



5.4	Historical information	(Rupees in '000)		
		2012	2011	2010
	Unfunded staff gratuity			
	Defined benefit obligation	76,281	66,405	90,166
	Fair value of plan assets	-	-	-
	Deficit	76,281	66,405	90,166
	Experience adjustment on plan liabilities	6,562	36,569	8,233
	Experience adjustment on plan assets	-	-	-
	Employees' pension fund			
	Defined benefit obligation	10,443,788	7,014,726	4,545,556
	Fair value of plan assets	6,895,855	5,689,738	4,222,228
	Deficit	3,547,933	1,324,988	323,328
	Experience adjustment on plan liabilities	(2,299,559)	1,820	(411,461)
	Experience adjustment on plan assets	438,481	271,029	(278,411)
	Post retirement medical benefit			
	Defined benefit obligation	1,006,332	629,868	583,820
	Fair value of plan assets	-	-	-
	Deficit	1,006,332	629,868	583,820
	Experience adjustment on plan liabilities	(143,275)	168,368	143,658
	Experience adjustment on plan assets	-	-	-

5.5 In pursuance of the decision of Honourable Supreme Court of Pakistan dated February 09, 2011, in respect of Employee's Pension Scheme, 1984, which was frozen with effect from December 31, 1999, the Corporation has transferred assets of Employees' Contributory Provident Fund and Officers' Gratuity Fund to the Employees' Pension Fund having fair value of Rs. 627.871 million and Rs. 433.767 million respectively as on December 31, 2012 including contribution made by the Corporation till April 2012 in Provident fund and Gratuity Fund amounting to Rs 16.382 million and Rs. 16.382 million respectively.

6 GOVERNMENT GRANT FOR HEALTH INSURANCE FUND

In the year 2011, the Corporation received a grant of Rs. 350 million from Government of Pakistan. The Corporation obtained permission from the SECP to establish statutory fund for Health and Accident Business on May 11, 2011. During February 2012, an agreement has been signed between Benazir Income Support Program (BISP) and the Corporation for establishing and implementing the Waseela-e-Sehat Health Insurance Scheme for the benefit of beneficiaries and beneficiary families of the BISP. During the year, the Corporation has established Health Insurance Fund and transferred the amount of grant to such fund.

**7 OUTSTANDING CLAIMS**

(Rupees in '000)

	Note	Statutory Funds				Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2012	2011
Outstanding claims at the beginning of year	10,218,369	133,241	-	-	10,351,610	9,220,065	
Increase in liabilities due to current year claims	23,630,571	584,983	37,576	3,640	24,256,770	19,492,772	
Cash paid during the year	(21,047,283)	(524,311)	(37,576)	(3,640)	(21,612,810)	(18,361,227)	
Outstanding claims at the end of year		<u>12,801,657</u>	<u>193,913</u>	<u>-</u>	<u>12,995,570</u>	<u>10,351,610</u>	

8 OTHERS

This includes an amount of Rs. 1,002.568 million (2011: Rs. 724.522 million) relating to amount payable to the Bureau of Emigration and Overseas Employment (the Bureau) as per 'Fund Management Agreement' which was signed in the previous years to retain and invest profit commission payable to the Bureau against the insurance policy issued in respect of the Emigrants, and to provide the Bureau with the agreed returns thereon. The said agreement terminated on April 20, 2012 and approval is awaited from Ministry of Commerce for payment of said amount to the Bureau.

9 CONTINGENCIES AND COMMITMENTS**9.1 Contingencies**

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

The department proceeded to pass the order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2003 whereby demand of Rs. 2,126 million was raised out of which 25% has been paid under the directives of the Sindh High Court. The Corporation has filed Constitutional Writ Petition in October 2008 before the Honorable High Court of Sindh through its legal advisor to challenge the notice of the Additional Commissioner mainly on the ground that the proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 by the Additional Commissioner are ab-initio void, being unlawful jurisdiction. Further, the Fourth Schedule to the Income Tax Ordinance, 2001 restricts taxable income to that portion of actuarial surplus which is attributed to the shareholders fund by the appointed actuary. Therefore, the application of provision of section 34(5) of the Income Tax Ordinance, 2001 lacks legal sanctity. The Honorable High Court admitted the petition for regular hearing and stayed the proceedings till the judgment of the Court. In this respect, the Corporation has paid the amount of Rs. 531.562 million in June 2009 under section 137 of the Income Tax Ordinance, 2001 under the directive of the said Court. Further in 2011 the department has adjusted Rs. 308.211 million from the refund arising in tax year 2010 towards outstanding tax demand for tax year 2003.

The Honorable High Court of Sindh has dismissed the above petition. On the dismissal of petition, the balance 75% of outstanding demand was deposited in the State Treasury and no demand for tax year 2003 is outstanding as at December 31, 2012. However, Corporation had filed a parallel appeal before Commissioner Inland Revenue (Appeal) (CIR (A)) which has been decided in favor of the Corporation through order dated April 07, 2012 and the addition made under section 34(5) is deleted and assessment framed under section 122(5A) is annulled. The above court order is still awaited.



At present, the income tax department has filed appeal before the Income Tax Appellate Tribunal (ITAT) against the above of order of CIR(A).

Management and the legal advisor are confident that the ultimate outcome of these matters will be in the favour of the Corporation.

- 9.1.2** The Corporation has filed appeals on different issues in the Honorable High Court of Sindh contesting the decision of the ITAT for the income years 1992-93 to 2002-2003 mainly relating to turnover tax and excess perquisites. In addition, the issue of tax rate was raised for the income years 1992-93 to 1996-97. The income tax department added back the excess perquisites to the taxable income and tax liability was enhanced accordingly. Further, Income Tax Department re-opened these assessments and rectified to invoke provisions of turnover tax on the ground that the tax paid under Fourth Schedule of the Income Tax Ordinance, 2001 is less than turnover tax and hence, should be paid accordingly. The Corporation then filed aforesaid appeals on the ground that the Fourth Schedule of the Income Tax Ordinance, 2001 restricts taxable income to that portion of actuarial surplus which is attributed to the shareholders fund by the Appointed Actuary. Therefore, in pursuance of appeals against turnover tax, management has not provided tax liability for current year on turnover basis and has made provision of taxation with Rs. 499.570 million less if computed on turnover basis.

Management of the Corporation, its tax advisor and legal counsel are confident that ultimate outcome of these matters will be decided in favour of the Corporation and accordingly, no provision is required in financial statements on account of these matters.

- 9.1.3** In the year 2010, tax authorities served legal notices to the Corporation requiring it to explain why the withholding tax has not been deducted on payments made to the policyholders on the maturity under section 151(1)(d) of the Income Tax Ordinance, 2001. Those notices were related to tax year 2008 and 2009. According to these notices tax authorities are of opinion that the Corporation was required to withhold tax on maturity claims by virtue of the said section and the department considered that the amount of maturity claims reduced by the amount of premium received during the whole term of the policy is the profit on debt hence, liable u.s 151 (1)(d) for withholding tax@ 10%. Accordingly, tax authorities raised demands of Rs. 710.124 million and Rs. 738.514 million for tax year 2008 and 2009 respectively.

Further Corporation had filed parallel appeals before CIR (A) on the grounds that policy contract as a debt instrument lacks legal sanctity and the definition of debt is being misinterpreted by the tax authorities.

CIR(A) has decided that subject appeals in favor of Corporation vide order No. 27 & 28 dated 29-09-2011 on the grounds that the provisions of section 151 (1)(d) of the Income Tax Ordinance, 2001 are not attracted to the payments made by way of bonus on the maturity of the policies as the same can not be construed to be profit on debt.

The demand raised by the department is not inforce after above judgment of CIR (A), therefore, no payment was made against the demand as at 31-12-2012.

At present, the income tax department have filed appeals before the ITAT against the above of orders of CIR (A) and the appeal is still pending.

Management and legal counsel are optimistic that ultimate outcome of the cases shall be in favor of the Corporation. Accordingly no provision has been made regarding such demands in these financial statements.



9.1.4 Tax authorities served a notice for re-assessment for the tax year 2004, thereby requiring to explain the position related to proration of expenses under section 67 of the Income Tax Ordinance, 2001. Accordingly a demand of Rs. 164.88 million was raised by tax authorities. The Corporation filed an appeal against the order issued in current year under section 122(5A) of the Income Tax Ordinance, 2001 and explained its stance with reference to section 67 read with rule 13 of Income Tax Ordinance, 2001 that proration of expenses is being done on reasonable basis as per aforesaid section and rule and that above demand raised was not justified.

Income Tax Appellate Tribunal (ITAT) has decided the above appeals in favor of Corporation vide order No/ 925/KB/2010 dated 24-07-2012; wherein the addition made u/s 167 has been deleted.

The said issue has already been decided by the Honourable High Court of Sindh, Karachi in an other appeal on the issue.

Management of the Corporation, its tax advisor and its legal counsel are of the opinion that the action taken by the department is not vibrant and is against the law.

9.2 Commitments

There are no commitments as at the year end (2011: Nil).

10 CASH AND BANK DEPOSITS

(Rupees in '000)

	Shareholders' Fund	Statutory Funds				Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2012	2011
10.1 Cash and others							
Cash in hand	-	5,062	-	-	-	6,474	
Cash in transit	-	78,631	-	-	-	196,607	
	-	83,693	-	-	-	203,081	
10.2 Current and other accounts							
Current accounts	-	6,391,823	375,050	-	842	4,111,596	
PLS accounts	-	557,232	107,303	-	-	413,123	
	-	6,949,055	482,353	-	842	4,524,719	



(Rupees in '000)

	Shareholders' Fund	Statutory Funds				Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2012	2011
10.3 Deposits maturing within 12 months							
Call and SNTD							
Habib Bank Limited	490	6,291,493	-	-	-	6,291,983	5,113,616
United Bank Limited	-	1,600	280,304	-	-	281,904	293,907
Habib Metropolitan Bank Limited	-	-	-	-	-	-	1
National Bank of Pakistan	-	80	-	-	-	80	533,843
The Bank of Punjab	-	16	-	-	-	16	16
Bank Al-Falah Limited	25,183	-	-	-	-	25,183	-
PLS Unisaver							
United Bank Limited	-	1,072,025	-	-	-	1,072,025	7,205,846
Term Deposit Receipts							
Habib Bank Limited	-	3,058,338	-	-	-	3,058,338	1,500,000
National Bank of Pakistan	-	5,000,000	-	-	-	5,000,000	3,500,000
Allied Bank Limited	-	1,000,000	-	-	-	1,000,000	700,000
MCB Bank Limited	-	2,100,000	-	-	-	2,100,000	1,500,000
Summit Bank Limited	-	100,000	-	-	-	100,000	200,000
Soneri Bank Limited	-	200,000	-	-	-	200,000	200,000
Standarad Chartered Bank (Pakistan) Limited	-	-	-	-	-	-	25,000
Faysal Bank Limited	-	1,200,000	-	-	-	1,200,000	600,000
Bank Alfalah Limited	-	700,000	-	-	-	700,000	-
Special Saving Accounts							
Summit Bank Limited	-	400,000	-	-	-	400,000	-
Faysal Bank Limited	-	1	-	-	-	1	300,196
Al Baraka Bank Pakistan	-	320,004	-	-	-	320,004	556,932
MCB Bank Limited	-	1	-	-	-	1	1,123,380
Soneri Bank Limited	-	6	-	-	-	6	309,548
Askari Bank Limited	-	-	-	-	-	-	234,123
KASB Bank Limited	-	-	-	-	-	-	45
Bank Al-Falah Limited	-	-	-	-	-	-	725,751
	<u>25,673</u>	<u>21,443,564</u>	<u>280,304</u>	<u>-</u>	<u>-</u>	<u>21,749,541</u>	<u>24,622,204</u>
10.4 Deposits maturing after 12 months							
Others	-	840	-	-	154,000	154,840	840
Abroad	10.4.1	960	1,300,600	-	-	1,301,560	1,074,839
	-	<u>1,800</u>	<u>1,300,600</u>	<u>-</u>	<u>154,000</u>	<u>1,456,400</u>	<u>1,075,679</u>
10.4.1	These include fixed deposits equivalent to Rs. 0.712 million (2011: Rs. 0.712 million) with the Kenya Commercial Bank Limited, Kenya, Rs. 0.248 million (2011: Rs. 0.248 million) with the Bank of Ceylon and Grindlays Bank Limited, Sri Lanka, as security for policyholders and Rs. 105.177 million (2011: Rs. 105.177 million) deposited as guarantees issued to the Ministry of Economy, Dubai (UAE) against permission for doing life insurance business in UAE.						
11 LOANS SECURED AGAINST LIFE INSURANCE POLICIES							
Cash loans	-	16,274,189	352,612	-	-	16,626,801	13,998,867
Automatic non-forfeiture provisions	-	10,193,144	275,255	-	-	10,468,399	8,597,049
	-	<u>26,467,333</u>	<u>627,867</u>	<u>-</u>	<u>-</u>	<u>27,095,200</u>	<u>22,595,916</u>



12 INVESTMENT PROPERTIES

	Note	(Rupees in '000)	
		2012	2011
Investment properties	12.1	2,307,328	2,333,845
Less: Provision for impairment in value	12.6	(597)	(600)
		2,306,731	2,333,245
Capital work in progress	12.2	721,794	584,194
		3,028,525	2,917,439

12.1 Investment properties

(Rupees in '000)

2012	COST		DEPRECIATION / IMPAIRMENT				As at December 31, 2012	Written down value as at December 31, 2012	Depreciation Rate (%)
	As at January 01, 2012	Additions/ (Disposals)	As at December 31, 2012	As at January 01, 2012	Adjustments	Charge for the year			
Freehold land	273,169	-	273,169	-	-	-	-	273,169	-
Leasehold land	332,547	-	332,547	82,313	-	3,912	86,225	246,322	1 to 4.2
Leasehold improvements	13,044	42	13,086	7,270	-	405	7,675	5,411	5
Building, roads and structure	1,826,299	7,876	1,834,175	318,633	2	18,298	336,933	1,497,242	1
Electric installation and fittings	1,401,446	30,328 (452)	1,431,322	1,104,444	(543)	42,237	1,146,138	285,184	10
	3,846,505	38,246 (452)	3,884,299	1,512,660	(541)	64,852	1,576,971	2,307,328	

(Rupees in '000)

2011	COST		DEPRECIATION / IMPAIRMENT				As at December 31, 2011	Written down value as at December 31, 2011	Depreciation Rate (%)
	As at January 01, 2011	Additions/ (Disposals)	As at December 31, 2011	As at January 01, 2011	Adjustments	Charge for the year			
Freehold land	273,169	-	273,169	-	-	-	-	273,169	-
Leasehold land	330,794	1,753	332,547	78,489	-	3,824	82,313	250,234	1 to 4.2
Leasehold improvements	12,961	83	13,044	6,716	-	554	7,270	5,774	5
Building, roads and structure	1,805,196	21,103	1,826,299	300,472	-	18,161	318,633	1,507,666	1
Electric installation and fittings	1,357,166	49,446 (5,166)	1,401,446	1,069,362	(4,535)	39,617	1,104,444	297,002	10
	3,779,286	72,385 (5,166)	3,846,505	1,455,039	(4,535)	62,156	1,512,660	2,333,845	



- 12.2** This mainly represents the amount incurred for the renovation, electrical and civil works in the Corporation's properties located in Islamabad and Gujranwala.
- 12.3** The Corporation occupied approximately 22% (2011: 22%) of the total rentable area in the buildings classified as investment properties, which is used by the Corporation for administrative purpose.
- 12.4** The fair value of the investment properties, owned by the Corporation as determined by the independent valuers, amounted to Rs. 24,937 million (2011: Rs. 21,622 million).
- 12.5** The above includes, title deeds of 61 land/buildings, that were taken over by the Corporation under the Life Insurance (Nationalization) Order, 1972 (LINO) dated November 01, 1972 and have been transferred in the name of the Corporation. The title deeds 19 buildings / plots (2011: 19 buildings / plots) are still in the name of defunct insurance companies that were merged in the Corporation as per the LINO order.
- 12.6** There are properties costing Rs. 1.704 million (2011: Rs. 1.704 million) having written down value of Rs. 0.600 million (2011: Rs. 0.600 million) to which the Corporation's title is disputed. Against this, a provision of Rs. 0.597 million (2011: Rs. 0.600 million) exist for loss of assets, if any.
- 12.7** The Corporation has a plot at Rawalpindi costing Rs. 0.431 million (2011: Rs. 0.431 million) for which execution of title deed is pending due to dispute with the Cantonment Board, Rawalpindi.
- 12.8** The Corporation has a plot at Mirpur (Azad Kashmir) costing Rs. 0.242 million (2011: Rs. 0.242 million) for which execution of title deed remained pending.
- 12.9** The above also includes Rs. 23 million (2011: Rs. 23 million) paid by the Corporation to the People Media Foundation (PMF) for acquisition of ground floor measuring 13,000 sq. ft. in PMF Complex (Press Club Building) at G-8, Markaz, Islamabad. The Corporation took over the possession of ground floor in July 1996, under an irrevocable General Power of Attorney, as the construction of building was incomplete. Management of the Corporation is of the opinion that under irrevocable General Power of Attorney, the Corporation is in a position to freely transfer the title of said property in its own name.

13 INVESTMENTS

	Note	(Rupees in '000)	
		2012	2011
Government securities	13.1	231,165,025	189,280,307
Other fixed income securities	13.2	3,184,414	3,746,652
Listed equity securities and mutual fund units	13.3	27,429,570	24,071,092
Unlisted equity securities and mutual fund units	13.4	1,155,833	1,191,485
Holding in subsidiaries	13.5	241,609	141,609
Less: Provision for diminution in value	13.7	(292,443)	(279,417)
		<u>262,884,008</u>	<u>218,151,728</u>

Details of investment portfolio are as under:



13.1 Government securities

(Rupees in '000)

	Maturity year	Effective yield	Shareholders' Fund	Statutory Funds				Aggregate	
				Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2012	2011
Held to maturity									
Pakistan Investment Bonds									
3 Years	2013 - 2015	9.29% - 10.18%	206,622	36,768,717	-	-	-	36,975,339	12,527,108
5 Years	2015 - 2017	10.19% - 11.01%	-	38,425,868	-	-	-	38,425,868	16,514,175
10 Years	2013 - 2021	9.29% - 11.53%	145,496	77,296,621	-	131,857	-	77,573,974	76,477,591
15 Years	2019 - 2023	11.17% - 11.57%	-	11,944,833	-	58,630	-	12,003,463	11,964,522
20 Years	2024 - 2028	11.60% - 12.01%	-	24,002,730	-	-	-	24,002,730	23,961,752
30 Years	2036 - 2038	12.15% - 12.17%	173,068	37,276,294	-	-	-	37,449,362	37,425,035
Treasury Bills	2013	9.28% - 13.38%	541,104	-	-	3,704	329,208	874,016	7,480,919
Islamic Republic of Pakistan-Bonds			-	-	3,860,273	-	-	3,860,273	2,929,205
			1,066,290	225,715,063	3,860,273	194,191	329,208	231,165,025	189,280,307

13.1.1 Accrued interest as at December 31, 2012 on PIBs pertaining to Pakistan Life Fund amounted to Rs. 7,600.2 million (2011: 5,167.217 million) and on PIBs pertaining to Shareholders' Fund amounted to Rs. 12.591 million (2011: Rs. 3.841 million). Balance of accrued interest purchased as at December 31, 2012 on PIBs pertaining to Pakistan Life Fund during the year amounted to Rs. 694.518 million (2011: 566.525 million). These amounts have been reclassified to investment income accrued for better presentation purpose.

13.1.2 Market value of the government securities carried at amortized cost amounted to Rs. 240,773 million (2011: Rs. 182,523 million - reststed).

13.1.3 Government securities include Rs. 110 million (2011: Rs. 110 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.

