Jubilee
LIFE INSURANCE

Ref : JLI/CO.SEC./PSX/2018/846

August 20, 2018

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi
UAN Fax # 111 573 329

Subject: FINANCIAL RESULTS FOR THE HALF YEAR ENDED JUNE 30, 2018

Dear Sir,

We have to inform you that the Board of Directors of Jubilee Life Insurance Company Limited in their 118th Board Meeting held on August 17, 2018 at 02.00 p.m. at Jubilee Life Head Office Building, 74/1-A, Lalazar, M.T. Khan Road, Karachi, recommended the following:

i) **CASH DIVIDEND**

Interim cash dividend for the year 2018 at Rs.3.00 per share i.e @ 30%.

The Share Transfer Books of the Company will remain closed from September 5, 2018 to September 11, 2018 (both days inclusive). Transfers received in order by our Register, M/s Central Depository Company of Pakistan Limited, CDC Share Registrar Service, CDC House, 99-B, Block - B, SMCHS, Main Shara-e- Faisal, Karachi - 74000, at the close of business on September 4, 2018 will be treated in time for the purpose of above entitlement to the transferees.

ii) **BONUS SHARES** **NIL**

iii) **RIGHT SHARES** **NIL**

ANY OTHER ENTITLEMENT/ CORPORATE ACTION **NIL**

ANY OTHER PRICE- SENSITIVE INFORMATION

The external auditors of the Company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, Karachi, have issued a qualified conclusion in their review report in respect of the Company not accounting for deferred taxation under International Accounting Standard 12 'Income Taxes', arising out of an apparent change in the presentation basis of the financial statements as per the new reporting requirements under the Insurance Accounting Regulations, 2017, which, in the view of the external auditors, represents a timing difference between the accounting base and the tax base of insurance liabilities. The qualified conclusion states as follows:

"Basis for Qualified Conclusion

As more fully explained in Note 4.2 of the interim financial information, pending response to Company's application to Securities and Exchange Commission of Pakistan for clarification that the solvency margins as maintained in the statutory funds shall be treated as permanent difference for the purpose of calculation of deferred taxation under IAS 12, 'Income Taxes' is currently pending. Accordingly, the Company has not recorded deferred tax on difference between accounting base and tax base of insurance liabilities, as more fully disclosed in note 4.2 to the interim financial information.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting."

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COMPANY'S RESPONSE TO AUDITORS' QUALIFIED CONCLUSION

As explained in note 4.2 to the un-audited condensed interim financial information for the half year ended June 30, 2018, the concept of statutory fund has been done away with for the purpose of published financial statements and accordingly full surplus arising on the insurance business is reflected in profit and loss account. However, as there is no change in the Fourth Schedule to Income Tax Ordinance, 2001, (ITO, 2001) the amount subject to tax will be restricted to surplus appropriated to shareholders fund from Ledger account 'D' as recommended by the appointed actuary. In the context of solvency margins maintained by the Company in the Statutory Funds, the management is of the view that this has resulted in a permanent difference between accounting base and tax base of insurance liabilities, this being a mandatory requirement of the Insurance Ordinance, 2000, to be maintained at all times, accordingly, such amount will never materialize for distribution to the shareholders for so long as the Company is in continuation of its business. The management of the Company had sought a professional advice from their tax consultants, who,after examining the revised form of presentation of the financial statements from both, the legal and factual perspectives, have expressed the opinion that as long as the taxation mechanism presently envisaged in the 4th Schedule to the ITO, 2001 remains intact, the tax incidence on the Company will remain unchanged and consequently, for accounting purposes, the provisions for current and deferred taxation should continue to be made under the same basis as was earlier adopted under the repealed format of financial statements.

The Company, through the Insurance Association of Pakistan, has approached the Securities and Exchange Commission of Pakistan (SECP) seeking clarification that the solvency margins as maintained in the statutory funds shall be treated as a permanent difference for the purposes of calculation of deferred taxation under IAS 12, 'Income Taxes' and hence be excluded from the scope of deferred tax provisioning. The matter has been forwarded by SECP to the Institute of Chartered Accountants of Pakistan (ICAP) for providing opinion thereon. The ICAP's response is currently pending.

