

**IGI Life Insurance Limited**

7th Floor, The Forum  
Suite No. 701- 713, G-20, Block-9  
Khayaban-e-Jami, Clifton  
Karachi -75600, Pakistan.  
UAN : 111-111-711  
Tel : +92.21.3536-0040  
Fax : +92.21 .3529-0042  
www.igilife.com.pk

**IGI | Life**

CS/PSX/2019/0078  
August 28, 2019

**The General Manager**  
Pakistan Stock Exchange  
Stock Exchange Building  
Stock Exchange Road  
Karachi-74000

**FINANCIAL RESULTS FOR THE HALF YEAR AND THREE MONTHS ENDED JUNE 30, 2019**

Dear Sir,

We have to inform you that the Board of Directors of our Company in their meeting held at 4.00 pm on Tuesday, August 27, 2019 recommended the following:

**CASH DIVIDEND / BONUS SHARES / RIGHT SHARES**

**1) Cash Dividend**

Interim cash dividend @ Rs. nil / Share i.e. nil%

**2) Right Shares**

NIL

**3) Bonus Shares**

NIL

**4) Corporate Action/ Price-Sensitive Information**

The external auditors of the Company have issued a qualified conclusion in their review report in respect of the Company not recording a provision of provincial sales tax on life and health insurance premium in the financial statements for the half year ended June 30, 2019. The provincial sales tax exemption on life and health Insurance premiums were discontinued / withdrawn on various dates. The qualified conclusion in the review report stated as follows:

***Basis for Qualified Conclusion***

*"The Company has not recorded applicable provincial sales tax liability on premium charged to the policyholders in respect of group health and life insurance in the accompanying condensed interim financial statements. As more fully explained in note 16 to the condensed interim financial statements, Punjab Revenue Authority had withdrawn the sales tax exemption previously available on such premium with effect from November 1, 2018 and therefore sale tax became chargeable on the premium as a present legal obligation in accordance with the requirements of IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The Company contends, on the basis of a legal opinion, that such tax if charged shall be calculable on the gross amount of premium charged on risk covered in the insurance policy and not on gross premium charged to policyholders that includes amount allocated to policyholders. Had the sales tax liability been recognised at June 30, 2019, the loss after tax for the period would have been higher by Rs. 55.032 million while sales tax liability as at June 30, 2019 would have been higher by Rs. 77.510 million."*

Y.O.

## IGI Life Insurance Limited

7th Floor, The Forum  
Suite No. 701- 713, G-20, Block-9  
Khayaban-e-Jami, Clifton  
Karachi -75600, Pakistan.  
UAN : 111-111-711  
Tel : +92.21.3536-0040  
Fax : +92.21 .3529-0042  
www.igilife.com.pk

# IGI | Life

### **Qualified Conclusion**

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

### **Management's Response**

As fully explained in note 16 to the condensed interim financial statements for the half year ended June 30, 2019, the provincial sales tax exemption on Group Health Insurance and Life Insurance premiums were discontinued / withdrawn on various dates. The Company 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 half year ended June 30, 2019.

The Company 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 Punjab Revenue Authority (PRA) 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 authority 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 savings component and that taxing the gross premium of insurance policies would result in taxing the hard earned savings of the policyholders. The Company contends that such tax if charged shall be calculable on the gross amount of premium charged on risk covered in the insurance policy and not on gross premium charged to policyholders that includes amount allocated to policyholders and has sought a legal opinion in support of their contention. In view of this, the company is optimistic about positive response of the provincial revenue authority and no provision in this respect has been made in these condensed interim financial statements for the half year ended June 30, 2019.

Had the sales tax liability been recognised at June 30, 2019, the loss after tax for the period would have been higher by Rs. 55.032 million while sales tax liability as at June 30, 2019 would have been higher by Rs. 77.510 million.

Y.A.

Financial Results of the company are given below:

IGI LIFE INSURANCE LIMITED				
PROFIT AND LOSS ACCOUNT				
FOR THE HALF YEAR AND THREE MONTHS ENDED JUNE 30, 2019				
	AGGREGATE			
	Half year ended June 30,		Quarter ended June 30,	
	2019	2018	2019	2018
-----Rupees in 000's-----				
	(Restated)		(Restated)	
Premium / contribution revenue	2,480,744	2,686,768	1,180,305	1,233,843
Less: premium / contribution ceded to reinsurers / retakaful operators	73,761	66,843	42,913	32,941
<b>Net premium / contribution revenue</b>	<b>2,406,983</b>	<b>2,619,925</b>	<b>1,137,392</b>	<b>1,200,902</b>
Investment income	670,182	504,088	362,195	253,407
Net realised fair value (losses) / gains on financial assets	(3,407)	40,169	(27,055)	21,669
Other income - net	58,754	39,039	35,846	21,541
	725,529	583,296	370,986	296,617
<b>Net income</b>	<b>3,132,512</b>	<b>3,203,221</b>	<b>1,508,378</b>	<b>1,497,519</b>
Insurance benefits	2,604,334	2,608,938	1,195,969	1,336,638
Recoveries from reinsurers / retakaful operators	(59,322)	(10,986)	(17,467)	(4,688)
<b>Net insurance benefits</b>	<b>2,545,012</b>	<b>2,597,952</b>	<b>1,178,502</b>	<b>1,331,950</b>
	587,500	605,269	329,876	165,569
Change in Insurance Liabilities (other than outstanding claims)	(108,163)	(146,868)	(46,948)	(156,291)
Acquisition expenses	371,267	358,218	210,533	177,759
Marketing and administration expenses	559,502	348,722	379,283	182,486
Other expenses	13,533	2,249	10,373	(2,323)
<b>Total expenses</b>	<b>836,139</b>	<b>562,321</b>	<b>553,241</b>	<b>201,631</b>
	(248,639)	42,948	(223,365)	(36,062)
Finance costs	1,612	-	1,174	-
<b>(Loss) / profit before tax</b>	<b>(250,251)</b>	<b>42,948</b>	<b>(224,539)</b>	<b>(36,062)</b>
Income tax (reversal) / expense	(67,262)	12,856	(59,806)	(6,439)
<b>(Loss) / profit after tax</b>	<b>(182,989)</b>	<b>30,092</b>	<b>(164,733)</b>	<b>(29,623)</b>
Change in unrealised gains on available-for-sale financial assets - net of tax	(146,507)	(174,920)	(335,612)	(185,848)
Change in insurance liabilities - net	167,088	176,490	326,492	176,490
<b>Other comprehensive income for the year</b>	<b>20,581</b>	<b>1,570</b>	<b>(9,120)</b>	<b>(9,358)</b>
<b>Total comprehensive income for the year</b>	<b>(162,408)</b>	<b>31,662</b>	<b>(173,853)</b>	<b>(38,981)</b>
<b>(Loss) / earnings per share - Rupees</b>	<b>(2.59)</b>	<b>0.43</b>	<b>(2.33)</b>	<b>(0.42)</b>

*Handwritten signature*

IGI LIFE INSURANCE LIMITED					
STATEMENT OF CHANGES IN EQUITY					
FOR THE HALF YEAR AND THREE MONTHS ENDED JUNE 30, 2019					
Attributable to equity holders of the Company					
Share capital	Unappropriated profit *	Ledger C & D Account	Surplus / (deficit) on revaluation of available for sale investments	Total	
-----Rupees in 000's-----					
Balance as at December 31, 2017 (audited)	705,672	689,927	173,456	(24,767)	1,544,288
Total comprehensive income / (loss)					
(Loss) / profit for the half year ended June 30, 2018	-	(1,385)	31,477	-	30,092
Other comprehensive income for the half year ended June 30, 2018	-	-	-	1,570	1,570
	-	(1,385)	31,477	1,570	31,662
Transactions with owners recorded directly in equity					
Final dividend for the year ended December 31, 2017 - Re. 1 per share	-	(70,567)	-	-	(70,567)
Balance as at June 30, 2018 (un-audited)	705,672	617,975	204,933	(23,197)	1,505,383
Total comprehensive income / (loss)					
Profit / (loss) for the half year ended December 31, 2018	-	7,382	(132,177)	-	(124,795)
Other comprehensive loss for the half year ended December 31, 2018	-	-	(1,691)	(25,043)	(26,734)
	-	7,382	(133,868)	(25,043)	(151,529)
Balance as at December 31, 2018 (audited)	705,672	625,357	71,065	(48,240)	1,353,854
Capital contributed during the period					
Total comprehensive income / (loss)					
Profit / (loss) for the half year ended June 30, 2019	-	1,530	(184,519)	-	(182,989)
Other comprehensive income for the half year ended June 30, 2019	-	-	-	13,175	13,175
	-	1,530	(184,519)	13,175	(169,814)
Balance as at June 30, 2019 (un-audited)	705,672	626,887	(113,454)	(35,065)	1,184,040

\* This includes an amount of Rs. 50 million set aside by the Company in respect of Takaful operations.

\*\* This balance is net of related change in insurance liabilities.

We shall be submitting three hard copies of the financial statements of the Company as required u/s 223(7) of the Companies Act, 2017, in due course of time.

Yours truly

  
**Yasir Ali Quraishi**  
Company Secretary

Copy to:

- The Director, Insurance Division, SECP, Islamabad.
- The Director, Securities Market Division, SECP, Islamabad