13.2 Other fixed income securities

(Rupees in '000)

	Maturity year	Rate of Profit	Shareholders' Fund	Statutory Funds				Aggregate	
				Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2012	2011
Held to maturity									
Term Finance Certificates:									
- Listed									
Orix Leasing Pakistan Limited (2nd Issue)	2012	KIBOR + 1.50%	-	-	-	-	-	-	33,307
Pakistan Mobile Communication Limited (2nd Issue)	2013	KIBOR + 1.65%	-	211,860	-	-	-	211,860	208,896
Pakistan Mobile Communication Limited (3rd Issue)	2013	KIBOR + 2.85%	-	33,280	-	-	-	33,280	99,840
Engro Chemical Pakistan Limited	2015	KIBOR + 1.55%	-	113,802	-	-	-	113,802	113,848
Engro Chemical Pakistan Limited	2015	KIBOR + 1.55%	-	42,820	-	-	-	42,820	42,809
Engro Chemical Pakistan Limited	2015	KIBOR + 1.55%	-	42,781	-	-	-	42,781	42,625
Pak Arab Fertilizer Limited	2013	KIBOR + 1.50%	-	64,729	-	-	-	64,729	158,881
			-	509,272	-	-	-	509,272	700,206
- Unlisted (Note 13.2.2)									
Government Guarantee Term Finance Facility	2014	KIBOR + 1.00	-	1,701,000	-	-	-	1,701,000	2,100,000
National Investment Trust Limited									
Certificates of Investments:									
First Dawood Investment Bank Limited	2009	17%	-	80,000	-	-	-	80,000	100,000
Debentures (Note 13.8)			-	7,573	-	-	-	7,573	7,573
Available for sale									
Foreign fixed income securities			-	-	886,569	-	-	886,569	838,873
			-	2,297,845	886,569	-	-	3,184,414	3,746,652



- 13.2.1** Accrued interest as at December 31, 2012 on TFCs pertaining to Pakistan Life Fund amounted to Rs. 18.872 million (2011: 14.236 million).
- 13.2.2** These represent Term Finance Facility provided to National Investment Trust Limited under Market Stabilization Programme in 2009 which is a related party of the Corporation on the basis of common directorship. The facility is fully backed by Government guarantee and was rolled over till January 13, 2014 during the year.

13.3 Listed equities

(Rupees in '000)

Note	Shareholders Fund	Statutory Funds				Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2012	2011
Available for sale							
Ordinary shares and stocks*	13.3.1	-	25,130,451	-	-	25,130,451	23,452,365
Preference shares	13.3.2	-	3,743	-	-	3,743	23,351
Open ended mutual fund	13.3.3	-	2,295,376	-	-	2,295,376	595,376
		-	27,429,570	-	-	27,429,570	24,071,092

13.3.1 Ordinary shares and stocks Pakistan Life Fund Listed companies Sectors

	2012			2011		
	Number of shares	Book value	Market value	Number of shares	Book value	Market value
Oil and Gas*	80,233,292	9,274,553	18,749,630	69,068,135	8,676,110	14,672,351
Chemicals	151,810,997	3,713,830	16,010,420	110,566,723	3,429,863	13,372,362
Forestry and paper	6,518,371	63,605	262,419	6,013,224	63,605	159,278
Industrial metals and mining	2,690,604	73,540	89,992	2,604,162	73,540	59,836
Construction and materials	33,601,988	629,690	668,048	35,454,730	601,406	436,212
General industrials	5,600,720	238,803	781,262	6,383,831	241,690	476,934
Electronic and electric equipment	2,119,171	6,869	96,468	2,119,171	6,869	65,027
Industrial engineering	2,210,873	79,783	1,001,256	2,218,973	77,760	645,160
Industrial transportation	1,363,873	17,869	43,363	1,363,873	17,869	16,164
Automobile and parts	2,727,153	112,235	430,523	4,240,176	137,963	322,376
Beverages	57,024	1,740	24,107	51,840	1,740	5,706
Food producers**	11,004,553	271,384	4,796,288	12,515,643	282,435	2,777,857
Household goods	7,517,525	125,159	59,057	7,622,225	126,619	32,972
Personal goods	35,919,405	615,261	1,508,098	40,166,094	631,934	887,860
Tobacco	343,710	3,699	26,384	743,869	7,284	39,990
Health care equipments and services	143,437	1,637	30	143,437	1,637	30
Pharma and bio tech	12,203,996	181,355	1,091,124	11,158,795	177,086	805,135
Travel and leisure	3,939,764	28,050	15,877	3,939,764	28,050	7,761
Fixed line telecommunication	58,063,381	1,721,081	1,037,497	57,912,924	1,721,098	615,646
Electricity	32,087,220	985,154	1,324,138	31,467,081	959,506	983,982
Gas water and multiutilities	82,239,850	754,117	1,755,197	69,551,619	484,784	1,271,688
Banks	480,678,903	5,041,925	9,511,545	438,571,423	4,509,356	6,094,879
Non-life insurance	94,062,270	94,804	2,348,706	93,359,831	94,804	1,450,841
Real estate investments and services	375,754	4,019	1,155	375,754	4,019	501
Financial services	35,021,359	459,301	178,227	35,132,761	462,165	66,506
Equity investment instruments	41,957,802	630,988	383,344	42,416,002	633,173	294,568
		25,130,451	62,194,155		23,452,365	45,561,622



* These include 4.087 million shares of Pakistan State Oil having market value of Rs. 948.94 million which have been frozen by Government of Pakistan for the purpose of Privatization of the Pakistan State Oil.

** The management of the Corporation intends to accept the buy back offer in respect of shares of Unilever Pakistan Limited, which has been approved by the board of directors of the Corporation through a circular resolution. This transaction is expected to result in capital gain of Rs. 6,144.473 million, which would be recorded in the year of transaction.

