance policies	-	-	801,755	801,755	783,678
Receivable from Government of Pakistan	-	-	52,617,748	52,617,748	55,576,079
Insurance / reinsurance receivable	-	-	438,338	438,338	468,338
Other loans and receivables	255,492	-	18,206,783	18,462,275	14,277,433
Deferred taxation	2,945	-	-	2,945	7,740
Prepayments	-	-	-	-	288
Cash and Bank	1,017,544	-	-	1,017,544	299,519
Total Assets	5,160,330	35,000	72,064,624	77,259,954	75,357,446
Insurance liabilities	-	15,293	70,001,277	70,016,570	66,773,931
Other creditors and accruals	590,382	-	-	590,382	2,642,242
Premium received in advance	696,455	-	-	696,455	316,107
Taxation -provision less payments	184,615	-	-	184,615	47,298
Retirement benefit obligation	7,609	-	-	7,609	2,317
Insurance / reinsurance payables	-	2,968	-	2,968	2,732
Total Liabilities	1,479,061	18,261	70,001,277	71,498,599	69,901,015

Approved

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

26.1

Carrying amount versus fair value

The following table compares the carrying amount and fair values of the Company's financial assets and financial liabilities as at June 30, 2023.

	As at June 30, 2023		As at December 31, 2022	
	(Unaudited)		(Audited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rupees-----		Rupees-----	
Financial Assets				
Investments in Government securities	3,907,664	3,907,664	3,930,013	3,930,013
Loans secured against life insurance policies	801,755	801,755	783,678	783,678
Receivable from Government of Pakistan	52,617,748	52,617,748	55,576,079	55,576,079
Insurance / reinsurance receivables	438,338	438,338	468,338	468,338
Cash and bank	1,017,544	1,017,544	299,519	299,519
	58,783,049	58,783,049	73,270,076	73,270,076
Financial Liabilities				
Insurance liabilities	70,016,570	70,016,570	66,773,931	66,773,931
Retirement benefit obligations	7,609	7,609	5,500	5,500
Premium received in advance	696,455	696,455	316,107	316,107
Insurance / reinsurance payables	2,968	2,968	2,732	2,732
Other creditors and accruals	590,382	590,382	2,642,242	2,642,242
	71,313,984	71,313,984	67,619,334	67,619,334

26.2

Fair value hierarchy

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

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

The fair value hierarchy has the following levels:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

	As at June 30, 2023	Level 1	Level 2	Level 3
Financial Assets				
Investments in government securities	3,907,664	3,907,664	-	-
Loans secured against life insurance policies	801,755	801,755	-	-
Receivable from Government of Pakistan	52,617,748	52,617,748	-	-
Insurance / reinsurance receivables	438,338	438,338	-	-
Cash and bank	1,017,544	1,017,544	-	-
	58,783,049	58,783,049	-	-

As per

	As at December 30, 2022	Level 1	Level 2	Level 3
	-----Rupees-----			
Financial Assets				
Investments in government securities	3,930,013	3,930,013	-	-
Loans secured against life insurance policies	783,678	783,678	-	-
Receivable from Government of Pakistan	55,576,079	55,576,079	-	-
Insurance / reinsurance receivables	468,338	468,338	-	-
Other loans and receivables	14,277,433	14,277,433	-	-
Cash and bank	299,519	299,519	-	-
	75,335,060	75,335,060	-	-

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

27 RELATED PARTY TRANSACTION

The Company has related party relationships with state owned profit oriented entities and its key management personnel.

Remuneration to key management personnel are determined in accordance with the terms of their employment / appointment and certain key post retirement benefits in accordance with their entitlement under the terms of their employment.

The related parties also comprise shareholders and premium collection agents. The Company, in the normal course of business, carries out transactions with various related parties. Amounts due from and to related parties are disclosed in the relevant notes.

Name of the related party	Relationship with the company	Nature of transactions	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
			----- Rupees in '000 -----	
Government of Pakistan	Shareholders	Receivable against Postal Life Fund	52,617,748	55,576,079
		Interest on Postal Life Fund	17,475,379	13,302,238
		Share deposit money received	-	3,300,000
Pakistan Post Office Department	Common directorship	Premium collection receivable	730,753	877,656
		Rent payable	111,802	87,799

Balances with related parties are disclosed in the respective notes of the condensed interim financial statements

28 CORRESPONDING FIGURE

Corresponding figures have been re-arranged and re-classified, wherever considered necessary, for better presentation. However no significant reclassification has been made during the period.

29 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board on
18 APR 2024

30 GENERAL

Figures have been rounded off to the nearest thousands.

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer