

IGI

Holdings

Our Ref: Fin-0160/2019

March 29, 2019

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi- 74000.

Subject: Financial Results for the year ended December 31, 2018

Dear Sir,

We hereby inform you that the Board of Directors in their meeting held on March 29, 2019 at 4:00 pm. at Lahore office of the Company have approved the results for the year ended December 31, 2018 and have recommended the following:

(i) **CASH DIVIDEND**

Final cash dividend for the year ended December 31, 2018 at Rs. 3/- (Rupees three) per share (i.e. 30%). This is in addition to the interim dividend already paid to the members at Rs.3/- (Rupees three) per share (i.e. 30%) during the year.

(ii) **BONUS SHARES:** NIL

(iii) **RIGHT SHARES:** NIL

(iv) **ANY OTHER ENTITLEMENT/
CORPORATE ACTION:** NIL



IGI Holdings Limited

Head Office & Karachi Branch

7th Floor, The Forum, Suite No. 701 - 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi-75600, Pakistan.
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The financial results of the Company for the year ended December 31, 2018 are as follows:

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	--- (Rupees in '000) ---	
Operating revenue	2,182,664	229,019
Operating expenses	-	(119,982)
	2,182,664	109,037
Other income	9,943	7,400
Total income	<u>2,192,607</u>	<u>116,437</u>
General and administrative expenses	(100,904)	(66,894)
Finance costs	(99,558)	(21,616)
	(200,462)	(88,510)
	<u>1,992,145</u>	<u>27,927</u>
Provision against investments - net	(156,381)	(176,596)
Impairment of goodwill	-	(107,998)
Recoveries against bad and doubtful loans and advances / lease losses	4,125	7,891
Profit / (loss) before taxation	<u>1,839,889</u>	<u>(248,776)</u>
Taxation	(39,842)	2,382
Profit / (loss) after taxation	<u>1,800,047</u>	<u>(246,394)</u>
	----- Rupees -----	
Earnings / (loss) per share - basic and diluted	<u>12.63</u>	<u>(1.75)</u>



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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	----- Rupees in '000 -----	
	(Restated)	
Operating revenue	9,409,115	10,406,793
Operating expenses	<u>(8,335,060)</u>	<u>(6,868,575)</u>
	1,074,055	3,538,218
Other income	233,124	256,141
General and administrative expenses	<u>(519,916)</u>	<u>(649,671)</u>
Other expenses	<u>(283,226)</u>	<u>(245,177)</u>
	504,037	2,899,511
Change in insurance liabilities (other than outstanding claims)	638,981	(722,022)
(Surplus) / deficit taken to statutory fund - participating fund - net	28,735	155,109
Surplus appropriated to shareholders' fund from Ledger B to C	15,604	35,285
Share of profit from associates	<u>293,487</u>	<u>2,805,648</u>
Profit before taxation	1,480,844	5,173,531
Taxation	<u>(512,787)</u>	<u>(834,900)</u>
Profit after taxation	968,057	4,338,631
Profit attributable to:		
Equity holders of the parent	985,134	4,263,354
Non-controlling interest	<u>(17,078)</u>	<u>75,277</u>
	<u>968,057</u>	<u>4,338,631</u>
	-----Rupees-----	
Earnings per share - basic and diluted	<u>6.79</u>	<u>35.36</u>



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(v) **ANY OTHER PRICE SENSITIVE INFORMATION:**

The auditors have qualified their opinion on the consolidated financial statements of the Group, as the auditors of one of our subsidiaries, IGI Life Insurance Limited ("IGI Life"), have qualified their opinion in their audit report due to the fact that IGI Life has not recorded provision of provincial sales tax on life and health insurance premium in their financial statements for the year ended December 31, 2018. The provincial sales tax exemption on Group Health Insurance, Health Insurance and Life Insurance premiums were discontinued / withdrawn on various dates.

The basis of qualified opinion as per Audit Report is as under:

"The Group has not recorded applicable provincial sales tax liability on premium charged to the policyholders in respect of group health and life insurance relating to IGI Life Insurance Limited (one of the subsidiaries of the Group) in the accompanying consolidated financial statements. Certain provincial revenue authorities had discontinued / withdrawn the sales tax exemption previously available on such premium and therefore sale tax became chargeable on the premiums stated above as a present legal obligation in accordance with the requirements of IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. Had the sales tax liability been recognised at December 31, 2018, the profit after tax and earnings per share for the year would have been higher by Rs. 228.081 million and Rs 1.60 respectively while sales tax liability as at December 31, 2018 would have been higher by Rs. 321.241 million."

Management's Response (IGI Life)

The provincial sales tax exemption on Group Health Insurance and Life Insurance premiums were discontinued / withdrawn on various dates. IGI Life has not yet billed its customers for provincial Sales Tax on its life insurance and health insurance premiums since the lapse / withdrawal of exemptions on their respective dates, nor has it made any provision for provincial sales tax in the financial statement for the year ended December 31, 2018.

IGI Life is of the view that the levy of sales tax on life insurance business needs to be reviewed in the interest of sustainability and growth of Life Insurance business in Pakistan. The matter for renewal of the exemption has been raised with the Sindh Revenue Board (SRB) and the Punjab Revenue Authority (PRA) respectively at industry level by Insurance Association of Pakistan. The Securities and Exchange Commission of Pakistan (SECP) being the apex regulator of the insurance industry has also approached provincial revenue authorities against the application of sales tax on life and health insurance business. SECP has emphasized that the insurance market in Pakistan is serving an integral component of the economy by providing risk mitigating solutions to the corporate sector. They have also pointed out that most of the individual life insurance policies sold in Pakistan have a predominant saving component and that taxing the gross premium of insurance policies would result in taxing the hard earned savings of the policyholders. In view of this, IGI Life is optimistic about positive response of the provincial revenue authorities and no provision in this respect has been made in the consolidated financial statements for the year ended December 31, 2018.



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The Annual General Meeting of the Company will be held at 3:30 pm on Friday April 26, 2019 at Beach Luxury Hotel, M.T. Khan Road Karachi.

The Share Transfer Book of the Company will remain closed from April 19, 2019 to April 26, 2019 (both days inclusive) for determination of entitlement of declared final cash dividend. Transfers received at the FAMCO Associates (Pvt.) Ltd, 8-F, Near Hotel Faran, Nursery Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi at the close of business on April 18, 2019 will be treated in time for the purpose of above entitlement to the transferees.

The financial report of the Company for the year ended December 31, 2018 will be transmitted through PUCARS, within the specified time.

Kindly convey the above information to the TREC holders of Pakistan Stock Exchange.

Yours truly,


Yasir Ali Quraishi
Company Secretary
C.c:



Director Company Law Division Securities and Exchange Commission of Pakistan NIC Building, Jinnah Avenue Blue Area, Islamabad.	Director Enforcement Department Securities and Exchange Commission of Pakistan NIC Building, Jinnah Avenue Blue Area, Islamabad.	Director Securities Market Division Securities and Exchange Commission of Pakistan NIC Building, Jinnah Avenue Blue Area, Islamabad
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