**13.3.2 Preference shares
Pakistan Life Fund**

(Rupees in '000)

	2012		2011	
	Number of Shares	Book value	Number of Shares	Book value
Arag Industries Limited	771,612	3,593	771,612	3,593
Saleem Sugar Mills Limited	1,501	150	1,501	150
Maple Leaf Cement Limited	-	-	268,034	2,680
Nishat Chunian Limited	-	-	1,692,848	16,928
		<u>3,743</u>		<u>23,351</u>

**13.3.3 Open ended mutual fund
Pakistan Life Fund**

National Investment Trust Units	61,128,585	1,804,731	11,598,572	304,731
Pak Capital Market Fund	64,862	373	60,006	373
NIT Government Bond Fund	28,278,954	300,000	9,816,336	100,000
NIT Income Fund	9,831,295	100,000	9,831,295	100,000
HBL Money Market Fund	505,047	50,000	505,047	50,000
Al Meezan Mutual Fund	5,160,663	39,310	4,347,320	39,310
Pakistan Premier Fund	96,683	962	86,078	962
		<u>2,295,376</u>		<u>595,376</u>

13.4 Unlisted equities

(Rupees in '000)

Note	Shareholders' Fund	Statutory Funds				Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2012	2011
Available for sale							
Ordinary shares and stocks							
- De-listed companies	13.4.1	-	61,772	-	-	61,772	46,799
- Un-listed companies / institutions		-	132,186	-	-	132,186	132,186
Preference shares							
- Open end mutual fund	13.4.2	-	961,875	-	-	961,875	1,012,500
		-	<u>1,155,833</u>	-	-	<u>1,155,833</u>	<u>1,191,485</u>



13.4.1 Ordinary shares and stocks

Pakistan Life Fund

(Rupees in '000)

	2012		2011	
	Number of shares	Book value	Number of shares	Book value
De-listed companies				
Adamjee Industries Limited	174,597	2,001	174,597	2,001
Adamjee Paper Product Limited	120,242	1,045	120,242	1,045
Akbar Textile Mills Limited	39,900	383	39,900	383
Akbar Cotton Mills Limited	31,360	314	31,360	314
Allied Textile Mills Limited	72,634	792	72,634	792
Arag Industries Limited	23,963	118	23,963	118
Automotive Equipment Limited	7,800	92	7,800	92
Baluchistan Foundry Limited	84,520	421	84,520	421
Baluchistan Textile Mills Limited	27,420	267	27,420	267
Bankers Equity Limited	538,995	15,415	538,995	15,415
Bawany Industries Limited	73,774	1,415	73,774	1,415
Chemical Limited	19,544	195	19,544	195
Chemphar Limited	100	1	100	1
Dost Muhammad Textile Mills Limited	14,150	225	14,150	225
Elmac Engineering Limited	100	1	100	1
Fullbrite Mills Limited	100	1	100	1
Chafar Textile Mills Limited	1,000	10	1,000	10
Gillanders Limited	10,000	100	10,000	100
Grace Industries Limited	50	1	50	1
H.Sheikh M.H Limited	46,100	460	46,100	460
Karachi Road Transport Corporation	6,800	-	6,800	-
Karachi Pipes Limited	20,800	416	20,800	416
Khairpur Textile Mills Limited	6,900	104	6,900	104
Kohinoor Cotton Mills Limited	33,468	324	33,468	324
Madina Textile Mills Limited	40,900	204	40,900	204
Mohib Textile Mills Limited	375,847	13,530	375,847	13,530
Northern Foundries Limited	95,050	1,001	95,050	1,001
Nowshera Engineering Limited	22,125	222	22,125	222
Ocean Industries Limited	2,000	-	2,000	-
Pak Chrome Limited	25,477	552	25,477	552
Pak Paper Corporation Limited	245,644	2,441	245,644	2,441
R C D Ball Bearing Limited	58,031	371	58,031	371
Refrigerator Manufacturing Limited	192,546	1,712	192,546	1,712
Sunshine Cloth Limited	103,200	1,578	103,200	1,578
Sun Publication Limited	2,042	-	2,042	-
Synthetic Chemical Limited	81,500	793	81,500	793
Universal Furnace Oil	29,818	294	29,818	294
LTV Capital Modaraba	458,200	2,192	-	-
Interasia Leasing Company Limited	115,600	2,863	-	-
Valika Wollen Mills Limited	20,094	293	-	-
Turbo Tec Limited	104,700	1,460	-	-
Alif Textile Mills Limited	10,000	119	-	-
Sind Alkali Limited	177,841	1,909	-	-
Hamai Woollen Mills Limited	4,900	53	-	-
Accord Textile Mills Limited	300,000	3,000	-	-
Sahrish Textile Mills Limited	62,148	109	-	-
Zahur Textile Mills Limited	150,000	2,395	-	-
MLC Construction	28,700	580	-	-
		61,772		46,799
Un-listed companies / institutions				
Arabian Sea Country Club Limited	500,000	5,000	500,000	5,000
Baluchistan Fisheries Limited	20,000	200	20,000	200
Bank of Kashmir	10	-	10	-
Burma Soap Limited	2,000	20	2,000	20
Industrial Development Bank of Pakistan	78,337	8,298	78,337	8,298
Innovative Housing Finance Limited	12,673	14,800	12,673	14,800
Mercantile Enterprises Limited	100	1	100	1
Mercantile Fiber Limited	10,200	99	10,200	99
National Construction Limited	1	-	1	-
Pak Emerging Venture Limited	12,500,000	51,415	12,500,000	51,415
People Steel Mills Limited	1,998,967	19,990	1,998,967	19,990
Schon Refinery Limited	1,456,500	29,130	1,456,500	29,130
State Bank of Pakistan	29,458	3,221	29,458	3,221
Sukkar Commercial Limited	1,200	12	1,200	12
		132,186		132,186