Had the deferred tax on such differences been recorded, the profit for the half year ended June 30, 2018 before taking effect of deferred tax reversal due to reduction in tax rates would have been lower by Rs. 83.54 million. The corporate tax rates according to First Schedule to the Income Tax Ordinance, 2001 notified by Finance Act, 2018 are scheduled to reduce by 1% each year to reach 25% for tax year 2023 and onwards. Super tax enacted for rehabilitation of IDPs u/s 4B of the ITO 2001 would also be reduced to NIL by that time. Accordingly, deferred tax recorded on opening Ledger D balances representing solvency margins maintained would result in a credit to profit and loss account by Rs. 165.27 million. Therefore, the profit for the half year ended June 30, 2018 would have been higher by Rs. 81.73 million, Ledger Account D balance included in equity would have been lower by Rs. 909.87 million and a deferred tax liability of similar amount would have been recorded. Earnings per share for the half year ended June 30, 2018 would have been higher by Rs. 1.03 per share.

FINANCIAL RESULTS

The financial results of the Company are as follows:

	For the Half Year ended		For the Quarter ended	
	June 30, 2018 (Un-audited)	June 30, 2017 (Un-audited) (Restated)	June 30, 2018 (Un-Audited)	June 30, 2017 (Un-audited) (Restated)
REVENUE	Rupees Million		Rupees Million	
Premiums / Contributions Revenue	24,871.16	21,230.33	12,356.12	10,289.11
Premiums / Contributions ceded to reinsurers	(631.76)	(645.67)	(176.39)	(163.93)
Net premiums / contributions revenue	**24,239.40**	20,584.66	**12,179.73**	10,125.18
Fee income	25.72	26.75	12.05	12.80
Investment income	3,355.96	2,697.42	1,667.64	1,289.16
Net realised fair value gains on financial assets	863.31	524.64	619.55	318.15
Net fair value loss on financial assets at fair value through profit or loss	(590.42)	(266.32)	(5,033.59)	(951.15)
Other income	76.46	73.78	77.81	72.95
	3,731.03	3,056.27	**(2,656.54)**	741.91
Net income	**27,970.43**	23,640.93	**9,523.19**	10,867.09
Insurance benefits	8,176.65	6,896.99	3,857.03	3,241.33
Recoveries from reinsurers	(435.32)	(448.34)	(199.79)	(212.46)
Claims related expenses	3.58	2.65	1.91	1.46
Net Insurance Benefits	**7,744.91**	6,451.30	**3,659.15**	3,030.33
Net Change in Insurance Liabilties (other than outstanding claims)	12,246.97	9,362.06	1,758.53	3,506.98
Acquisition expenses	4,498.85	4,086.18	2,429.96	2,193.42
Marketing and administration expenses	1,434.17	1,232.37	577.62	541.22
Other expenses	10.96	23.21	21.52	18.22
Total Expenses	**18,190.95**	14,703.82	**4,787.63**	6,259.84
Results of operating activities	**2,034.57**	2,485.81	**1,076.41**	1,576.92
Share of profit from associates	**4.43**	3.82	1.70	1.88
Profit before tax for the period	**2,039.00**	2,489.63	**1,078.11**	1,578.80
Taxation	(758.42)	(798.96)	(448.90)	(531.98)
Profit after tax for the period	**1,280.58**	1,690.67	**629.21**	1,046.82
Earnings (after tax) per share - Rupees	**16.14**	21.31	**7.93**	13.20

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	For the Half Year ended		For the Quarter ended	
	June 30, 2018 (Un-audited)	June 30, 2017 (Un-audited) (Restated)	June 30, 2018 (Un-audited)	June 30, 2017 (Un-audited) (Restated)
	--------- Rupees Million ---------		--------- Rupees Million ---------	
Profit after tax for the period - as per Profit and Loss Account	**1,280.58**	1,690.67	**629.21**	1,046.82
Other comprehensive income:				
Items that may be classified to profit and loss in subsequent period				
Currency translation differences related to net investment in foreign currency	11.08	0.50	5.75	(0.60)
Change in unrealised gains/(losses) on available-for-sale financial assets	17.73	(103.45)	(66.25)	(63.65)
Gain or (loss) on disposal or reclassification to profit and loss account	1.29	(465.74)	2.53	(467.42)
	19.02	(569.19)	**(63.72)**	(531.07)
Related deferred tax	**(5.15)**	170.76	**8.92**	160.33
Change in unrealised gains/(losses) on available-for-sale financial assets - net	**13.87**	(398.43)	**(54.80)**	(370.74)
Other comprehensive income for the period	**24.95**	(397.93)	**(49.05)**	(371.35)
Total comprehensive income for the period	**1,305.53**	1,292.74	**580.16**	675.47

We will be sending you 15 copies of printed accounts for distribution amongst the members of the Exchange in due course of time.

Thanking you,

Yours truly

FOR JUBILEE LIFE INSURANCE COMPANY LIMITED

NAJAM UL HASSAN JANJUA
COMPANY SECRETARY