13.4.2 Open ended mutual funds

	(Rupees in '000)			
	2012		2011	
	Number of units	Book value	Number of units	Book value
Pakistan Life Fund				
Unlisted				
NIT Equity Market Opportunity Fund	13,273,878	961,875	13,269,295	1,012,500

13.5 Holding in subsidiary companies

	% of Holding	Number of shares	Net assets	(Rupees in '000)	
				2012 cost	2011 cost
Alpha Insurance Company Limited*	94.00%	37,934,843	483,594	202,518	102,518
State Life (Lakie Road)					
Properties (Private) Limited**	100%	414,916	129	12,909	12,909
State Life (Abdullah Haroon Road)					
Properties (Private) Limited**	100%	779,500	1,289	26,182	26,182
			485,012	241,609	141,609

* Net assets as of December 31, 2012

** Net assets as of June 30, 2012

The investments in State Life (Lackie Road) Properties (Private) Limited and State Life (Abdullah Haroon Road) Properties (Private) Limited have been carried at cost amounting to Rs. 12.909 million (2011: Rs. 12.909 million) and Rs. 26.182 million (2011: Rs. 26.182 million) respectively. These are wholly owned subsidiaries of the Corporation. As per the latest audited financial statements of these invested companies, the net assets are Rs. 0.129 million (2011: Rs. -0.010 million) and Rs. 1.289 million (2011: Rs. 2.676 million) respectively. No provision for Rs. 37.673 million (2011: Rs. 36.425 million) being the difference of carrying value of the investments and net assets of the subsidiaries has been made in the financial statements, as management is of view that after taking into account the revalued amount of properties of the subsidiaries that has been carried out by an independent surveyor, net assets of the subsidiaries are higher than the carrying amount.

During the year, the Corporation subscribed the right issue offer by Alpha Insurance Company Limited amounting to Rs. 100 million (10,000,000 shares).

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

13.7 Provision for diminution in value

	(Rupees in '000)						
	Shareholders' Fund	Statutory Funds				Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2012	2011
Other fixed income securities- COIs & Debentures	-	(57,573)	-	-	-	(57,573)	
Listed equities (default counter)	-	(62,752)	-	-	-	(62,752)	
Unlisted / delisted equities	-	(172,118)	-	-	-	(172,118)	
	-	(292,443)	-	-	-	(292,443)	
	-	-	-	-	-	(279,417)	



13.8 Debentures

Debentures include an amount of Rs. 6.894 million (2011: Rs. 6.894 million) pertaining to those companies which are in liquidation process since 1974. Further, a court case is in process against the Colony Textile Mills Limited against debenture loan amounting to Rs. 0.678 million (2011: Rs. 0.678 million). The Corporation had made full provision against these debentures.

13.9 Investments by classification

	(Rupees in '000)	
	2012	2011
Held-to-maturity		
Government securities	231,165,025	189,280,307
Other fixed income securities	2,297,845	2,907,779
	233,462,870	192,188,086
Available-for-sale		
Other fixed income securities	886,569	838,873
Listed equity securities and mutual fund units	27,429,570	24,071,092
Unlisted equity securities and mutual fund units	1,155,833	1,191,485
	29,471,972	26,101,450
Holding in subsidiary companies	241,609	141,609
Impairment in the value of equity securities and fixed interest securities	(292,443)	(279,417)
Total Investments - net of provision	262,884,008	218,151,728

14 SUNDRY RECEIVABLES

	(Rupees in '000)	
	2012	2011
Other receivables	293,659	471,330
Provision against other receivables	(253,343)	(256,226)
	40,316	215,104
	40,316	215,104



15 FIXED ASSETS - Tangible

(Rupees in '000)

	COST		DEPRECIATION / IMPAIRMENT				As at December 31, 2012	Written down value as at December 31, 2012	Depreciation Rate (%)
	As at January 01, 2012	Additions/ (Disposals)	As at December 31, 2012	As at January 01, 2012	Adjustments	Charge for the year Additions/ (Disposals)			
Furniture and fixtures	272,637	32,359 (1,484)	303,512	169,843	(422)	14,896	184,317	119,195	10
Office equipment	104,250	23,167 (184)	127,233	73,529	(26)	4,641	78,144	49,089	10 to 30
Computer installations - basic	388,143	53,256 (380)	441,019	307,151	(170)	39,485	346,466	94,553	30
Computer installations - peripherals	47,499	3,461 (136)	50,824	38,357	(133)	3,986	42,210	8,614	30
Vehicles	96,597	18,418 (3,297)	111,718	70,047	(3,082)	9,202	76,167	35,551	20
	909,126	130,661 (5,481)	1,034,306	658,927	(3,833)	72,210	727,304	307,002	

(Rupees in '000)

	COST		DEPRECIATION / IMPAIRMENT				As at December 31, 2011	Written down value as at December 31, 2011	Depreciation Rate (%)
	As at January 01, 2011	Additions/ (Disposals)	As at December 31, 2011	As at January 01, 2011	Adjustments	Charge for the year			
Furniture and fixtures	245,413	34,442 (7,218)	272,637	164,792	(6,810)	11,861	169,843	102,794	10
Office equipment	96,034	9,745 (1,529)	104,250	71,097	(1,252)	3,684	73,529	30,721	10 to 30
Computer installations - basic	349,143	39,388 (388)	388,143	265,387	(30)	41,794	307,151	80,992	30
Computer installations - peripherals	41,672	5,904 (77)	47,499	35,019	(77)	3,415	38,357	9,142	30
Vehicles	89,828	9,473 (2,704)	96,597	66,378	(2,619)	6,288	70,047	26,550	20
	822,090	98,952 (11,916)	909,126	602,673	(10,788)	67,042	658,927	250,199	



15.1 Fixed Assets

(Rupees in '000)

	Shareholders Fund	Statutory Funds				Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Funds	Health Insurance Fund	2012	2011
Furniture and fixtures							
Cost	-	292,366	10,547	-	599	303,512	272,637
Accumulated depreciation	-	(177,932)	(6,369)	-	(16)	(184,317)	(169,843)
Book value	-	114,434	4,178	-	583	119,195	102,794
Office equipment							
Cost	-	124,750	2,443	-	40	127,233	104,250
Accumulated depreciation	-	(76,543)	(1,600)	-	(1)	(78,144)	(73,529)
Book value	-	48,207	843	-	39	49,089	30,721
Computer installations - basic							
Cost	-	432,817	6,056	-	2,146	441,019	388,143
Accumulated depreciation	-	(340,397)	(5,591)	-	(478)	(346,466)	(307,151)
Book value	-	92,420	465	-	1,668	94,553	80,992
Computer installations - peripheral							
Cost	-	50,608	-	-	216	50,824	47,499
Accumulated depreciation	-	(42,161)	-	-	(49)	(42,210)	(38,357)
Book value	-	8,447	-	-	167	8,614	9,142
Vehicles							
Cost	-	107,180	4,538	-	-	111,718	96,597
Accumulated depreciation	-	(73,012)	(3,155)	-	-	(76,167)	(70,047)
Book value	-	34,168	1,383	-	-	35,551	26,550
Grand Total							
Cost	-	1,007,721	23,584	-	3,001	1,034,306	909,126
Accumulated depreciation	-	(710,045)	(16,715)	-	(544)	(727,304)	(658,927)
Book value	-	297,676	6,869	-	2,457	307,002	250,199

16 TAXATION

(Rupees in '000)

	2012	2011
Current	408,595	265,358
16.1 Relationship between tax expense and accounting profit		
Profit before tax	1,217,497	785,581
Tax at the applicable rate @ 35% (2011: 35%)	426,124	275,391
Tax effect of capital gain being exempt	(1,513)	(146)
Tax effect of dividend income being taxable at lower rate	(13,767)	(8,904)
Others	(2,249)	(983)
Tax expense for the year	408,595	265,358



16.2 There were no taxable or deductible temporary differences attributable to Shareholders' Fund. Therefore, no provision for deferred tax has been recognised.

17 EARNINGS PER SHARE - BASIC AND DILUTED

		2012	2011
Profit after tax	Rupees in '000'	808,902	520,223
Weighted average number of ordinary shares	Numbers	11,000,000	11,000,000
Earnings per share - basic and diluted	Rupees	73.54	47.29

The Corporation has not issued any instrument which would dilute its basic earnings per share when exercised. Therefore, there is no dilutive effect on earnings per share.

18 REMUNERATION OF CHAIRMAN AND EXECUTIVE DIRECTORS

(Rupees in '000)

	Chairman		Executive Directors		Total	
	2012	2011	2012	2011	2012	2011
Managerial remuneration	2,880	2,880	3,598	3,434	6,478	6,314
House rent	1,260	1,260	1,508	1,536	2,768	2,796
Utilities	420	300	1,503	836	1,923	1,136
Other perquisites	72	72	5,868	6,089	5,940	6,161
	4,632	4,512	12,477	11,895	17,109	16,407
Number of persons	1	1	7	4	8	5

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

19 CASH AND CASH EQUIVALENTS

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

	Shareholders Fund	Statutory Funds				Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Funds	Health Insurance Fund	2012	2011
- Cash in hand	-	5,062	-	-	-	5,062	6,474
- Cash in transit	-	78,631	-	-	-	78,631	196,607
- Cash at bank in:							
- Current accounts	-	6,391,823	375,050	-	842	6,767,715	4,111,596
- PLS accounts	-	557,232	107,303	-	-	664,535	413,123
Deposits maturing within 12 months	25,673	21,443,564	280,304	-	-	21,749,541	24,622,204
	25,673	28,476,312	762,657	-	842	29,265,484	29,350,004

20 RENTAL INCOME FROM INVESTMENT PROPERTIES

(Rupees in '000)

	Shareholders Fund	Statutory Funds				Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Funds	Health Insurance Fund	2012	2011
Rental income		821,083	-	-	-	821,083	741,868
Less: Investment property related expenses		(464,226)	-	-	-	(464,226)	(428,184)
Net rental income from investment property		356,857	-	-	-	356,857	313,684